

**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, 2022**

OR

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

For the transition period from        to

Commission file number: **001-11693**

**LIGHT & WONDER, 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 89119**

(Address of principal executive offices)

(Zip Code)

**(702) 897-7150**

(Registrant's telephone number, including area code)

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

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

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

The registrant has the following number of shares outstanding of each of the registrant's classes of common stock as of August 5, 2022:

Common Stock: 94,329,699

**LIGHT & WONDER, INC. AND SUBSIDIARIES**  
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**THREE AND SIX MONTHS ENDED JUNE 30, 2022**

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## Glossary of Terms

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



<b>Term or Acronym</b>	<b>Definition</b>
2021 10-K	2021 Annual Report on Form 10-K filed with the SEC on March 1, 2022
2025 Secured Notes	5.000% senior secured notes due 2025 issued by SGI
2026 Secured Euro Notes	3.375% senior secured notes due 2026 issued by SGI
2026 Unsecured Euro Notes	5.500% senior unsecured notes due 2026 issued by SGI
2025 Unsecured Notes	8.625% senior unsecured notes due 2025 issued by SGI
2026 Unsecured Notes	8.250% senior unsecured notes due 2026 issued by SGI
2028 Unsecured Notes	7.000% senior unsecured notes due 2028 issued by SGI
2029 Unsecured Notes	7.250% senior unsecured notes due 2029 issued by SGI
AEBITDA	Adjusted EBITDA, our performance measure of profit or loss for our business segments
April 2022 Refinancing	On April 14, 2022, we completed a series of refinancing transactions, which included (1) entering into a new credit agreement consisting of a (a) \$2,200 million new term loan facility maturing in April 2029 and (b) \$750 million new revolving credit facility maturing in April 2027, along with (2) using the net proceeds from the divestiture of the Lottery Business and net proceeds from borrowings under the new term loan facility to pay off our existing term loan facility and to redeem all of our outstanding 5.000% Senior Secured Notes due 2025, 3.375% Senior Secured Euro Notes due 2026, 5.500% Senior Unsecured Euro Notes due 2026 and 8.250% Senior Unsecured Notes due 2026 and, in each case, to pay accrued and unpaid interest thereon plus any related premiums, fees and expenses (see Note 11 for additional details)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CME	Chicago Mercantile Exchange
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)
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FOBT	fixed odds betting terminal
KPIs	Key Performance Indicators
L&W	Light & Wonder, Inc.
LBO	licensed betting office
LIBOR	London Interbank Offered Rate
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)
Pending Divestiture	the intended sale of our Sports Betting Business, which is expected to be completed in the third quarter of 2022, subject to applicable regulatory approvals and other customary closing conditions. See Notes 1 and 2 in this form 10-Q and Notes 1 and 2 in our 2021 10-K
R&D	research and development
RMG	real-money gaming
RSU	restricted stock unit
SEC	Securities and Exchange Commission
Secured Notes	refers to the 2025 Secured Notes and 2026 Secured Euro Notes, collectively
Senior Notes	the Secured Notes and the Unsecured Notes

SciPlay	SciPlay Corporation, formerly referred to as our Social business segment
SciPlay Revolver	\$150 million revolving credit facility agreement entered into by SciPlay Holding Company, LLC, a subsidiary of SciPlay Corporation, that matures in May 2024
SG&A	selling, general and administrative
SGI	Scientific Games International, Inc., a wholly-owned subsidiary of L&W
SGI Revolver	Revolving credit facility with aggregate commitments of \$750 million extended pursuant to that certain credit agreement, dated as of April 14, 2022, by and among SGI, as the borrower, L&W, as a guarantor, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders and other agents party thereto
SGI Term Loan B	Term loan facility, issued pursuant to that certain credit agreement, dated as of April 14, 2022, by and among SGI, as the borrower, L&W, as a guarantor, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders and other agents party thereto
SGI Term Loan B-5	Term loan facility, issued pursuant to that certain credit agreement, dated as of October 18, 2013 (and amended, supplemented and modified from time to time), by and among SGI, as the borrower, L&W, as a guarantor, Bank of America, N.A., as administrative agent, and the lenders and other agents party thereto
Shufflers	various models of automatic card shufflers, deck checkers and roulette chip sorters
SOFR	Secured Overnight Financing Rate
Sports Betting Business	Our prior operating business segment that provides 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 segment is currently held for sale and included in discontinued operations in our financial statements
Unsecured Notes	refers to the 2026 Unsecured Euro Notes, 2026 Unsecured Notes, 2028 Unsecured Notes and 2029 Unsecured Notes, collectively
U.S. GAAP	accounting principles generally accepted in the U.S.
U.S. jurisdictions	the 50 states in the U.S. plus the District of Columbia, U.S. Virgin Islands and Puerto Rico
VAT	value-added tax
VGT	video gaming terminal
VLT	video lottery terminal

#### 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:

- the impact of the COVID-19 pandemic and any resulting unfavorable social, political, economic and financial conditions, including the temporary and potentially recurring closure of casinos and lottery operations on a jurisdiction-by-jurisdiction basis;
- risks relating to the Pending Divestiture, including lack of assurance regarding the timing of completion of the pending and proposed transactions and related risks associated with the ongoing operations and activities of the Sports Betting Business, that certain deferred tax assets may not be realized relative to the anticipated tax gain from these divestitures, that the transactions will yield additional value or will not adversely impact our business, financial results, results of operations, cash flows or stock price;
- our inability to successfully execute our new strategy and impending rebranding initiative;
- our inability to further de-lever and position the Company for enhanced growth with net proceeds from the Pending Divestiture;
- 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, including the potential impact to our business resulting from the continuing uncertainty following the U.K.’s withdrawal from the European Union;
- 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;
- level of our indebtedness, higher interest rates, availability or adequacy of cash flows and liquidity to satisfy indebtedness, other obligations or future cash needs;
- the transition from LIBOR to SOFR, which may adversely affect interest rates;
- inability to reduce or refinance our indebtedness;
- restrictions and covenants in debt agreements, including those that could result in acceleration of the maturity of our indebtedness;
- competition;
- inability to win, retain or renew, or unfavorable revisions of, existing contracts, and the inability to enter into new contracts;
- the impact of U.K. legislation approving the reduction of fixed-odds betting terminals maximum stakes limit on LBO operators, including the related closure of certain LBO shops;
- inability to adapt to, and offer products that keep pace with, evolving technology, including any failure of our investment of significant resources in our R&D efforts;
- changes in demand for our products and services;
- inability to benefit from, and risks associated with, strategic equity investments and relationships;
- 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 2021 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,	
	2022	2021	2022	2021
<b>Revenue:</b>				
Services	\$ 445	\$ 444	\$ 876	\$ 808
Product sales	165	137	307	226
Total revenue	610	581	1,183	1,034
<b>Operating expenses:</b>				
Cost of services <sup>(1)</sup>	92	96	182	183
Cost of product sales <sup>(1)</sup>	88	63	159	103
Selling, general and administrative	179	180	354	339
Research and development	56	48	109	93
Depreciation, amortization and impairments	107	96	215	193
Restructuring and other	42	30	78	51
Operating income	46	68	86	72
<b>Other (expense) income:</b>				
Interest expense	(70)	(119)	(186)	(240)
Loss on debt financing transactions	(147)	—	(147)	—
Gain (loss) on remeasurement of debt and other	20	(7)	27	18
Other income, net	2	13	7	20
Total other expense, net	(195)	(113)	(299)	(202)
Net loss from continuing operations before income taxes	(149)	(45)	(213)	(130)
Income tax expense	(1)	(6)	(4)	(9)
Net loss from continuing operations	(150)	(51)	(217)	(139)
Net income from discontinued operations, net of tax <sup>(2)</sup>	3,445	164	3,540	243
Net income	3,295	113	3,323	104
Less: Net income attributable to noncontrolling interest	4	4	6	10
Net income attributable to L&W	\$ 3,291	\$ 109	\$ 3,317	\$ 94
<b>Per Share - Basic:</b>				
Net loss from continuing operations	\$ (1.62)	\$ (0.58)	\$ (2.33)	\$ (1.55)
Net income from discontinued operations	36.23	1.71	36.94	2.53
Net income attributable to L&W	\$ 34.61	\$ 1.13	\$ 34.61	\$ 0.98
<b>Per Share - Diluted:</b>				
Net loss from continuing operations	\$ (1.62)	\$ (0.58)	\$ (2.33)	\$ (1.55)
Net income from discontinued operations	36.23	1.71	36.94	2.53
Net income attributable to L&W	\$ 34.61	\$ 1.13	\$ 34.61	\$ 0.98
<b>Weighted average number of shares used in per share calculations:</b>				
Basic shares	95	96	96	96
Diluted shares	95	96	96	96

(1) Excludes D&A.

(2) The three and six months periods ended June 30, 2022 include pre-tax gain of \$4,568 million on sale of Lottery Business (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,	
	2022	2021	2022	2021
Net income	\$ 3,295	\$ 113	\$ 3,323	\$ 104
Other comprehensive income (loss):				
Foreign currency translation (loss) gain, net of tax	(46)	1	(78)	1
Derivative financial instruments unrealized gain, net of tax	2	4	5	9
Other comprehensive (loss) income from continuing operations	(44)	5	(73)	10
Other comprehensive (loss) income from discontinued operations	(4)	6	(12)	9
Total comprehensive income	3,247	124	3,238	123
Less: comprehensive income attributable to noncontrolling interest	4	4	6	10
Comprehensive income attributable to L&W	<u>\$ 3,243</u>	<u>\$ 120</u>	<u>\$ 3,232</u>	<u>\$ 113</u>

See accompanying notes to condensed consolidated financial statements.

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

ASSETS	As of	
	June 30, 2022	December 31, 2021
<b>Current assets:</b>		
Cash and cash equivalents	\$ 928	\$ 585
Restricted cash	44	41
Receivables, net of allowance for credit losses \$46 and \$52, respectively	415	423
Inventories	129	98
Prepaid expenses, deposits and other current assets	126	88
Assets of businesses held for sale	106	497
Total current assets	1,748	1,732
<b>Non-current assets:</b>		
Restricted cash	7	9
Receivables, net of allowance for credit losses \$2 and \$2, respectively	15	17
Property and equipment, net	205	213
Operating lease right-of-use assets	51	51
Goodwill	2,932	2,892
Intangible assets, net	837	946
Software, net	121	117
Deferred income taxes	93	349
Other assets	43	80
Assets of businesses held for sale	429	1,477
Total assets	\$ 6,481	\$ 7,883
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 24	\$ 44
Accounts payable	164	204
Accrued liabilities	359	428
Income taxes payable	681	16
Liabilities of businesses held for sale	26	282
Total current liabilities	1,254	974
Deferred income taxes	143	35
Operating lease liabilities	40	40
Other long-term liabilities	158	170
Long-term debt, excluding current portion	3,878	8,646
Liabilities of businesses held for sale	42	124
Total liabilities	5,515	9,989
Commitments and contingencies (Note 16)		
<b>Stockholders' equity (deficit):</b>		
Common stock, par value \$0.001 per share, 199 shares authorized; 115 and 114 shares issued, respectively, and 94 and 97 shares outstanding, respectively	1	1
Additional paid-in capital	1,375	1,337
Retained earnings (accumulated loss)	159	(3,158)
Treasury stock, at cost, 21 and 17 shares, respectively	(378)	(175)
Accumulated other comprehensive loss	(346)	(261)
Total L&W stockholders' equity (deficit)	811	(2,256)
Noncontrolling interest	155	150
Total stockholders' equity (deficit)	966	(2,106)
Total liabilities and stockholders' equity (deficit)	\$ 6,481	\$ 7,883

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,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Net income	\$ 3,323	\$ 104
Less: Income from discontinued operations, net of tax	(3,540)	(243)
Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities from continuing operations	369	245
Changes in working capital accounts, excluding the effects of acquisitions	(145)	—
Changes in deferred income taxes and other	6	4
Net cash provided by operating activities from continuing operations	13	110
Net cash provided by operating activities from discontinued operations	44	162
Net cash provided by operating activities	57	272
<b>Cash flows from investing activities:</b>		
Capital expenditures	(100)	(75)
Acquisitions of businesses, net of cash acquired	(116)	—
Proceeds from settlement of cross-currency interest rate swaps	50	—
Other	(4)	9
Net cash used in investing activities from continuing operations	(170)	(66)
Net cash provided by (used in) investing activities from discontinued operations <sup>(1)</sup>	5,629	(32)
Net cash provided by (used in) investing activities	5,459	(98)
<b>Cash flows from financing activities:</b>		
Borrowings under SGI revolving credit facility	230	—
Repayments under SGI revolving credit facility	(230)	(250)
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	(98)	(21)
Payments of debt issuance and deferred financing costs	(37)	—
Payments on license obligations	(24)	(24)
Purchase of treasury stock	(203)	—
Purchase of SciPlay's common stock	(7)	—
Net redemptions of common stock under stock-based compensation plans and other	(33)	(21)
Net cash used in financing activities from continuing operations	(5,186)	(316)
Net cash used in financing activities from discontinued operations	(3)	(8)
Net cash used in financing activities	(5,189)	(324)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6)	—
Increase (decrease) in cash, cash equivalents and restricted cash	321	(150)
Cash, cash equivalents and restricted cash, beginning of period	701	1,143
Cash, cash equivalents and restricted cash, end of period	1,022	993
Less: Cash, cash equivalents and restricted cash of discontinued operations	43	74
Cash, cash equivalents and restricted cash of continuing operations, end of period	<u>\$ 979</u>	<u>\$ 919</u>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 219	\$ 229
Income taxes paid	23	13
Distributed earnings from equity investments	4	15
<b>Supplemental non-cash transactions:</b>		
Non-cash interest expense	\$ 9	\$ 12

(1) Six months ended June 30, 2022 include \$5,659 million in gross cash proceeds from the Lottery Business sale, 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 game company with a focus on content and digital markets. Our portfolio of revenue-generating activities in our continuing operations primarily includes supplying game content and gaming machines, CMSs and table game products and services to licensed gaming entities; providing social casino and other mobile games to retail customers, including casual gaming; and providing a comprehensive suite of digital RMG, distribution platforms, content, products and services to various gaming entities. Our portfolio of revenue-generating activities in the discontinued operations primarily has included providing instant and draw-based lottery products, lottery systems and lottery content and services to lottery operators along with providing sports wagering solutions to various gaming entities.

We report our results of continuing operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services. Unless otherwise noted, amounts and disclosures included herein relate to our continuing operations.

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

On September 27, 2021, we entered into a definitive agreement to sell our Sports Betting Business to Endeavor Group Holdings, Inc. (“Endeavor”) in a cash and stock transaction. On June 30, 2022, we entered into an amendment to the agreement, under which the cash consideration was reduced from \$1,000 million to \$750 million and the stock consideration was reduced from approximately 7.6 million shares of Endeavor Class A common stock (valued at approximately \$200 million as of the date of the purchase agreement) to approximately 2.3 million shares of Endeavor Class A common stock (valued at approximately \$50 million as of the date of the amendment and based on the volume weighted average price of Endeavor Class A common stock in the twenty days before the date of the amendment). The amendment additionally waives the closing condition requiring regulatory approval by the Nevada Gaming Control Board and extends the agreement date to December 30, 2022 if certain conditions to closing are not met by September 27, 2022. The sale of the Sports Betting Business is expected to be completed in the third quarter of 2022, subject to applicable regulatory approvals and other customary conditions.

During the second quarter of 2022, we completed the previously announced divestiture of the Lottery Business and received \$5.7 billion in gross cash proceeds.

We have reflected the financial results of these businesses as discontinued operations in our consolidated statements of operations and reflected the assets and liabilities of these businesses as held for sale in our consolidated balance sheets, for all periods presented and until the completion of disposition of these businesses. Refer to Note 2 for further information.

*Basis of Presentation and Principles of Consolidation*

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

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 (loss) 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 2021 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 2021 10-K.

*Computation of Basic and Diluted Net Income Attributable to L&W Per Share*

Basic and diluted net income attributable to L&W per share is based upon net income attributable to L&W divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the effect of

the assumed exercise of stock options and RSUs only in the periods in which such effect would have been dilutive to net income from continuing operations.

Basic and diluted net income attributable to L&W per share were the same for all periods presented as all common stock equivalents would be anti-dilutive. We excluded 2 million of stock options and 2 million of RSUs outstanding as of June 30, 2022 from the diluted weighted-average common shares outstanding for the three and six months ended June 30, 2022. We excluded 2 million of stock options and 3 million of RSUs outstanding as of June 30, 2021 from the calculation of diluted weighted-average common shares outstanding for the three and six months ended June 30, 2021.

### Acquisitions

#### SciPlay Acquisition of Alictus Yazilim Anonim Şirketi (“Alictus”)

On March 1, 2022, SciPlay acquired 80% of all issued and outstanding share capital of privately held Alictus, a Turkey-based hyper-casual game studio for approximately \$106 million cash consideration, net of cash acquired. The remaining 20% will be acquired ratably for potential additional consideration payable annually based upon the achievement of specified revenue and earnings targets by Alictus during each of the five years following the acquisition date. Any future payments associated with the acquisition of the remaining 20% will represent a redeemable non-controlling interest, with a minimum payout of \$0 million and a maximum payout of \$200 million. The Alictus acquisition expands SciPlay’s business in the casual gaming market, growing its game pipeline and diversifying its revenue streams as it advances its strategy to be a diversified global game developer.

#### Playzido Limited (“Playzido”)

In April 2022, we acquired Playzido, a dynamic content creation platform provider and game supplier, which is expected to accelerate the pace at which we can partner with game studios and operators to expand our iGaming content offering.

We accounted for these acquisitions using the acquisition method of accounting, allocating the total consideration transferred to acquired tangible and intangible assets and assumed liabilities based on estimated fair values. The estimated fair values of the acquired assets, assumed liabilities and resulting goodwill are subject to adjustment as we finalize our purchase price accounting. The following table summarizes an aggregate disclosure related to the acquisitions above and is based on the preliminary purchase price allocation expected to be finalized by the fourth quarter of 2022:

<b>Total Consideration</b>	<b>Cash paid, net of cash acquired<sup>(1)</sup></b>	<b>Contingent consideration/Redeemable non-controlling interest<sup>(2)</sup></b>	<b>Allocation of purchase price to Intangible assets, net<sup>(3)</sup></b>	<b>Weighted average useful life of acquired intangible assets</b>	<b>Excess purchase price allocated to Goodwill<sup>(4)</sup></b>
\$ 147	\$ 113	\$ 25	\$ 40	6 Years	\$ 101

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

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

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

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

The revenue and earnings associated with the above acquisitions are immaterial to our current and historical consolidated financial statements.

### *New Accounting Guidance - Not Yet Adopted*

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

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

## (2) Discontinued Operations

During the second quarter of 2022, we completed the previously announced divestiture of the Lottery Business, received \$5.7 billion in gross cash proceeds and recorded a pre-tax gain on sale of the Lottery Business of \$4.6 billion.

We have reflected the financial results of the Lottery Business and Sports Betting Business as discontinued operations in our consolidated statements of operations and reflected the assets and liabilities of these businesses as held for sale in our consolidated balance sheets, for all periods presented and until the completion of disposition of these businesses.

The summarized results of our discontinued operations were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Total revenue	\$ 51	\$ 299	\$ 339	\$ 575
Total cost of revenue <sup>(1)</sup>	18	144	168	283
Other operating expenses <sup>(2)</sup>	108	60	149	120
Operating (loss) income	(75)	95	22	172
Total other income, net	—	71	7	73
Net (loss) income from discontinued operations before income taxes	(75)	166	29	245
Gain on sale of Lottery Business before income taxes	4,568	—	4,568	—
Total net income from discontinued operations before income taxes	4,493	166	4,597	245
Income tax expense	(1,048)	(2)	(1,057)	(2)
Net income from discontinued operations, net of tax included in the consolidated statement of operations	\$ 3,445	\$ 164	\$ 3,540	\$ 243

(1) Excludes D&A.

(2) Includes D&A of \$27 million and \$53 million for the three and six months ended June 30, 2021, respectively, along with stock-based compensation of \$4 million and \$11 million for the three and six months ended June 30, 2022, respectively, and \$5 million and \$9 million for the three and six months ended June 30, 2021, respectively. Due to the discontinued operations classification of these businesses as of the third quarter of 2021, the D&A for these businesses has ceased and none was included for the three and six months ended June 30, 2022. The three and six months ended June 30, 2022 also include \$78 million related to direct transaction closing fees.

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

	As of	
	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 43	\$ 44
Restricted cash	—	22
Receivables, net	40	214
Inventories	—	94
Prepaid expenses deposits and other current assets	23	123
Total current assets of businesses held for sale	106	497
Property and equipment, net	8	217
Intangible assets and software, net	163	304
Goodwill	242	623
Equity investments	—	251
Other assets	16	82
Total non-current assets of businesses held for sale	429	1,477
Total assets of businesses held for sale	<u>\$ 535</u>	<u>\$ 1,974</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1	\$ 95
Accrued liabilities and other	25	187
Total current liabilities of businesses held for sale	26	282
Operating lease liabilities	8	34
Other	34	90
Total non-current liabilities of businesses held for sale	42	124
Total liabilities of businesses held for sale	<u>\$ 68</u>	<u>\$ 406</u>

### (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,	
	2022	2021	2022	2021
<b>Gaming</b>				
Gaming operations <sup>(1)</sup>	\$ 163	\$ 181	\$ 319	\$ 294
Gaming machine sales	123	100	226	155
Gaming systems	60	52	111	94
Table products	44	34	89	68
Total	\$ 390	\$ 367	\$ 745	\$ 611
<b>SciPlay</b>				
Mobile in-app purchases	\$ 138	\$ 136	\$ 277	\$ 269
Web in-app purchases and other <sup>(2)</sup>	22	18	41	36
Total	\$ 160	\$ 154	\$ 318	\$ 305
<b>iGaming</b>	\$ 60	\$ 60	\$ 120	\$ 118

(1) Gaming operations revenue for the three and six months ended June 30, 2021 benefited from \$38 million and \$44 million U.K. FOBT VAT recovery (the "VAT recovery") received from certain U.K. customers related to a 2020 U.K. court ruling associated with overcharging of value-added tax for gaming operators that consequently reduced our net gaming revenues related to these customers and arrangements.

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

The amount of rental income revenue that is outside the scope of ASC 606 was \$118 million and \$231 million for the three and six months ended June 30, 2022, respectively, and \$119 million and \$182 million for the three and six months ended June 30, 2021, 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, 2022
Contract liability balance, beginning of period <sup>(1)</sup>	\$ 37
Liabilities recognized during the period	6
Amounts recognized in revenue from beginning balance	(11)
Contract liability balance, end of period <sup>(1)</sup>	\$ 32

(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 <sup>(1)</sup>
Beginning of period balance	\$ 440	\$ 19
End of period balance, June 30, 2022	430	26

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

As of June 30, 2022, 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 2021 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 2021 10-K. The following tables present our segment information:

Three Months Ended June 30, 2022						
	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items <sup>(1)</sup>	Total	
Total revenue	\$ 390	\$ 160	\$ 60	\$ —	\$ 610	
AEBITDA <sup>(2)</sup>	179	41	21	(29)	\$ 212	
<i>Reconciling items to Net loss from continuing operations before income taxes:</i>						
D&A	(82)	(6)	(13)	(6)	(107)	
Restructuring and other	(1)	(1)	(14)	(26)	(42)	
Interest expense				(70)	(70)	
Loss on debt refinancing 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 reconciled to net 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 costs and other unusual items; (3) interest expense; (4) loss on debt refinancing transactions; (5) change in fair value of investments and remeasurement of debt and other; (6) other income, net, including foreign currency (gains) 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, 2021						
	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items <sup>(1)</sup>	Total	
Total revenue	\$ 367	\$ 154	\$ 60	\$ —	\$ 581	
AEBITDA <sup>(2)</sup>	194	48	20	(30)	\$ 232	
<i>Reconciling items to Net loss from continuing operations before income taxes:</i>						
D&A	(72)	(4)	(13)	(7)	(96)	
Restructuring and other	(3)	(1)	1	(27)	(30)	
Interest expense				(119)	(119)	
Loss on remeasurement of debt and other				(7)	(7)	
Other income, net				11	11	
Stock-based compensation				(36)	(36)	
Net loss from continuing operations before income taxes					\$ (45)	

(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, 2022**

	<b>Gaming</b>	<b>SciPlay</b>	<b>iGaming</b>	<b>Unallocated and Reconciling Items<sup>(1)</sup></b>	<b>Total</b>
Total revenue	\$ 745	\$ 318	\$ 120	\$ —	\$ 1,183
AEBITDA <sup>(2)</sup>	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 refinancing 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 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, 2021**

	<b>Gaming</b>	<b>SciPlay</b>	<b>iGaming</b>	<b>Unallocated and Reconciling Items<sup>(1)</sup></b>	<b>Total</b>
Total revenue	\$ 611	\$ 305	\$ 118	\$ —	\$ 1,034
AEBITDA <sup>(2)</sup>	301	94	41	(62)	\$ 374
<i>Reconciling items to Net loss from continuing operations before income taxes:</i>					
D&A	(147)	(7)	(25)	(14)	(193)
Restructuring and other	(6)	(1)	—	(44)	(51)
Interest expense				(240)	(240)
Gain on remeasurement of debt and other				18	18
Other income, net				17	17
Stock-based compensation				(55)	(55)
Net loss from continuing operations before income taxes				\$	(130)

(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,	
	2022	2021	2022	2021
Employee severance and related	\$ 1	\$ —	\$ 2	\$ 1
Strategic review and related	22	16	52	26
Contingent acquisition consideration <sup>(1)</sup>	12	—	12	—
Restructuring, integration and other	7	14	12	24
<b>Total</b>	<b>\$ 42</b>	<b>\$ 30</b>	<b>\$ 78</b>	<b>\$ 51</b>

(1) 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, 2022	December 31, 2021
<b>Current:</b>		
Receivables	\$ 461	\$ 475
Allowance for credit losses	(46)	(52)
Current receivables, net	415	423
<b>Long-term:</b>		
Receivables	17	19
Allowance for credit losses	(2)	(2)
Long-term receivables, net	15	17
<b>Total receivables, net</b>	<b>\$ 430</b>	<b>\$ 440</b>

### 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, 2022	Balances over 90 days past due	December 31, 2021	Balances over 90 days past due
<b>Receivables:</b>				
U.S. and Canada	\$ 293	\$ 25	\$ 321	\$ 37
International	185	28	173	44
Total receivables	478	53	494	81
<b>Receivables allowance:</b>				
U.S. and Canada	(21)	(6)	(18)	(6)
International	(27)	(25)	(36)	(19)
Total receivables allowance	(48)	(31)	(54)	(25)
Receivables, net	\$ 430	\$ 22	\$ 440	\$ 56

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

The activity in our allowance for receivable credit losses for each of the three and six months ended June 30, 2022 and 2021 is as follows:

	2022			2021
	Total	U.S. and Canada	International	Total
Beginning allowance for credit losses	\$ (54)	\$ (18)	\$ (36)	\$ (81)
Provision	(3)	(3)	—	1
Charge-offs and recoveries	7	—	7	2
Allowance for credit losses as of March 31	(50)	(21)	(29)	(78)
Provision	(1)	(1)	—	(2)
Charge-offs and recoveries	3	1	2	17
Allowance for credit losses as of June 30	\$ (48)	\$ (21)	\$ (27)	\$ (63)

As of June 30, 2022, 5% of our total receivables, net, were past due by over 90 days compared to 13% as of December 31, 2021.

#### *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, 2022		
	Total	Current or Not Yet Due	Balances Over 90 days Past Due
Receivables	\$ 78	\$ 40	\$ 38
Allowance for credit losses	(25)	(14)	(11)
Receivables, net	\$ 53	\$ 26	\$ 27

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, 2022 and December 31, 2021, 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, 2022	December 31, 2021
Parts and work-in-process	\$ 100	\$ 70
Finished goods	29	28
Total inventories	\$ 129	\$ 98

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, 2022	December 31, 2021
Land	\$ 6	\$ 6
Buildings and leasehold improvements	55	55
Gaming machinery and equipment	680	712
Furniture and fixtures	21	22
Construction in progress	14	9
Other property and equipment	88	84
Less: accumulated depreciation	(659)	(675)
Total property and equipment, net	\$ 205	\$ 213

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Depreciation expense	\$ 27	\$ 30	\$ 55	\$ 61

## (9) Intangible Assets, net and Goodwill

### *Intangible Assets, net*

The following tables present certain information regarding our intangible assets as of June 30, 2022 and December 31, 2021:

	As of					
	June 30, 2022			December 31, 2021		
	Gross Carrying Value	Accumulated Amortization	Net Balance	Gross Carrying Value	Accumulated Amortization	Net Balance
Amortizable intangible assets:						
Customer relationships	\$ 905	\$ (480)	\$ 425	\$ 911	\$ (445)	\$ 466
Intellectual property	928	(690)	238	914	(670)	244
Licenses	439	(375)	64	472	(380)	92
Brand names	130	(102)	28	132	(97)	35
Trade names	163	(88)	75	158	(54)	104
Patents and other	14	(7)	7	12	(7)	5
Total intangible assets	\$ 2,579	\$ (1,742)	\$ 837	\$ 2,599	\$ (1,653)	\$ 946

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Amortization expense	\$ 60	\$ 46	\$ 120	\$ 91

## Goodwill

The table below reconciles the change in the carrying value of goodwill by business segment for the period from December 31, 2021 to June 30, 2022.

	<b>Gaming<sup>(1)</sup></b>	<b>SciPlay</b>	<b>iGaming</b>	<b>Totals</b>
Balance as of December 31, 2021	\$ 2,405	\$ 126	\$ 361	\$ 2,892
Acquired goodwill	—	93	8	101
Foreign currency adjustments	(28)	(5)	(28)	(61)
Balance as of June 30, 2022	<u>\$ 2,377</u>	<u>\$ 214</u>	<u>\$ 341</u>	<u>\$ 2,932</u>

(1) Accumulated goodwill impairment charges for the Gaming segment as of June 30, 2022 were \$989 million.

## (10) Software, net

Software, net consisted of the following:

	<b>As of</b>	
	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Software	\$ 1,019	\$ 996
Accumulated amortization	(898)	(879)
Software, net	<u>\$ 121</u>	<u>\$ 117</u>

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

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Amortization expense	\$ 20	\$ 20	\$ 40	\$ 41

## (11) Long-Term and Other Debt

### Outstanding Debt and Finance Leases

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

	As of					December 31, 2021
	June 30, 2022			Unamortized debt discount/premium and deferred financing costs, net	Book value	
	Final Maturity	Rate(s)	Face value			
<b>Senior Secured Credit Facilities:</b>						
SGI Term Loan B-5	2024	variable	\$ —	\$ —	\$ —	\$ 3,982
SciPlay Revolver	2024	variable	—	—	—	—
SGI Revolver	2027	variable	—	—	—	—
SGI Term Loan B	2029	variable	2,200	(32)	2,168	—
<b>SGI Senior Notes:</b>						
2025 Secured Notes	2025	5.000%	—	—	—	1,240
2026 Secured Euro Notes	2026	3.375%	—	—	—	364
2025 Unsecured Notes	2025	8.625%	550	(5)	545	544
2026 Unsecured Euro Notes	2026	5.500%	—	—	—	280
2026 Unsecured Notes	2026	8.250%	—	—	—	1,090
2028 Unsecured Notes	2028	7.000%	700	(8)	692	692
2029 Unsecured Notes	2029	7.250%	500	(6)	494	494
Other	2023	4.089%	3	—	3	4
Total long-term debt outstanding			<u>\$ 3,953</u>	<u>\$ (51)</u>	<u>\$ 3,902</u>	<u>\$ 8,690</u>
Less: current portion of long-term debt					(24)	(44)
Long-term debt, excluding current portion					<u>\$ 3,878</u>	<u>\$ 8,646</u>
Fair value of debt <sup>(1)</sup>			<u>\$ 3,742</u>			

(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.

### April 2022 Refinancing

On April 14, 2022, we completed a series of refinancing transactions, which, combined with other principal payments on the SGI Term Loan B-5 and SGI Revolver in April 2022, reduced the outstanding face value of our debt by \$4,957 million, from \$8,910 million as of March 31, 2022 to \$3,953 million immediately after the completion of these transactions.

As a part of these transactions, we entered into the new credit agreements, which contains the following debt facilities:

- \$2,200 million new term loan facility maturing in April 2029. The new term loan facility will bear interest at either (i) Adjusted Term SOFR Rate (as defined in the credit agreement) plus 3.00% per annum or (ii) a base rate plus 2.00% per annum. The new term loan facility amortizes in quarterly installments in aggregate amounts of equal to 1.00% of the original principal amount per year; and
- \$750 million revolving credit facility maturing in April 2027. The new revolving credit facility will bear interest at either (i) Adjusted Term SOFR Rate (or an alternative benchmark rate for non-US dollar borrowings) plus 2.00% per annum or (ii) a base rate plus 1.00% per annum, with one 0.25% per annum step-up and one 0.25% per annum step-down based on SGI's first lien net leverage ratio at the end of future fiscal quarters.

With the issuance of the new term loan facility and using the proceeds from the divestiture of the Lottery Business (see Note 1), we retired and redeemed the following outstanding debt and paid accrued and unpaid interest thereon plus related premiums, fees and expenses:

Debt instrument	Interest rate	Maturity	Face value as of March 31, 2022	Paid interest	Premium, other fees and expenses
SGI Term Loan B-5 <sup>(1)</sup>	variable	2024	\$ 4,008	\$ 5	\$ 33
Senior Secured Notes	5.000%	2025	1,250	31	31
Senior Secured Euro Notes	3.375%	2026	361	2	6
Senior Unsecured Euro Notes	5.500%	2026	278	3	8
Senior Unsecured Notes	8.250%	2026	1,100	7	45
Total			\$ 6,997	\$ 48	\$ 123

(1) Premium, other fees and expenses include fees associated with SGI Term Loan B.

The new credit facilities are subject to customary affirmative covenants and negative covenants as well as a financial covenant. The financial covenant is solely for the benefit of the new revolving facility, is tested at the end of each fiscal quarter if the outstanding borrowings (excluding up to \$5 million of undrawn letters of credit and any cash collateralized letters of credit) under the new revolving facility exceed 30% of the commitments under the new revolving facility, and requires that the Company not be in excess of a maximum consolidated net first lien leverage ratio of 4.50:1.00.

We were in compliance with the financial covenants under all debt agreements as of June 30, 2022 (for information regarding our financial covenants of all debt agreements, see Note 15 in our 2021 10-K).

#### *Loss on Debt Refinancing 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, 2021.

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

For additional information regarding the terms of our credit facilities, Secured Notes and Unsecured Notes, which were unaffected by the April 2022 Refinancing transactions, see Note 15 in our 2021 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 and for the six months ended June 30, 2022, we held the following derivative instruments that were accounted for pursuant to ASC 815:

#### Interest Rate Swap Contracts

We used 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 February 2018, we entered into interest rate swap contracts to hedge a portion of our interest expense associated with our variable rate debt to effectively fix the interest rate that we pay. These interest rate swap contracts were designated as cash flow hedges under ASC 815. We paid interest at a weighted-average fixed rate of 2.4418% and received interest at a variable rate equal to one-month LIBOR. The total notional amount of interest rate swaps was \$800 million. These hedges matured in February 2022.

In April 2022, we entered into new interest rate swap contracts to hedge a portion of our interest expense associated with our variable rate debt to effectively fix the interest rate that we pay. These interest rate swap contracts were designated as cash flow hedges under ASC 815. We pay interest at a weighted-average fixed rate of 2.8320% and receive interest at a variable rate equal to one-month CME Term SOFR. The total notional amount of interest rate swaps was \$700 million as of June 30, 2022. These hedges mature in April 2027.

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 (loss) and Interest expense recognized on our interest rate swap contracts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Gain recorded in accumulated other comprehensive loss, net of tax	\$ 2	\$ 4	\$ 5	\$ 9
Interest expense recorded related to interest rate swap contracts	3	4	6	9

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 in the consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	Interest expense		Interest expense	
Total interest expense which reflects the effects of cash flow hedges	\$ (70)	\$ (119)	\$ (186)	\$ (240)
Hedged item	(4)	(4)	(7)	(9)
Derivative designated as hedging instrument	1	—	1	—

#### Cross-Currency Interest Rate Swaps

We entered into certain cross-currency interest rate swap agreements to achieve more beneficial interest rates by effectively converting \$460 million of our fixed-rate U.S. Dollar-denominated 2025 Secured Notes, including the semi-annual interest payments through October 2023, to fixed-rate Euro-denominated debt, with a fixed annual weighted average interest rate of approximately 2.946%. We designated these cross-currency interest rate swap agreements as a net investment hedge of our investments in certain of our international subsidiaries that use the Euro as their functional currency in order to reduce the volatility in our operating results caused by the changes in foreign currency exchange rates of the Euro relative to the U.S. Dollar.

We used the spot method to measure the effectiveness of our net investment hedge. Under this method, for each reporting period, the change in the fair value of the \$460 million cross-currency interest rate swaps was reported in Foreign currency translation gain (loss) in Accumulated other comprehensive loss. The cross-currency basis spread (along with other components of the cross-currency swap's fair value excluded from the spot method effectiveness assessment) were amortized and recorded to Interest expense. We evaluated the effectiveness of our net investment hedge at the beginning of each quarter.

In April 2022 and as a result of the April 2022 Refinancing, we settled our cross-currency interest rate swaps and received approximately \$50 million in cash proceeds.

The following table shows the fair value of our hedges:

	Balance Sheet Line Item	As of	
		June 30, 2022	December 31, 2021
Interest rate swaps <sup>(1)(2)</sup>	Other liabilities	\$ —	\$ 3
Interest rate swaps <sup>(1)(3)</sup>	Other assets	1	—
Cross-currency interest rate swaps <sup>(1)(4)</sup>	Other assets	—	42

(1) The inputs used to measure the fair value of our interest rate swap contracts were categorized as Level 2 in the fair value hierarchy.

(2) Contracts matured in February 2022.

(3) Contracts mature in April 2027.

(4) Gains of \$— million and \$4 million for the three and six months ended June 30, 2022, respectively, and loss of \$8 million and gain of \$13 million for the three and six months ended June 30, 2021, respectively, are reflected in Foreign currency translation gain (loss) in Other comprehensive income (loss).

#### *Net Investment Non-derivative Hedge — 2026 Secured Euro Notes*

As a result of the April 2022 Refinancing described above, we redeemed all of 2026 Secured Euro Notes and no longer have a designated net investment hedge.

#### *Contingent Acquisition Consideration Liabilities*

In connection with our acquisitions, we have recorded certain contingent consideration liabilities (including redeemable non-controlling interest), of which the values are primarily based on reaching certain earnings-based metrics. The related liabilities were recorded at fair value on their respective acquisition dates as a part of the consideration transferred and are remeasured each reporting period (other than for redeemable non-controlling interest, which is measured based on its redemption value). The inputs used to measure the fair value of our liabilities are categorized as Level 3 in the fair value hierarchy.

The table below reconciles the change in the contingent acquisition consideration liabilities (including deferred purchase price) for the period from December 31, 2021 to June 30, 2022.

	Total	Included in Accrued Liabilities	Included in Other Long-Term Liabilities
Balance as of December 31, 2021	\$ 51	\$ 3	\$ 48
Additions	27		
Payments	(3)		
Fair value adjustments <sup>(1)</sup>	12		
Balance as of June 30, 2022	\$ 87	\$ 37	\$ 50

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

### (13) Stockholders' Equity (Deficit)

#### Changes in Stockholders' Equity (Deficit)

The following tables present certain information regarding our stockholders' equity (deficit) as of June 30, 2022 and 2021:

	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
<b>January 1, 2022</b>	\$ 1	\$ 1,337	\$ (3,158)	\$ (175)	\$ (261)	\$ 150	\$ (2,106)
Settlement of liability awards and other, net	—	43	—	—	—	—	43
Vesting of RSUs, net of tax withholdings	—	(31)	—	—	—	—	(31)
Purchase of treasury stock	—	—	—	(51)	—	—	(51)
Stock-based compensation	—	17	—	—	—	—	17
Net income	—	—	26	—	—	2	28
Other comprehensive loss	—	—	—	—	(37)	—	(37)
<b>March 31, 2022</b>	\$ 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 common stock	—	(6)	—	—	—	(1)	(7)
Stock-based compensation	—	15	—	—	—	—	15
Net income	—	—	3,291	—	—	4	3,295
Other comprehensive loss <sup>(1)</sup>	—	—	—	—	(48)	—	(48)
<b>June 30, 2022</b>	\$ 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 Lottery Business (see Note 2).

	Six Months Ended June 30, 2021						
	Common Stock	Additional Paid in Capital	Accumulated Loss	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
<b>January 1, 2021</b>	\$ 1	\$ 1,268	\$ (3,529)	\$ (175)	\$ (218)	\$ 129	\$ (2,524)
Vesting of RSUs, net of tax withholdings and other	—	(13)	—	—	—	—	(13)
Stock-based compensation	—	17	—	—	—	—	17
Net (loss) income	—	—	(15)	—	—	6	(9)
Other comprehensive income	—	—	—	—	8	—	8
<b>March 31, 2021</b>	\$ 1	\$ 1,272	\$ (3,544)	\$ (175)	\$ (210)	\$ 135	\$ (2,521)
Vesting of RSUs, net of tax withholdings and other	—	(4)	—	—	—	—	(4)
Stock-based compensation	—	31	—	—	—	—	31
Net income	—	—	109	—	—	4	113
Other comprehensive income	—	—	—	—	11	—	11
<b>June 30, 2021</b>	\$ 1	\$ 1,299	\$ (3,435)	\$ (175)	\$ (199)	\$ 139	\$ (2,370)

## Stock Based Compensation

The following reflects total stock-based compensation expense recognized under all programs in our continuing operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Related to L&W stock options	\$ 1	\$ 16	\$ 1	\$ 22
Related to L&W RSUs	15	17	27	28
Related to SciPlay RSUs	1	3	4	5
Total	\$ 17	\$ 36	\$ 32	\$ 55

## Restricted Stock Units

A summary of the changes in RSUs outstanding under our equity-based compensation plans during the three months ended June 30, 2022 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested RSUs as of December 31, 2021	2.7	\$ 32.03
Granted	1.5	\$ 58.30
Vested	(1.7)	\$ 38.08
Cancelled	(0.3)	\$ 33.87
Unvested RSUs as of June 30, 2022	2.2	\$ 45.17

The weighted-average grant date fair value of RSUs granted during the six months ended June 30, 2022 and 2021 was \$58.30 and \$53.37, 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, 2022, we had \$73 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, of which \$5 million related to employees of discontinued operations. The fair value at vesting date of RSUs vested during the six months ended June 30, 2022 and 2021 was \$62.4 million and \$42.4 million, respectively.

## Share Repurchase Programs

As described in Note 17 within our 2021 10-K and in our Current Report on Form 8-K filed with the SEC on March 1, 2022, our Board of Directors approved a share repurchase program under which the Company is authorized to repurchase, from time to time through February 25, 2025, up to an aggregate amount of \$750 million of our outstanding common stock over a three-year period. During the six months ended June 30, 2022, we repurchased 3.7 million shares of common stock under the program at an aggregate cost of \$203 million and an average of \$55.39 per share.

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. During the six months ended June 30, 2022, SciPlay repurchased 0.5 million shares of Class A common stock under the program at an aggregate cost of \$7 million and an average of \$13.76 per share.

## (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, 2022.

Our income tax expense (including discrete items) was \$1 million and \$4 million for the three and six months ended June 30, 2022, respectively, and \$6 million and \$9 million for the three and six months ended June 30, 2021, respectively. In 2022, our effective tax rate differs from the U.S. statutory rate of 21% primarily as a result of not benefiting year to date losses in continuing operations in accordance with the intra-period tax expense/benefit allocation rules as generally prescribed under ASC 740-20. In all periods, we recorded tax expense relative to pre-tax earnings in jurisdictions without valuation allowances, including our 19% noncontrolling interest in SciPlay.

The divestiture of the Lottery Business is estimated to generate approximately \$665 million of net cash taxes, after considering the utilization of tax attributes.

#### (15) Leases

Our total operating lease expense for the three and six months ended June 30, 2022 was \$4 million and \$10 million, respectively, and \$5 million and \$11 million for the three and six months ended June 30, 2021, 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, 2022	December 31, 2021
Operating lease right-of-use assets	\$ 51	\$ 51
Accrued liabilities	16	16
Operating lease liabilities	40	40
Total operating lease liabilities	\$ 56	\$ 56
Weighted average remaining lease term, units in years	4	4
Weighted average discount rate	5 %	5 %
	Six Months Ended June 30,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 11	\$ 9
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 12	\$ 2

Lease liability maturities:

	Remainder of 2022	2023	2024	2025	2026	Thereafter	Less Imputed Interest	Total
Operating leases	\$ 9	\$ 17	\$ 14	\$ 11	\$ 7	\$ 3	\$ (5)	\$ 56

As of June 30, 2022, 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 in Note 20 within our 2021 10-K. There have been no material changes to these matters since the 2021 10-K was filed with the SEC on March 1, 2022, except as 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 \$27 million for all of our legal matters that were contingencies both as of June 30, 2022 and December 31, 2021.

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 in Note 20 in our 2021 10-K and this Note 16 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, SGI, 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, SGI and the other shareholders of Wintech of up to \$5.0 million if certain levels of lottery sales were not achieved. In addition, SGI 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, SGI 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. SGI filed separate actions opposing each resolution with the Tribunal Contencioso of Cundinamarca in Colombia (the "Tribunal"), which upheld both resolutions. SGI 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 SGI 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 SGI to enforce the liquidation resolution and recover the claimed damages. In May 2013, the Tribunal denied SGI's merit defenses to the collection proceeding and issued an order of payment of approximately 90 billion Colombian pesos, or approximately \$30.2 million, plus default interest (potentially accrued since 1994 at a 12% statutory interest rate). SGI 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, SGI filed a motion for clarification of the Council of State's ruling, which was denied on April 15, 2021. On April 22, 2021, SGI 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.

SGI 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.

### *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 SGC, Bally Technologies, Inc. and SG Gaming, 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 SGC, Bally Technologies, Inc. and SG Gaming, 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 SGC, Bally Technologies, Inc. and SG Gaming, f/k/a Bally Gaming, Inc. In the complaint, the plaintiff asserts federal antitrust claims arising from the defendants' procurement of particular U.S. patents. The plaintiff alleges that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The plaintiff seeks to represent a putative class of all persons and entities that directly purchased or leased automatic card shufflers within the United States from the defendants, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the court to treble, the award of plaintiff's costs of suit, including attorneys' fees, and the award of pre-judgment and post-judgment interest.

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

### *Casino Queen Matter*

On April 2, 2021, Casino Queen, Inc. and Casino Queen Marquette, Inc. filed a putative class action complaint in the United States District Court for the Northern District of Illinois against SGC, Bally Technologies, Inc. and SG Gaming, 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 SGC, Bally Technologies, Inc. and SG Gaming, 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. 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.

For additional information regarding our pending litigation matters, see Note 20 in our 2021 10-K.

## 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 2021 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 2021 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 game company with a focus on content and digital markets. Our portfolio of revenue-generating activities in our continuing operations primarily includes supplying game content and gaming machines, CMSs and table game products and services to licensed gaming entities; providing social casino and other mobile games to retail customers, including casual gaming; and providing a comprehensive suite of digital RMG, distribution platforms, content, products and services to various gaming entities. Our portfolio of revenue-generating activities in the discontinued operations primarily has included providing instant and draw-based lottery products, lottery systems and lottery content and services to lottery operators along with providing sports wagering solutions to various gaming entities.

As more fully described in Part I, Item 1 “Business” in our 2021 10-K, we are executing on our strategy to become a leading cross-platform global game company with a focus on content and digital markets. We report our results of continuing 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.

#### Recent Events

- *Re-branding* - On April 18, 2022, we changed our name to “Light & Wonder, Inc.”
- *April 2022 Refinancing* - On April 14, 2022, we completed a series of refinancing transactions, which, combined with the principal payments on the SGI Term Loan B-5 and SGI Revolver in April, reduced the outstanding face value of our debt by \$4,957 million, from \$8,910 million as of March 31, 2022 to \$3,953 million immediately after the completion of these transactions. This is a major milestone in transforming and deleveraging our balance sheet (see Note 11 for additional information).
- *Lottery Divestiture* - During the second quarter of 2022, we completed the divestiture of the Lottery Business and received \$5.7 billion of gross cash proceeds.
- *Sports Divestiture* - On June 30, 2022, we entered into an amendment to the agreement to sell our Sports Betting Business to Endeavor Group Holdings, Inc. (“Endeavor”), under which we are expected to receive \$750 million in cash and an estimated \$50 million in Endeavor Class A common stock, based on the volume weighted average price of such stock in the twenty days before the date of the amendment, or total gross proceeds of \$800 million. The amendment also increases the speed and certainty of closing by modifying the conditions for closing, including Endeavor’s agreement to waive the closing condition requiring regulatory approval by the Nevada Gaming Control Board. The sale of the Sports Betting Business is expected to be completed in the third quarter of 2022, subject to applicable regulatory approvals and other customary conditions (see Note 1).
- *Share Repurchases* - Since the initiation of the program on March 3, 2022 and through June 30, 2022, we returned \$203 million of capital to shareholders through the repurchase of 3.7 million shares of common stock.
- *Acquisitions* - In March 2022, SciPlay acquired Alictus, a Turkey-based hyper-casual game studio that expands the SciPlay business in the casual gaming market for approximately \$106 million cash consideration, net of cash acquired. In April 2022, we acquired Playzido, a dynamic content creation platform provider and game supplier, which is expected to accelerate the pace at which we can partner with game studios and operators to expand our iGaming content offering. For additional details regarding these acquisitions, see Note 1.

### Impact of COVID-19

While the COVID-19 pandemic had impacted our operating results during the first half of 2021, the operating results substantially recovered during the second half of 2021 due to the lifting of COVID-19 restrictions, such as social distancing and mask mandates. We continue to see fluctuations in infection rates and regulations for various regions along with ongoing domestic and international travel restrictions or warnings, social distancing measures, reduced operating capacity and an overall economic and general uncertainty regarding the magnitude and length of time that these disruptions will continue. Additionally, the COVID-19 pandemic has impacted supply chains in numerous industries, causing shortages of inputs/outputs, which in turn put inflationary pressures on the economy as a whole. Inflationary pressures may have an impact on discretionary income as people allocate more of their disposable income toward higher priced necessity goods and services, which could impact our customers. These circumstances may change in the future and such changes could be material.

### Foreign Exchange

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,			
	2022		2021		2022		2021	
	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue
Foreign Currency:								
British Pound Sterling	\$ 41	7 %	\$ 71	12 %	\$ 83	7 %	\$ 96	9 %
Euro	50	8 %	33	6 %	96	8 %	59	6 %

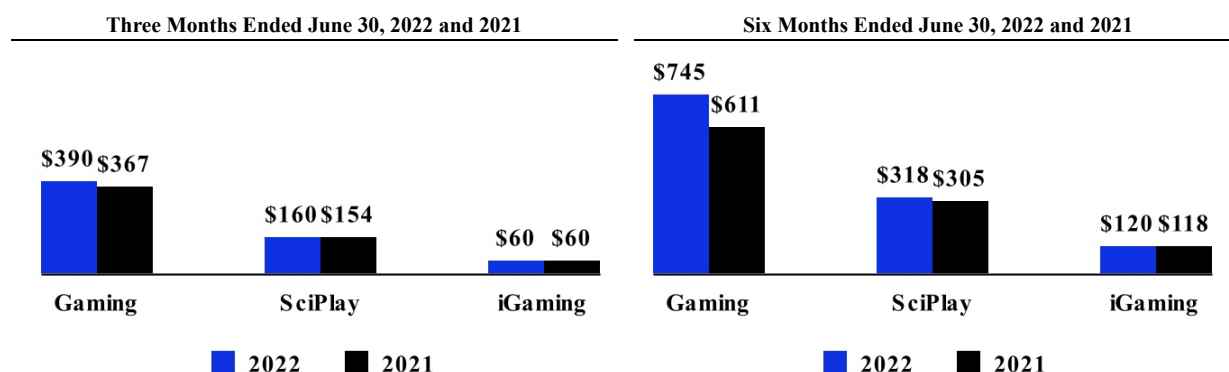
### CONSOLIDATED RESULTS

(\$ in millions)	Three Months Ended June 30,				Six Months Ended June 30,				
	2022		2021		2022		2021		
	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	
Total revenue	\$ 610		\$ 581	\$ 29	5 %	\$ 1,183	\$ 1,034	\$ 149	14 %
Total operating expenses	564		513	51	10 %	1,097	962	135	14 %
Operating income	46		68	(22)	(32)%	86	72	14	(19)%
Net loss from continuing operations before income taxes	(149)		(45)	(104)	(231)%	(213)	(130)	(83)	(64)%
Net loss from continuing operations	(150)		(51)	(99)	(194)%	(217)	(139)	(78)	(56)%
Net income from discontinued operations, net of tax <sup>(1)</sup>	3,445		164	3,281	nm	3,540	243	3,297	nm
Net income attributable to L&W	3,291		109	3,182	nm	3,317	94	3,223	nm

nm = not meaningful

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

**Consolidated Revenue by Business Segment**  
(in millions)



The increase in Gaming revenue for the three and six months ended June 30, 2022 was primarily due to the continued rebounding of operations since the adverse impacts of COVID-19 on 2021 comparable results, which was driven by continued increases in demand for our products and services. We are seeing continued growth and strength within our Gaming business segment. Gaming operations revenue for the three and six months ended June 30, 2021 benefited from \$38 million and \$44 million, respectively, due to the VAT recovery received from certain U.K. customers. The VAT recovery is related to a 2020 U.K. court ruling, associated with overcharging of value-added tax for previous services rendered to gaming operators and consequently reduced our net gaming revenue related to these customers and arrangements.

SciPlay revenue increased for both periods primarily as a result of an increase in advertising revenue following the Alictus acquisition in the first quarter of 2022 as well as an increase in average monthly paying users and higher payer conversion rate.

The increase in iGaming revenue of 2% for the six months ended June 30, 2022 was driven by growth in the U.S. from the strength of our original content coupled with revenue related to acquisitions completed in the second half of 2021. The prior year revenue benefited from increased player activity and turnover during COVID-19 lockdowns and social restrictions and was adversely impacted by new regulations introduced in certain European countries. Current year periods were negatively impacted by unfavorable impact of foreign-currency translation due to strengthening U.S. Dollar.

#### Operating Expenses

(\$ in millions)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021	
Operating expenses:								
Cost of services	\$ 92	\$ 96	\$ (4)	(4)%	\$ 182	\$ 183	\$ (1)	(1)%
Cost of product sales	88	63	25	40 %	159	103	56	54 %
Selling, general and administrative	179	180	(1)	(1)%	354	339	15	4 %
Research and development	56	48	8	17 %	109	93	16	17 %
Depreciation, amortization and impairments	107	96	11	11 %	215	193	22	11 %
Restructuring and other	42	30	12	40 %	78	51	27	53 %
Total operating expenses	<u>\$ 564</u>	<u>\$ 513</u>	<u>\$ 51</u>	10 %	<u>\$ 1,097</u>	<u>\$ 962</u>	<u>\$ 135</u>	14 %

#### Cost of Revenue

Total cost of revenue for the three and six months ended June 30, 2022 increased as a direct result of higher revenue as described above, driven by \$25 million and \$56 million, respectively, in higher cost of product revenue primarily associated with higher gaming machine sales.

## SG&A

SG&A remained relatively flat for the three months ended June 30, 2022 as compared to the prior year period, as lower stock-based compensation expense was mostly offset by higher user acquisition costs in the SciPlay segment. SG&A increased for the six months ended June 30, 2022 as compared to the prior year period, primarily due to higher salaries and benefits in the Gaming and SciPlay segments as a result of increased employee headcount in order to support operations returning to higher activity levels, coupled with higher SciPlay user acquisition costs, partially offset by lower stock-based compensation expense.

## R&D

The increase in R&D for both periods was primarily due to higher salaries and benefits in the Gaming and SciPlay segments as a result of increased employee headcount in order to support operations returning to higher activity levels, coupled with investments supporting ongoing growth.

## D&A

The increase in D&A was primarily due to approximately \$17 million and \$33 million for the three and six months ended June 30, 2022, respectively, related to accelerated amortization of certain of our legacy trade names triggered by corporate wide re-branding (see Note 11 in our 2021 10-K for further details), which was partially offset by fully depreciated assets related to prior acquisitions, net of 2021 acquisitions.

## Restructuring and Other

The increase in restructuring and other in both periods was primarily due to higher professional services, legal and other charges related to strategic review including the divestitures (see Note 5). The current year periods also include \$12 million related to contingent consideration remeasurement charges (see Note 12).

## Other Factors Affecting Net Income 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 2022 vs. 2021
	2022	2021	2022	2021	
Interest expense	\$ (70)	\$ (119)	\$ (186)	\$ (240)	The decreases in interest expense for the three and six months ended June 30, 2022 reflect the favorable impact of the April 2022 Refinancing resulting in lower interest costs.
Loss on debt financing transactions	(147)	—	(147)	—	Loss on debt financing transactions consummated during the second quarter of 2022 includes a \$90 million charge associated with premiums paid to redeem \$1,250 million of the 2025 Secured Notes, \$1,100 million of the 2026 Unsecured Notes, \$353 million of the 2026 Secured Euro Notes, and \$271 million of the 2026 Unsecured Euro Notes (see Note 11).
Gain (loss) on remeasurement of debt and other	20	(7)	27	18	Gains (loss) are attributable to remeasurement of the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes and reflect changes in the Euro vs. the U.S. Dollar foreign exchange rates between the periods. We redeemed our Euro Notes as part of the April 2022 Refinancing.

## Discontinued Operations

As described in Note 1, we completed the divestiture of the Lottery Business on May 19, 2022, and received \$5.7 billion in gross cash proceeds. As a result of the divestiture, we recorded a pre-tax gain on sale of Lottery Business of \$4.6 billion.

Revenue of \$51 million and \$339 million for the three and six months ended June 30, 2022, respectively, decreased compared to revenue of \$299 million and \$575 million for the corresponding prior periods, primarily due to lower revenue from the Lottery Business as a result of its sale in the second quarter of 2022, partially offset by higher revenue from the Sports Betting Business due to its continued growth and expansion in the U.S. sports-betting market. The gain on sale of Lottery Business drove the increase in net income from discontinued operations, net of tax, to \$3,445 million and \$3,540 million for the three and six months ended June 30, 2022, respectively, from \$164 million and \$243 million for the corresponding prior periods, partially offset by the decrease in revenue and D&A (since no D&A was recorded for assets held for sale in the first half of 2022). Refer to Note 2 for further information on our discontinued operations.

See “Business Segments Results” below for a more detailed explanation of the significant changes in our components of revenue within the individual segment results of operations.

**BUSINESS SEGMENTS RESULTS (for the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021)**

**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.

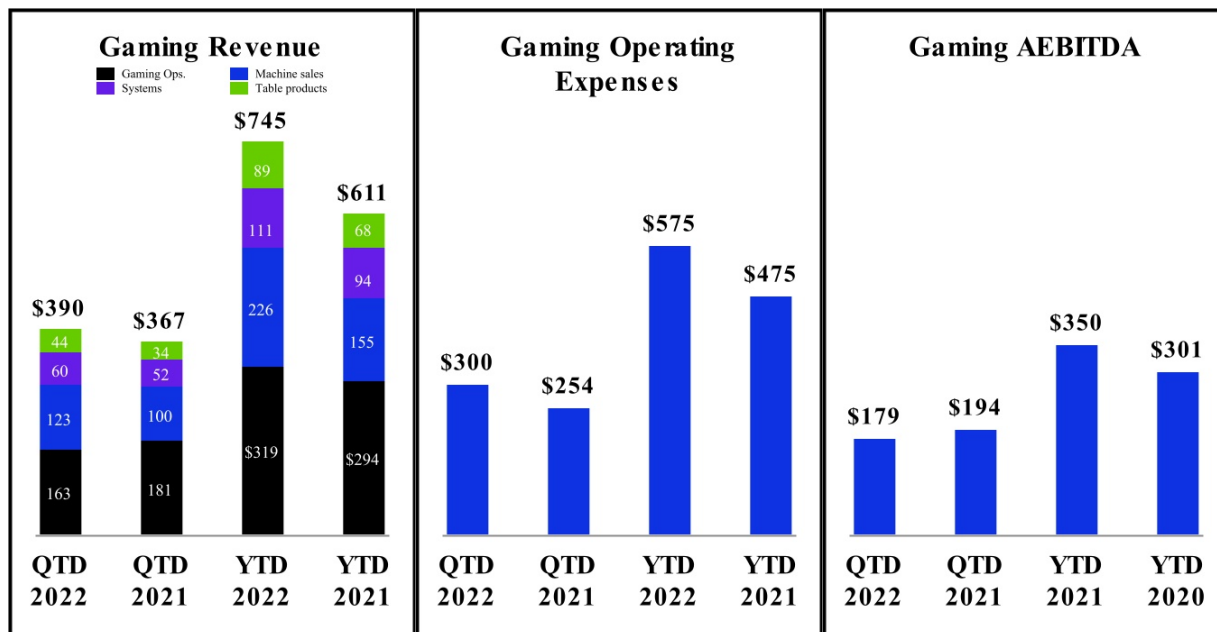
For additional information, refer to the Gaming primary business activities summary included within “Business Segment Results” under Item 7 of our 2021 10-K.

*Current Year Update*

We continue to see an increase in the demand for our Gaming products and services as the gaming market continues to rebound from the previously lifted COVID-19 restrictions, causing our casino and gaming operations to return to pre-COVID levels. Increase in Gaming revenue was primarily driven by Gaming operations, which continued to exceed 2019 comparative periods due to higher installed base and average daily revenue per unit, coupled with higher gaming machine sales. We continue to experience some supply chain challenges that could impact our ability to meet demand for our products and delay the timing of fulfillment of these orders and consequently the timing of revenue recognition.

*Results of Operations and KPIs*

**Three and Six Months Ended June 30, 2022 and 2021**



## Results of Operations and KPIs

(\$ in millions)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance		
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021		
<b>Revenue:</b>									
Gaming operations	\$ 163	\$ 181	\$ (18)	(10)%	\$ 319	\$ 294	\$ 25	9 %	
Machine sales	123	100	23	23 %	226	155	71	46 %	
Systems	60	52	8	15 %	111	94	17	18 %	
Table products	44	34	10	29 %	89	68	21	31 %	
Total revenue	<u>\$ 390</u>	<u>\$ 367</u>	<u>\$ 23</u>	6 %	<u>\$ 745</u>	<u>\$ 611</u>	<u>\$ 134</u>	22 %	
F/X impact on revenue	\$ (8)	\$ 10	\$ (18)	(180)%	\$ (10)	\$ 12	\$ (22)	(183)%	
<b>Gaming KPIs:</b>									
<b>U.S. and Canada units:</b>									
Installed base at period end	30,836	29,965	871	3 %	30,836	29,965	871	3 %	
Average daily revenue per unit	\$ 45.86	\$ 44.58	\$ 1.28	3 %	\$ 44.52	\$ 40.50	\$ 4.02	10 %	
<b>International units<sup>(1)</sup>:</b>									
Installed base at period end	28,966	31,412	(2,446)	(8)%	28,966	31,412	(2,446)	(8)%	
Average daily revenue per unit	\$ 13.63	\$ 8.44	\$ 5.19	61 %	\$ 13.72	\$ 5.76	\$ 7.96	138 %	
<b>Gaming machine unit sales:</b>									
U.S. and Canada new unit shipments	4,009	3,221	788	24 %	7,391	5,164	2,227	43 %	
International new unit shipments	2,479	1,751	728	42 %	4,393	2,407	1,986	83 %	
Total new unit shipments	6,488	4,972	1,516	30 %	11,784	7,571	4,213	56 %	
Average sales price per new unit	\$ 17,176	\$ 17,048	\$ 128	1 %	\$ 17,141	\$ 16,902	\$ 239	1 %	

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

### Gaming Operations

Gaming operations revenue for both current year periods demonstrated strong growth, which exceeded 2019 levels as a result of strong product performance and increased market share. Revenue for the three and six months ended June 30, 2021 included VAT recovery of \$38 million and \$44 million, respectively, as described in the *Consolidated Results – Revenue* section above. Gaming operations for U.S. and Canada had an 871-unit increase in installed base, along with increases in average daily revenue per unit of \$1.28 and \$4.02 for the three and six months ended June 30, 2022, respectively, as we continue to see rebounding in demand since the COVID-19-induced business disruptions. This also impacted the average daily revenue per unit for the International units, which increased by \$5.19 and \$7.96 for the three and six months ended June 30, 2022, respectively. International ending installed base decreased by 2,446-units primarily due to the closure of certain LBOs in the U.K. along with the reduction of some underperforming units in Latin America and certain low yield operations in Greece.

### Gaming Machine Sales

Gaming machine sales revenue increased primarily due to higher sales of replacement units both in U.S and Canada and internationally along with a higher average sales price per new unit. Additionally, the impact of the COVID-19 pandemic

on the prior year period as described above, resulted in lower unit shipments in the prior year periods. The following table summarizes Gaming machine sales changes:

	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021	
<b>U.S. and Canada unit shipments:</b>								
Replacement units	3,369	2,541	828	33 %	6,521	4,164	2,357	57 %
Casino opening and expansion units	640	680	(40)	(6)%	870	1,000	(130)	(13)%
Total unit shipments	4,009	3,221	788	24 %	7,391	5,164	2,227	43 %
<b>International unit shipments:</b>								
Replacement units <sup>(1)</sup>	2,443	1,751	692	40 %	4,357	2,407	1,950	81 %
Casino opening and expansion units	36	—	36	nm	36	—	36	nm
Total unit shipments	2,479	1,751	728	42 %	4,393	2,407	1,986	83 %

nm = not meaningful.

(1) The June 30, 2021 reported amount of 1,751 for International casino opening and expansion units has been reclassified to the International replacement units to correct a misclassification in the prior year period.

### Operating Expenses and AEBITDA

Operating expenses for the three and six months ended June 30, 2022 increased by \$46 million and \$100 million, respectively, as compared to the corresponding prior year periods, primarily due to (1) \$25 million and \$56 million, respectively, in higher cost of revenue associated with the increase in revenue as described above, (2) \$9 million and \$17 million, respectively, in higher D&A primarily driven by accelerated amortization of legacy trade names, which were partially offset by fully depreciated assets related to prior acquisitions, and (3) \$13 million and \$27 million, respectively, in higher SG&A and R&D costs.

For the three months ended June 30, 2022 as compared to the prior year period, AEBITDA and AEBITDA as a percentage of revenue (“AEBITDA margin”) decreased by \$15 million and 7 percentage points to \$179 million and 46%, respectively, as the prior year period benefited from \$38 million revenue due to the VAT recovery as described in the *Consolidated Results – Revenue* section above.

For the six months ended June 30, 2022, AEBITDA increased by \$49 million to \$350 million as compared to the prior year period, and AEBITDA margin decreased 2 percentage points to 47% for the same comparative periods. These results were driven by strong growth in gaming operations, gaming machine sales, systems and table games businesses and were partially offset by the increased costs in the current year period and benefit of \$44 million revenue related to the VAT recovery in the prior year period as described above.

### SCIPLAY

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

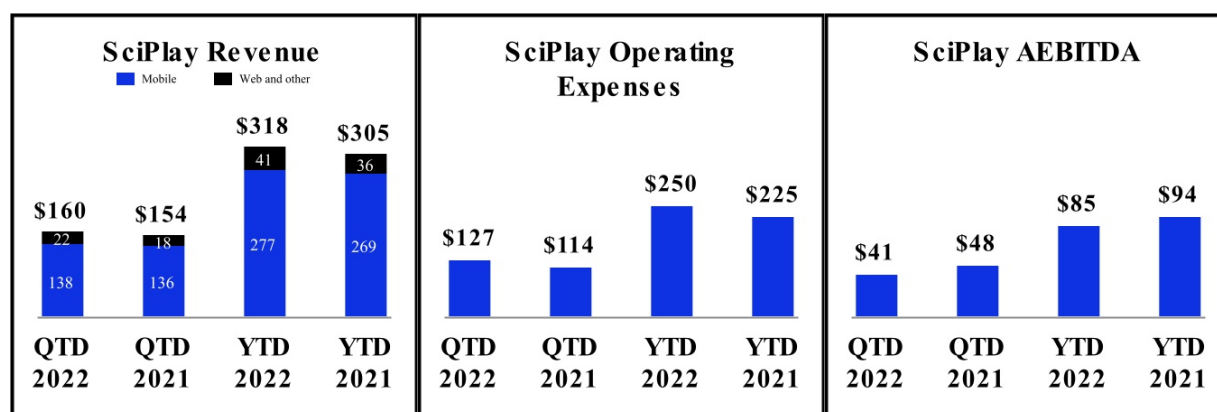
including games such as *Candy Challenge 3D™*, *Boss Life™* and *Deep Clean Inc. 3D™*. SciPlay currently plans to launch an additional casual game and a number of hyper-casual games in 2022. SciPlay's social casino games typically include slots-style game play and occasionally include table games-style 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*, *THE FLINTSTONES™*, *JAMES BOND™*, and *PLAYBOY™*. 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

On March 1, 2022, SciPlay acquired Alictus, a Turkey-based hyper-casual game studio, which expanded SciPlay's business in the casual gaming market, grew its game pipeline and diversified its revenue streams as SciPlay advances its strategy to be a diversified global game developer.

#### Results of Operations and KPIs

##### Three and Six Months Ended June 30, 2022 and 2021



## Revenue

(\$ in millions)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021	
<b>Revenue:</b>								
Mobile in-app purchases	\$ 138	\$ 136	\$ 2	1 %	\$ 277	\$ 269	\$ 8	3 %
Web in-app purchases and other <sup>(1)</sup>	22	18	4	22 %	41	36	5	14 %
Total revenue	<u>\$ 160</u>	<u>\$ 154</u>	<u>\$ 6</u>	<u>4 %</u>	<u>\$ 318</u>	<u>\$ 305</u>	<u>\$ 13</u>	<u>4 %</u>
<b>SciPlay KPIs:</b>								
<b>In-App Purchases:</b>								
Mobile Penetration <sup>(2)</sup>	90 %	88 %	2 pp	nm	90 %	88 %	2 pp	nm
Average MAU <sup>(3)</sup>	5.9	6.3	(0.4)	(6)%	6.1	6.5	(0.4)	(6)%
Average DAU <sup>(4)</sup>	2.3	2.3	—	— %	2.3	2.4	(0.1)	(4)%
ARPDau <sup>(5)</sup>	\$ 0.74	\$ 0.72	\$ 0.02	3 %	\$ 0.74	\$ 0.70	\$ 0.04	6 %
Average MPU <sup>(6)</sup>	0.6	0.5	—	5 %	0.6	0.5	—	4 %
AMRPPU <sup>(7)</sup>	\$ 90.99	\$ 96.29	\$ (5.30)	(6)%	\$ 91.72	\$ 94.55	\$ (2.83)	(3)%
Payer Conversion Rate <sup>(8)</sup>	9.4 %	8.5 %	0.9 pp	nm	9.2 %	8.3 %	0.9 pp	nm

nm = not meaningful.

pp = percentage points.

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

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

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

(4) DAU = Daily Active Users is a count of visitors to our sites during a day. An individual who plays multiple games or from multiple devices may, in certain circumstances, be counted more than once. However, we use third-party data to limit the occurrence of multiple counting.

(5) ARPDau = Average revenue per DAU is calculated by dividing revenue for a period by the DAU for the period by the number of days for the period.

(6) MPU = Monthly Paying Users is the number of individual users who made an in-game purchase during a particular month.

(7) AMRPPU = Average Monthly Revenue Per Paying User is calculated by dividing average monthly revenue by average MPUs for the applicable time period.

(8) Payer conversion rate is calculated by dividing average MPU for the period by the average MAU for the same period.

Total revenues for the three months ended June 30, 2022 increased as compared to the prior year period primarily as a result of higher advertising revenue following the Alictus acquisition, while the core social casino games' revenue slightly decreased for the same period. For the six months ended June 30, 2022, revenues increased as compared to the prior year period as a result of an increase in average monthly paying users due to a higher payer conversion rate during the period, coupled with a \$10 million increase in advertising revenue following the Alictus acquisition.

The increase in mobile penetration percentage for the three and six months ended June 30, 2022 as compared to the prior year periods 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, 2022 decreased as compared to the prior year periods due to the turnover in users. ARPDau increased as a function of lower average DAU for periods presented.

Average DAU was flat for the three months ended June 30, 2022 and decreased for the six months ended June 30, 2022 due to the turnover in users.

For the three and six months ended June 30, 2022, AMRPPU decreased as compared to the prior year periods while average MPU increased as payer conversion improved compared to the three and six months ended June 30, 2021. Payer conversion and AMRPPU continues to be higher than pre-COVID periods.

Payer conversion rates are at an all-time high due to consistent payer interaction with the games by players as a result of the introduction of new content and features into SciPlay's games.

## Operating Expenses and AEBITDA

The increase in operating expenses for the three and six months ended June 30, 2022 as compared to the prior year periods is primarily correlated with the increase in revenue (as described above) as a result of higher platform fees, higher user acquisition spend of \$12 million and \$16 million, respectively, and higher salaries and benefits related to an increase in

headcount, coupled with an increase in D&A due to additional amortization associated with intangible assets acquired in conjunction with the Alictus and Koukoi acquisitions.

AEBITDA for the three and six months ended June 30, 2022 decreased as compared to the prior year periods primarily due to higher operating expenses primarily related to user acquisition spend and personnel costs, partially offset by an increase in revenue as described above. As a result, AEBITDA margin for the three- and six-month periods decreased by 5 and 4 percentage points, respectively.

### **iGAMING**

Our iGaming business segment provides a comprehensive suite of digital online gaming content, including digital RMG, distribution platforms, content, products and services. We derive revenue from our content aggregation platforms, including Open Gaming System, remote gaming servers, and various other platforms, which can deliver a wide spectrum of internally developed and branded casino-style games and popular third-party provider casino-style games to gaming operators. We also provide the Open Platform 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 on our centrally located servers that are integrated with the online casino operators' websites.

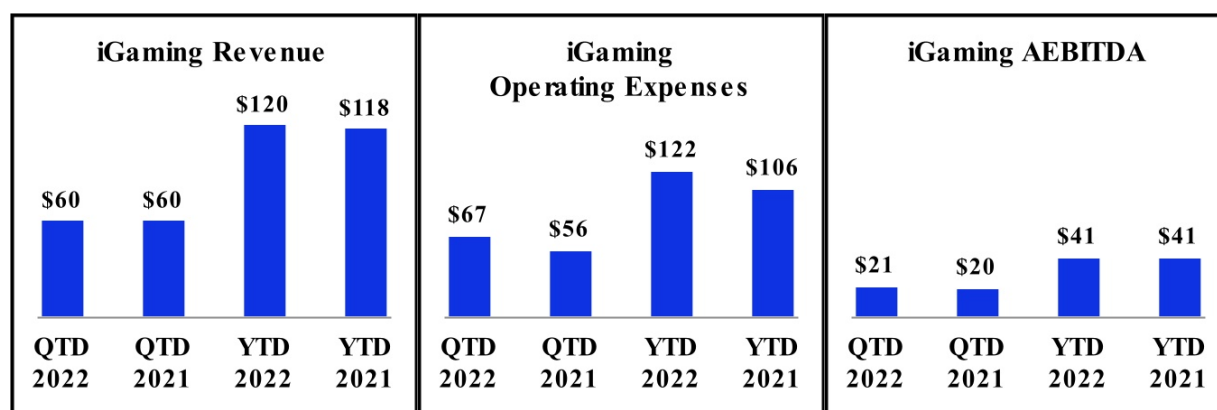
#### *Current Year Update*

We continue to expand our customer base and capitalize on growth in the U.S. and other emerging markets by leveraging our industry leading platforms, content and solutions. In April 2022, we went live with 8 operators on day 1 in Ontario in conjunction with the Canadian province regulating into a private licensed market.

Also, in April 2022, we also acquired Playzido, a dynamic content creation platform provider and game supplier, which is expected to accelerate the pace at which we can partner with game studios and operators to expand our iGaming content offering.

#### *Results of Operations*

**Three and Six Months Ended June 30, 2022 and 2021**



Revenue remained in line for the three months ended June 30, 2022 as compared to the prior year period, and the increase in revenue of 2% for the six months ended June 30, 2022 as compared to the prior year period was due to continuing momentum in the U.S. market coupled with continued strong performance of businesses that we acquired in the second half of 2021. The three- and six-month periods were impacted by unfavorable impact of foreign currency translation of \$4 million and \$6 million, respectively, due to strengthening U.S. Dollar. The U.S. market delivered 47% and 56% year-over-year revenue growth for the three and six months ended June 30, 2022, respectively, driven by the strength of our original content. Wagers processed through our Open Gaming System for both current year periods remained flat at \$18 million and \$35 million, respectively, as compared to the prior year periods. AEBITDA remained relatively in line with the prior year periods due to continued investments supporting ongoing growth including our upcoming launch of live casino in the U.S.

### **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 2021 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 2021 10-K.

## LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

### Cash and Available Liquidity

As of June 30, 2022, our principal sources of liquidity, other than cash flows provided by operating activities, were cash and cash equivalents, including SciPlay cash and cash equivalents (for our SciPlay business segment), cash and cash equivalents within assets held for sale and amounts available under the SciPlay Revolver (for our SciPlay business segment).

### Cash and Available Revolver Capacity

<b>(in millions)</b>	<b>Cash and cash equivalents</b>	<b>Revolver capacity</b>	<b>Revolver capacity drawn or committed to letters of credit</b>	<b>Total</b>
L&W (excluding SciPlay and assets held for sale)	\$ 612	\$ 750	\$ (12)	\$ 1,350
SciPlay	316	150	—	466
Assets held for sale	43	—	—	43
Total as of June 30, 2022	<u>\$ 971</u>	<u>\$ 900</u>	<u>\$ (12)</u>	<u>\$ 1,859</u>
L&W (excluding SciPlay and assets held for sale)	\$ 221	\$ 650	\$ (12)	\$ 859
SciPlay	364	150	—	514
Assets held for sale	44	—	—	44
Total as of December 31, 2021	<u>\$ 629</u>	<u>\$ 800</u>	<u>\$ (12)</u>	<u>\$ 1,417</u>

Total cash held by our foreign subsidiaries (including discontinued operations) was \$152 million and \$180 million as of June 30, 2022 and December 31, 2021, 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 units footprint. 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 also, from time to time, repurchase or otherwise retire or refinance our debt, through our subsidiaries or otherwise. In the event we pursue significant acquisitions or other expansion opportunities, 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 2021 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 over a three-year period. During the six months ended June 30, 2022, we repurchased 3.7 million shares of common stock under the program at an aggregate cost of \$203 million.

On May 9, 2022, SciPlay Board of Directors approved a share repurchase program under which SciPlay is authorized to repurchase, from time to time through May 9, 2024, up to an aggregate amount of \$60 million of SciPlay’s outstanding Class A common stock over a two-year period. During the six months ended June 30, 2022, SciPlay repurchased 0.5 million shares of Class A common stock under the program at an aggregate cost of \$7 million.

The divestiture of the Lottery Business is estimated to generate approximately \$665 million of net cash taxes, after considering the utilization of tax attributes. The net cash taxes are expected to be paid approximately 75% in mid September 2022 and 25% in mid December 2022.

### April 2022 Refinancing

On April 14, 2022, we completed a series of refinancing transactions, which, combined with the principal payments on the SGI Term Loan B-5 and SGI Revolver in April, reduced the outstanding face value of our debt by \$4,957 million, from \$8,910 million as of March 31, 2022 to \$3,953 million immediately after the completion of these transactions (see Note 11 for additional details).

### Cash Flow Summary

(\$ in millions)	Six Months Ended June 30,		Variance
	2022	2021	2022 vs. 2021
<b>Net cash provided by operating activities from:</b>			
Continuing operations	\$ 13	\$ 110	\$ (97)
Discontinued operations	44	162	(118)
Net cash provided by operating activities	57	272	(215)
<b>Net cash (used in) provided by investing activities from:</b>			
Continuing operations	(170)	(66)	(104)
Discontinued operations	5,629	(32)	5,661
Net cash provided by (used in) investing activities	5,459	(98)	5,557
<b>Net cash used in financing activities from:</b>			
Continuing operations	(5,186)	(316)	(4,870)
Discontinued operations	(3)	(8)	5
Net cash used in financing activities	(5,189)	(324)	(4,865)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6)	—	(6)
Increase (decrease) in cash, cash equivalents and restricted cash	\$ 321	\$ (150)	\$ 471

### Cash Flows from Operating Activities

(\$ in millions)	Six Months Ended June 30,		Variance
	2022	2021	2022 vs. 2021
Net income	\$ 3,323	\$ 104	\$ 3,219
Less: Income from discontinued operations, net of tax	(3,540)	(243)	(3,297)
Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities from continuing operations	369	245	124
Changes in working capital accounts, excluding the effects of acquisitions	(145)	—	(145)
Changes in deferred income taxes and other	6	4	2
Net cash provided by operating activities from continuing operations	\$ 13	\$ 110	\$ (97)

Net cash provided by operating activities (after adjustments to reconcile net loss from continuing operations to net cash provided by operating activities from continuing operations and changes in deferred income taxes and other) decreased primarily due to an \$145 million unfavorable change in working capital accounts, which was offset by a \$48 million increase in earnings (drivers described above).

Changes in working capital accounts, excluding the effects of acquisitions from continuing operations, for the six months ended June 30, 2022 were primarily driven by the timing of disbursements including costs associated with the strategic review, accelerated cash interest payments associated with the April 2022 Refinancing debt transactions, higher incentive compensation payout, and higher inventory purchases in order to limit supply chain impacts and support future sale levels.

Net cash provided by operating activities from discontinued operations decreased primarily due to lower earnings as the current year period included only a partial period for Lottery Business that was sold during the second quarter of 2022 coupled with approximately \$80 million in direct transaction costs associated with closing of the Lottery Business transaction.

### Cash Flows from Investing Activities

Net cash used in investing activities from continuing operations increased primarily due to acquisitions during the first half of 2022 and higher capital expenditures. Capital expenditures are composed of investments in systems, equipment and

other assets related to contracts, property and equipment, intangible assets and software. The increase in net cash used in investing activities was partially offset by the settlement of our cross-currency interest rate swaps, in which we received approximately \$50 million in cash proceeds.

Net cash provided by investing activities from discontinued operations increased primarily as a result of the receipt of \$5,659 million in gross cash proceeds from the sale of the 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 by financing activities increased primarily due to the April 2022 Refinancing debt transactions, in which we repaid \$6,984 million in senior notes (including redemption premium) and outstanding borrowings under the SGI Term Loan B-5 and received \$2,200 million in proceeds from the issuance of the SGI Term Loan B. Additionally, the increase was due to purchases of treasury stock and SciPlay's common stock, under their respective repurchase programs described above, as well as taxes paid related to net share settlement of equity awards. During the six months ended June 30, 2022, we purchased \$203 million of our common stock and \$7 million of SciPlay's common stock.

#### *Credit Agreement and Other Debt*

On April 14, 2022, we completed a series of refinancing transactions, which, combined with the principal payments on the SGI Term Loan B-5 and SGI Revolver in April, reduced the outstanding face value of our debt by \$4,957 million, from \$8,910 million as of March 31, 2022 to \$3,953 million immediately after the completion of these transactions (see Note 11).

For additional information regarding our 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 2021 10-K as well as Notes 11 and 12 and Item 3 below in this form 10-Q.

#### *Off-Balance Sheet Arrangements*

As of June 30, 2022, we did not have any significant off-balance sheet arrangements.

#### *Contractual Obligations*

There have been no material changes to our contractual obligations disclosed under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity, Capital Resources and Working Capital — Contractual Obligations" in our 2021 10-K, other than those related to the Alictus acquisition described in Note 1 and the debt pay down and refinancing transactions described in Note 11.

### **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, 2022, the face value of long-term debt was \$3,953 million, including \$2,200 million of variable-rate obligations. Assuming a constant outstanding balance for our variable-rate long term debt, a hypothetical 1% change in interest rates would decrease/increase interest expense by approximately \$22 million. All of our interest rate sensitive financial instruments are held for other than trading purposes.

In April 2022, we entered into new 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.

#### *Cross-Currency Interest Rate Swaps*

During 2018, we entered into certain cross-currency interest rate swap agreements to achieve more attractive interest rates by effectively converting \$460 million of our fixed-rate U.S. Dollar-denominated 2025 Secured Notes, including the semi-annual interest payments through October 2023, to a fixed-rate Euro-denominated debt, with a fixed annual weighted average interest rate of approximately 2.946%. We have designated these cross-currency interest rate swap agreements as a net investment hedge of our investments in certain of our international subsidiaries that use the Euro as their functional currency in

order to reduce the volatility in our operating results caused by the changes in foreign currency exchange rates of the Euro with respect to the U.S. Dollar.

In April of 2022 and as a result of the April 2022 Refinancing, we settled our cross-currency interest rate swaps and received approximately \$50 million in cash proceeds.

*Net Investment Non-Derivative Hedge - 2026 Secured Euro Notes*

As a result of the April 2022 Refinancing described above, we redeemed all of 2026 Secured Euro Notes and no longer have designated net investment hedge.

For additional information regarding interest rate swap contracts, cross-currency interest rate swaps and net investment non-derivative hedges, see Note 12.

**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, 2022.

There were no changes in our internal control over financial reporting during the three months ended June 30, 2022 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 2021 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 2021 10-K.

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

We repurchased 2.8 million shares under the share repurchase program during the three months ended June 30, 2022.

(in millions, except for price per share)

ISSUER PURCHASES OF EQUITY SECURITIES					
Period	Total Number of Shares Purchased as Part of Publicly Announced Program	Average Price Paid per Share	Total Cost of Repurchase	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program	
4/1/2022 - 4/30/2022	1.2	\$ 59.33	\$ 71	\$	628
5/1/2022 - 5/31/2022	1.6	\$ 50.46	81	\$	547
6/1/2022 - 6/30/2022	—	\$ —	—	\$	547
Total	2.8	\$ 54.24	\$ 152	\$	547

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

The information set forth below is included herein for purposes of providing the disclosure required under “Item 5.03 - Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year” of Form 8-K.

On August 5, 2022, following the approval of the Board, the Company filed Restated Articles of Incorporation and an Amended and Restated Certificate of Designation designating the Company's Series A Junior Participating Preferred Stock with the Nevada Secretary of State, the Restated Articles for the purpose of having one document on file with the Nevada Secretary of State which constitutes the articles of incorporation of Light & Wonder, Inc. and all amendments thereto, and the Amended and Restated Certificate of Designation to reflect the change of the Company's name from Scientific Games Corporation to Light & Wonder, Inc.

#### Item 6. Exhibits

Exhibit Number	Description
3.1(a)	<a href="#">Restated Articles of Incorporation of Light &amp; Wonder, Inc., filed with the Secretary of State of the State of Nevada on August 5, 2022. (†)</a>
3.1(b)	<a href="#">Amended and Restated Certificate of Designation of Series A Junior Participating Preferred Stock of Light &amp; Wonder, Inc., filed with the Secretary of State of the State of Nevada on August 5, 2022. (†)</a>
3.1(c)	<a href="#">Articles of Merger, filed with Secretary of State of the State of Nevada, effective as of April 28, 2022 (incorporated by reference to Exhibit 3.1 to Light &amp; Wonder, Inc.'s Current Report on Form 8-K filed on April 29, 2022).</a>
3.2	<a href="#">Second Amended and Restated Bylaws of Light &amp; Wonder, Inc., effective as of April 28, 2022 (incorporated by reference to Exhibit 3.2 to Light &amp; Wonder, Inc.'s Current Report on Form 8-K filed on April 29, 2022).</a>
10.1	<a href="#">Credit Agreement, by and among Scientific Games International, Inc., as the borrower, Light &amp; Wonder, Inc., as a guarantor, the several banks and other financial institutions or entities from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent, collateral agent, issuing lender and swingline lender (incorporated by reference to Exhibit 10.1 to Light &amp; Wonder, Inc.'s Current Report on Form 8-K filed on April 15, 2022).</a>
10.2	<a href="#">Amendment No. 1 to the Equity Purchase Agreement, dated as of June 30, 2022, by and among Light &amp; Wonder, Inc., Endeavor Operating Company, LLC and Endeavor Group Holdings, Inc. (incorporated by reference to Exhibit 10.1 to Light &amp; Wonder, Inc.'s Current Report on Form 8-K filed on June 30, 2022).</a>
10.3	<a href="#">Amendment No. 2 to the Equity Purchase Agreement, dated as of August 2, 2022, by and among Light &amp; Wonder, Inc., Endeavor Operating Company, LLC and Endeavor Group Holdings, Inc. ** (†)</a>
31.1	<a href="#">Certification of the Chief Executive Officer of Light &amp; Wonder, Inc. pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (†)</a>
31.2	<a href="#">Certification of the Chief Financial Officer of Light &amp; Wonder, Inc. pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (†)</a>
32.1	<a href="#">Certification of the Chief Executive Officer of Light &amp; 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.*</a>
32.2	<a href="#">Certification of the Chief Financial Officer of Light &amp; 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.*</a>
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.

\*\* Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish supplementally to the SEC a copy of any omitted schedule or exhibit upon request by the SEC.

**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 9, 2022

**RESTATED ARTICLES OF INCORPORATION  
OF LIGHT & WONDER, INC.**

ARTICLE I  
NAME

The name of the corporation is Light & Wonder, Inc. (the "Corporation").

ARTICLE II  
REGISTERED OFFICE

The Corporation may, from time to time, in the manner provided by law, change the registered agent and registered office within the State of Nevada. The Corporation may also maintain an office or offices for the conduct of its business, either within or without the State of Nevada.

ARTICLE III  
PURPOSE

The Corporation is formed for the purpose of engaging in any lawful activity for which corporations may be organized under the laws of the State of Nevada.

ARTICLE IV  
CAPITAL STOCK

(A) Authorized Stock. The total number of shares of all stock which the Corporation shall have authority to issue is 202,000,000 shares, consisting of: (i) 200,000,000 shares of common stock, par value \$.001 per share (the "Common Stock") and (ii) 2,000,000 shares, \$.001 par value per share, designated as preferred stock (the "Preferred Stock"). All cross references in each subdivision of this ARTICLE IV refer to other paragraphs in such subdivision unless otherwise indicated.

(B) Preferred Stock.

(1) Designation. The shares of Preferred Stock are hereby authorized to be issued from time to time in one or more series, the shares of each series to have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions as are specified in the resolution or resolutions adopted by the board of directors of the Corporation (the "Board of Directors") providing for the issue thereof. Such Preferred Stock may be convertible into, or exchangeable for, at the option of either the holder or the Corporation or upon the happening of a specified event, shares of any other class or classes or any other series of the same or any other class or classes of capital stock of the Corporation at such price or prices or at such rate or rates of exchange and with such adjustments as shall be stated and expressed in these Articles of Incorporation, as amended from time to time (these "Articles of Incorporation") or in the resolution or resolutions adopted by the Board of Directors providing for the issue thereof.

(2) Authority Vested in the Board. Authority is hereby expressly vested in the Board of Directors, subject to the provisions of this ARTICLE IV and to the limitations prescribed by law, to authorize the issue from time to time of one or more series of Preferred Stock and, with respect to each such series, to fix by resolution or resolutions adopted by the affirmative vote of a majority of the whole Board of Directors providing for the issue of such series the voting powers, full or limited, if any, of the shares of such series and the designations, preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, the determination of the following:

(a) The designation of such series.

(b) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes or series of the Corporation's capital stock, and whether such dividends shall be cumulative or noncumulative.

(c) Whether the shares of such series shall be subject to redemption by the Corporation at the option of either the Corporation or the holder or both or upon the happening of a specified event and, if made subject to any such redemption, the times or events, prices and other terms and conditions of such redemption.

(d) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series.

(e) Whether the shares of such series shall be convertible into, or exchangeable for, at the option of either the holder or the Corporation or upon the happening of a specified event, shares of any other class or classes or of any other series of the same or any other class or classes of the Corporation's capital stock, and, if provision is made for conversion or exchange, the times or events, prices, rates, adjustments and other terms and conditions of such conversions or exchanges.

(f) The restrictions, if any, on the issue or reissue of any additional Preferred Stock.

(g) The rights of the holders of the shares of such series upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(h) The provisions as to voting, optional and/or other special rights and preferences, if any.

(3) Certificate. Before the Corporation shall issue any shares of Preferred Stock of any series, a certificate of designation setting forth a copy of the resolution or resolutions of the Board of Directors, and establishing the voting powers, if any, and the designations, preferences and relative, participating, optional or other special rights, if any, and the qualifications, limitations or restrictions thereof, if any, relating to the shares of Preferred Stock of such series, and the number of shares of Preferred Stock of such series authorized by the Board of Directors to be issued, shall be made and signed by an officer of the Corporation and

filed in the manner prescribed by the Nevada Revised Statutes, as amended from time to time (the “NRS”).

(C) Common Stock.

(1) Voting Rights. The holders of Common Stock will be entitled to notice of and to attend all meetings of the stockholders of the Corporation and shall be entitled to one vote per share on all matters to be voted on by the Corporation’s stockholders.

(2) Dividends. Subject to all provisions of this ARTICLE IV, including the rights of holders of any Preferred Stock having preference as to dividends and except as otherwise provided by these Articles of Incorporation or the NRS, the holders of the Common Stock shall be entitled to receive dividends when and as declared by the Board of Directors, out of any funds legally available for such purpose. When and as dividends are declared thereon, whether payable in cash, property or securities of the Corporation, the holders of Common Stock will be entitled to share, ratably according to the number of shares of Common Stock held by them, in such dividends.

(3) Liquidation Rights. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any distribution of any of its assets to any of its stockholders other than by dividends from funds legally available therefor, and other than payments made upon redemptions or purchases of shares of the Corporation, after payment in full of the amount which the holders of Preferred Stock are entitled to receive in such event, the holders of Common Stock shall be entitled to share, ratably according to the number of shares of Common Stock held by them, in the remaining assets of the Corporation available for distribution to its stockholders.

ARTICLE V  
BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal the bylaws of the Corporation (as amended from time to time, the “Bylaws”). Elections of directors need not be by written ballot unless the Bylaws shall so provide. Meetings of stockholders may be held within or without the State of Nevada, as the Bylaws provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Nevada at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws.

ARTICLE VI  
AMENDMENTS TO ARTICLES

The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE VII  
INDEMNIFICATION; EXCULPATION

(A) Indemnification. To the fullest extent permitted under the NRS (including, without limitation, NRS 78.7502, NRS 78.751 and 78.752) and other applicable law, the Corporation shall indemnify directors and officers of the Corporation in their respective capacities as such and in any and all other capacities in which any of them serves at the request of the Corporation.

(B) 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.

(C) Repeal and Conflicts. 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 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 the Articles of Incorporation, the terms and provisions of this ARTICLE VII shall control.

ARTICLE VIII  
COMPLIANCE WITH GAMING LAWS

To enable the Corporation or any Affiliate (as such term is hereinafter defined) thereof to secure and maintain in good standing all licenses, contracts, franchises, permits, registrations, findings of suitability, exemptions, waivers and other regulatory approvals related to the ownership, control, conduct or operation of gaming and related activities now or hereafter engaged in by the Corporation or any Affiliate thereof within or without the United States of America (collectively, "Gaming Licenses"), the following provisions shall apply:

(A) All Securities (as hereinafter defined) shall be held subject to all applicable Gaming Laws (as hereinafter defined) and the suitability standards, qualifications and requirements of the Gaming Authorities (as hereinafter defined) that regulate the operation and conduct of the businesses of the Corporation or any Affiliate thereof and in accordance with the requirements of all applicable Gaming Laws. Any person (as hereinafter defined) owning or controlling Securities shall comply with all applicable Gaming Laws. If any person that holds Securities of the Corporation is determined to be a Disqualified Holder (as hereinafter defined), then, if the Corporation so elects in its sole discretion (unless otherwise required by any Gaming Law or Gaming Authority):

(1) such person shall sell or otherwise dispose of such Securities or other interest in the Corporation within the 60-day period commencing on the date the Corporation gives the person notice of such person's unsuitability or disqualification and

requiring such disposition (or an earlier time if so required by any Gaming Authority or any Gaming Law) in a manner satisfactory to the Board of Directors in its sole discretion; or

(2) the Corporation may redeem any or all such Securities of the Corporation on the date specified in the notice given by the Corporation to such person, which date may not be less than 30 days after notice is given, at a price equal to the Redemption Price (as hereinafter defined).

(B) Notice to a Disqualified Holder under paragraph (A)(1) or (2) of this ARTICLE VIII shall be delivered in writing by personal delivery, mailing it to the address shown on the Corporation's books and records or any other reasonable means and shall be deemed effective on the date given (the "Notice Date"). Failure of the Corporation to provide such notice to a Disqualified Holder after making reasonable efforts to do so shall not preclude the Corporation from exercising its rights under this Article.

(C) If the Corporation intends to redeem Securities in accordance with paragraph (A)(2) of this ARTICLE VIII, the notice shall specify the Securities to be redeemed, the date, time and place when such redemption will be consummated, which date in no event will be earlier than 30 days after the date of such notice, and the Redemption Price (it being sufficient for the purposes of this ARTICLE VIII for the Corporation to indicate generally that the Redemption Price will be determined in accordance with paragraphs (C) and (M) hereof). If the Corporation gives the notice provided for by the preceding sentence, such notice shall be deemed to constitute a binding agreement on the part of the Corporation to redeem, and on the part of the person notified to sell, the Securities referred to in such Notice in accordance with this ARTICLE VIII.

(D) The operation of this ARTICLE VIII shall not be stayed by an appeal from a determination of any Gaming Authority.

(E) Commencing on the Notice Date (or such earlier date on which any Gaming Authority serves notice of its determination of unsuitability or disqualification of the Disqualified Holder on the Corporation), the Disqualified Holder shall not be entitled to receive payments of dividends or interest upon any Securities of the Corporation held by such Disqualified Holder, or exercise, directly or indirectly, any voting or other rights conferred by the Corporation's Securities upon the holders thereof.

(F) The Board of Directors shall have the power to determine, on the basis of information known to the Board after reasonable inquiry, all questions arising under this ARTICLE VIII, including, without limitation (1) whether a person is a Disqualified Holder, (2) whether a Disqualified Holder has disposed of Securities pursuant to paragraph (A) of this ARTICLE VIII and (3) the amount of Securities held directly or indirectly by any person. Any such determination shall be binding and conclusive on all such persons.

(G) The Corporation shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the provisions of this ARTICLE VIII, and each holder of Securities of the Corporation shall be deemed to have acknowledged by acquiring or retaining

Securities of the Corporation that failure to comply with this ARTICLE VIII will expose the Corporation to irreparable injury for which there is no adequate remedy at law and that the Corporation is entitled to injunctive relief to enforce the provisions of this ARTICLE VIII.

(H) A Disqualified Holder shall indemnify the Corporation and its Affiliates for any and all direct or indirect costs, including attorneys' fees, incurred by the Corporation or any of its Affiliates as a result of such person's continuing ownership of, or failure to divest, the Securities.

(I) Any person to whom a redemption notice is given pursuant to the provisions of this ARTICLE VIII shall have the burden of establishing to the satisfaction of the Corporation the dates on which and the Purchase Price at which such person acquired the Securities subject to such notice.

(J) The right of the Corporation to redeem Securities pursuant to this ARTICLE VIII shall not be exclusive of any other rights the Corporation or any of its Affiliates may have or hereafter acquire under any agreement, provision of the bylaws of the Corporation or such Affiliate or otherwise. Nothing in this ARTICLE VIII shall be construed to: (i) relieve any Disqualified Holder (or any Affiliate thereof) from any fiduciary obligation imposed by law, (ii) prohibit or affect any contractual arrangement which the Corporation may make from time to time with any holder of Securities to purchase all or any part of any other securities held by such holder or (iii) be in derogation of any action, past or future, which has been or may be taken by the Board of Directors or any holder of Securities with respect to the subject matter of this ARTICLE VIII.

(K) Nothing contained in this ARTICLE VIII shall limit the authority of the Board of Directors to take such other action, to the extent not prohibited by law, as it deems necessary or advisable to protect the Corporation or any of its Affiliates from the denial or loss or threatened denial or loss of any Gaming License.

(L) If any provision of this ARTICLE VIII or the application of any such provision to any person or under any circumstance shall be held invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this ARTICLE VIII. Except as may be required by any applicable Gaming Law or Gaming Authority, the Board of Directors may waive any of the rights of the Corporation or any restrictions contained in this ARTICLE VIII in any instance in which and to the extent the Board of Directors determines that a waiver would be in the best interests of the Corporation. Except as required by a Gaming Authority, nothing in this ARTICLE VIII shall be deemed or construed to require the Corporation to redeem or repurchase any Securities owned or controlled by a Disqualified Holder or any Affiliate thereof.

(M) For the purposes of this ARTICLE VIII:

(1) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified (including any direct or indirect subsidiary of such person). For purposes of this

definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to a person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this ARTICLE VIII, the term “Affiliate” shall also include any joint venture, minority-owned entity or other enterprise in which the Corporation or any of its Affiliates has any direct or indirect interest.

(2) “Disqualified Holder” means any record or beneficial holder of the Corporation’s Securities: (i) who is requested or required pursuant to any Gaming Law to appear before, or submit to the jurisdiction of, or file an application with, or provide information to, any Gaming Authority and either refuses to do so or otherwise fails to comply with such request or requirement within a reasonable period of time, (ii) who has withdrawn or requested the withdrawal of a pending application for any Gaming License from any Gaming Authority in anticipation of such person being denied such Gaming License or receiving such Gaming License subject to materially burdensome or unacceptable terms or conditions, (iii) who is determined or shall have been determined by any Gaming Authority not to be suitable or qualified with respect to owning or controlling Securities or securities of an Affiliate of the Corporation, or (iv) whose ownership or control of Securities may result, in the judgment of the Board of Directors, in the failure of the Corporation or any of its Affiliates to obtain, maintain, retain, renew or qualify for a Gaming License, or cause or otherwise result in the imposition of any materially burdensome or unacceptable terms or conditions on any Gaming License.

(3) “Gaming Authority” means any government, court, or federal, state, provincial, local, international, tribal or foreign governmental, administrative or regulatory or licensing body, agency, authority or official, which regulates or has authority over, including, without limitation, the right to issue or grant a license, contract, franchise, permit, registration, finding of suitability, exemption, waiver or other regulatory approval, any form of gaming or related activities conducted or proposed to be conducted by the Corporation or any of its Affiliates in any jurisdiction, including, without limitation, lottery, pari mutuel wagering, sports wagering and video gaming activities.

(4) “Gaming Law” means any federal, state, provincial, local, international, tribal or foreign law, statute, order, rule, regulation, decree, ordinance or interpretation pursuant to which any Gaming Authority possesses or asserts regulatory or licensing authority over the ownership, operation, management or conduct of gaming and related activities.

(5) “person” means any individual, partnership, firm, corporation, limited liability company, trust or other entity.

(6) “Purchase Price” means the price paid to acquire a Security, exclusive of commissions, taxes and other fees and expenses, adjusted for any stock split, stock dividend, combination of shares or similar event.

(7) “Redemption Price” means, with respect to any Securities, the price equal to the lesser of (1) the average closing sale price of such Securities as reported for composite transactions in securities listed on the principal trading market on which such Securities are then listed or admitted for trading during the 30 trading days preceding the Notice Date, or, if such Securities are not so listed or traded, the fair value of the Securities as determined by the Board of Directors in good faith and in consideration of such records of the Corporation and information, opinions, reports or statements presented to the Board of Directors by any of the Corporation’s officers, employees or financial advisors, or committees of the Board of Directors (including, without limitation, information, opinions, reports or statements regarding any discount for lack of marketability or otherwise), as the Board of Directors deems, in its sole discretion, to be relevant and pertinent to such determination, and (2) the original Purchase Price.

(8) “Securities” means any shares of capital stock, bonds, notes, convertible debentures, warrants or other instruments that represent a share in the equity of the Corporation, a debt owed by the Corporation or the right to acquire any of the foregoing.

ARTICLE IX  
SPECIAL PROVISIONS REGARDING DISTRIBUTIONS

Notwithstanding anything to the contrary in these Articles of Incorporation or the Bylaws, the Corporation is hereby specifically allowed to make any distribution that otherwise would be prohibited by NRS 78.288(2)(b).

**AMENDED AND RESTATED CERTIFICATE OF DESIGNATION**  
**of**  
**SERIES A JUNIOR PARTICIPATING PREFERRED STOCK**  
**of**  
**LIGHT & WONDER, INC.**

(Pursuant to Section 78.1955(2) of the Nevada Revised Statutes)

Pursuant to the authority vested in the Board of Directors (the “*Board of Directors*”) of Light & Wonder, Inc., a corporation organized and existing under the laws of the State of Nevada (the “*Corporation*”), by the provisions of Nevada Revised Statutes (“*NRS*”) 78.1955(2) and the Restated Articles of Incorporation of the Corporation, as filed with the Nevada Secretary of State on the date hereof (as may be amended and/or restated from time to time, the “*Articles of Incorporation*”), the Board of Directors adopted the following resolution:

**RESOLVED**, that pursuant to the authority vested in the Board of Directors by the Articles of Incorporation and by the provisions of NRS 78.1955(2), the Board of Directors hereby amends and restates the Certificate of Designation establishing a series of preferred stock, par value \$0.001 per share, of the Corporation, to reflect the Corporation’s name change, and hereby sets forth the powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, of such series of preferred stock and the number of shares of such series (in addition to any provisions set forth in the Articles of Incorporation applicable to the preferred stock of all series), as set forth as follows:

**Series A Junior Participating Preferred Stock**

1. *Designation and Amount.* There shall be a series of preferred stock, par value \$0.001, of the Corporation (the “*Preferred Stock*”) that shall be designated as “Series A Junior Participating Preferred Stock,” and the number of shares constituting such series shall be 20,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series A Junior Participating Preferred Stock to less than the number of shares then issued and outstanding plus the number of shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the Corporation.

2. *Dividends and Distributions.*

(i) Subject to the prior and superior rights of the holders of any shares of any class or series of stock of the Corporation ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock, in preference to the holders of shares of any class or series of stock of the Corporation ranking junior to the Series A Junior Participating Preferred Stock in respect thereof, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the last day of

March, June, September and December in each year (each such date being referred to herein as a “*Quarterly Dividend Payment Date*”), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$10.00 and (b) the sum of (1) the Adjustment Number (as defined below) times the aggregate per share amount of all cash dividends plus (2) the Adjustment Number times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock, par value \$0.001 per share, of the Corporation (the “*Common Stock*”), or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), in each case declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. The “*Adjustment Number*” shall initially be 10,000. In the event the Corporation shall at any time after January 10, 2018 (i) declare and pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(ii) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock).

(iii) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date; in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than sixty (60) days prior to the date fixed for the payment thereof.

3. *Voting Rights.* The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(i) Each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to a number of votes equal to the Adjustment Number on all matters submitted to a vote of the stockholders of the Corporation. Except as otherwise provided herein, in another certificate of designation authorizing a series of preferred stock, par value \$0.001 per share, of the Corporation or as required by law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of the stockholders of the Corporation.

(ii) Except as required by law, by the Articles of Incorporation and by Section 10 hereof, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

4. *Certain Restrictions.* Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock other than (A) such redemptions or purchases that may be deemed to occur upon the exercise of stock options, warrants or similar rights or grant, vesting or lapse of restrictions on the grant of any other performance shares, restricted stock, restricted stock units or other equity awards to the extent that such shares represent all or a portion of (x) the exercise or purchase price of such options, warrants or similar rights or other equity awards and (y) the amount of withholding taxes owed by the recipient of such award in respect of such grant, exercise, vesting or lapse of restrictions; (B) the repurchase, redemption, or other acquisition or retirement for value of any such shares from employees, former employees, directors, former directors, consultants or former consultants of the Corporation or their respective estate, spouse, former spouse or family member, pursuant to the terms of the agreements pursuant to which such shares were acquired;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled; or

(iii) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Series A Junior Participating Preferred Stock, or to such holders and holders of any such shares ranking on a parity therewith, upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine will result in fair and equitable treatment among the respective series or classes.

(iv) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

5. *Reacquired Shares.* Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired promptly after the acquisition thereof. All such shares shall upon their retirement become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to any conditions and restrictions on issuance set forth herein.

6. *Liquidation, Dissolution or Winding Up.* (A) Upon any liquidation, dissolution or winding up of the Corporation, voluntary or otherwise, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received an amount per share (the "*Series A Liquidation Preference*") equal to the greater of (i) \$10.00 plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, and (ii) the Adjustment Number times the per share amount of all cash and other property to be distributed in respect of the Common Stock upon such liquidation, dissolution or winding up of the Corporation.

(i) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other classes and series of stock of the Corporation, if any, that rank on a parity with the Series A Junior Participating Preferred Stock in respect thereof, then the assets available for such distribution shall be distributed ratably to the holders of the Series A Junior Participating Preferred Stock and the holders of such parity shares in proportion to their respective liquidation preferences.

(ii) Neither the merger or consolidation of the Corporation into or with another entity nor the merger or consolidation of any other entity into or with the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 6.

7. *Consolidation, Merger, Etc.* In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the outstanding shares of

Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share equal to the Adjustment Number times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

8. *No Redemption.* Shares of Series A Junior Participating Preferred Stock shall not be subject to redemption by the Corporation.

9. *Ranking.* The Series A Junior Participating Preferred Stock shall rank junior to all series of Preferred Stock, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, unless, in the case of any other series of Preferred Stock, the terms of any such series shall provide otherwise, and shall rank senior to the Common Stock as to such matters.

10. *Amendment.* At any time that any shares of Series A Junior Participating Preferred Stock are outstanding, the Articles of Incorporation shall not be amended, by merger, consolidation or otherwise, which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

11. *Fractional Shares.* Series A Junior Participating Preferred Stock may be issued in fractions of a share that shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

\* \* \* \*

EXECUTION VERSION

**AMENDMENT NO. 2 TO THE EQUITY PURCHASE AGREEMENT**

This AMENDMENT NO. 2 TO THE EQUITY PURCHASE AGREEMENT is entered into as of August 2, 2022 (this "Amendment"), by and between Endeavor Operating Company, LLC, a Delaware limited liability company ("Buyer"), Light & Wonder, Inc. (formerly known as Scientific Games Corporation), a Nevada corporation ("Seller"), and Endeavor Group Holdings, Inc., a Delaware corporation (collectively, the "Parties"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Equity Purchase Agreement (as defined below).

WHEREAS, the Parties entered into that certain Equity Purchase Agreement, dated as of September 27, 2021 (as it may be amended, amended and restated, supplemented or otherwise modified from time to time, including by that certain Amendment No. 1 to the Equity Purchase Agreement, dated as of June 30, 2022, the "Equity Purchase Agreement");

WHEREAS, pursuant to Section 9.04 of the Equity Purchase Agreement, the Equity Purchase Agreement (including the Parent Disclosure Letter) may be amended or modified by a written instrument signed by the Parties; and

WHEREAS, each of the Parties wishes to amend and modify the Equity Purchase Agreement and the Parent Disclosure Letter as set forth herein.

NOW, THEREFORE, the Parties agree as follows:

1. Amendments.

(a) Section 1.01(b) of the Equity Purchase Agreement is hereby amended and restated in its entirety as follows:

“(b) The Cash Consideration and the Stock Consideration shall be allocated among the equity interests of NYX, Don Best and the Non-US Transferred Companies in accordance with the allocation schedule attached hereto as Section 1.01(b) of the Parent Disclosure Letter (the "Signing Consideration Allocation"), which specifies the portion of the Cash Consideration, if any, to be paid to each applicable Seller and the portion of the Stock Consideration, if any, to be paid to each applicable Seller; provided, that, without Buyer's prior written consent, the aggregate enterprise value allocated to DBS Canada, OB North America, OB Hellas and OB New Zealand shall not be an amount in excess of \$50 million; provided, further, that nothing herein shall limit Parent's right to dispute an allocation by Buyer of an amount in excess of \$50 million to the aggregate enterprise value of DBS Canada, OB North America, OB Hellas and OB New Zealand. On or before August 2, 2022, Parent shall deliver to Buyer a schedule allocating the portion of the Cash Consideration and Stock Consideration, if any, that was allocated to the Non-US Transferred Companies in the Signing Consideration Allocation among the equity interests of DBS Canada, OB Holdco Limited, OB North America, OB Hellas and

OB New Zealand (the “Post-Signing Consideration Allocation”, and together with the Signing Consideration Allocation, the “Consideration Allocation Schedule”), which shall specify the portion of the Cash Consideration, if any, to be paid to each applicable Seller and the portion of the Stock Consideration, if any, to be paid to each applicable Seller. Buyer and Parent shall use reasonable best efforts to resolve any disputes in relation to the Post-Signing Consideration Allocation in the thirty (30) days following Buyer’s receipt thereof. If Parent and Buyer are not able to resolve any disputes referred to in this Section 1.01(b), the matters in dispute shall be referred to the Independent Expert for prompt resolution in accordance with the procedures set forth in Section 5.14(j), applied *mutatis mutandis*. For the avoidance of doubt, the resolution of any such objections in respect of the Post-Signing Consideration Allocation shall not form the basis of any claim by any party hereto that any condition to such party’s obligation to consummate the Acquisition has not been satisfied. Corresponding adjustments shall be made to the applicable Consideration Allocation Schedule to reflect the payment of any amount pursuant to Section 1.05(a) or Section 1.05(b).”

(b) Annex 1.01(b) of the Parent Disclosure Letter is hereby amended and restated in its entirety as set forth on Exhibit A hereto.

(c) Section 2.03 of the Equity Purchase Agreement is hereby amended by replacing the reference to “Section 2.03” in the second sentence thereof with “Section 2.03(b)”.

(d) Section 2.03 of the Parent Disclosure Letter is hereby amended and restated in its entirety as set forth on Exhibit B hereto.

(e) Section 2.04 of the Parent Disclosure Letter is hereby amended and restated in its entirety as set forth on Exhibit C hereto.

(f) Section 2.10(h) of the Equity Purchase Agreement is hereby amended by replacing the words “date of this Agreement” with “date of Amendment No. 2”.

(g) Section 2.10(h) of the Parent Disclosure Letter is hereby amended and restated in its entirety as set forth on Exhibit D hereto.

(h) Section 2.10(n) of the Equity Purchase Agreement is hereby amended by replacing the words “OB Tech Newco Target” with “OB Holdco Limited”.

(i) Section 5.08 of the Equity Purchase Agreement is hereby amended by deleting the penultimate sentence thereof.

(j) Section 5.14(e) of the Equity Purchase Agreement is hereby amended and restated in its entirety as follows:

“(e) Certain Tax Matters. Buyer and Parent shall (and shall cause their relevant Affiliates to) (i) take all actions necessary to make a timely and valid election under Section 336(e) of the Code with respect to the acquisition of NYX in connection with this Agreement, including by complying with the requirements set forth in Treasury Regulations Sections 1.336-2(h)(1) and 1.336-2(h)(4) and entering into a written agreement creating a binding obligation to make such election; (ii) take all actions required to make timely and valid elections that are available under state or local law that are similar to the election described in clause (i); and (iii) cooperate in the preparation and filing of all forms, attachments and schedules necessary to effectuate the elections provided for in this Section 5.14(e). The parties hereto agree that they shall make no election pursuant to Section 336(e) or 338 of the Code with respect to Don Best and Parent shall not be required to take any action to cause Don Best to be treated as an entity disregarded from its owner for U.S. federal income tax purposes. Prior to the Closing, Parent shall make entity classification elections or otherwise cause each of the Business Companies listed on Section 5.14(e)(i) of the Parent Disclosure Letter to be treated as an entity disregarded from its owner for U.S. federal income tax purposes, effective at least one day prior to the Closing. Subject to the provisions of Section 5.08, Buyer shall make an election under Section 338(g) of the Code and any comparable provisions of state or local Tax Law with respect to the Business Companies listed on Section 5.14(e)(ii) of the Parent Disclosure Letter. Parent shall, and shall cause its Affiliates to, make any election pursuant to Treasury Regulation Section 1.1502-36 (and equivalent elections under other provisions of available U.S. state or local or non-U.S. Law) necessary to ensure that there is no reduction in the Tax basis of the assets of, or in the other Tax attributes of, any Business Company. Parent and Buyer agree to report (or cause their applicable Affiliates to report) the transfer of all Business Companies consistent with the elections or other tax reporting positions set forth in this Section 5.14(e) and shall take no position contrary thereto on their income Tax Returns unless required to do so by applicable Law.”

(k) Section 5.14(e)(i) of the Parent Disclosure Letter is hereby amended and restated in its entirety as set forth on Exhibit E hereto.

(l) Section 5.14(f)(ii) of the Equity Purchase Agreement is hereby amended by replacing the words “OB Tech Newco Target” with “OB Holdco Limited” in each instance in which they appear therein.

(m) The following definitions are hereby added to Section 9.02 of the Equity Purchase Agreement in appropriate alphabetical order:

“Amendment No. 2” means Amendment No. 2 to this Agreement, dated as of August 2, 2022, by and between Buyer, Parent and Buyer Pubco.

“OB Hellas” means OpenBet Hellas S.A., a société anonyme organized under the laws of Greece.

“OB New Zealand” means OpenBet New Zealand Limited, a company incorporated under the laws of New Zealand.

“OB North America” means OpenBet North America Corporation, a Canadian corporation.

(n) The defined term “Non-US Transferred Companies” in Section 9.02 of the Equity Purchase Agreement is hereby amended and restated in its entirety as follows:

“Non-US Transferred Companies” means (a) DBS Canada, (b) OB Hellas, (c) OB Holdco Limited, (d) OB New Zealand and (e) OB North America.

(o) The defined term “OB Tech Newco Target” in Section 9.02 of the Equity Purchase Agreement is hereby amended and restated in its entirety as follows and relocated to appear in appropriate alphabetical order:

“OB Holdco Limited” means OpenBet Holdco Limited, a private company formed under the laws of Jersey.

(p) The defined term “Sellers” in Section 9.02 of the Equity Purchase Agreement is hereby amended and restated in its entirety as follows:

“Sellers” means (i) Parent, (ii) Bally Gaming Canada Ltd., a Canadian corporation, (iii) SG Gaming, Inc., a Nevada corporation and (iv) NYX Gaming Group LLC, a Nevada limited liability company.

(q) The defined term “Transferred Companies” in Section 9.02 of the Equity Purchase Agreement is hereby amended and restated in its entirety as follows:

“Transferred Companies” means (a) NYX, (b) Don Best, (c) DBS Canada, (d) OB Hellas, (e) OB Holdco Limited, (f) OB New Zealand and (g) OB North America.

(r) Annex 9.02(f) of the Parent Disclosure Letter is hereby amended and restated in its entirety as set forth on Exhibit F hereto.

2. Effectiveness. This Amendment shall become effective as of the date hereof.

3. Effect of Amendment. This Amendment shall not constitute a waiver, amendment or modification of any provision of the Equity Purchase Agreement or the Parent Disclosure Letter not expressly referred to in Section 1 of this Amendment. Except as specifically modified and amended hereby, the Equity Purchase Agreement shall remain unchanged and in full force and effect. References in the Equity Purchase Agreement to “this Agreement”, “herein”,

“hereunder”, “hereto”, “hereof” and words of similar import shall refer to the Equity Purchase Agreement as amended hereby, and references to the date of the Equity Purchase Agreement, and references to the “date hereof”, “the date of this Agreement” or words of similar meaning in the Equity Purchase Agreement, shall continue to refer to September 27, 2021.

4. Miscellaneous. The provisions of the Confidentiality Agreement and Sections, 8.06 (*Exclusivity; No Duplicate Recovery*), 9.01 (*Notices*), 9.03 (*Interpretation*), 9.04 (*Amendment*), 9.05 (*Extension; Waivers*), 9.06 (*Severability*), 9.07 (*Counterparts*), 9.08 (*Entire Agreement; Third-Party Beneficiaries*), 9.09 (*Governing Law*), 9.10 (*Assignment*), 9.11 (*Enforcement*) and 9.12 (*Jurisdiction; Consent to Service of Process*) of the Equity Purchase Agreement are incorporated herein by reference *mutatis mutandis* and shall be binding upon the Parties.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the date first written above.

**ENDEAVOR OPERATING COMPANY, LLC**

By: /s/ Jason Lublin  
Name: Jason Lublin  
Title: Chief Financial Officer

**LIGHT & WONDER, INC.**

By: /s/ James Sottile  
Name: James Sottile  
Title: Executive Vice President and Chief Legal Officer

**ENDEAVOR GROUP HOLDINGS, INC.**

By: /s/ Jason Lublin  
Name: Jason Lublin  
Title: Chief Financial Officer

*[Signature Page to Amendment No. 2 to Equity Purchase Agreement]*

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

I, Barry L. Cottle, 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 9, 2022

/s/ Barry L. Cottle

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Barry L. Cottle

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 9, 2022

/s/ Constance P. James

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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, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barry L. Cottle, 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/ Barry L. Cottle

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Barry L. Cottle

Chief Executive Officer

August 9, 2022

**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, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Constance P. James, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

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

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

/s/ Constance P. James

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Constance P. James  
Chief Financial Officer

August 9, 2022