

**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, 2023**

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, 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 Exchange Act). Yes ☐ No ☒

Common stock outstanding as of August 4, 2023 was 91,356,867.

LIGHT & WONDER, INC. AND SUBSIDIARIES
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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
2022 10-K	2022 Annual Report on Form 10-K filed with the SEC on March 1, 2023
2025 Unsecured Notes	8.625% senior unsecured notes due 2025 issued by LNWI
2028 Unsecured Notes	7.000% senior unsecured notes due 2028 issued by LNWI
2029 Unsecured Notes	7.250% senior unsecured notes due 2029 issued by LNWI
AEBITDA	Adjusted EBITDA, our performance measure of profit or loss for our business segments
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ASX	Australian Securities Exchange
CDIs	CHESS Depositary Interests, instruments traded on the ASX
CMS	casino-management system
COVID-19	Coronavirus disease first identified in 2019 (declared a pandemic by the World Health Organization on March 11, 2020), the resulting pandemic and the associated impacts on the macroeconomic environment in general and our business environment specifically
D&A	depreciation, amortization and impairments (excluding goodwill)
Divested Businesses or Divestitures	The Lottery Business and Sports Betting Business combined or the sales of these, as appropriate within the context
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
Lottery Business	Our prior operating business segment that provided instant and draw-based lottery products, lottery systems and lottery content and services to lottery operators wagering solutions to various gaming entities. This business segment was divested during the second quarter of 2022 and is included in discontinued operations in our financial statements
Note	a note in the Notes to Condensed 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	SciPlay Corporation
SciPlay Revolver	\$150 million revolving credit facility agreement entered into by SciPlay Holding Company, LLC, a subsidiary of SciPlay Corporation, that matures in May 2024
SEC	Securities and Exchange Commission

Securities Act	Securities Act of 1933, as amended
Senior Notes or Unsecured Notes	refers to the 2025 Unsecured Notes, 2028 Unsecured Notes and 2029 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
Sports Betting Business	Our prior line of business that provided sports betting services which enable customers to operate sports books, including betting markets across both fixed-odds and pari-mutual betting styles, a distribution platform, full gaming process support services and brand and player management. This business was divested during the third quarter of 2022 and is included in discontinued operations in our financial statements
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 and rebranding initiative;
- slow growth of new gaming jurisdictions, slow addition of casinos in existing jurisdictions and declines in the replacement cycle of gaming machines;
- risks relating to foreign operations, including anti-corruption laws, fluctuations in currency rates, restrictions on the payment of dividends from earnings, restrictions on the import of products and financial instability;
- difficulty predicting what impact, if any, new tariffs imposed by and other trade actions taken by the U.S. and foreign jurisdictions could have on our business;
- U.S. and international economic and industry conditions, including increases in benchmark interest rates and the effects of inflation;
- public perception of our response to environmental, social and governance issues;
- changes in, or the elimination of, our share repurchase program;
- 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 possibility that the conditions to the completion of the SciPlay Acquisition (as defined below) may not be satisfied on the anticipated schedule or at all;
- the possibility that the SciPlay Acquisition may not be consummated or that L&W and SciPlay may be unable to achieve expected operational, strategic and financial benefits of the SciPlay Acquisition;
- the possibility of any event, change or other circumstances that could give rise to the termination of the Merger Agreement (as defined below);
- the outcome of any legal proceedings that may be instituted following announcement of the SciPlay Acquisition;
- failure to retain key management and employees of SciPlay;
- unpredictability and severity of catastrophic events, including but not limited to acts of terrorism, war or hostilities or the COVID-19 pandemic, as well as management’s response to any of the aforementioned factors;
- changes in demand for our products and services;
- inability to achieve some or all of the anticipated benefits of SciPlay being a standalone public company;
- dependence on suppliers and manufacturers;
- SciPlay’s dependence on certain key providers;
- ownership changes and consolidation in the gaming industry;
- fluctuations in our results due to seasonality and other factors;

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

Additional information regarding risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated in forward-looking statements is included from time to time in our filings with the SEC, including under “Risk Factors” in *Part II, Item 1A* of this Quarterly Report on Form 10-Q and *Part I, Item 1A* in our 2022 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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue:				
Services	\$ 496	\$ 445	\$ 973	\$ 876
Product sales	235	165	427	307
Total revenue	731	610	1,400	1,183
Operating expenses:				
Cost of services ⁽¹⁾	110	92	218	182
Cost of product sales ⁽¹⁾	108	88	201	159
Selling, general and administrative	203	179	396	354
Research and development	58	56	112	109
Depreciation, amortization and impairments	108	107	208	215
Restructuring and other	31	42	50	78
Operating income	113	46	215	86
Other (expense) income:				
Interest expense	(78)	(70)	(153)	(186)
Loss on debt financing transactions	—	(147)	—	(147)
Gain on remeasurement of debt and other	—	20	—	27
Other (expense) income, net	(15)	2	(16)	7
Total other expense, net	(93)	(195)	(169)	(299)
Net income (loss) from continuing operations before income taxes	20	(149)	46	(213)
Income tax expense	(15)	(1)	(14)	(4)
Net income (loss) from continuing operations	5	(150)	32	(217)
Net income from discontinued operations, net of tax ⁽²⁾	—	3,445	—	3,540
Net income	5	3,295	32	3,323
Less: Net income attributable to noncontrolling interest	6	4	11	6
Net (loss) income attributable to L&W	\$ (1)	\$ 3,291	\$ 21	\$ 3,317
Per Share - Basic:				
Net (loss) income from continuing operations	\$ (0.01)	\$ (1.62)	\$ 0.23	\$ (2.33)
Net income from discontinued operations	—	36.23	—	36.94
Net (loss) income attributable to L&W	\$ (0.01)	\$ 34.61	\$ 0.23	\$ 34.61
Per Share - Diluted:				
Net (loss) income from continuing operations	\$ (0.01)	\$ (1.62)	\$ 0.22	\$ (2.33)
Net income from discontinued operations	—	36.23	—	36.94
Net (loss) income attributable to L&W	\$ (0.01)	\$ 34.61	\$ 0.22	\$ 34.61
Weighted average number of shares used in per share calculations:				
Basic shares	91	95	91	96
Diluted shares	91	95	93	96

(1) Excludes depreciation, amortization, and impairments.

(2) The three and six months ended June 30, 2022 include a pre-tax gain of \$4,568 million on the sale of discontinued operations (see Note 2).

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 5	\$ 3,295	\$ 32	\$ 3,323
Other comprehensive income (loss):				
Foreign currency translation gain (loss), net of tax	37	(46)	50	(78)
Derivative financial instruments unrealized gain, net of tax	10	2	3	5
Other comprehensive income (loss) from continuing operations	47	(44)	53	(73)
Other comprehensive loss from discontinued operations	—	(4)	—	(12)
Total comprehensive income	52	3,247	85	3,238
Less: comprehensive income attributable to noncontrolling interest	6	4	11	6
Comprehensive income attributable to L&W	\$ 46	\$ 3,243	\$ 74	\$ 3,232

See accompanying notes to condensed consolidated financial statements.

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

	As of	
	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 909	\$ 914
Restricted cash	48	47
Receivables, net of allowance for credit losses of \$40 and \$38, respectively	499	455
Inventories	183	161
Prepaid expenses, deposits and other current assets	96	117
Total current assets	1,735	1,694
Non-current assets:		
Restricted cash	7	6
Receivables, net of allowance for credit losses of \$2	12	14
Property and equipment, net	214	204
Operating lease right-of-use assets	43	49
Goodwill	2,930	2,919
Intangible assets, net	682	797
Software, net	153	145
Deferred income taxes	112	114
Other assets	74	67
Total assets	\$ 5,962	\$ 6,009
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 23	\$ 24
Accounts payable	171	154
Accrued liabilities	371	380
Income taxes payable	12	64
Total current liabilities	577	622
Deferred income taxes	51	87
Operating lease liabilities	31	37
Other long-term liabilities	210	232
Long-term debt, excluding current portion	3,863	3,870
Total liabilities	4,732	4,848
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Common stock, par value \$0.001 per share, 199 shares authorized; 116 and 115 shares issued, respectively, and 91 shares outstanding	1	1
Additional paid-in capital	1,387	1,370
Retained earnings	538	517
Treasury stock, at cost, 25 and 24 shares, respectively	(613)	(580)
Accumulated other comprehensive loss	(265)	(318)
Total L&W stockholders' equity	1,048	990
Noncontrolling interest	182	171
Total stockholders' equity	1,230	1,161
Total liabilities and stockholders' equity	\$ 5,962	\$ 6,009

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 32	\$ 3,323
Less: Income from discontinued operations, net of tax	—	(3,540)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities from continuing operations	320	369
Changes in working capital accounts, excluding the effects of acquisitions	(97)	(145)
Changes in deferred income taxes and other	(36)	6
Net cash provided by operating activities from continuing operations	219	13
Net cash provided by operating activities from discontinued operations	—	44
Net cash provided by operating activities	219	57
Cash flows from investing activities:		
Capital expenditures	(112)	(100)
Acquisitions of businesses, net of cash acquired	(2)	(116)
Proceeds from settlement of cross-currency interest rate swaps	—	50
Other	(1)	(4)
Net cash used in investing activities from continuing operations	(115)	(170)
Net cash (used in) provided by investing activities from discontinued operations ⁽¹⁾	(3)	5,629
Net cash (used in) provided by investing activities	(118)	5,459
Cash flows from financing activities:		
Borrowings under revolving credit facilities	—	230
Repayments under revolving credit facilities	—	(230)
Proceeds from issuance of senior notes and term loans	—	2,200
Repayment of notes and term loans (including redemption premium)	—	(6,984)
Payments on long-term debt	(11)	(98)
Payments of debt issuance and deferred financing costs	—	(37)
Payments on license obligations	(18)	(24)
Purchase of L&W common stock	(33)	(203)
Purchase of SciPlay's Class A common stock	(23)	(7)
Net redemptions of common stock under stock-based compensation plans and other	(20)	(33)
Net cash used in financing activities from continuing operations	(105)	(5,186)
Net cash used in financing activities from discontinued operations	—	(3)
Net cash used in financing activities	(105)	(5,189)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1	(6)
(Decrease) increase in cash, cash equivalents and restricted cash	(3)	321
Cash, cash equivalents and restricted cash, beginning of period	967	701
Cash, cash equivalents and restricted cash, end of period	964	1,022
Less: Cash, cash equivalents and restricted cash of discontinued operations	—	43
Cash, cash equivalents and restricted cash of continuing operations, end of period	\$ 964	\$ 979
Supplemental cash flow information:		
Cash paid for interest	\$ 147	\$ 219
Income taxes paid	96	23
Distributed earnings from equity investments	1	4
Cash paid for contingent consideration included in operating activities	9	—
Supplemental non-cash transactions:		
Non-cash interest expense	\$ 5	\$ 9

(1) The six months ended June 30, 2022 include \$5,659 million in gross cash proceeds from the sale of discontinued operations, net of cash, cash equivalents and restricted cash transferred.

See accompanying notes to condensed 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, 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.

Our common stock is listed on The Nasdaq Stock Market under the ticker symbol “LNW.” Our common stock is also listed as CDIs on the ASX and commenced active trading on May 22, 2023 (AEST) under the ticker symbol “LNW.”

On August 8, 2023, we entered into a definitive agreement to acquire the remaining equity interest in SciPlay not already owned by us (approximately 17%) pursuant to a merger in which SciPlay’s shareholders will receive \$22.95 for each share of SciPlay Class A common stock they own (subject to certain exceptions set forth in the Merger Agreement, dated as of August 8, 2023, by and among L&W, Bern Merger Sub, Inc. and SciPlay (the “Merger Agreement”)) in an all-cash transaction (valued at approximately \$500 million subject to the total count of outstanding SciPlay Class A shares at closing) (the “SciPlay Acquisition”). Following the execution of the Merger Agreement, the wholly owned subsidiary of L&W holding approximately 98% of the voting power of the outstanding shares of SciPlay common stock delivered to SciPlay a written consent approving the Merger Agreement and the SciPlay Acquisition. This transaction is expected to close during the fourth quarter of 2023, subject to customary closing conditions. As a result of the SciPlay Acquisition, SciPlay will cease to be publicly traded and will become a wholly owned subsidiary of L&W.

The Merger Agreement contains certain termination rights for SciPlay and L&W, including the right of either party to terminate the Merger Agreement if the SciPlay Acquisition is not consummated on or before February 8, 2024.

We completed the sales of our former Lottery Business and Sports Betting Business during the second and third quarters of 2022, respectively. We have reflected the prior period financial results of these Divested Businesses as discontinued operations in our consolidated statements of operations. Refer to Note 2 for further information. Unless otherwise noted, amounts and disclosures included herein relate to our continuing operations.

Basis of Presentation and Principles of Consolidation

The accompanying 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 2022 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 2022 10-K.

Other (Expense) Income, net

Other (expense) income, net includes gains and losses from foreign currency transactions, interest income, earnings (losses) from equity investments and other items. Other (expense) income, net for the three and six months ended June 30, 2023 primarily consisted of foreign currency transaction losses which totaled \$25 million and \$38 million, respectively. For the six months ended June 30, 2022, foreign currency transaction gains were \$2 million, and they were not material for the three months ended June 30, 2022.

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 from continuing operations.

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. Basic and diluted net loss attributable to L&W per share were the same for the three months ended June 30, 2023 and the three and six months ended June 30, 2022, as all common stock equivalents would have been anti-dilutive for those periods. 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 and the three and six months ended June 30, 2022.

New Accounting Guidance

There have been no recent accounting pronouncements or changes in accounting pronouncements since those described within the Notes of our 2022 10-K that are expected to have a material impact on our consolidated financial statements.

(2) Discontinued Operations

We completed the Divestitures in 2022 and reflected the prior period financial results of the Divested Businesses as discontinued operations in our consolidated statements of operations. For the sale of our former Lottery Business completed during the second quarter of 2022, we received \$5.7 billion in gross cash proceeds and recorded a pre-tax gain of \$4.6 billion. The summarized results of our discontinued operations were as follows:

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Total revenue	\$ 51	\$ 339
Total cost of revenue	18	168
Other operating expenses ⁽¹⁾	108	149
Operating (loss) income	(75)	22
Total other income, net	—	7
Net (loss) income from discontinued operations before income taxes	(75)	29
Gain on sale of discontinued operations before income taxes	4,568	4,568
Total net income from discontinued operations before income taxes	4,493	4,597
Income tax expense	(1,048)	(1,057)
Net income from discontinued operations, net of tax included in the consolidated statement of operations	\$ 3,445	\$ 3,540

(1) The three and six months ended June 30, 2022 include stock-based compensation of \$4 million and \$11 million, respectively, and \$78 million related to direct transaction closing fees.

(3) Revenue Recognition

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Gaming				
Gaming operations	\$ 167	\$ 163	\$ 327	\$ 319
Gaming machine sales	173	123	331	226
Gaming systems	72	60	127	111
Table products	59	44	105	89
Total	<u>\$ 471</u>	<u>\$ 390</u>	<u>\$ 890</u>	<u>\$ 745</u>
SciPlay				
Mobile in-app purchases	\$ 170	\$ 138	\$ 335	\$ 277
Web in-app purchases and other ⁽¹⁾	20	22	41	41
Total	<u>\$ 190</u>	<u>\$ 160</u>	<u>\$ 376</u>	<u>\$ 318</u>
iGaming	<u>\$ 70</u>	<u>\$ 60</u>	<u>\$ 134</u>	<u>\$ 120</u>

(1) Other primarily represents advertising revenue, which was not material in the periods presented.

The amount of rental income revenue that is outside the scope of ASC 606 was \$123 million and \$240 million for the three and six months ended June 30, 2023, respectively, and \$118 million and \$231 million for the three and six months ended June 30, 2022, 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, 2023
Contract liability balance, beginning of period ⁽¹⁾	\$ 36
Liabilities recognized during the period	17
Amounts recognized in revenue from beginning balance	(15)
Contract liability balance, end of period ⁽¹⁾	<u>\$ 38</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	\$ 469	\$ 24
End of period balance, June 30, 2023	511	23

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

As of June 30, 2023, 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 for which we have the right to invoice for goods or services delivered or performed.

(4) 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 2022 10-K.

In evaluating financial performance, our Chief Operating Decision Maker 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 of our business segments are the same as those described within the Notes in our 2022 10-K. The following tables present our segment information:

	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
Reconciling items to net income from continuing operations before income taxes:					
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 from continuing operations 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 from continuing operations before income taxes.

(2) AEBITDA is reconciled to net income (loss) from continuing operations before income taxes with the following adjustments: (1) depreciation and amortization expense and impairment charges (including goodwill impairments); (2) restructuring and other, which includes charges or expenses attributable to: (i) employee severance; (ii) management restructuring and related costs; (iii) restructuring and integration; (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition- and disposition-related costs and other unusual items; (3) interest expense; (4) loss on debt financing transactions; (5) change in fair value of investments and remeasurement of debt and other; (6) other (expense) income, 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, 2022				
	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items ⁽¹⁾	Total
Total revenue	\$ 390	\$ 160	\$ 60	\$ —	\$ 610
AEBITDA ⁽²⁾	179	41	21	(29)	\$ 212
Reconciling items to net loss from continuing operations before income taxes:					
D&A	(82)	(6)	(13)	(6)	(107)
Restructuring and other	(1)	(1)	(14)	(26)	(42)
Interest expense				(70)	(70)
Loss on debt financing transactions				(147)	(147)
Gain on remeasurement of debt and other				20	20
Other income, net				2	2
Stock-based compensation				(17)	(17)
Net loss from continuing operations before income taxes					\$ (149)

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

(2) AEBITDA is described in footnote (2) to the first table in this Note 4.

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 from continuing operations 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 from continuing operations 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 from continuing operations before income taxes.

(2) AEBITDA is described in footnote (2) to the first table in this Note 4.

Six Months Ended June 30, 2022					
	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items ⁽¹⁾	Total
Total revenue	\$ 745	\$ 318	\$ 120	\$ —	\$ 1,183
AEBITDA ⁽²⁾	350	85	41	(62)	\$ 414
<i>Reconciling items to net loss from continuing operations before income taxes:</i>					
D&A	(165)	(10)	(27)	(13)	(215)
Restructuring and other	(4)	(3)	(14)	(57)	(78)
Interest expense				(186)	(186)
Loss on debt financing transactions				(147)	(147)
Gain on remeasurement of debt and other				27	27
Other income, net				4	4
Stock-based compensation				(32)	(32)
Net loss from continuing operations before income taxes				\$	(213)

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

(2) AEBITDA is described in footnote (2) to the first table in this Note 4.

(5) Restructuring and Other

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Employee severance and related	\$ 4	\$ 1	\$ 13	\$ 2
Strategic review and related ⁽¹⁾	14	22	18	52
Contingent acquisition consideration ⁽²⁾	9	12	9	12
Restructuring, integration and other	4	7	10	12
Total	<u>\$ 31</u>	<u>\$ 42</u>	<u>\$ 50</u>	<u>\$ 78</u>

(1) Includes costs associated with the ASX listing, Divestitures (including ongoing separation activities), rebranding and related activities.

(2) Represents contingent consideration fair value adjustment (see Note 12).

(6) 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, 2023	December 31, 2022
Current:		
Receivables	\$ 539	\$ 493
Allowance for credit losses	(40)	(38)
Current receivables, net	<u>499</u>	<u>455</u>
Long-term:		
Receivables	14	16
Allowance for credit losses	(2)	(2)
Long-term receivables, net	<u>12</u>	<u>14</u>
Total receivables, net	<u>\$ 511</u>	<u>\$ 469</u>

Allowance for Credit Losses

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

	As of			
	June 30, 2023	Balances over 90 days past due	December 31, 2022	Balances over 90 days past due
Receivables:				
U.S. and Canada	\$ 346	\$ 2	\$ 297	\$ 5
International	207	32	212	34
Total receivables	<u>553</u>	<u>34</u>	<u>509</u>	<u>39</u>
Receivables allowance:				
U.S. and Canada	(18)	(3)	(18)	(5)
International	(24)	(16)	(22)	(22)
Total receivables allowance	<u>(42)</u>	<u>(19)</u>	<u>(40)</u>	<u>(27)</u>
Receivables, net	<u>\$ 511</u>	<u>\$ 15</u>	<u>\$ 469</u>	<u>\$ 12</u>

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, 2023 and 2022 is as follows:

	2023			2022
	Total	U.S. and Canada	International	Total
Beginning allowance for credit losses	\$ (40)	\$ (18)	\$ (22)	\$ (54)
Provision	(1)	(1)	—	(3)
Charge-offs and recoveries	1	—	1	7
Allowance for credit losses as of March 31	\$ (40)	\$ (19)	\$ (21)	\$ (50)
Provision	(4)	—	(4)	(1)
Charge-offs and recoveries	2	1	1	3
Allowance for credit losses as of June 30	\$ (42)	\$ (18)	\$ (24)	\$ (48)

As of June 30, 2023 and December 31, 2022, 3% of our total receivables, net, were past due by over 90 days.

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 primarily 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, 2023		
	Total	Current	Balances over 90 days past due
Receivables	\$ 64	\$ 41	\$ 23
Allowance for credit losses	(19)	(10)	(9)
Receivables, net	\$ 45	\$ 31	\$ 14

We continuously review receivables and, as information concerning credit quality arise, 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, 2023 and December 31, 2022, the fair value of receivables, net, approximated the carrying value due to contractual terms of receivables generally being less than 24 months.

(7) Inventories

Inventories consisted of the following:

	As of	
	June 30, 2023	December 31, 2022
Parts and work-in-process	\$ 133	\$ 124
Finished goods	50	37
Total inventories	\$ 183	\$ 161

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

(8) Property and Equipment, net

Property and equipment, net consisted of the following:

	As of	
	June 30, 2023	December 31, 2022
Land	\$ 6	\$ 6
Buildings and leasehold improvements	59	56
Gaming machinery and equipment	708	685
Furniture and fixtures	26	25
Construction in progress	9	9
Other property and equipment	96	88
Less: accumulated depreciation	(690)	(665)
Total property and equipment, net	<u>\$ 214</u>	<u>\$ 204</u>

Depreciation expense is excluded from cost of services, cost of product sales and other operating expenses and is separately presented within Depreciation, amortization and impairments.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Depreciation expense	\$ 30	\$ 27	\$ 57	\$ 55

(9) Intangible Assets, net and Goodwill*Intangible Assets, net*

The following tables present certain information regarding our intangible assets as of June 30, 2023 and December 31, 2022:

	As of					
	June 30, 2023			December 31, 2022		
	Gross Carrying Value	Accumulated Amortization	Net Balance	Gross Carrying Value	Accumulated Amortization	Net Balance
Amortizable intangible assets:						
Customer relationships	\$ 902	\$ (535)	\$ 367	\$ 902	\$ (503)	\$ 399
Intellectual property	946	(743)	203	948	(714)	234
Licenses	373	(287)	86	371	(273)	98
Brand names	129	(114)	15	129	(108)	21
Trade names	163	(156)	7	162	(122)	40
Patents and other	11	(7)	4	12	(7)	5
Total intangible assets	<u>\$ 2,524</u>	<u>\$ (1,842)</u>	<u>\$ 682</u>	<u>\$ 2,524</u>	<u>\$ (1,727)</u>	<u>\$ 797</u>

The following reflects intangible amortization expense included within Depreciation, amortization and impairments.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Amortization expense ⁽¹⁾	\$ 61	\$ 60	\$ 119	\$ 120

(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, 2022 to June 30, 2023.

	Gaming ⁽¹⁾	SciPlay	iGaming	Totals
Balance as of December 31, 2022	\$ 2,373	\$ 213	\$ 333	\$ 2,919
Foreign currency adjustments	10	(2)	3	11
Balance as of June 30, 2023	\$ 2,383	\$ 211	\$ 336	\$ 2,930

(1) Accumulated goodwill impairment charges for the Gaming segment as of June 30, 2023 were \$989 million.

(10) Software, net

Software, net consisted of the following:

	As of	
	June 30, 2023	December 31, 2022
Software	\$ 1,105	\$ 1,064
Accumulated amortization	(952)	(919)
Software, net	\$ 153	\$ 145

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Amortization expense	\$ 17	\$ 20	\$ 32	\$ 40

(11) Long-term Debt

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

	As of					December 31, 2022
	June 30, 2023					
	Final Maturity	Rate(s)	Face value	Unamortized debt discount/premium and deferred financing costs, net	Book value	Book value
Senior Secured Credit Facilities:						
SciPlay Revolver	2024	variable	\$ —	\$ —	\$ —	\$ —
LNWI Revolver	2027	variable	—	—	—	—
LNWI Term Loan B	2029	variable	2,178	(28)	2,150	2,159
LNWI Senior Notes:						
2025 Unsecured Notes	2025	8.625%	550	(4)	546	545
2028 Unsecured Notes	2028	7.000%	700	(6)	694	693
2029 Unsecured Notes	2029	7.250%	500	(5)	495	495
Other	2023	—	1	—	1	2
Total long-term debt outstanding			\$ 3,929	\$ (43)	\$ 3,886	\$ 3,894
Less: current portion of long-term debt					(23)	(24)
Long-term debt, excluding current portion					\$ 3,863	\$ 3,870
Fair value of debt ⁽¹⁾			\$ 3,936			

(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.

We were in compliance with the financial covenants under all debt agreements as of June 30, 2023 (for information regarding our financial covenants of all debt agreements, see Note 15 in our 2022 10-K).

Loss on Debt Financing Transactions

The following are components of the loss on debt financing transactions resulting from debt extinguishment and modification accounting for the three and six months ended June 30, 2022. No such transactions occurred during the three and six months ended June 30, 2023.

	Three and Six Months Ended June 30, 2022	
Repayment of principal balance at premium	\$	90
Unamortized debt discount and deferred financing costs, net		57
Total loss on debt refinancing transactions	\$	147

For additional information regarding the terms of our credit facilities and Senior Notes, see Note 15 in our 2022 10-K.

(12) 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, 2023, 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 mitigate gains or losses associated with the change in expected cash flows due to fluctuations in interest rates on our variable rate debt.

In April 2022, we entered into interest rate swap contracts to hedge a portion of our interest expense associated with our new 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 interest rate swaps was \$700 million as of June 30, 2023. These hedges mature in April 2027. We also previously had interest rate swap contracts that matured in February 2022.

All gains and losses from these hedges were recorded in other comprehensive income (loss) until the future underlying payment transactions occur. Any realized gains or losses resulting from the hedges were recognized (together with the hedged transaction) as interest expense. We estimated 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 were categorized as Level 2 in the fair value hierarchy as established by ASC 820.

The following table shows the gain and interest expense recognized on our interest rate swap contracts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Gain recorded in accumulated other comprehensive loss, net of tax	\$ 10	\$ 2	\$ 3	\$ 5
Interest income (expense) recorded related to interest rate swap contracts	4	(3)	7	(6)

We do not expect to reclassify material amounts from accumulated other comprehensive loss to interest expense in the next twelve months.

The following table shows the effect of interest rate swap contracts designated as cash flow hedges on interest expense in the consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total interest expense which reflects the effects of cash flow hedges	\$ (78)	\$ (70)	\$ (153)	\$ (186)
Hedged item	(5)	(4)	(10)	(7)
Derivative designated as hedging instrument	9	1	17	1

The following table shows the fair value of our hedges:

Balance Sheet Line Item	As of	
	June 30, 2023	December 31, 2022
Interest rate swaps Other assets	\$ 34	\$ 30

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, 2022 to June 30, 2023.

	Total	Included in Accrued Liabilities	Included in Other Long-Term Liabilities
Balance as of December 31, 2022	\$ 79	\$ 34	\$ 45
Payments	(21)		
Fair value adjustments ⁽¹⁾	9		
Other adjustments ⁽²⁾	(4)		
Balance as of June 30, 2023	\$ 63	\$ 44	\$ 19

(1) Amount included in Restructuring and other (see Note 5).

(2) Primarily represents extinguishment of \$3 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 first year were not met. The charge was recorded in other income, net in our consolidated statements of operations.

(13) Stockholders' Equity*Changes in Stockholders' Equity (Deficit)*

The following tables present certain information regarding our stockholders' equity as of June 30, 2023 and 2022:

	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

Six Months Ended June 30, 2022							
	Common Stock	Additional Paid in Capital	Retained Earnings (Accumulated Loss)	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
January 1, 2022	\$ 1	\$ 1,337	\$ (3,158)	\$ (175)	\$ (261)	\$ 150	\$ (2,106)
Settlement of liability awards	—	43	—	—	—	—	43
Vesting of RSUs, net of tax withholdings and other	—	(31)	—	—	—	—	(31)
Purchase of treasury stock	—	—	—	(51)	—	—	(51)
Stock-based compensation	—	17	—	—	—	—	17
Net income	—	—	26	—	—	2	28
Other comprehensive loss	—	—	—	—	(37)	—	(37)
March 31, 2022	\$ 1	\$ 1,366	\$ (3,132)	\$ (226)	\$ (298)	\$ 152	\$ (2,137)
Vesting of RSUs, net of tax withholdings and other	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	(152)	—	—	(152)
Purchase of SciPlay's Class A common stock	—	(6)	—	—	—	(1)	(7)
Stock-based compensation	—	15	—	—	—	—	15
Net income	—	—	3,291	—	—	4	3,295
Other comprehensive loss ⁽¹⁾	—	—	—	—	(48)	—	(48)
June 30, 2022	\$ 1	\$ 1,375	\$ 159	\$ (378)	\$ (346)	\$ 155	\$ 966

(1) Includes reclassification of \$23 million accumulated other comprehensive loss into income due to the sale of discontinued operations (see Note 2).

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,	
	2023	2022	2023	2022
Related to L&W stock options	\$ —	\$ 1	\$ —	\$ 1
Related to L&W RSUs	21	15	40	27
Related to SciPlay RSUs	7	1	14	4
Total ⁽¹⁾	\$ 28	\$ 17	\$ 54	\$ 32

(1) Includes \$15 million and \$26 million classified as liability awards for the three and six months ended June 30, 2023, respectively, and \$6 million and \$10 million for the three and six months ended June 30, 2022, 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, 2023 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested RSUs as of December 31, 2022	1.7	\$ 46.66
Granted	1.1	\$ 57.15
Vested	(0.9)	\$ 45.05
Cancelled	(0.1)	\$ 46.83
Unvested RSUs as of June 30, 2023	1.8	\$ 53.56

The weighted-average grant date fair value of RSUs granted during the six months ended June 30, 2023 and 2022 was \$57.15 and \$58.30, 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, 2023, we had \$69 million in total unrecognized stock-based compensation expense relating to

unvested RSUs that will be amortized over a weighted-average period of approximately two years. The fair value at vesting date of RSUs vested during the six months ended June 30, 2023 and 2022 was \$51 million and \$62 million, respectively.

Series A Junior Participating Preferred Stock and Rights Agreement

The 2018 Amended and Restated Rights Agreement, as described in Note 17 of our 2022 10-K, expired on June 19, 2023. Immediately prior to its expiration, no shares of Series A Junior Participating Preferred Stock were outstanding and no preferred share purchase rights had been exercised. At the time of the expiration of the agreement, the preferred share purchase rights expired and are no longer outstanding.

Share Repurchase Programs

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, 2023, we repurchased 0.6 million shares of common stock under the program at an aggregate cost of \$33 million.

On May 9, 2022, SciPlay's Board of Directors approved a share repurchase program under which it is authorized to repurchase, from time to time through May 9, 2024, up to an aggregate amount of \$60 million of its outstanding Class A common stock. On May 3, 2023, SciPlay's Board of Directors approved another share repurchase program under which it is authorized to repurchase, from time to time through May 3, 2024, up to an aggregate amount of \$60 million of its outstanding Class A common stock. During the six months ended June 30, 2023, SciPlay repurchased 1.4 million shares of Class A common stock under the programs at an aggregate cost of \$23 million.

(14) 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, 2023.

Our income tax expense (including discrete items) was \$15 million and \$14 million for the three and six months ended June 30, 2023, respectively, and \$1 million and \$4 million for the three and six months ended June 30, 2022, respectively. In 2023, our effective tax rate differs from the U.S. statutory rate of 21% primarily as a result of certain non-deductible items including foreign exchange losses, partially mitigated by tax benefits from internal restructuring transactions in the first quarter of 2023. In all periods, we recorded tax expense relative to pre-tax earnings in jurisdictions without valuation allowances, including our 17% noncontrolling interest in SciPlay.

(15) Leases

Our total operating lease expense for the three and six months ended June 30, 2023 was \$5 million and \$11 million, respectively, and \$4 million and \$10 million for the three and six months ended June 30, 2022, 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, 2023	December 31, 2022
Operating lease right-of-use assets	\$ 43	\$ 49
Accrued liabilities	18	17
Operating lease liabilities	31	37
Total operating lease liabilities	\$ 49	\$ 54
Weighted average remaining lease term, units in years	4	4
Weighted average discount rate	5 %	5 %
	Six Months Ended June 30,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 10	\$ 11
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ —	\$ 12

Lease liability maturities:

	Remainder of 2023	2024	2025	2026	2027	Thereafter	Less Imputed Interest	Total
Operating leases	\$ 9	\$ 17	\$ 13	\$ 9	\$ 3	\$ 3	\$ (5)	\$ 49

As of June 30, 2023, we did not have material additional operating leases that have not yet commenced.

(16) Litigation

We are involved in various legal proceedings, which are described below.

We record an accrual for legal contingencies when it is both probable that a liability has been incurred and the amount or range of the loss can be reasonably estimated (although, as discussed below, there may be an exposure to loss in excess of the accrued liability). We evaluate our accruals for legal contingencies at least quarterly and, as appropriate, establish new accruals or adjust existing accruals to reflect (1) the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings and other relevant events and developments, (2) the advice and analyses of counsel and (3) the assumptions and judgment of management. Legal costs associated with our legal proceedings are expensed as incurred. We had accrued liabilities of \$11 million for all of our legal matters that were contingencies as of June 30, 2023 and December 31, 2022.

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 herein as well as those related to the previously disclosed settlement agreement entered into in February 2015 with SNAI S.p.a., 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 \$5.0 million if certain levels of lottery sales were not achieved. In addition, LNWI delivered to Ecosalud a \$4.0 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.

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, which is pending. We are unable at this time to estimate a range of reasonably possible losses above the amount we have accrued for this matter due to the complexity of the plaintiffs' claims, and the unpredictability of the outcome of the proceedings in the district court, and on any appeal therefrom.

Tonkawa Tribe Matter

On September 3, 2020, the Tonkawa Tribe of Indians of Oklahoma d/b/a Tonkawa Enterprises filed a putative class action complaint in the United States District Court for the District of Nevada against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. On October 5, 2020, the plaintiff filed a first amended complaint to add Cow Creek Band of Umpqua Tribe of Indians and the Umpqua Indian Development Corp., d/b/a Seven Feathers Casino as a plaintiff. On October 26, 2020, the plaintiffs filed a second amended complaint. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants' procurement of particular U.S. patents. The plaintiffs allege that the defendants used those patents to create an allegedly illegal monopoly in the market for card shufflers sold or leased to regulated casinos in the United States. The plaintiffs seek to represent a putative class of all regulated United States casinos directly leasing or purchasing card shufflers from the defendants on or after April 1, 2009. The complaint seeks unspecified money damages, the award of plaintiff's costs of suit, including reasonable attorneys' fees and expert fees, and the award of pre-judgment and post-judgment interest. On November 19, 2020, the defendants filed a motion to dismiss plaintiffs' second amended complaint or, in the alternative, to compel arbitration of plaintiffs' claims. On November 20, 2020, Plaintiffs filed a motion for partial summary judgment, seeking a finding that defendants are collaterally estopped from re-litigating issues litigated in the 2018 litigation versus Shuffle Tech International Corp., Aces Up Gaming, and Poydras-Talrick Holdings. On August 27, 2021, the Nevada district court entered an order transferring the lawsuit to the United States District Court for the Northern District of Illinois. On May 19, 2022, the Illinois district court granted defendants' motion to compel arbitration of plaintiffs' individual claims; stayed all proceedings in the lawsuit pending resolution of the arbitral process; and accordingly dismissed all pending motions without prejudice as moot. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the lawsuit are without merit, and intend to vigorously defend against them.

Giuliano and Rancho's Club Casino Matter

On September 4, 2020, Alfred T. Giuliano, as liquidation trustee for RIH Acquisition NJ, LLC d/b/a The Atlantic Club Casino Hotel filed a putative class action complaint in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants' procurement of particular U.S. patents. The plaintiffs allege that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The plaintiffs seek to represent a putative class of all persons and entities that directly purchased or leased automatic card shufflers within the United States from the Defendants, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the court to treble, the award of plaintiff's costs of suit, including attorneys' fees, and the award of pre-judgment and post-judgment interest. On September 8, 2020, Rancho's Club Casino, Inc., d/b/a Magnolia House Casino filed a putative class action complaint in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. In the complaint, the plaintiff asserts federal antitrust claims arising from the defendants' procurement of particular U.S. patents. The plaintiff alleges that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The plaintiff seeks to represent a putative class of all persons and entities that directly purchased or leased automatic card shufflers within the United

States from the defendants, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the court to treble, the award of plaintiff's costs of suit, including attorneys' fees, and the award of pre-judgment and post-judgment interest.

On October 29, 2020, the trial court consolidated the Giuliano and Rancho's Club Casino matters. On October 30, 2020, the plaintiffs in the consolidated action filed a first amended consolidated complaint. On November 9, 2020, the defendants filed a motion to dismiss the plaintiffs' first amended consolidated complaint, and also filed a motion to compel arbitration of plaintiff Alfred T. Giuliano's individual claims. On May 19, 2022, the Illinois district court granted defendants' motion to compel arbitration; stayed all proceedings in the lawsuit pending resolution of the arbitral process; and accordingly dismissed all pending motions without prejudice. On May 31, 2022, defendants filed a motion to lift the stay of the lawsuit for the limited purpose of amending the court's May 19, 2022 order to confirm that plaintiff Alfred T. Giuliano must proceed to arbitration on an individual basis rather than a class-wide basis. 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. 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. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

Boorn Matter

On September 15, 2022, plaintiff Hannelore Boorn filed a putative class action against L&W, SciPlay Corporation, and Appchi Media Ltd. in the Fayette Circuit Court of the Commonwealth of Kentucky. In her complaint, plaintiff seeks to represent a putative class of all persons in Kentucky who, within the past five years, purchased and allegedly lost \$5.00 or more worth of chips, in a 24-hour period, playing SciPlay's online social casino games. The complaint asserts claims for alleged violations of Kentucky's "recovery of gambling losses" statute and for unjust enrichment, and seeks unspecified money damages, the award of reasonable attorneys' fees and costs, pre- and post-judgment interest, and injunctive and/or other declaratory relief. On October 18, 2022, defendants removed the action to the United States District Court for the Eastern

District of Kentucky. On October 26, 2022, the plaintiff filed a notice voluntarily dismissing the lawsuit without prejudice. On October 27, 2022, the district court entered an order dismissing the lawsuit. On November 17, 2022, the plaintiff filed an arbitration demand against defendants before the American Arbitration Association, pursuant to which she seeks declaratory judgments that (1) SciPlay's online social casino games constitute gambling under Kentucky law, and (2) SciPlay's terms of service are void under Kentucky law. On January 12, 2023, the respondents filed their answering statement to plaintiff's arbitration demand. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

Allah Beautiful Matter

On December 19, 2022, claimant Prince Imanifest Allah Beautiful filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The complaint asserts claims for alleged violations of New Jersey's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by New Jersey players of SciPlay's online social casino games other than the claimant. On March 7, 2023, the respondent filed its answering statement to claimant's arbitration demand. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

Sprinkle Matter

On December 12, 2022, claimant Matthew Sprinkle filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The complaint asserts claims for alleged violations of Ohio's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Ohio players of SciPlay's online social casino games other than the claimant. On March 7, 2023, the respondent filed its answering statement to claimant's arbitration demand. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

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. 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 2022 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 2022 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, 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 2022 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 4 for additional business segment information.

In addition to our existing primary Nasdaq listing, our common stock is listed as CDIs on the ASX and commenced active trading on May 22, 2023 (AEST) under the ticker symbol “LNW.” We believe this secondary listing will create substantial benefits for L&W and its shareholders, including enhancing the Company’s profile in Australia, one of the leading markets for the L&W’s Gaming business, and providing the Company access to new long-term Australian institutional investors that complement our strong existing base of shareholders.

As described in Note 1, on August 8, 2023, we entered into a definitive agreement to acquire the remaining equity interest in SciPlay not already owned by us (approximately 17%) pursuant to a merger in which SciPlay’s shareholders will receive \$22.95 for each share of SciPlay Class A common stock they own (subject to certain exceptions set forth in the Merger Agreement) in an all-cash transaction (valued at approximately \$500 million subject to the total count of outstanding SciPlay Class A shares at closing). Following the execution of the Merger Agreement, the wholly owned subsidiary of L&W holding approximately 98% of the voting power of the outstanding shares of SciPlay common stock delivered to SciPlay a written consent approving the Merger Agreement and the SciPlay Acquisition. No further approval of the stockholders of SciPlay is required to approve the Merger Agreement and the SciPlay Acquisition. This transaction is expected to close during the fourth quarter of 2023, subject to customary closing conditions. As a result of the SciPlay Acquisition, SciPlay will cease to be publicly traded and will become a wholly owned subsidiary of L&W.

The Merger Agreement contains certain termination rights for SciPlay and L&W, including the right of either party to terminate the Merger Agreement if the SciPlay Acquisition is not consummated on or before February 8, 2024.

We believe that this transaction will enable seamless collaboration with SciPlay that will add further momentum to our already robust cross-platform strategy, provide flexibility for use of SciPlay cash flows for investments across the enterprise, and facilitate long-term margin enhancement opportunities via synergies, all of which are expected to increase shareholder value.

Our operating results have substantially recovered from the impacts of the COVID-19 pandemic in 2020 and 2021; however, lingering impacts on supply chains in numerous industries have caused shortages of inputs/outputs, which in turn put inflationary pressures on the economy as a whole. Inflationary pressures may have an impact on discretionary income as people allocate more of their disposable income toward higher priced necessity goods and services, which could impact our customers. These circumstances may change in the future and such changes could be material.

We continued in 2023 with strong momentum and delivered a 9th consecutive quarter of consolidated revenue growth year-over-year, continuing advancement toward our long-term financial targets. Consolidated revenue growth was driven by double-digit growth across all of our businesses, including another quarter of record revenues for SciPlay and iGaming.

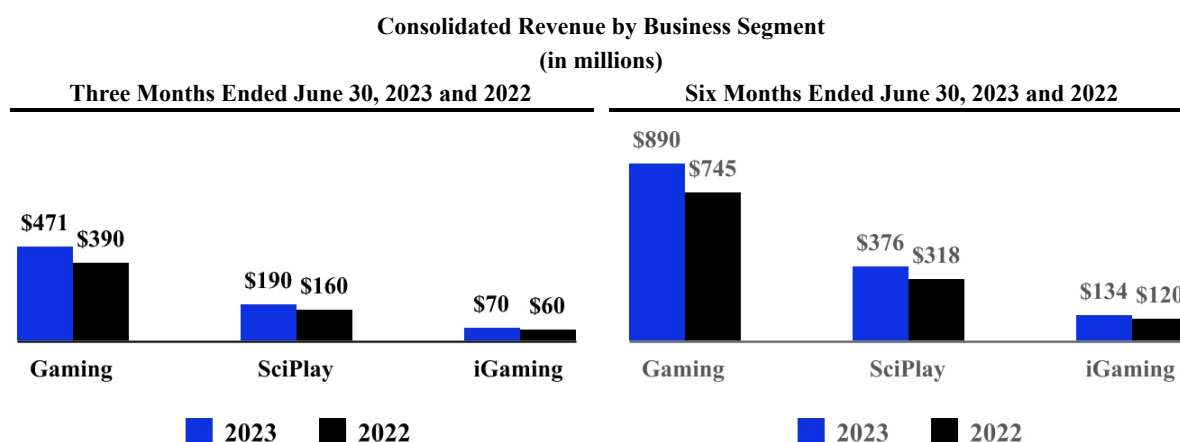
CONSOLIDATED RESULTS

(\$ in millions)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2023	2022	2023 vs. 2022		2023	2022	2023 vs. 2022	
Total revenue	\$ 731	\$ 610	\$ 121	20 %	\$ 1,400	\$ 1,183	\$ 217	18 %
Total operating expenses	618	564	54	10 %	1,185	1,097	88	8 %
Operating income	113	46	67	146 %	215	86	129	150 %
Net income (loss) from continuing operations before income taxes	20	(149)	169	113 %	46	(213)	259	122 %
Net income (loss) from continuing operations	5	(150)	155	103 %	32	(217)	249	115 %
Net income from discontinued operations, net of tax ⁽¹⁾	—	3,445	(3,445)	nm	—	3,540	(3,540)	nm
Net (loss) income attributable to L&W	(1)	3,291	(3,292)	nm	21	3,317	(3,296)	nm

nm = not meaningful.

(1) The three and six months ended June 30, 2022 include a pre-tax gain of \$4,568 million on the sale of the former Lottery Business (see Note 2).

Revenue



Gaming revenue growth of 21% and 19% for the three and six months ended June 30, 2023, respectively, was driven by continued momentum in global Gaming machine sales, stronger performance in our U.S. and Canada premium install base, and increased demand for Systems and Table products.

SciPlay revenue increased 19% and 18% for the three and six months ended June 30, 2023, respectively, as social casino payer engagement and average monthly paying users increased for both periods. Average monthly revenue per paying user reached a new record high for the three months ended June 30, 2023.

The increase in iGaming revenue of 17% and 12% for the three and six months ended June 30, 2023, respectively, was primarily driven by growth in the U.S. from the strength of our original content and increased player activity.

Operating Expenses

(\$ in millions)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2023	2022	2023 vs. 2022		2023	2022	2023 vs. 2022	
Operating expenses:								
Cost of services	\$ 110	\$ 92	\$ 18	20 %	\$ 218	\$ 182	\$ 36	20 %
Cost of product sales	108	88	20	23 %	201	159	42	26 %
Selling, general and administrative	203	179	24	13 %	396	354	42	12 %
Research and development	58	56	2	4 %	112	109	3	3 %
Depreciation, amortization and impairments	108	107	1	1 %	208	215	(7)	(3)%
Restructuring and other	31	42	(11)	(26)%	50	78	(28)	(36)%
Total operating expenses	<u>\$ 618</u>	<u>\$ 564</u>	<u>\$ 54</u>	10 %	<u>\$ 1,185</u>	<u>\$ 1,097</u>	<u>\$ 88</u>	8 %

Cost of Revenue

Total cost of revenue for the three and six months ended June 30, 2023 increased as a direct result of higher revenue as described above, driven by \$20 million and \$42 million, respectively, in higher cost of product revenue primarily associated with higher gaming machine sales and \$10 million and \$20 million, respectively, in higher cost of services for our SciPlay business segment.

SG&A

SG&A increased for the three and six months ended June 30, 2023 as compared to the prior year periods, primarily due to higher stock-based compensation expense of \$11 million and \$22 million, respectively, higher legal expenses and professional fees of \$7 million and \$10 million, respectively, and higher salaries and benefits in our SciPlay segment of \$4 million and \$7 million, respectively.

R&D

R&D increased slightly for both periods, primarily due to higher salaries and benefits in our Gaming and SciPlay segments, partially offset by lower professional services expenses.

D&A

D&A remained relatively flat for the three months ended June 30, 2023, as the effects of fully depreciated assets and amortization of intangible assets related to past acquisitions, primarily associated with our Gaming segment, were mostly offset by increases from acquisitions during 2022 and an impairment charge of \$5 million related to SciPlay restructuring of a certain foreign studio. For the six months ended June 30, 2023, D&A decreased primarily due to fully depreciated assets and amortization of intangible assets related to past acquisitions, partially offset by the other drivers described for the three months ended June 30, 2023.

Restructuring and Other

The decrease in restructuring and other for the three and six months ended June 30, 2023, as compared to the prior year periods, was primarily due to lower professional services, legal and other costs related to the strategic review and related transactions (see Note 5). The three and six months ended June 30, 2023 included \$7 million in professional services associated with the ASX listing, and the six months ended June 30, 2023 and 2022 included contingent consideration remeasurement charges of \$9 million and \$12 million, respectively.

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
	2023	2022	2023	2022	2023 vs. 2022
Interest expense	\$ (78)	\$ (70)	\$ (153)	\$ (186)	The increase in interest expense for the three months ended June 30, 2023 is primarily due to rising interest rates impacting the LNW1 Term Loan B. The decrease in interest expense for the six months ended June 30, 2023 is primarily due to lower outstanding debt resulting from the redemption of select senior notes and refinancing through the LNW1 Credit Agreement completed in the second quarter of 2022.
Loss on debt financing transactions	—	(147)	—	(147)	Loss on debt financing transactions consummated during the second quarter of 2022 included a \$90 million charge associated with premiums paid to redeem select senior notes (see Note 11).
Gain on remeasurement of debt and other	—	20	—	27	Gains are attributable to remeasurement of previously held Euro-denominated senior notes and reflect changes in the Euro vs. the U.S. Dollar foreign exchange rates. These notes were redeemed during the second quarter of 2022.
Other (expense) income, net	(15)	2	(16)	7	The increase in other expense was primarily due to the impact of changes in foreign currency exchange rates.

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 remeasurement 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,			
	2023		2022		2023		2022	
	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue
Foreign Currency:								
British Pound Sterling	\$ 42	6 %	\$ 41	7 %	\$ 81	6 %	\$ 83	7 %
Euro	63	9 %	50	8 %	112	8 %	96	8 %
Australian Dollar	47	6 %	23	4 %	97	7 %	37	3 %

BUSINESS SEGMENTS RESULTS (for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022)

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 2022 10-K.

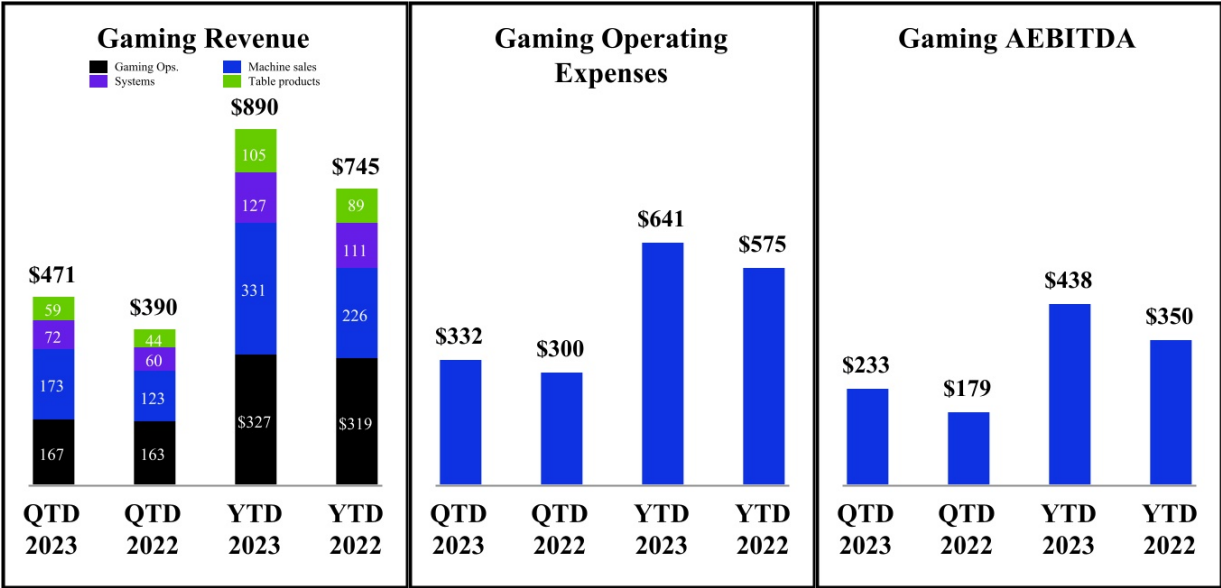
Current Year Update

We continue to see an increase in the demand for our Gaming products and services, and Gaming operations continue to perform above pre-COVID levels. The increase in Gaming revenue for the three and six months ended June 30, 2023, as

compared to the prior year period, was primarily driven by continued momentum in Gaming machine sales growing 41% and 46%, respectively, coupled with growth in Systems and Table products. Gaming operations also benefited from higher average daily revenue per unit and the recent launch of the *COSMIC™* cabinet. While demand remains strong, we are actively monitoring any impact of inflationary pressures and macroeconomic uncertainty that may impact our operations. We have experienced and continue to expect some level of supply chain volatility that could impact our ability to meet demand for our products and delay the timing of fulfillment and revenue recognition of orders.

Results of Operations and KPIs

Three and Six Months Ended June 30, 2023 and 2022



	Three Months Ended June 30,				Six Months Ended June 30,			
(\$ in millions)	2023	2022	Variance		2023	2022	Variance	
			2023 vs. 2022				2023 vs. 2022	
Revenue:								
Gaming operations	\$ 167	\$ 163	\$ 4	2 %	\$ 327	\$ 319	\$ 8	3 %
Machine sales	173	123	50	41 %	331	226	105	46 %
Systems	72	60	12	20 %	127	111	16	14 %
Table products	59	44	15	34 %	105	89	16	18 %
Total revenue	<u>\$ 471</u>	<u>\$ 390</u>	<u>\$ 81</u>	21 %	<u>\$ 890</u>	<u>\$ 745</u>	<u>\$ 145</u>	19 %
F/X impact on revenue	\$ (1)	\$ (8)	\$ 7	(88)%	\$ (6)	\$ (10)	\$ 4	(40)%
Gaming KPIs:								
U.S. and Canada units:								
Installed base at period end	30,550	30,836	(286)	(1)%	30,550	30,836	(286)	(1)%
Average daily revenue per unit	\$ 47.54	\$ 45.86	\$ 1.68	4 %	\$ 46.59	\$ 44.52	\$ 2.07	5 %
International units ⁽¹⁾ :								
Installed base at period end	25,329	28,966	(3,637)	(13)%	25,329	28,966	(3,637)	(13)%
Average daily revenue per unit	\$ 15.03	\$ 13.63	\$ 1.40	10 %	\$ 15.13	\$ 13.72	\$ 1.41	10 %
Gaming machine unit sales:								
U.S. and Canada new unit shipments	5,020	4,009	1,011	25 %	9,077	7,391	1,686	23 %
International new unit shipments	4,130	2,479	1,651	67 %	7,751	4,393	3,358	76 %
Total new unit shipments	9,150	6,488	2,662	41 %	16,828	11,784	5,044	43 %
Average sales price per new unit	\$ 17,445	\$ 17,176	\$ 269	2 %	\$ 18,040	\$ 17,141	\$ 899	5 %

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

Gaming Operations

Gaming operations revenue for both current year periods demonstrated continued momentum driven by strong game performance of hit franchises, including our premium games. Average daily revenue per unit for U.S. and Canada increased by \$1.68 and \$2.07 for the three and six months ended June 30, 2023, respectively, and for International units it increased by \$1.40 and \$1.41, respectively. Gaming operations for U.S. and Canada had a 286-unit decrease in installed base, mainly due to reductions in our public gaming and leased core products, partially offset by growth in our premium games. International ending installed base decreased by 3,637 units primarily due to the expected closure of certain LBOs in the U.K. along with the reduction of certain low-yielding units in Greece and Latin America.

Gaming Machine Sales

Gaming machine sales revenue increased as operator capital spending returned to more normalized levels. The increases for the three and six months ended June 30, 2023, as compared to prior periods, were due to higher sales of replacement units globally of 2,685 and 3,589, respectively, shipments of additional units into international new opening and

expansion markets of 195 and 1,606, respectively, and higher average sales price per new unit mainly due to favorable shifts in product mix. The following table summarizes Gaming machine sales changes:

	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2023	2022	2023 vs. 2022		2023	2022	2023 vs. 2022	
U.S. and Canada unit shipments:								
Replacement units	4,598	3,369	1,229	36 %	8,358	6,521	1,837	28 %
Casino opening and expansion units	422	640	(218)	(34)%	719	870	(151)	(17)%
Total unit shipments	5,020	4,009	1,011	25 %	9,077	7,391	1,686	23 %
International unit shipments:								
Replacement units	3,899	2,443	1,456	60 %	6,109	4,357	1,752	40 %
Casino opening and expansion units	231	36	195	542 %	1,642	36	1,606	4,461 %
Total unit shipments	4,130	2,479	1,651	67 %	7,751	4,393	3,358	76 %

Operating Expenses and AEBITDA

Operating expenses for the three and six months ended June 30, 2023 increased by \$32 million and \$66 million, respectively, as compared to the corresponding prior year periods, primarily due to \$23 million and \$55 million, respectively, in higher cost of revenue associated with the increase in revenue as described above and \$13 million and \$20 million, respectively, in higher SG&A and restructuring and other costs, partially offset by lower D&A of \$3 million and \$9 million, respectively.

For the three and six months ended June 30, 2023 as compared to the prior year periods, AEBITDA increased by \$54 million and \$88 million, respectively, which is primarily related to increased revenue, and AEBITDA as a percentage of revenue (“AEBITDA margin”) increased by 3 and 2 percentage points, respectively, to 49% for both periods. AEBITDA also benefited from a change in the incentive compensation mix from cash to equity awards, resulting in a \$2 million and \$5 million benefit, respectively, as well as lower legal expenses.

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 virtual 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. Players who install SciPlay’s hyper-casual games receive free, unlimited gameplay that requires viewing of periodic in-game advertisements.

SciPlay currently offers a variety of social casino games, including *JACKPOT PARTY® Casino*, *GOLD FISH® Casino*, *QUICK HIT® Slots*, *88 FORTUNES® Slots*, *MONOPOLY Slots*, and *HOT SHOT CASINO®*. Our SciPlay business segment continues to pursue its strategy of expanding into the casual games market. Current casual game titles include *BINGO SHOWDOWN®*, *SOLITAIRE PETS™ Adventure* and *Backgammon Live* as well as other titles in the hyper-casual space, including games such as *CANDY CHALLENGE 3D™*, *BOSS LIFE™* and *DEEP CLEAN INC. 3D™*. During the three months ended June 30, 2023, SciPlay continued development and testing of 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*. In addition to SciPlay’s internally created game content, SciPlay’s content library includes recognizable game content from Light & Wonder. This content allows players who like playing land-based game content to enjoy some of those same titles in SciPlay’s free-to-play games. SciPlay has access to Light & Wonder’s library of more than 1,500 iconic casino titles, including titles and content from third-party licensed brands such as *MONOPOLY* and *JAMES BOND™*. We believe that

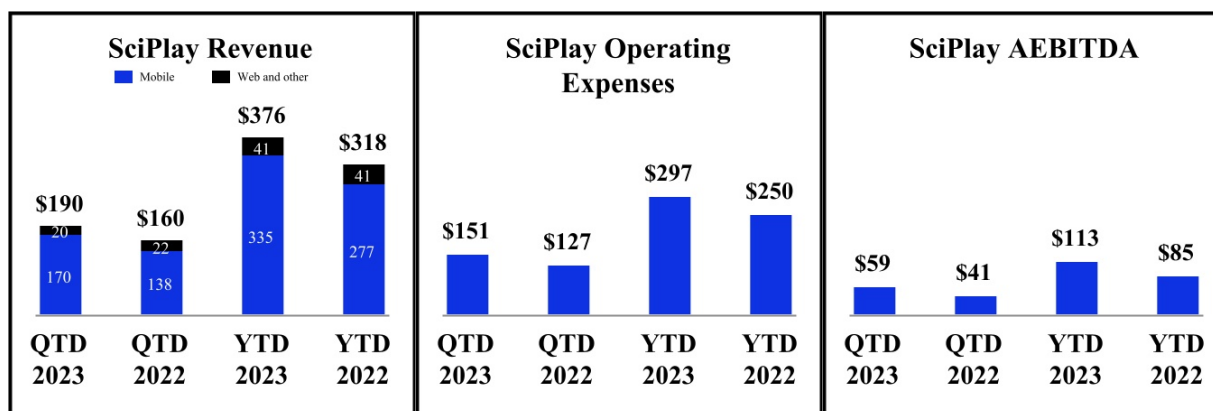
SciPlay's access to this content, coupled with its years of experience developing in-house content, uniquely positions SciPlay to create compelling digital games.

Current Year Update

SciPlay entered 2023 with strong momentum and continues to see higher payer engagement. Revenue growth was primarily attributable to the social casino business, including games such as *Jackpot Party Casino*, *Quick Hit Slots* and *Gold Fish Casino*. SciPlay continues to deploy significant updates across a number of their portfolio games, execute on its strategic game updates and enhanced analytics, and pursue international expansion.

Results of Operations and KPIs

Three and Six Months Ended June 30, 2023 and 2022



(in millions unless otherwise noted)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2023	2022	2023 vs. 2022		2023	2022	2023 vs. 2022	
Revenue:								
Mobile in-app purchases	\$ 170	\$ 138	\$ 32	23 %	\$ 335	\$ 277	\$ 58	21 %
Web in-app purchases and other ⁽¹⁾	20	22	(2)	(9)%	41	41	—	— %
Total revenue	<u>\$ 190</u>	<u>\$ 160</u>	<u>\$ 30</u>	19 %	<u>\$ 376</u>	<u>\$ 318</u>	<u>\$ 58</u>	18 %
SciPlay KPIs:								
In-App Purchases:								
Mobile Penetration ⁽²⁾	91 %	90 %	1 pp	nm	91 %	90 %	1 pp	nm
Average MAU ⁽³⁾	5.8	5.9	(0.1)	(2)%	5.9	6.1	(0.2)	(3)%
Average DAU ⁽⁴⁾	2.2	2.3	(0.1)	(4)%	2.3	2.3	—	— %
ARPDau ⁽⁵⁾	\$ 0.93	\$ 0.74	\$ 0.19	26 %	\$ 0.91	\$ 0.74	\$ 0.17	23 %
Average MPU ⁽⁶⁾ (in thousands)	609	560	49	9 %	617	560	57	10 %
AMRPPU ⁽⁷⁾	\$ 102.04	\$ 90.99	\$ 11.05	12 %	\$ 99.74	\$ 91.72	\$ 8.02	9 %
Payer Conversion Rate ⁽⁸⁾	10.5 %	9.4 %	1.1 pp	nm	10.4 %	9.2 %	1.2 pp	nm

nm = not meaningful.

pp = percentage points.

(1) Other primarily represents advertising revenue, which was not material in the periods presented.

(2) Mobile penetration is defined as the percentage of business to consumer revenue generated from mobile platforms.

(3) MAU = Monthly Active Users is a count of visitors to SciPlay sites during a month. An individual who plays multiple games or from multiple devices may, in certain circumstances, be counted more than once. However, SciPlay uses third-party data to limit the occurrence of multiple counting.

(4) DAU = Daily Active Users is a count of visitors to SciPlay sites during a day. An individual who plays multiple games or from multiple devices may, in certain circumstances, be counted more than once. However, SciPlay uses 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 months ended June 30, 2023, revenues increased as social casino payer engagement increased and average monthly revenue per paying user reached a new record high.

For the six months ended June 30, 2023, revenues increased as social casino payer engagement increased with an increase in average monthly paying users.

The increase in mobile penetration percentage for the three and six months ended June 30, 2023 primarily reflects a continued trend of players migrating from web to mobile platforms to play SciPlay's games.

Average MAU for the three and six months ended June 30, 2023 decreased due to the turnover in users.

ARPDau increased with an increase in payers and higher daily average revenue per player while DAU slightly declined for the three months ended June 30, 2023.

ARPDau increased as a function of flat average DAU coupled with an increase in payers for the six months ended June 30, 2023.

For the three and six months ended June 30, 2023, AMRPPU and average MPU increased as payer conversion improved compared to the prior year period.

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

Operating Expenses and AEBITDA

The increase in operating expenses for the three and six months ended June 30, 2023 as compared to the prior year periods was primarily correlated with the increase in revenue (as described above) as a result of higher platform fees, higher stock-based compensation of \$6 million and \$10 million, respectively, higher salaries and benefits related to an increase in headcount, and an impairment charge of \$5 million related to the restructuring of a certain foreign studio.

AEBITDA for the three and six months ended June 30, 2023 increased as compared to the prior year periods primarily due to the increase in revenue (as described above), partially offset by higher operating costs resulting from increases in salaries and benefits. AEBITDA margin increased by 5 and 3 percentage points, respectively.

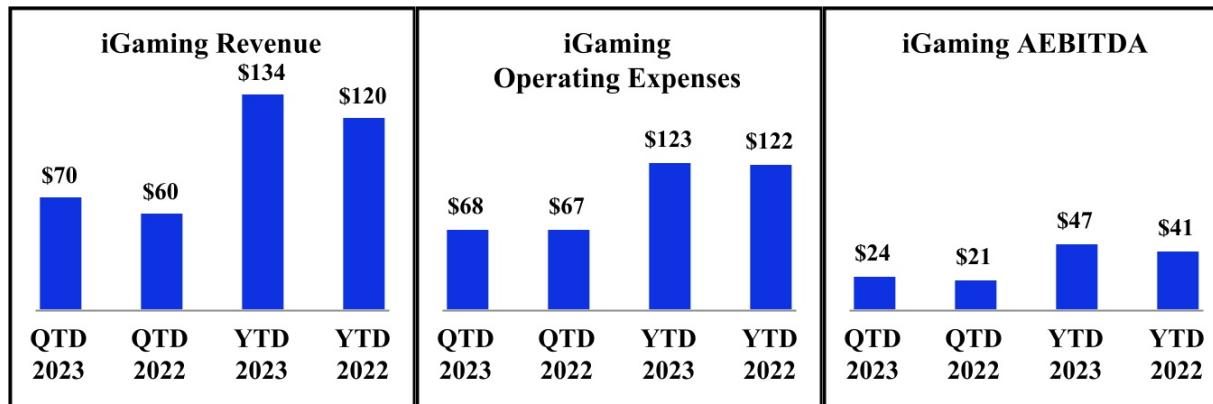
iGAMING

Our iGaming business segment provides a comprehensive suite of digital gaming content, distribution platforms, player account management systems, as well as various other iGaming content and services. The majority of our revenue is derived from casino-style game content, including a wide variety of internally developed and branded games as well as popular third-party provider games. These games are made available to iGaming operators via content aggregation platforms, including Open Gaming System, remote gaming servers and various other platforms. We also provide our 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 invest in our ability to scale our own original U.S. land-based content offering. Currently we have launched in six U.S. states, and we are positioned to enter others as additional state legislatures authorize online gaming. We are on track to launch our live casino operations in Michigan during the second half of 2023, pending final regulatory approvals.

Three and Six Months Ended June 30, 2023 and 2022



The increase in iGaming revenue of 17% and 12% for the three and six months ended June 30, 2023, respectively, as compared to the prior year periods, was primarily due to continuing momentum in the U.S. market, which delivered 32% and 33% year-over-year revenue growth, respectively, driven by the strength of our original content and growth in gross gaming revenue. The current year periods also benefited from \$2 million in license termination fees. Wagers processed through our Open Gaming System for both current year periods increased to \$21 billion and \$41 billion, respectively. The three and six months ended June 30, 2023 were impacted by unfavorable impact of foreign currency translation of \$1 million and \$4 million, respectively.

AEBITDA for the three and six months ended June 30, 2023 increased as compared to the prior year periods primarily due to the increase in revenue (as described above). AEBITDA margin decreased by 1 and increased by 1 percentage point for the three and six months ended June 30, 2023, respectively, as we continued strong launches of our original content and investments supporting ongoing growth.

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 2022 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 2022 10-K.

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL*Cash and Available Liquidity*

As of June 30, 2023, our principal sources of liquidity, other than cash flows provided by operating activities, were cash and cash equivalents, including SciPlay cash and cash equivalents (for our SciPlay business segment), and amounts available under the SciPlay Revolver (for our SciPlay business segment).

Cash and Available Revolver Capacity

(in millions)	Cash and cash equivalents	Revolver capacity	Revolver capacity drawn or committed to letters of credit	Total
L&W (excluding SciPlay)	\$ 514	\$ 750	\$ (12)	\$ 1,252
SciPlay	395	150	—	545
Total as of June 30, 2023	\$ 909	\$ 900	\$ (12)	\$ 1,797
L&W (excluding SciPlay)	\$ 584	\$ 750	\$ (12)	\$ 1,322
SciPlay	330	150	—	480
Total as of December 31, 2022	\$ 914	\$ 900	\$ (12)	\$ 1,802

Total cash held by our foreign subsidiaries was \$152 million and \$142 million as of June 30, 2023 and December 31, 2022, 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, purchase obligations, supply contracts, license agreement minimum guaranteed payments and lease obligations. Under our certain debt agreements, we are required to use a portion of the proceeds received from the Divestitures to reinvest in our business and/or make payments towards our outstanding senior notes by the end of 2023. In April 2023, we paid \$32 million in cash taxes associated with the Divestitures. There have been no material changes to our capital requirements disclosed in our 2022 10-K.

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 2022 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, 2023, we repurchased 0.6 million shares of common stock under the program at an aggregate cost of \$33 million.

On May 9, 2022, SciPlay’s Board of Directors approved a share repurchase program under which it is authorized to repurchase, from time to time through May 9, 2024, up to an aggregate amount of \$60 million of its outstanding Class A common stock. SciPlay has since completed the initial share repurchase program authorization. On May 3, 2023, SciPlay’s Board of Directors approved another share repurchase program under which it is authorized to repurchase, from time to time through May 3, 2024, up to an aggregate amount of \$60 million of its outstanding Class A common stock. No share repurchases have been made under the new program as of June 30, 2023.

On August 8, 2023, we entered into a definitive agreement to acquire the remaining equity interest in SciPlay not already owned by us (see Note 1 for additional details). The SciPlay Acquisition, once completed, would require us to pay approximately \$500 million to the holders of SciPlay Class A common stock (subject to certain exceptions set forth in the Merger Agreement).

Cash Flow Summary

(\$ in millions)	Six Months Ended June 30,		Variance
	2023	2022	2023 vs. 2022
Net cash provided by operating activities from:			
Continuing operations	\$ 219	\$ 13	\$ 206
Discontinued operations	—	44	(44)
Net cash provided by operating activities	219	57	162
Net cash (used in) provided by investing activities from:			
Continuing operations	(115)	(170)	55
Discontinued operations	(3)	5,629	(5,632)
Net cash (used in) provided by investing activities	(118)	5,459	(5,577)
Net cash used in financing activities from:			
Continuing operations	(105)	(5,186)	5,081
Discontinued operations	—	(3)	3
Net cash used in financing activities	(105)	(5,189)	5,084
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1	(6)	7
(Decrease) increase in cash, cash equivalents and restricted cash	\$ (3)	\$ 321	\$ (324)

Cash Flows from Operating Activities

(\$ in millions)	Six Months Ended June 30,		Variance
	2023	2022	2023 vs. 2022
Net income	\$ 32	\$ 3,323	\$ (3,291)
Less: Income from discontinued operations, net of tax	—	(3,540)	3,540
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities from continuing operations	320	369	(49)
Changes in working capital accounts, excluding the effects of acquisitions	(97)	(145)	48
Changes in deferred income taxes and other	(36)	6	(42)
Net cash provided by operating activities from continuing operations	\$ 219	\$ 13	\$ 206

Net cash provided by operating activities from continuing operations increased primarily due to a \$158 million increase in earnings (drivers described above) and favorable changes in working capital accounts.

Changes in working capital accounts for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 benefited from lower interest payments, partially offset by \$32 million in cash taxes associated with the Divestitures and \$7 million in professional services associated with the ASX listing. The prior year period was also negatively impacted by the timing of disbursements including costs associated with the strategic review and accelerated cash interest payments associated with refinancing debt transactions in April 2022.

Cash Flows from Investing Activities

Net cash used in investing activities from continuing operations decreased primarily due to SciPlay's acquisition of Alictus Yazilim Anonim Şirketi in the prior year period, partially offset by the settlement of cross-currency interest rate swaps in the prior year period, in which we received approximately \$50 million in cash proceeds, and higher capital expenditures in the current year period. Capital expenditures are composed of investments in systems, equipment and other assets related to contracts, property and equipment, intangible assets and software.

Net cash provided by investing activities from discontinued operations decreased primarily as a result of the receipt of \$5.7 billion in gross cash proceeds from the sale of the former Lottery Business, net of cash, cash equivalents and restricted cash transferred, during the second quarter of 2022.

Cash Flows from Financing Activities

Net cash used in financing activities decreased primarily due to the refinancing debt transactions in April 2022, in which we repaid \$7.0 billion in senior notes (including redemption premium) and outstanding term loan borrowings and received \$2.2 billion in proceeds from the issuance of the LNWI Term Loan B. We also purchased less of our outstanding

common stock under our share repurchase program during the current year period. During the six months ended June 30, 2023 and 2022, we purchased \$33 million and \$203 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 2022 10-K as well as Notes 11 and 12 and *Item 3* below in this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

As of June 30, 2023, 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 are our primary exposures to market risks:

Interest Rate Risk

As of June 30, 2023, the face value of long-term debt was \$3.9 billion, including \$2.2 billion of variable-rate obligations. 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 with \$700 million notional amount to hedge a portion of our interest expense associated with our variable rate debt to effectively fix the interest rate that we will 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 11 and 12, 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, 2023.

There were no changes in our internal control over financial reporting during the three months ended June 30, 2023 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 a description of our legal proceedings, see Note 16 in this Quarterly Report on Form 10-Q and Note 20 in our 2022 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 2022 10-K, except as noted below.

Our secondary listing of the Company’s common stock on the Australian Securities Exchange could lead to price variations and other impacts on holders of our common stock.

On May 22, 2023 (AEST), our common stock was listed as CDIs on the ASX and commenced active trading under the ASX code “LNW,” in addition to our existing primary listing on The Nasdaq Stock Market (“Nasdaq”). Dual listing may result in price variations between our securities listed on the different exchanges due to a number of factors, including that our common stock listed on the Nasdaq is traded in U.S. dollars and any CDIs listed on the ASX are traded in Australian Dollars, volatility in the exchange rate of the two currencies and differences between the vacation schedules, trading schedules and time zones of the two exchanges, among other factors. A decrease in the price of our securities in one market may result in a decrease in the price of our securities in the other market. Dual listing also presents us with the opportunity to raise additional funds through the issuance of CDIs, which could cause dilution to existing stockholders.

The SciPlay Acquisition subjects us to a number of risks and uncertainties, including lack of assurance regarding the timing of completion of the transaction, whether it will yield additional value for our stockholders and whether it will adversely impact our business, financial results, results of operations, cash flows or stock price.

On August 8, 2023, we entered into a definitive agreement to acquire the remaining equity interest in SciPlay not already owned by us (approximately 17%) pursuant to a merger in which SciPlay’s shareholders will receive \$22.95 for each share of SciPlay Class A common stock they own (subject to certain exceptions set forth in the Merger Agreement) in an all-cash transaction (valued at approximately \$500 million subject to the total count of outstanding SciPlay Class A shares at closing).

The SciPlay Acquisition exposes us to a number of risks and uncertainties, including the possibility that the conditions to the completion of the SciPlay Acquisition may not be satisfied on the anticipated schedule or at all; that L&W may be unable to achieve the expected operational, strategic and financial benefits of the SciPlay Acquisition; diversion of management’s time to the processes associated with evaluating and consummating the SciPlay Acquisition; the incurrence of significant expenses associated with the review, pursuit and consummation of the SciPlay Acquisition; difficulties in retaining or motivating key management personnel of SciPlay; and exposure to potential litigation. Any of these factors could disrupt our business and could have a material adverse effect on our business, financial condition, results of operations, cash flows or stock price. There can be no assurance that the SciPlay Acquisition will provide greater value to our stockholders than that reflected in our current stock price.

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

We repurchased 84,919 shares under the share repurchase program during the three months ended June 30, 2023.

(\$ in millions, except for price per share)

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased as Part of Publicly Announced Program	Average Price Paid per Share	Total Cost of Repurchase (in millions)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in millions)
4/1/2023 - 4/30/2023	60,039	\$ 60.06	\$ 4	\$ 313
5/1/2023 - 5/31/2023	24,880	\$ 59.70	1	\$ 312
6/1/2023 - 6/30/2023	—	\$ —	—	\$ 312
Total	84,919	\$ 59.96	\$ 5	\$ 312

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, 2023, 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.

Amendment and Restatement of Bylaws

On August 3, 2023, the Board of Directors of the Company approved an amendment and restatement of the Company's Second Amended and Restated Bylaws (the "Third Amended and Restated Bylaws"), which became effective the same day. The Third Amended and Restated Bylaws incorporate certain amendments to, among other things:

- a. update the procedural mechanics and disclosure requirements relating to director nominations made by stockholders in light of new federal proxy rules mandating the use of "universal" proxy cards in contested director elections, including by:
 - i. requiring that any stockholder submitting a nomination provide the Company with reasonable documentary evidence five business days prior to the meeting that the representations with respect to Rule 14a-19 under the Exchange Act (i.e., federal proxy rules regarding the use of "universal" proxy cards in contested director elections) required to be set forth in such stockholder's nomination notice have been complied with;
 - ii. requiring that any stockholder soliciting proxies in accordance with the representations of Rule 14a-19 under the Exchange Act notify the Company of any change in such intent within two business days;
 - iii. limiting the number of nominees a stockholder may nominate for election at a meeting of stockholders to the number of directors to be elected at such meeting; and
 - iv. clarifying how votes of stockholders are treated by the Company in the event proxies for disqualified or withdrawn nominees for the Board are received;
- b. require that a stockholder indirectly or directly soliciting proxies from other stockholders use a proxy card color other than white.

The Third Amended and Restated Bylaws also make certain other amendments reflecting clarifying, non-substantive, administrative or procedural changes to modernize and update the bylaws.

The foregoing description of the bylaws amendment is qualified in its entirety by reference to the copy of the Third Amended and Restated Bylaws which is filed as Exhibit 3.2 to this Quarterly Report on Form 10-Q.

Certificate of Withdrawal of Series A Junior Participating Preferred Stock

In connection with the June 19, 2023 expiration of the Amended and Restated Rights Agreement, dated as of January 10, 2018 (as previously amended by the first amendment, dated as of June 16, 2020), between the Company and American Stock Transfer & Trust Company, LLC, on August 8, 2023, the Company filed with the office of the Nevada Secretary of State a Certificate of Withdrawal of Certificate of Designation of Series A Junior Participating Preferred Stock (the "Certificate of Withdrawal"), which, effective upon filing, eliminated from the Company's articles of incorporation the Certificate of Designation of Series A Junior Participating Preferred Stock the Company filed with the Nevada Secretary of State on January 10, 2018 (as previously amended by the first amendment, dated as of August 5, 2022), returning the shares previously designated as Series A Junior Participating Preferred Stock to authorized but undesignated shares of the Company's preferred stock. The foregoing summary of the terms of the Certificate of Withdrawal does not purport to be complete and is qualified in its entirety by reference to the Certificate of Withdrawal, a copy of which is attached as Exhibit 3.3 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 6. Exhibits

Exhibit Number	Description
3.1	<u>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).</u>
3.2	<u>Third Amended and Restated Bylaws of Light & Wonder, Inc., effective as of August 3, 2023.(†)</u>
3.3	<u>Certificate of Withdrawal of Certificate of Designation of Series A Junior Participating Preferred Stock, filed with the Secretary of State of the State of Nevada on August 8, 2023.(†)</u>
31.1	<u>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.(†)</u>
31.2	<u>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.(†)</u>
32.1	<u>Certification of the Chief Executive Officer of Light & Wonder, Inc. pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</u>
32.2	<u>Certification of the Chief Financial Officer of Light & Wonder, Inc. pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</u>
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 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/ Constance P. James

Name: Constance P. James

Title: Executive Vice President, Chief Financial Officer, Treasurer, Corporate Secretary,
and Principal Accounting Officer

Dated: August 8, 2023

**THIRD AMENDED AND RESTATED
BYLAWS OF
LIGHT & WONDER, INC.**

**ARTICLE I
Offices, Corporate Seal**

Section 1.01 **Offices**. Light & Wonder, Inc., a Nevada corporation (the “**Corporation**”), shall have a registered office, a principal office and such other offices as the board of directors of the Corporation (the “**Board of Directors**”) may determine.

Section 1.02 **Corporate Seal**. There shall be no corporate seal.

**ARTICLE II
Meetings of Stockholders**

Section 2.01 **Place and Time of Meetings**. Meetings of the stockholders may be held at such place, on such date and at such time as may be designated by the Board of Directors.

Section 2.02 **Annual Meetings**. The annual meeting of the stockholders of the Corporation shall be held at such place, on such date and at such time as designated by the Board of Directors. The purpose of this meeting shall be for the election of directors and for the transaction of such other business as may properly come before the meeting. Except as otherwise restricted by the articles of incorporation of the Corporation (as amended or amended and restated from time to time, the “**Articles of Incorporation**”) or applicable law, the Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders.

Section 2.03 **Special Meetings**. Special meetings of the stockholders for any purpose or purposes shall be called by the Secretary at the written request of a majority of the total number of directors, by the Chair of the Board, by the President or by the stockholders owning a majority of the shares outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting shall be limited to the purposes stated in the notice. Except as otherwise restricted by the Articles of Incorporation or applicable law, the Board of Directors may postpone, reschedule or cancel any special meeting of stockholders.

Section 2.04 **Quorum; Adjourned Meetings**. The holders of a majority of the shares outstanding and entitled to vote present in person or by proxy (regardless of whether the proxy has authority to vote on any matter) shall constitute a quorum for the transaction of business at any annual or special meeting. If a quorum is not present at a meeting, those present shall adjourn to such day as they shall agree upon by majority vote. Notice of any adjourned meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken.

However, if a new record date is fixed for the adjourned meeting, notice of the adjourned meeting must be given to each stockholder of record as of the new record date. At adjourned meetings at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. If a quorum is present, the stockholders may continue to transact business until adjournment notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.05 **Organization**. At each meeting of the stockholders, the Chair of the Board or in his or her absence the President or in his or her absence the chair chosen by a majority of the voting power of the stockholders present in person or proxy shall act as chair; and the Secretary of the Corporation, or in his or her absence an Assistant Secretary, or in his or her absence any person whom the chair of the meeting shall appoint, shall act as secretary of the meeting.

Section 2.06 **Voting**. Each stockholder of the Corporation entitled to vote at a meeting of stockholders shall be entitled to one vote in person or by proxy for each share of stock having voting rights held by such stockholder and registered in his, her or its name on the books of the Corporation. Upon the request of any stockholder present in person or by proxy at any meeting of the stockholders and entitled to vote at such meeting, or if directed by the chair of the meeting in his or her discretion, the vote on any question before a meeting or the election of directors shall be by written ballot. All questions at a meeting, other than the election of directors (as provided below), shall be decided by a majority vote of the number of shares entitled to vote represented at the meeting at the time of the vote except where otherwise required by statute, the Articles of Incorporation or these Amended and Restated Bylaws (as amended or amended and restated from time to time, the "**Bylaws**"). For the election of directors, the persons receiving the largest number of votes cast (up to and including the number of directors to be elected) shall be directors.

Section 2.07 **Inspectors of Election**. At each meeting of the stockholders, the chair of such meeting may appoint two inspectors of election. Each inspector of election so appointed shall first subscribe an oath or affirmation to execute the duties of an inspector of election at such meeting with strict impartiality and according to the best of his or her ability. Such inspectors of election, if any, may (a) ascertain the number of shares outstanding and the voting power of each; (b) determine the number of shares represented at a meeting and the validity of the proxies or ballots; (c) count all votes and ballots; (d) determine any challenges made to any determination made by the inspectors; (e) certify in a report in writing to the secretary of such meeting the determination of the number of shares represented at the meeting and the results of all votes and ballots. An inspector of election need not be a stockholder of the Corporation, and any officer or employee of the Corporation may be an inspector of election on any question other than a vote for or against his or her election to any position with the Corporation or on any other question in which he or she may be directly interested.

Section 2.08 **Notices of Meetings and Consents**. Except as otherwise provided by the Articles of Incorporation or by the Nevada Revised Statutes (as amended from time to time, the "**NRS**"), a written notice of each annual and special meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of such meeting to each stockholder of record of the Corporation entitled to vote at such meeting by delivering such notice of meeting to such stockholder personally or depositing the same in the United States mail, postage prepaid, directed to him or her at the post office address shown upon the records of the Corporation. Service of

notice is complete upon mailing. Every notice of a meeting of stockholders shall state the place, date and hour of the meeting, the means of electronic communication, if any, by which the stockholder or the proxies thereof shall be deemed to be present and vote and, in the case of a special meeting the purpose or purposes for which the meeting is called. The notice shall be delivered in accordance with, and shall contain or be accompanied by such additional information as may be required by, the NRS, including, without limitation, NRS 78.379, 92A.120 or 92A.410

Section 2.09 **Proxies**. Each stockholder entitled to vote at a meeting of stockholders may authorize a proxy to represent him or her at the meeting by an instrument executed in writing. Each such proxy shall be valid until its expiration or revocation in a manner permitted by the laws of the State of Nevada. A proxy may be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient to support an irrevocable power. Subject to the above, any proxy may be revoked if an instrument or transmission revoking it or a properly created proxy bearing a later date is filed with or transmitted to the Secretary or another person appointed by the Corporation to count the votes of stockholders and determine the validity of proxies and ballots, or, in the case of a meeting of stockholders, the stockholder revokes the proxy by attending the meeting and voting the stockholder's shares in person, in which case, any vote cast by the person or persons designated by the stockholder to act as a proxy or proxies must be disregarded by the Corporation when the votes are counted. In the event the Corporation receives proxies for disqualified or withdrawn nominees for the Board of Directors, such votes for disqualified or withdrawn nominees in the proxies will be treated as abstentions. To the extent any stockholder uses its own proxy card in connection with directly or indirectly soliciting proxies from other stockholders, such proxy card must use a proxy card other than white, which shall be reserved for the exclusive use by the Board of Directors.

Section 2.10 **Waiver of Notice**. Notice of any annual or special meeting may be waived either before, at or after such meeting in writing signed or by transmission of an electronic record by the person or persons entitled to the notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transacting of any business because the meeting is not lawfully called or convened.

Section 2.11 **Written Action**. Any action that may be taken at a meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the actions so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be required to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Section 2.12 **Order of Business**.

(a) **Annual Meetings of Stockholders**. At any annual or special meeting of the stockholders, only such business shall be conducted or considered (including, in the case of an annual meeting, nominations of persons for election to the Board of Directors), as shall have been properly brought before the meeting. For such business to be properly brought before an annual meeting, nominations and proposals of other business must be: (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before such meeting, by or at the direction of the Board of Directors

or (c) otherwise properly requested to be brought before such meeting by a stockholder of the Corporation in accordance with these Bylaws.

(b) General. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, the chair of any annual or special meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with these Bylaws and, if any proposed nomination or other business is not in compliance with these Bylaws, to declare that no action shall be taken on such nomination or other proposal and such nomination or other proposal shall be disregarded, notwithstanding that proxies in respect of such nomination or other proposal may have been received by the Corporation.

Section 2.13 **Notice of Stockholder Business and Nominations**.

(a) Timing Requirements. With respect to any nominations or any other business to be brought before an annual meeting, a stockholder's notice shall be considered timely if it is delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day and not later than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to the date of such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than one hundred (100) days prior to the date of such annual meeting, the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation.

(i) With respect to any business to be properly requested to be brought before a special meeting, a stockholder's notice shall be considered timely if it is delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day and not later than the close of business on the later of the ninetieth (90th) day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than one hundred (100) days prior to the date of such special meeting, the tenth (10th) day following the day on which public announcement is first made by the Corporation of the date of the special meeting.

(ii) Except as required by the NRS or Section 8.01 of these Bylaws, in no event shall any adjournment or postponement of an annual or special meeting of stockholders, as applicable, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

(iii) The number of nominees a stockholder may nominate (or the number of nominees a stockholder may nominate on behalf of a beneficial owner) for selection at

an annual or special meeting shall not exceed the number of directors to be elected at such annual or special meeting.

(b) Disclosure Requirements. To be in proper form, a stockholder's notice to the Secretary must include the following, as applicable: as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made: (i) the name and address of such stockholder, as they appear on the Corporation's books and of such beneficial owner or Control Person, if any, (ii) the number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder and such beneficial owner or Control Person, if any (iii) a representation that the stockholder intends to appear at the meeting in person or by proxy to submit the business specified in such notice, (iv) (A) if the notice relates to the nomination of one or more persons for election to the Board of Directors, a representation that the stockholder or the beneficial owner, if any, will or is part of a group that will (1) solicit proxies from holders of the Corporation's outstanding capital stock representing at least 67% of the voting power of shares of capital stock entitled to vote on the election of directors, (2) include a statement to that effect in its proxy statement and/or its form of proxy, (3) otherwise comply with Rule 14a-19 under the Securities Exchange Act of 1934 and (4) provide the Secretary not less than five (5) business days prior to the meeting or any adjournment or postponement thereof, with reasonable documentary evidence (as determined by the Secretary in good faith) that such stockholder and/or beneficial owner, if any, complied with such representations and (B) if the notice relates to any business other than a nomination of director(s), a brief description of the business desired to be brought before the meeting, including the complete text of any resolutions proposed for consideration, and the reasons for conducting such business at the meeting, (v) any direct or indirect personal or other material interest of the stockholder in the business to be submitted, (vi) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder or beneficial owner and by any Control Person or any other person acting in concert with any of the foregoing, the effect or intent of which is to mitigate loss, manage risk or benefit from changes in the share price of any class of the Corporation's stock, or maintain, increase or decrease the voting power of the stockholder or beneficial owner with respect to shares of stock of the Corporation, and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting, (vii) a representation whether the stockholder or the beneficial owner, if any, and any Control Person will engage in a solicitation with respect to the nomination or business and, if so, the name of each participant (as defined in Item 4 of Schedule 14A under the Securities Exchange Act of 1934) in such solicitation and whether such person intends or is part of a group which intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding stock required to approve or adopt the business to be proposed (in person or by proxy) by the stockholder and (viii) any other information relating to such stockholder, beneficial owner or Control Person, if any, that would be required to be disclosed in a proxy statement and form or proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder. If a stockholder providing notice and/or beneficial owner that intends to solicit proxies in support of director nominees other than the Corporation's nominees no longer intends to solicit proxies in accordance with its

representation pursuant to this section, such stockholder and/or beneficial owner shall inform the Corporation of this change by delivering a writing to the Secretary no later than two (2) business days after the occurrence of such change. For purposes of this Section 2.13 a “Control Person” shall be a director, executive, managing member or control person of such stockholder giving the notice or, if the notice is given on behalf of a beneficial owner on whose behalf the nomination is made or the business is proposed, as to such beneficial owner. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934.

Section 2.14 **Remote Communications**. A meeting of stockholders may be held solely by remote communication pursuant to this Section 2.14. Stockholders may participate in a meeting of stockholders by means of any electronic communications, videoconferencing, teleconferencing or other available technology. If any such means are utilized, the Corporation shall, to the extent required under the NRS, implement reasonable measures to (a) verify the identity of each person participating through such means as a stockholder, and (b) provide the stockholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to communicate, and to read or hear the proceedings of the meeting in a substantially concurrent manner with such proceedings. For the purposes of establishing a quorum and taking any action at the meeting, participation in a meeting pursuant to this Section 2.14 constitutes presence in person at the meeting.

ARTICLE III Board of Directors

Section 3.01 **General Powers**. The business of the Corporation shall be managed by the Board of Directors.

Section 3.02 **Number, Qualification and Term of Office**. The number of directors, except to the extent, if any, otherwise provided in the Articles of Incorporation, shall be established from time to time by a resolution adopted by a majority of the total number of directors, but shall in no case be less than three. Directors need not be stockholders. Each director shall hold office until the annual meeting of stockholders next held after his or her election or until the stockholders have elected directors by consent in writing without a meeting and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. Nothing in this Section 3.02 shall restrict the right of the Board of Directors to fill vacancies or the right of the stockholders to remove directors each as provided in these Bylaws. Notwithstanding anything to the contrary in the Articles of Incorporation, these Bylaws or any employment contract or other arrangement with the Corporation, any director of the Corporation who is determined to be a Disqualified Holder (as that term is defined in the Articles of Incorporation) or who is an affiliate of a Disqualified Holder shall cease to qualify to serve as a director of the Corporation.

Section 3.03 **Annual Meeting**. As soon as practicable after each election of directors, the Board of Directors shall meet at the registered office of the Corporation, or at such other place previously designated by the Board of Directors, for the purpose of electing the officers of the Corporation and for the transaction of such other business as may come before the meeting.

Section 3.04 **Regular Meetings**. Regular meetings of the Board of Directors shall be held from time to time at such time and place as may be fixed by resolution adopted by a majority of the total number of directors.

Section 3.05 **Special Meetings**. Special meetings of the Board of Directors may be called by the Chair of the Board, the President, or by any two of the directors and shall be held from time to time at such time and place as may be designated in the notice of such meeting.

Section 3.06 **Notice of Meetings**. No notice need be given of any annual or regular meeting of the Board of Directors. Notice of each special meeting of the Board of Directors shall be given by the Secretary who shall give at least twenty-four hours' notice thereof to each director by mail, telephone, telegram, electronic transmission including email, or in person. Notice shall be effective upon receipt.

Section 3.07 **Waiver of Notice**. Notice of any meeting of the Board of Directors may be waived either before, at, or after such meeting in writing signed by each director. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 3.08 **Quorum and Voting**. A majority of the directors then in office shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless these Bylaws, the Articles of Incorporation or the NRS require a greater number.

Section 3.09 **Vacancies**. Any vacancy among the directors or increase in the authorized number of directors shall be filled for the unexpired term by the majority vote of the directors then in office though less than a quorum or by the sole remaining director. When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office may fill such vacancy or vacancies to take effect when such resignation or resignations shall become effective and the director or directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders and when his, her or their successors are elected or appointed, or until his, her or their earlier resignation or removal.

Section 3.10 **Removal**. Any director may be removed from office at any special meeting of the stockholders either with or without cause by the vote of the holders of not less than two-thirds of the voting power of the issued and outstanding stock entitled to vote generally in the election of directors, excluding stock entitled to vote only upon the happening of a fact or event unless such fact or event shall have occurred. If the entire Board of Directors or any one or more directors be so removed, new directors may be elected at the same meeting.

Section 3.11 **Committees of Directors**. The Board of Directors may, by resolution adopted by a majority of the total number of directors, designate one or more committees, each to consist of one or more of the directors of the Corporation, which, to the extent provided in the resolution, may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any

meeting of the committee. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be determined by the resolution adopted by the directors. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required. Unless otherwise provided for in a resolution of the Board of Directors designating a committee pursuant to this Section 3.11: (i) a majority of the authorized number of members of such committee shall constitute a quorum for the transaction of business of such committee and (ii) the vote of a majority of the members of such committee present at a meeting of such committee at which a quorum is present shall be the act of such committee except where otherwise required by these Bylaws or the charter of such committee.

Section 3.12 **Written Action.** Any action required or permitted to be taken at a meeting of the Board of Directors or any committee thereof may be taken without a meeting if, before or after the action, all directors or committee members consent thereto in writing. The written consent may be signed manually or electronically (or by any other means then permitted under the NRS), and may be so signed in counterparts, including, without limitation, facsimile or email counterparts, and the written consent shall be filed with the minutes of proceedings of the Board of Directors or committee.

Section 3.13 **Compensation.** Directors who are not salaried officers of the Corporation may receive a fixed sum per meeting attended or a fixed annual sum, or both, and such other forms of reasonable compensation as may be determined by resolution of the Board of Directors. All directors shall receive their expenses, if any, of attendance at meetings of the Board of Directors or any committee thereof. Any director may serve the Corporation in any other capacity and receive proper compensation therefor. If the Board of Directors establishes the compensation of directors pursuant to this Section 3.13, such compensation is presumed to be fair to the Corporation unless proven unfair by a preponderance of the evidence.

Section 3.14 **Conference Communications.** Directors may participate in any meeting of the Board of Directors, or of any duly constituted committee thereof, by means of any conference telephone, electronic communications, videoconferencing, teleconferencing or other comparable communication technique or technology permitted under the NRS, including, without limitation, a telephone conference or similar method of communication whereby all persons participating in the meeting can hear and communicate to each other. If any such means are utilized, the Corporation shall, to the extent required under the NRS, implement reasonable measures to (a) verify the identity of each person participating through such means as a director or member of the committee, as the case may be, and (b) provide the directors or members of the committee a reasonable opportunity to participate in the meeting and to vote on matters submitted to the directors or members of the committee, including an opportunity to communicate, and to read or hear the proceedings of the meeting in a substantially concurrent manner with such proceedings. For the purposes of establishing a quorum and taking any action at the meeting, such directors or members of the committee, as the case may be, participating pursuant to this Section 3.14 shall be deemed present in person at the meeting.

ARTICLE IV

Officers

Section 4.01 **Number**. The officers of the Corporation shall consist of a President, a Secretary and a Treasurer, or the equivalents of such officers. The officers of the Corporation may also consist of one or more Vice Presidents and any other officers and agents as the Board of Directors, by a majority vote of the total number of directors, may designate. Any person may hold two or more offices.

Section 4.02 **Election, Term of Office, and Qualifications**. At each annual meeting of the Board of Directors all officers shall be elected. Such officers shall hold office until the next annual meeting of the directors or until their successors are elected and qualified, or until their earlier resignation or removal, or until such office is eliminated by a vote of the majority of all directors. Unless they have resigned or been removed, officers who may be directors shall hold office until the election and qualification of their successors, notwithstanding an earlier termination of their directorship. Notwithstanding anything to the contrary in the Articles of Incorporation, these Bylaws or any employment contract or other arrangement with the Corporation, any officer of the Corporation who is determined to be a Disqualified Holder (as that term is defined in the Articles of Incorporation) or who is an affiliate of a Disqualified Holder shall cease to qualify to serve as an officer of the Corporation and, upon such disqualification, shall automatically and immediately cease to be an officer of the Corporation.

Section 4.03 **Removal and Vacancies**. Any officer may be removed from his or her office by a majority vote of the total number of directors with or without cause. A vacancy among the officers by death, resignation, removal, or otherwise shall be filled for the unexpired term by the Board of Directors.

Section 4.04 **Chair of the Board**. The Chair of the Board, if one is elected, shall preside at all meetings of the stockholders and directors and shall have such other duties as may be prescribed, from time to time, by the Board of Directors.

Section 4.05 **President**. The President shall have general active management of the business of the Corporation. In event of the absence or disability of the Chair of the Board, the President shall preside at all meetings of the stockholders and directors. The President shall see that all orders and resolutions of the directors are carried into effect. The President may execute and deliver in the name of the Corporation any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the Corporation and in general shall perform all duties usually incident to the office of the president. The President shall have such other duties as may, from time to time, be prescribed by the Board of Directors.

Section 4.06 **Vice President**. Each Vice President shall have such powers and shall perform such duties as may be prescribed by the Board of Directors or by the President. In the event of absence or disability of the President, Vice Presidents shall succeed to his or her power and duties in the order designated by the Board of Directors.

Section 4.07 **Secretary**. The Secretary shall be secretary of and shall attend all meetings of the stockholders and Board of Directors and shall record all proceedings of such meetings in

the minute book of the Corporation. The Secretary shall give proper notice of meetings of stockholders and the Board of Directors. The Secretary shall perform such other duties as may from time to time be prescribed by the Board of Directors or by the President.

Section 4.08 **Treasurer**. The Treasurer shall keep accurate accounts of all moneys of the Corporation received or disbursed. The Treasurer shall deposit all moneys, drafts and checks in the name of and to the credit of the Corporation in such banks and depositories as a majority of the whole Board of Directors shall from time to time designate. The Treasurer shall have power to endorse for deposit all notes, checks and drafts received by the Corporation. The Treasurer shall disburse the funds of the Corporation as ordered by the directors, making proper vouchers therefor. The Treasurer shall render to the President and the Board of Directors whenever required an account of all his or her transactions as Treasurer and of the financial condition of the Corporation and shall perform such other duties as may from time to time be prescribed by the Board of Directors or by the President.

Section 4.09 **Execution of Contracts and Documents**. Except as otherwise directed by the Board of Directors, all contracts, deeds, promissory notes, checks, drafts, or other instruments calling for the payment of money shall be signed by the President or a Vice President and, if a second signature is required, the Secretary or Treasurer. The Board of Directors may authorize the use of the facsimile signatures of any such persons.

Section 4.10 **Duties of Other Officers**. The duties of such other officers and agents as the Board of Directors may designate shall be set forth in the resolution creating such office or by subsequent resolution.

Section 4.11 **Compensation**. The officers of the Corporation shall receive such compensation for their services as may be determined from time to time by resolution of the Board of Directors or by one or more committees to the extent so authorized from time to time by the Board of Directors.

ARTICLE V

Shares and Their Transfer

Section 5.01 **Shares of Stock**. The shares of stock of the Corporation shall be represented by a certificate, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of any such resolution providing for uncertificated shares, every holder of stock of the Corporation theretofore represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to a certificate, to be in such form as shall be prescribed by the Board of Directors, certifying the number of shares in the Corporation owned by such holder. The certificates for such shares shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the Chair of the Board, the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. Every certificate surrendered to the Corporation for exchange or transfer shall be cancelled, and no new certificate or certificates

shall be issued in exchange for any existing certificate until such certificate shall have been so cancelled, except in cases provided for in Section 5.04.

Section 5.02 **Issuance of Stock**. The Board of Directors is authorized to cause to be issued stock of the Corporation up to the full amount authorized by the Articles of Incorporation in such amounts and for such consideration as may be determined by the Board of Directors. Treasury shares may be disposed of by the Corporation for such consideration as may be fixed by the Board of Directors.

Section 5.03 **Transfer of Stock**. Transfer of stock on the books of the Corporation may be authorized only by the record holder of such stock, the holder's legal representative or the holder's attorney lawfully constituted in writing and, in the case of stock represented by a certificate or certificates, upon surrender of the certificate or the certificates for such stock, and, in the case of uncertificated stock, upon receipt of proper transfer instructions and compliance with appropriate procedures for transferring stock in uncertificated form (in each case, with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require). The Corporation may treat as the absolute owner of stock of the Corporation the person or persons in whose name stock is registered on the books of the Corporation. The Board of Directors may from time to time establish rules and regulations governing the issuance, transfer and registration of shares of stock of the Corporation.

Section 5.04 **Loss of Certificates**. Any stockholder claiming a certificate for stock to be lost, stolen, mutilated or destroyed shall make an affidavit of that fact in such form as the Board of Directors may require and shall, if the Board of Directors so requires, give the Corporation a bond of indemnity in form, in an amount, and with one or more sureties satisfactory to the Board of Directors, to indemnify the Corporation against any claims which may be made against it on account of the alleged loss, theft or destruction of the certificate or issuance of such new certificate. The Corporation may then issue (a) a new certificate or certificates of stock or (b) uncertificated shares, for the same number of shares represented by the certificate claimed to have been lost, stolen, mutilated or destroyed.

Section 5.05 **Facsimile Signatures**. Whenever any certificate is countersigned by a transfer agent or by a registrar other than the Corporation or its employee, then the signatures of the officers or agents of the Corporation may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on any such certificate shall cease to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation as though the person who signed such certificate or whose facsimile signature or signatures had been placed thereon were such officer, transfer agent or registrar at the date of issue.

ARTICLE VI

Books and Records, Audit, Fiscal Year

Section 6.01 **Books and Records**. The Board of Directors of the Corporation shall cause to be kept: (a) a share ledger which shall be a charge of an officer designated by the Board of Directors; (b) records of all proceedings of stockholders and directors; and (c) such other records and books of account as shall be necessary and appropriate to the conduct of the corporate business.

Section 6.02 **Audit**. The Board of Directors shall cause the records and books of account of the Corporation to be audited at least once in each fiscal year and at such other times as it may deem necessary or appropriate.

Section 6.03 **Annual List**. The Board of Directors shall cause to be filed with the Nevada Secretary of State in each year the annual list required by law.

Section 6.04 **Fiscal Year**. The fiscal year of the Corporation shall end on December 31 of each year.

ARTICLE VII

Indemnification; Expenses

Section 7.01 **Indemnification**. The Corporation shall indemnify and hold harmless, and the Board of Directors may authorize the purchase and maintenance of insurance or make other financial arrangements for the purpose of such indemnification, any person entitled to indemnification under Article VII(A) of the Articles of Incorporation who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, in such manner, under such circumstances and to the fullest extent permitted by the Articles of Incorporation and the NRS.

Section 7.02 **Payment of Expenses**. In addition to any other rights of indemnification permitted by the laws of the State of Nevada or as may be provided for by the Corporation in the Articles of Incorporation, these Bylaws or by agreement, the expenses of any current and former directors and officers incurred in defending any threatened, pending or completed action, suit or proceeding (including, without limitation, an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative, involving alleged acts or omissions of such person in his or her capacity as a director or officer of the Corporation, or while serving in any capacity at the request of the Corporation as a director, officer, employee, agent, member, manager, managing member, partner or fiduciary of, or in any other capacity for, another corporation, limited liability company, partnership, joint venture, trust or other enterprise, shall be paid by the Corporation or through insurance purchased and maintained by the Corporation or through other financial arrangements made by the Corporation, as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation. To the extent that any current or former director or officer is successful on the merits or otherwise in defense of any such action, suit or proceeding, or in the defense of any claim, issue or matter therein, the Corporation shall indemnify him or her against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection with the defense.

Section 7.03 **Limitation on Liability**. The liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the NRS. If the NRS is amended to further eliminate or limit or authorize corporate action to further eliminate or limit the liability of directors or officers, the liability of directors and officers of the Corporation shall be eliminated or limited to the fullest extent permitted by the NRS, as so amended from time to time.

Section 7.04 **Amendment.** Any amendment to or repeal of any provision or section of this Article VII shall be prospective only, and shall not apply to or have any effect on the right or protection of, or the liability or alleged liability of, any current or former director or officer of the Corporation existing prior to or at the time of such amendment or repeal. In the event of any conflict between any provision or section of this Article VII and any other article of these Bylaws, the terms and provisions of this Article VII shall control.

ARTICLE VIII

Miscellaneous

Section 8.01 Fixing Date for Determination of Stockholders of Record.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action.

(b) If no record date is fixed:

(i) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(ii) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed.

(iii) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

(c) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting or to any postponement of any meeting of stockholders to a date not more than 60 days after the record date; provided, that the Board of Directors may fix a new record date for the adjourned meeting and must fix a new record date if the meeting is adjourned to a date more than 60 days later than the date set for the original meeting.

Section 8.02 **Periods of Time.** During any period of time prescribed by these Bylaws, the date from which the designated period of time begins to run shall not be included, and the last day of the period so computed shall be included.

Section 8.03 **Voting Securities Held by the Corporation.** Unless otherwise ordered by the Board of Directors, the President shall have full power and authority on behalf of the

Corporation (a) to attend, to act and to vote at any meeting of security holders or owners of other entities in which the Corporation may hold securities or ownership interests; (b) to execute any proxy for such meeting on behalf of the Corporation; or (c) to execute a written action in lieu of a meeting of such other entity on behalf of the Corporation. At such meeting, by such proxy or by such writing in lieu of meeting, the President shall possess and may exercise any and all rights and powers incident to the ownership of such securities or ownership interests that the Corporation might have possessed and exercised if it had been present. The Board of Directors may, from time to time, confer like powers upon any other person or persons.

Section 8.04 **Purchase and Sale of Securities.** Unless otherwise ordered by the Board of Directors, the President shall have power and authority on behalf of the Corporation to purchase, sell, transfer or encumber any and all securities or ownership interests of any other entity owned by the Corporation and may execute and deliver such documents as may be necessary to effectuate such purchase, sale, transfer or encumbrance. The Board of Directors may, from time to time, confer like powers upon any other person or persons.

Section 8.05 **Restrictions on Transfer and Ownership.**

(a) Invalid Securities.

(i) Effective immediately upon transmittal by the Corporation of a notice pursuant to paragraph (A)(2) of Article VIII of the Articles of Incorporation (a “Redemption Notice”) to a Disqualified Holder (as defined in paragraph (J)(2) of Article VIII of the Articles of Incorporation), the Securities (as defined in paragraph (J)(8) of Article VIII of the Articles of Incorporation) specified in such Redemption Notice shall become “Invalid Securities” for purposes of this Section 8.05.

(ii) Promptly following transmittal by the Corporation of a Redemption Notice, the Corporation shall Announce Publicly that such Redemption Notice has been given and that the terms of this Section 8.05 shall apply to the Securities specified in such Redemption Notice.

(b) **Additional Definitions.** As used in this Section 8.05 only, the following terms shall have the following respective meanings:

(i) “Acquire” means the acquisition, directly or indirectly, of ownership of Securities by any means, including, without limitation: (i) the exercise of any rights under any option, warrant, convertible security, pledge or other security interest or similar right to acquire Securities or (ii) the entering into of any swap, hedge or other arrangement that results in the acquisition of any of the economic benefits of ownership of Securities. The terms “Acquires” and “Acquisition” shall have the same meaning, *mutatis mutandis*.

(ii) “Announce Publicly” means disclosure (i) in a press release reported by the Dow Jones, Newswire, Business Wire, Reuters Information Service or any similar or successor news wire service or (ii) in a communication distributed generally to stockholders or in a document publicly filed by the Corporation with the Securities and Exchange Commission (the “SEC”) pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or any successor provisions thereto.

(iii) “Disposition” means the sale, transfer, exchange, assignment, liquidation, conveyance, pledge, abandonment, distribution, contribution, or other disposition of Securities.

(iv) “Person” means an individual, corporation, estate, trust, association, limited liability company, partnership, joint venture or similar organization or entity.

(v) “Transfer” means any direct or indirect Acquisition or Disposition.

(c) Transfer Limitations.

(i) No Disqualified Holder or Purported Transferee (as defined below) shall be permitted to make a Transfer of Invalid Securities, and any such purported Transfer will be void *ab initio* (any such purported Transfer, a “Prohibited Transfer”).

(ii) The restrictions set forth in Section 8.05(c)(1) shall not apply to a proposed Transfer, and a Transfer shall not be treated as a Prohibited Transfer hereunder, if the transferor or the transferee obtains prior approval of the proposed Transfer by the Board of Directors. As a condition to granting its approval pursuant to this Section 8.05(c)(2), the Board of Directors may, in its sole discretion, require and/or obtain (at the expense of the transferor and/or transferee) such documentation, information and action, if any, as it determines in its sole discretion to be appropriate, including, without limitation, representations and warranties from the transferor and/or transferee, such opinions of counsel to be rendered by counsel selected by (or acceptable to) the Board of Directors, and such other advice, in each case as to such matters as the Board of Directors determines in its sole discretion is appropriate.

(iii) The restrictions set forth in Section 8.05(c)(1) shall not apply to an Acquisition by the Corporation. Once Invalid Securities have been Acquired by the Corporation, such Securities shall cease to be Invalid Securities.

(d) Treatment of Invalid Securities.

(i) No employee or agent of the Corporation shall record any Prohibited Transfer, and the purported transferee of a Prohibited Transfer (the “Purported Transferee”) shall not be recognized as a security holder of the Corporation for any purpose whatsoever in respect of the Invalid Securities. The Purported Transferee shall not be entitled with respect to such Invalid Securities to any rights of the applicable class of security holders of the Corporation, including, without limitation, any right to vote such Invalid Securities, to receive dividends or distributions, whether liquidating or otherwise, in respect thereof and to effect any Transfer thereof.

(ii) Once Invalid Securities exist, the Corporation may require, including, but not limited to, as a condition to the registration of the Transfer of any Securities that may be Invalid Securities or the payment of any dividend or distribution on any such Securities, that the proposed transferee or payee furnish to the Corporation all information reasonably requested by the Corporation to permit a determination of whether such Securities are Invalid Securities. The Corporation may make such arrangements or issue such instructions to the applicable transfer agent, registrar, depositary, trustee or other securities intermediary as may be determined by the Board of Directors to be necessary or advisable to implement this Section

8.05(d), including, without limitation, authorizing such transfer agent, registrar, depository, trustee or other securities intermediary to require an affidavit from a proposed transferee or payee regarding such Person's actual and constructive ownership of any such Securities, the transfer of any such Securities and other evidence that a Transfer will not be prohibited by this Section 8.05 or Article VIII of the Articles of Incorporation as a condition to registering any such Transfer or paying any such dividend or distribution.

(iii) If a Prohibited Transfer has occurred: (1) the Prohibited Transfer and, if applicable, the registration of such Prohibited Transfer, shall be void *ab initio* and have no legal effect, (2) the Purported Transferee shall be bound by the terms of the Redemption Notice and Article VIII of the Articles of Incorporation with respect to the Invalid Securities purportedly Transferred, (3) the Redemption Notice shall thereafter constitute a binding agreement on the part of the Corporation to redeem, and on the part of the Purported Transferee to sell, the Invalid Securities in accordance with Article VIII of the Articles of Incorporation (such redemption and sale, the "Purported Transferee Redemption") and (4) the Purported Transferee Redemption shall thereafter be effectuated in accordance with paragraph (A)(2) of Article VIII of the Articles of Incorporation (including, for the avoidance of doubt, at the date, time and place specified in the Redemption Notice and at the Redemption Price (as defined in paragraph (J)(7) of the Articles of Incorporation) determined by reference to the original Purchase Price (as defined in paragraph (J)(6) of the Articles of Incorporation) of the Disqualified Holder to whom the Redemption Notice was given); *provided* that the Corporation shall pay the Redemption Price of any Invalid Securities redeemed in a Purported Transferee Redemption to the Purported Transferee of the Invalid Securities so redeemed, in which case such payment shall extinguish any obligation of the Corporation to make payment in respect of such Invalid Securities to the Disqualified Holder that effectuated the applicable Prohibited Transfer; *provided further* that if the date specified in the Redemption Notice shall have already passed, the Purported Transferee Redemption shall take place at such date and time as the Corporation reasonably selects by notice to the Purported Transferee.

(iv) The recourse of any Purported Transferee to the Corporation in respect of any Prohibited Transfer shall be limited to the Redemption Price as determined in accordance with Section 8.05(d)(3).

(v) If the Purported Transferee fails to surrender the Invalid Securities for redemption in accordance with Section 8.05(d)(3), then the Corporation may, in such manner and at such time, as determined by the Board of Directors, enforce the provisions hereof, which may include the institution of legal proceedings to compel the surrender. Nothing in this Section 8.05(d) shall (a) be deemed inconsistent with any Prohibited Transfer of the Invalid Securities provided in this Section 8.05 being void *ab initio* or (b) preclude the Corporation in its discretion from immediately bringing legal proceedings without a prior demand.

(e) **Liability.** To the fullest extent permitted by law, any security holder subject to the provisions of this Section 8.05 who violates the provisions of this Section 8.05 and any Persons controlling, controlled by or under common control with such security holder shall be jointly and severally liable to the Corporation for, and shall indemnify and hold the Corporation harmless against, any and all damages suffered as a result of such violation, including, but not limited to, damages resulting from the Corporation's inability to secure and maintain in good

standing any licenses, contracts, franchises and other regulatory approvals related to the Corporation's business, and attorneys' and auditors' fees incurred in connection with such violation.

(f) **Compliance.**

(i) The Corporation shall have the power to make appropriate notations upon any certificates representing Securities or its stock and other Securities transfer records and to instruct any transfer agent, registrar, depositary, trustee or other securities intermediary with respect to the requirements of this Section 8.05 for any uncertificated Securities or Securities held in an indirect holding system.

(ii) The Board of Directors shall have the power to decide all matters necessary for determining compliance with this Section 8.05, including, without limitation, determining (A) whether a Transfer is a Prohibited Transfer, (B) whether an instrument constitutes a Security, (C) the interpretation of any provision of this Section 8.05, and (D) any other matter that the Board of Directors determines to be relevant. The good faith determination of the Board of Directors on such matters shall be conclusive and binding on all persons and entities for the purposes of this Section 8.05.

Section 8.06 **Suitability Analysis of Significant Stockholders.** To enable the Corporation or any of its affiliates to secure, maintain in good standing and renew all licenses, contracts, franchises and other regulatory approvals related to the operation of gaming and related businesses now or hereafter engaged in by the Corporation or any of its affiliates within or without the United States of America, the Corporation will conduct a suitability analysis of each Significant Stockholder (as defined below) and intends to require all relevant information pertaining to suitability and/or qualification, as those terms are commonly understood in gaming laws applicable to the Corporation, from such Significant Stockholder in connection therewith. "Significant Stockholder" means any stockholder of the Corporation who, together with all affiliates or associates of such stockholder, beneficially owns (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, five percent or more of any class of capital stock of the Corporation. For purposes solely of this Section 8.06, "affiliate" and "associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 under the Securities Exchange Act of 1934, as amended.

Section 8.07 **Severability.** If any provision or provisions of Sections 8.05 or 8.06 of these Bylaws shall be held invalid, illegal or unenforceable as applied to any person or circumstances for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of Sections 8.05 and 8.06 of these Bylaws (including, without limitation, each portion of any sentence of Sections 8.05 or 8.06 of these Bylaws containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

ARTICLE IX Amendments

These Bylaws may be amended, altered or repealed by a vote of the majority of the total number of directors or of the stockholders at any meeting upon proper notice.

ARTICLE X General

Section 10.01 **Forum for Adjudication of Disputes**. To the fullest extent permitted by law, and unless the Corporation consents in writing to the selection of an alternative forum, the Eighth Judicial District Court of Clark County, Nevada, shall be the sole and exclusive forum for any action, suit or proceeding, whether civil, administrative or investigative, (a) against the Corporation or any of its directors or officers that (i) asserts a cause of action under the laws of the United States, (ii) could be properly commenced in either a federal forum or a forum of this State or any other state, and (iii) is brought by or in the name or on behalf of (A) the Corporation, (B) any stockholder of the Corporation, or (C) any subscriber for, or purchaser or offeree of, any shares or other securities of the Corporation; and (b) (i) brought in the name or right of the Corporation or on its behalf, (ii) asserting a claim or counterclaim for or based upon any breach of any fiduciary duty owed by any director, officer, employee or agent of the Corporation in such capacity to the Corporation or the Corporation's stockholders, (iii) arising or asserting a claim or counterclaim arising pursuant to any provision of NRS Chapters 78 or 92A or any provision of the Articles of Incorporation or these Bylaws or (iv) asserting a claim or counterclaim governed by the internal affairs doctrine. In the event that the Eighth Judicial District Court of Clark County, Nevada does not have jurisdiction over any such action, suit or proceeding, then any other state district court located in the State of Nevada shall be the sole and exclusive forum therefor and in the event that no state district court in the State of Nevada has jurisdiction over any such action, suit or proceeding, then a federal court located within the State of Nevada shall be the sole and exclusive forum therefor.

Section 10.02 **Deemed Notice and Consent**. To the fullest extent permitted by law, each and every natural person, corporation, general or limited partnership, limited liability company, joint venture, trust, association or any other entity purchasing or otherwise acquiring any interest (of any nature whatsoever) in any shares of the capital stock of the Corporation shall be deemed, by reason of and from and after the time of such purchase or other acquisition, to have notice of and to have consented to all of the provisions of (a) these Bylaws (including Article XI), (b) the Articles of Incorporation and (c) any amendment to these Bylaws or the Articles of Incorporation enacted or adopted in accordance with these Bylaws, the Articles of Incorporation and applicable law.

Section 10.03 **Application of These Bylaws**. In the event that any provisions of these Bylaws is or may be in conflict with any law of the United States, of the State of Nevada, or of any governmental body or power having jurisdiction over this Corporation, or over the subject matter to which such provision of these Bylaws applies, or may apply, such provision of these Bylaws shall be inoperative to the extent only that the operation thereof conflicts with such law, and shall in all other respects be in full force and effect.

Section 10.04 **Invalid Provisions.** If any part of these Bylaws is held invalid, unenforceable or inoperative for any reason whatsoever, then, to the fullest extent permitted by law, the remaining provisions of these Bylaws, so far as possible and reasonable, shall be valid, enforceable and operative.



FRANCISCO V. AGUILAR
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Filed in the Office of	Business Number
<i>FV Aguilar</i>	E0442732017-4
Secretary of State	Filing Number
State Of Nevada	20233400090
	Filed On
	8/8/2023 8:40:00 AM
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Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

☐ Certificate of Designation

☐ Certificate of Amendment to Designation - Before Issuance of Class or Series

☐ Certificate of Amendment to Designation - After Issuance of Class or Series

☒ Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:	Name of entity: Light & Wonder, Inc.	
	Entity or Nevada Business Identification Number (NVID): E0442732017-4	
2. Effective date and time:	For Certificate of Designation or Amendment to Designation Only (Optional):	Date: _____ Time: _____ (must not be later than 90 days after the certificate is filed)
3. Class or series of stock: (Certificate of Designation only)	The class or series of stock being designated within this filing:	
4. Information for amendment of class or series of stock:	The original class or series of stock being amended within this filing:	
5. Amendment of class or series of stock:	<input type="checkbox"/> Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued.	
	<input type="checkbox"/> Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation.	
6. Resolution: (Certificate of Designation and Amendment to Designation only)	By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.*	
7. Withdrawal:	Designation being Withdrawn: Series A Junior Participating Preferred Stock Date of Designation: 01/10/2018 No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: * RESOLVED, that the Board of Directors of Light & Wonder, Inc. hereby authorizes, approves and directs the withdrawal of the Certificate of Designation of Series A Junior Participating Preferred Stock filed with the Nevada Secretary of State on January 10, 2018, as amended to date.	
8. Signature: (Required)	<input checked="" type="checkbox"/> <i>[Signature]</i> Date: August 8, 2023 Signature of Officer	

* Attach additional page(s) if necessary

This form must be accompanied by appropriate fees.

Page 1 of 1
Revised: 12/15/2022

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.

Date: August 8, 2023

/s/ Matthew R. Wilson

Matthew R. Wilson

Chief Executive Officer

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

I, Constance P. James, certify that:

1. I have reviewed this 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.

Date: August 8, 2023

/s/ Constance P. James

Constance P. James
Chief Financial Officer

**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, 2023 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 8, 2023

**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, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Constance P. James, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Constance P. James

Constance P. James
Chief Financial Officer
August 8, 2023