

**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 March 31, 2023

OR

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

For the transition period from to

Commission file number: 001-38889



SCIPLAY CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

83-2692460

(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
Class A Common Stock, \$.001 par value	SCPL	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 type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" 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 May 4, 2023:

Class A Common Stock: 21,242,497

Class B Common Stock: 103,547,021

SCIPLAY CORPORATION
INDEX TO FINANCIAL INFORMATION
AND OTHER INFORMATION
THREE MONTHS ENDED MARCH 31, 2023

	<u>Page</u>
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Condensed Consolidated Financial Statements (unaudited)</u>	<u>6</u>
<u>Consolidated Statements of Income for the Three Months Ended March 31, 2023 and 2022</u>	<u>6</u>
<u>Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2023 and 2022</u>	<u>7</u>
<u>Condensed Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022</u>	<u>8</u>
<u>Consolidated Statements of Changes in Stockholders' Equity for the Three Months Ended March 31, 2023 and 2022</u>	<u>9</u>
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2023 and 2022</u>	<u>10</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>11</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>20</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>26</u>
Item 4. <u>Controls and Procedures</u>	<u>26</u>
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>26</u>
Item 1A. <u>Risk Factors</u>	<u>27</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>27</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>27</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>27</u>
Item 5. <u>Other Information</u>	<u>27</u>
Item 6. <u>Exhibits</u>	<u>28</u>

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 effects of the COVID-19 pandemic and any resulting social, political, economic and financial complications;
- our ability to attract and retain players;
- expectations of growth in total consumer spending on social gaming, including social casino gaming;
- our reliance on third-party platforms and our ability to track data on those platforms;
- our ability to continue to launch and enhance games that attract and retain a significant number of paying players;
- our ability to expand in international markets;
- our reliance on a small percentage of our players for nearly all of our revenue;
- our ability to adapt to, and offer games that keep pace with, changing technology and evolving industry standards;
- competition;
- our dependence on the optional purchases of coins, chips and bingo cards (collectively referred to as “coins, chips and cards”) to supplement the availability of periodically offered free coins, chips and cards;
- our ability to access additional financing and restrictions and covenants in debt agreements, including those that could result in acceleration of the maturity of our indebtedness;
- the discontinuation or replacement of the London Interbank Offer Rate, which may adversely affect interest rates;
- fluctuations in our results due to seasonality and other factors;
- dependence on skilled employees with creative and technical backgrounds;
- U.S. and international economic and industry conditions, including increases in benchmark interest rates and the effects of inflation;
- public perception of our response to environmental, social and governance issues;
- changes in, or the elimination of, our share repurchase program;
- our ability to use the intellectual property rights of Light & Wonder, Inc. (“Light & Wonder”, “L&W” and “Parent”) and other third parties, including the third-party intellectual property rights licensed to Light & Wonder, under our intellectual property license agreement (“IP License Agreement”) with our Parent;
- protection of our proprietary information and intellectual property, inability to license third-party intellectual property and the intellectual property rights of others;
- security and integrity of our games and systems;
- security breaches, cyber-attacks or other privacy or data security incidents, challenges or disruptions;
- reliance on or failures in information technology and other systems;
- loss of revenue due to unauthorized methods of playing our games;

- the impact of legal and regulatory restrictions on our business, including 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;
- laws and government regulations, both foreign and domestic, including those relating to our Parent and to data privacy and security, including with respect to the collection, storage, use, transmission, sharing and protection of personal information and other consumer data, and those laws and regulations that affect companies conducting business on the internet, including ours;
- 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;
- risks related to foreign operations, including the complexity of foreign laws, regulations and markets; the uncertainty of enforcement of remedies in foreign jurisdictions; the effect of currency exchange rate fluctuations; the impact of foreign labor laws and disputes; the ability to attract and retain key personnel in foreign jurisdictions; the economic, tax and regulatory policies of local governments; and compliance with applicable anti-money laundering, anti-bribery and anti-corruption laws;
- influence of certain stockholders, including decisions that may conflict with the interests of other stockholders;
- our ability to achieve some or all of the anticipated benefits of being a standalone public company;
- our dependence on distributions from SciPlay Parent Company, LLC (“SciPlay Parent LLC”) to pay our taxes and expenses, including substantial payments we will be required to make under the Tax Receivable Agreement (the “TRA”);
- failure to establish and maintain adequate internal control over financial reporting;
- stock price volatility;
- litigation and other liabilities relating to our business, including litigation and liabilities relating to consumer protection, gambling-related matters, employee matters, alleged service and system malfunctions, alleged intellectual property infringement and claims relating to our contracts, licenses and strategic investments;
- our ability to complete acquisitions and integrate businesses successfully;
- our ability to pursue and execute new business initiatives;
- our expectations of future growth that will place significant demands on our management and operations;
- natural events and health crises that disrupt our operations or those of our providers or suppliers;
- changes in tax laws or tax rulings, or the examination of our tax positions;
- levels of insurance coverage against claims; and
- our dependence on certain key providers.

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 the Company’s current reports on Form 8-K, quarterly reports on Form 10-Q and annual reports on Form 10-K, including the latest annual report filed with the SEC on March 1, 2023 (“2022 Form 10-K”) (including under the headings “Forward Looking Statements” and “Risk Factors”). 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.

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 international social gaming industries than the same industries in the U.S. Some data is also based on our good faith estimates, which are derived from our review of internal surveys or data, as well as the independent sources referenced above. Assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A "Risk Factors" in our 2022 Form 10-K. These and other factors could cause future performance to differ materially from our assumptions and estimates.

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

PART I. FINANCIAL INFORMATION**Item 1. Condensed Consolidated Financial Statements (unaudited)**

SCIPLAY CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, in millions, except per share amounts)

	Three Months Ended	
	March 31,	
	2023	2022
Revenue	\$ 186.4	\$ 158.0
Operating expenses:		
Cost of revenue ⁽¹⁾	57.7	48.2
Sales and marketing ⁽¹⁾	46.9	40.0
General and administrative ⁽¹⁾	22.1	16.7
Research and development ⁽¹⁾	12.7	11.5
Depreciation and amortization	5.9	4.7
Restructuring and other	1.4	2.2
Operating income	39.7	34.7
Other income (expense), net	6.0	(0.5)
Net income before income taxes	45.7	34.2
Income tax expense	3.9	2.2
Net income	41.8	32.0
Less: Net income attributable to the noncontrolling interest	36.3	27.6
Net income attributable to SciPlay	\$ 5.5	\$ 4.4
Basic and diluted net income attributable to SciPlay per share:		
Basic	\$ 0.25	\$ 0.18
Diluted	\$ 0.24	\$ 0.18
Weighted average number of shares of Class A common stock used in per share calculation:		
Basic shares	22.0	24.6
Diluted shares	23.0	24.8

⁽¹⁾ Excludes depreciation and amortization.

See accompanying notes to condensed consolidated financial statements.

SCIPLAY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in millions)

	Three Months Ended	
	March 31,	
	2023	2022
Net income	\$ 41.8	\$ 32.0
Other comprehensive loss:		
Foreign currency translation loss, net of tax	(1.5)	(1.6)
Total comprehensive income	40.3	30.4
Less: Comprehensive income attributable to the noncontrolling interest	35.1	26.3
Comprehensive income attributable to SciPlay	<u>\$ 5.2</u>	<u>\$ 4.1</u>

See accompanying notes to condensed consolidated financial statements.

SCIPLAY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in millions, except par value)

	As of	
	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 357.5	\$ 330.1
Accounts receivable, net	64.2	51.0
Prepaid expenses and other current assets	7.3	8.0
Total current assets	429.0	389.1
Property and equipment, net	3.6	3.0
Operating lease right-of-use assets	4.2	4.8
Goodwill	216.1	217.6
Intangible assets and software, net	79.6	74.8
Deferred income taxes	72.3	74.5
Other assets	1.7	1.9
Total assets	\$ 806.5	\$ 765.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 20.7	\$ 18.4
Accrued liabilities	37.9	35.2
Due to affiliate	4.0	3.8
Total current liabilities	62.6	57.4
Operating lease liabilities	2.4	3.1
Liabilities under TRA	60.2	60.2
Other long-term liabilities	26.0	29.4
Total liabilities	151.2	150.1
Commitments and contingencies (see Note 8)		
Stockholders' equity:		
Class A common stock, par value \$0.001 per share, 625.0 shares authorized, 25.2 and 24.9 shares issued, 21.9 and 22.1 shares outstanding as of March 31, 2023 and December 31, 2022, respectively	—	—
Class B common stock, par value \$0.001 per share, 130.0 shares authorized, 103.5 shares issued and outstanding as of March 31, 2023 and December 31, 2022	0.1	0.1
Additional paid-in capital	80.5	72.0
Retained earnings	80.1	74.6
Treasury stock, at cost, 3.2 and 2.7 shares, respectively	(45.3)	(37.1)
Accumulated other comprehensive (loss) income	(0.7)	(0.4)
Total SciPlay stockholders' equity	114.7	109.2
Noncontrolling interest	540.6	506.4
Total stockholders' equity	655.3	615.6
Total liabilities and stockholders' equity	\$ 806.5	\$ 765.7

See accompanying notes to condensed consolidated financial statements.

SCIPLAY CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited, in millions)

	Class A common stock		Class B common stock		Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Noncontrolling interest	Total
	Shares	Amount	Shares	Amount						
December 31, 2022	22.1	\$ —	103.5	\$ 0.1	\$ 72.0	\$ 74.6	\$ (37.1)	\$ (0.4)	\$ 506.4	\$ 615.6
Net income	—	—	—	—	—	5.5	—	—	36.3	41.8
Stock-based compensation	—	—	—	—	1.2	—	—	—	3.0	4.2
Settlement of liability awards	—	—	—	—	0.8	—	—	—	3.6	4.4
Vesting of RSUs, net of tax withholdings and other	0.3	—	—	—	(0.2)	—	—	—	(0.7)	(0.9)
Distributions to Parent and affiliates, net	—	—	—	—	—	—	—	—	(0.1)	(0.1)
Repurchases of stock	(0.5)	—	—	—	6.8	—	(8.2)	—	(6.8)	(8.2)
Economic rebalancing ⁽¹⁾	—	—	—	—	(0.1)	—	—	—	0.1	—
Currency translation	—	—	—	—	—	—	—	(0.3)	(1.2)	(1.5)
March 31, 2023	<u>21.9</u>	<u>\$ —</u>	<u>103.5</u>	<u>\$ 0.1</u>	<u>\$ 80.5</u>	<u>\$ 80.1</u>	<u>\$ (45.3)</u>	<u>\$ (0.7)</u>	<u>\$ 540.6</u>	<u>\$ 655.3</u>

⁽¹⁾ SciPlay Parent LLC equity attributable to SciPlay Corporation and the noncontrolling interest holders is rebalanced, as needed, to reflect changes in LLC Unit ownership.

	Class A common stock		Class B common stock		Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Noncontrolling interest	Total
	Shares	Amount	Shares	Amount						
December 31, 2021	24.5	\$ —	103.5	\$ 0.1	\$ 45.2	\$ 52.2	\$ —	\$ 1.1	\$ 426.4	\$ 525.0
Net income	—	—	—	—	—	4.4	—	—	27.6	32.0
Stock-based compensation	—	—	—	—	0.4	—	—	—	1.5	1.9
Vesting of RSUs, net of tax withholdings	0.2	—	—	—	—	—	—	—	(0.1)	(0.1)
Distributions to Parent and affiliates, net	—	—	—	—	—	—	—	—	(0.2)	(0.2)
Currency translation	—	—	—	—	—	—	—	(0.3)	(1.3)	(1.6)
March 31, 2022	<u>24.7</u>	<u>\$ —</u>	<u>103.5</u>	<u>\$ 0.1</u>	<u>\$ 45.6</u>	<u>\$ 56.6</u>	<u>\$ —</u>	<u>\$ 0.8</u>	<u>\$ 453.9</u>	<u>\$ 557.0</u>

See accompanying notes to condensed consolidated financial statements.

SCIPLAY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Three Months Ended	
	March 31,	
	2023	2022
Net cash provided by operating activities	\$ 41.7	\$ 36.6
Cash flows from investing activities:		
Capital expenditures	(3.8)	(2.0)
Acquisition of business, net of cash acquired	—	(106.2)
Net cash used in investing activities	(3.8)	(108.2)
Cash flows from financing activities:		
Payments on license obligations	(1.0)	(0.4)
Purchases of treasury stock	(8.2)	—
Distributions to Light & Wonder and affiliates, net	(0.1)	(0.2)
Taxes paid related to net share settlement of equity awards and other	(0.9)	(0.1)
Net cash used in financing activities	(10.2)	(0.7)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.3)	(0.1)
Increase (decrease) in cash, cash equivalents and restricted cash	27.4	(72.4)
Cash, cash equivalents and restricted cash, beginning of period	330.1	364.4
Cash, cash equivalents and restricted cash, end of period	\$ 357.5	\$ 292.0
Supplemental cash flow information:		
Cash paid for income taxes	\$ 0.4	\$ 0.5
Supplemental non-cash transactions:		
Non-cash additions to intangible assets related to license agreements	\$ 7.1	\$ —

See accompanying notes to condensed consolidated financial statements.

SCIPLAY CORPORATION
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

Background and Nature of Operations

SciPlay Corporation was formed as a Nevada corporation on November 30, 2018 as a subsidiary of Light & Wonder, Inc. (“Light & Wonder”, “L&W” or “Parent”), for the purposes of completing a public offering and related transactions in order to carry on the business of SciPlay Parent LLC and its subsidiaries (collectively referred to as “SciPlay”, the “Company”, “we”, “us” and “our”). As the managing member of SciPlay Parent LLC, SciPlay operates and controls all of the business affairs of SciPlay Parent LLC and its subsidiaries.

We develop, market and operate a portfolio of games played on various mobile and web platforms, including *Jackpot Party® Casino*, *Quick Hit® Slots*, *Gold Fish® Casino*, *Hot Shot Casino®*, *Bingo Showdown®*, *MONOPOLY® Slots*, *88 Fortunes® Slots*, *Solitaire Pets™ Adventure* and *Backgammon Live* as well as other games in the hyper-casual space, such as *Candy Challenge 3D™*, *Boss Life™* and *Deep Clean Inc.™*. Our games are available in various formats. We have one operating segment with one business activity, developing and monetizing games.

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). All intercompany balances and transactions have been eliminated in consolidation.

In the opinion of management, we have made all adjustments necessary to present fairly our consolidated statements of income, consolidated statements of comprehensive income, condensed consolidated balance sheets, consolidated statements of changes in stockholders’ equity and condensed consolidated statements of cash flows for the periods presented. Such adjustments are of a normal, recurring nature. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related Notes included in our 2022 Form 10-K. Interim results of operations are not necessarily indicative of results of operations to be expected for a full year.

Variable Interest Entities (“VIE”) and Consolidation

Our sole material asset is our member’s interest in SciPlay Parent LLC. In accordance with the Operating Agreement of SciPlay Parent LLC (the “Operating Agreement”), we have all management powers over the business and affairs of SciPlay Parent LLC and to conduct, direct and exercise full control over the activities of SciPlay Parent LLC. Class A common stock does not hold majority voting rights but holds 100% of the economic interest in the Company, which results in SciPlay Parent LLC being considered a VIE. Due to our power to control the activities most directly affecting the results of SciPlay Parent LLC, we are considered the primary beneficiary of the VIE. Accordingly, we consolidate the financial results of SciPlay Parent LLC and its subsidiaries.

Significant Accounting Policies

There have been no changes to our significant accounting policies described within the Notes of our 2022 Form 10-K.

New Accounting Guidance

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

Revenue Recognition

We generate revenue from the sale of coins, chips and cards, which players can use to play casino-style slot games, table games and bingo games (i.e., spin in the case of slot games, bet in the case of table games and use bingo cards in the case of bingo games). We distribute our games through various global social web and mobile platforms such as Facebook, Apple, Google, Amazon and Microsoft. The games we offer are internally branded franchises, original content and third-party branded games. We also generate revenue from providing advertising platforms with access to our game software platform, which facilitates the placement of advertising inventory.

Disaggregation of Revenue

We believe disaggregation of our revenue on the basis of platform type and geographical location of our players is appropriate because the nature of revenue and the number of players generating revenue could vary on such basis, which represent different economic risk profiles.

The following table presents our revenue disaggregated by platform type:

	Three Months Ended March 31,	
	2023	2022
Mobile in-app purchases	\$ 165.7	\$ 139.7
Web in-app purchases and other ⁽¹⁾	20.7	18.3
Total revenue	\$ 186.4	\$ 158.0

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

The following table presents our revenue disaggregated based on the geographical location of our players:

	Three Months Ended March 31,	
	2023	2022
North America ⁽¹⁾	\$ 172.9	\$ 144.9
International	13.5	13.1
Total revenue	\$ 186.4	\$ 158.0

⁽¹⁾ North America revenue includes revenue derived from the U.S., Canada and Mexico.

Contract Assets, Contract Liabilities and Other Disclosures

We receive customer payments based on the payment terms established in our contracts. Payment for the purchase of coins, chips and cards is made at purchase, and such payments are non-refundable in accordance with our standard terms of service. Such payments are initially recorded as a contract liability, and revenue is subsequently recognized as we satisfy our performance obligations.

The following table summarizes our opening and closing balances in contract assets, contract liabilities and accounts receivable:

	Accounts Receivable	Contract Assets ⁽¹⁾	Contract Liabilities ⁽²⁾
Beginning of period balance	\$ 51.0	\$ 0.1	\$ 3.0
Balance as of March 31, 2023	64.2	0.1	2.5

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

⁽²⁾ Contract liabilities are included within Accrued liabilities in our consolidated balance sheets.

During the three months ended March 31, 2023 and 2022, we recognized \$0.6 million and \$0.3 million, respectively, of revenue that was included in the opening contract liability balance. Substantially all of our unsatisfied performance obligations relate to contracts with an original expected length of one year or less.

Concentration of Credit Risk

Our revenue and accounts receivable are generated via certain platform providers, which subject us to a concentration of credit risk. The following tables summarize the percentage of revenues and accounts receivable generated via our platform providers in excess of 10% of our total revenues and total accounts receivable:

	Revenue Concentration	
	Three Months Ended March 31,	
	2023	2022
Apple	48.8%	47.9%
Google	34.3%	34.6%
Facebook	11.3%	12.1%

	Accounts Receivable Concentration as of	
	March 31, 2023	December 31, 2022
	Apple	61.5%
Google	24.7%	30.5%
Facebook	8.0%	10.7%

Alictus Acquisition

On March 1, 2022, we acquired 80% of all issued and outstanding share capital of privately-held Alictus Yazilim Anonim Şirketi (“Alictus”), a Turkey-based hyper-casual gaming studio. The remaining 20% was to 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. The specified financial targets for the first year were not met, resulting in extinguishment of \$2.9 million in redeemable non-controlling interest liability, which was recorded within the other income (expense), net line item in our consolidated statement of income. The remaining payout ranges from a minimum of \$0.0 million to a maximum payout of \$200.0 million.

We incurred acquisition-related costs, which were recorded in Restructuring and other, of \$1.2 million for the three months ended March 31, 2022. The results of operations from Alictus have been included in our consolidated statement of income since the date of acquisition and are not significant to our operations.

(2) Goodwill, Intangible Assets and Software, net

The table below reconciles the changes in the carrying value of goodwill for the period from December 31, 2022 to March 31, 2023.

	Total
Balance as of December 31, 2022	\$ 217.6
Foreign currency adjustments	(1.5)
Balance as of March 31, 2023	<u>\$ 216.1</u>

The following table presents certain information regarding our intangible assets and software:

	Gross Carrying Amount	Accumulated Amortization	Net Balance
Balance as of March 31, 2023			
Intellectual property	\$ 74.3	\$ (44.1)	\$ 30.2
Customer relationships	29.7	(24.6)	5.1
Software	40.7	(23.8)	16.9
Licenses	33.3	(11.0)	22.3
Brand names and other	10.4	(5.3)	5.1
Total intangible assets and software	<u>\$ 188.4</u>	<u>\$ (108.8)</u>	<u>\$ 79.6</u>
Balance as of December 31, 2022			
Intellectual property	\$ 75.2	\$ (43.2)	\$ 32.0
Customer relationships	29.9	(24.1)	5.8
Software	37.6	(22.6)	15.0
Licenses	25.9	(9.4)	16.5
Brand names and other	10.6	(5.1)	5.5
Total intangible assets and software	<u>\$ 179.2</u>	<u>\$ (104.4)</u>	<u>\$ 74.8</u>

The following reflects amortization expense related to intangible assets and software included within Depreciation and amortization:

	Three Months Ended March 31,	
	2023	2022
Amortization expense	\$ 5.5	\$ 4.3

(3) Leases

Our operating leases primarily consist of real estate office leases, and total expenses related to these leases were \$0.7 million and \$0.7 million for the three months ended March 31, 2023 and 2022, respectively. We do not have any material finance leases. Our total variable and short-term lease payments and operating lease expenses were immaterial for all periods presented.

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

	As of	
	March 31, 2023	December 31, 2022
Operating lease right-of-use assets	\$ 4.2	\$ 4.8
Accrued liabilities	2.3	2.3
Operating lease liabilities	2.4	3.1
Total operating lease liabilities	\$ 4.7	\$ 5.4
Weighted average remaining lease term, years	2.0	2.3
Weighted average discount rate	4.9 %	4.9 %

	Three Months Ended March 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases for the three months ended March 31, 2023 and 2022, respectively	\$ 0.6	\$ 0.6

Lease liability maturities:

	Operating Leases
Remainder of 2023	\$ 1.9
2024	2.4
2025	0.7
Less: imputed interest	(0.3)
Total	\$ 4.7

As of March 31, 2023, we did not have material additional operating leases that have not yet commenced.

(4) Income Taxes

We hold an economic interest of 17.5% in SciPlay Parent LLC. The 82.5% economic interest that we do not own represents a noncontrolling interest for financial reporting purposes. SciPlay Parent LLC is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As such, SciPlay Parent LLC is not subject to income tax in most jurisdictions, and SciPlay Parent LLC's members, of which we are one, are liable for income taxes based on their allocable share of SciPlay Parent LLC's taxable income. The effective income tax rates for the three months ended March 31, 2023 and 2022 were 8.5% and 6.4%, respectively. The effective income tax rates were determined using an estimated annual effective tax rate after considering any discrete items for such periods. Our effective tax rate differs from the U.S. statutory rate of 21.0% primarily because we generally do not record income taxes for the noncontrolling interest portion of U.S. pre-tax income.

TRA

During the three months ended March 31, 2023 and 2022, there were no payments made to Light & Wonder pursuant to the TRA. As of both March 31, 2023 and December 31, 2022, the total TRA liability was \$64.3 million, of which \$4.1 million was included in Accrued liabilities for each of the periods.

(5) Related Party Transactions

The following is the summary of expenses paid to Light & Wonder and settled in cash:

	Three Months Ended		Financial Statement Line Item
	March 31,		
	2023	2022	
Royalties to Light & Wonder for third-party IP	\$ 0.2	\$ 0.3	Cost of revenue
Parent services	1.6	1.4	General and administrative
Distributions to Parent and affiliates, net ⁽¹⁾	0.1	0.2	Noncontrolling interest

⁽¹⁾ Under the terms of the Operating Agreement, SciPlay Corporation relies on distributions from SciPlay Parent LLC to pay its obligations under the TRA and any other tax obligations. All distributions must be on a pari-passu basis, thus initiating a pro-rata distribution to Parent and affiliates.

The following is the summary of balances due to affiliates:

	March 31, 2023	December 31, 2022
Royalties to Light & Wonder for third-party IP	\$ 0.8	\$ 0.2
Parent services	0.9	0.4
Reimbursable expenses to (from) Light & Wonder and its subsidiaries	2.3	3.2
	<u>\$ 4.0</u>	<u>\$ 3.8</u>

Parent Equity Awards

See Note 6 for disclosures related to Parent's equity awards.

IP Royalties

As more fully described in Note 10 of our 2022 Form 10-K, we entered into the IP License Agreement under which we obtained an exclusive (subject to certain limited exceptions), perpetual, non-royalty-bearing license from LNW Gaming, Inc. (a subsidiary of the Parent, formerly known as Bally Gaming, Inc.) ("LNW Gaming") for intellectual property created or acquired by LNW Gaming or its affiliates on or before the third anniversary of the date of the IP License Agreement. Under the terms of the IP License Agreement, some rights would have changed from exclusive to non-exclusive for newly created intellectual property and other rights would not have extended to newly created intellectual property as of May 6, 2022. On May 6, 2022, we entered into an amendment which extended our rights under the IP License Agreement through July 7, 2022. We are in the process of negotiating new terms with the Parent.

(6) Stockholders' Equity and Noncontrolling Interest

Noncontrolling Interest

We are a holding company, and our sole material assets are SciPlay Parent LLC Interests ("LLC Interest") that we purchased from SciPlay Parent LLC and LNW Holding Company I, LLC, an indirect wholly owned subsidiary of Parent, formerly known as SG Holding Company I, LLC ("the L&W Member"), representing an aggregate 17.5% economic interest in SciPlay Parent LLC. The remaining 82.5% economic interest in SciPlay Parent LLC is owned indirectly by Light & Wonder, through the ownership of LLC Interests by the L&W Member.

Stock-Based Compensation

The following table summarizes stock-based compensation expense that is included in General and administrative expenses:

	Three Months Ended March 31,	
	2023	2022
SciPlay awards ⁽¹⁾	\$ 5.9	\$ 2.5
Parent awards	0.6	0.1
Total	\$ 6.5	\$ 2.6

⁽¹⁾Includes \$2.3 million and \$0.6 million of stock-based compensation classified as liability awards as of March 31, 2023 and 2022, respectively.

As of March 31, 2023, we had \$27.2 million in unrecognized stock-based compensation expense that is expected to be recognized over a weighted-average expected vesting period of 1.3 years, of which \$10.3 million relates to performance-based restricted stock units.

Share Repurchase Program

On May 9, 2022, our Board of Directors approved a share repurchase program under which the Company is authorized to repurchase, from time to time through May 9, 2024, up to an aggregate amount of \$60.0 million of our outstanding Class A common stock. Repurchases may be made at the discretion of the Board of Directors through one or more open market transactions, privately negotiated transactions, including block trades, accelerated share repurchases, issuer tender offers or other derivative contracts or instruments, "10b5-1" plan, or other financial arrangements or other arrangements. Repurchases are funded from cash flows generated by SciPlay Parent LLC and its operating subsidiaries. Immediately prior to the execution of such repurchases, a redemption is effected of a corresponding number of SciPlay Parent LLC partnership units held by the Company at an aggregate redemption price equal to the aggregate purchase price (plus any expenses related thereto) of the shares of Class A common stock being repurchased by the Company. During the three months ended March 31, 2023, we repurchased 0.5 million shares of Class A common stock under the program at an aggregate cost of \$8.2 million. On May 3, 2023, our Board of Directors approved a new share repurchase program under which the Company is authorized to repurchase, from time to time through May 3, 2024, up to an aggregate amount of \$60.0 million of our outstanding Class A common stock.

(7) Earnings per Share

The table below sets forth a calculation of basic earnings per share ("EPS") based on Net income attributable to SciPlay divided by the basic weighted average number of Class A common stock outstanding during the period. Diluted EPS of Class A common stock is computed by dividing Net income attributable to SciPlay by the weighted average number of shares of Class A common stock outstanding adjusted to give effect to all potentially dilutive securities, using the treasury stock method. No material number of restricted stock units was excluded from the calculation of diluted weighted-average common shares outstanding for the three-month periods ended March 31, 2023 and 2022.

We excluded Class B common stock from the computation of basic and diluted EPS, as holders of Class B common stock do not have an economic interest in us, and, therefore, a separate presentation of EPS of Class B common stock under the two-class method has not been presented.

	Three Months Ended	
	March 31,	
	2023	2022
Numerator:		
Net income	\$ 41.8	\$ 32.0
Less: net income attributable to the noncontrolling interest	36.3	27.6
Net income attributable to SciPlay	\$ 5.5	\$ 4.4
Denominator:		
Weighted average shares of Class A common stock for basic EPS	22.0	24.6
Effect of dilutive securities:		
Stock-based compensation grants	1.0	0.2
Weighted average shares of Class A common stock for diluted EPS	23.0	24.8
Basic and diluted net income attributable to SciPlay per share:		
Basic	\$ 0.25	\$ 0.18
Diluted	\$ 0.24	\$ 0.18

(8) Litigation

From time to time, we are subject to various claims, complaints and legal actions, including notifications of alleged infringement of patent or other intellectual property rights, in the normal course of business.

Boorn Matter

On September 15, 2022, plaintiff Hannelore Boorn filed a putative class action against Light & Wonder, Inc., SciPlay Corporation, and Appchi Media Ltd. in the Fayette Circuit Court of the Commonwealth of Kentucky. In her complaint, plaintiff seeks to represent a putative class of all persons in Kentucky who, within the past five years, purchased and allegedly lost \$5.00 or more worth of chips, in a 24-hour period, playing SciPlay's online social casino games. The complaint asserts claims for alleged violations of Kentucky's "recovery of gambling losses" statute and for unjust enrichment, and seeks unspecified money damages, the award of reasonable attorneys' fees and costs, pre- and post-judgment interest, and injunctive and/or other declaratory relief. On October 18, 2022, defendants removed the action to the United States District Court for the Eastern District of Kentucky. On October 26, 2022, the plaintiff filed a notice voluntarily dismissing the lawsuit without prejudice. On October 27, 2022, the district court entered an order dismissing the lawsuit. On November 17, 2022, the plaintiff filed an arbitration demand against defendants before the American Arbitration Association, pursuant to which she seeks declaratory judgments that (1) SciPlay's online social casino games constitute gambling under Kentucky law, and (2) SciPlay's terms of service are void under Kentucky law. On January 12, 2023, the respondents filed their answering statement to plaintiff's arbitration demand. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

Allah Beautiful Matter

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

Sprinkle Matter

On December 12, 2022, claimant Matthew Sprinkle filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The complaint asserts claims for alleged violations of Ohio's anti-

gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Ohio players of SciPlay's online social casino games other than the claimant. On March 7, 2023, the respondent filed its answering statement to claimant's arbitration demand. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

Sornberger Matter

On March 8, 2023, plaintiff Andrea Sornberger filed a complaint against SciPlay Corporation and SciPlay Games LLC in the Circuit Court of the Franklin County, Alabama. The complaint asserts claims for alleged violations of Alabama anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Alabama's players of SciPlay's online social casino games other than the plaintiff, the award of interests and costs, and injunctive and other relief. On April 12, 2023, defendants removed the action to the United States District Court for the Northern District of Alabama. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the lawsuit are without merit and intend to vigorously defend against them.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to enhance the reader’s understanding of our operations and current business environment from management’s perspective and should be read in conjunction with the description of our business included under Part I, Item 1 “Condensed Consolidated Financial Statements” and Part II, Item 1A “Risk Factors” in this Quarterly Report on Form 10-Q and under Part I, Item 1 “Business”, Item 1A “Risk Factors” and Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2022 Form 10-K. The terms “we” and “our” as used herein refer to SciPlay and its consolidated subsidiaries.

This “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and should be read in conjunction with the disclosures and information contained and referenced under “Forward-Looking Statements” and “Risk Factors” included in this Quarterly Report on Form 10-Q and “Risk Factors” included in our 2022 Form 10-K.



You can access our filings with the SEC through the SEC website at <https://www.sec.gov> or through our website, and we strongly encourage you to do so. We routinely post information that may be important to investors on our website at <https://www.sciplay.com/investors/>, and we use this website address as a means of disclosing material information to the public in a broad, non-exclusionary manner for purposes of the SEC’s Regulation Fair Disclosure (Reg FD). The contents of our website are not incorporated by reference in this Form 10-Q and shall not be deemed “filed” under the Securities Exchange Act of 1934, as amended.

BUSINESS OVERVIEW

We are a leading developer and publisher of digital games on mobile and web platforms. We operate primarily in the social gaming market, which is characterized by gameplay online or on mobile devices that is social, competitive and self-directed in pace and session length. We also operate in the hyper-casual space, which is characterized by simpler core loops and more repetitive gameplay than casual games. We generate a substantial portion of our revenue from in-app purchases in the form of coins, chips and cards, which players can use to play slot games, table games or bingo games. Players who install our social games typically receive free coins, chips or cards upon the initial launch of the game and additional free coins, chips or cards at specific time intervals. Players may exhaust the coins, chips or cards that they receive for free and may choose to purchase additional coins, chips or cards in order to extend their time of game play. Once obtained, coins, chips and cards (either free or purchased) cannot be redeemed for cash nor exchanged for anything other than game play within our apps. We generate additional revenue through advertising arrangements in our hyper-casual games. Players who install our hyper-casual games receive free, unlimited gameplay that requires viewing of periodic in-game advertisements.

We currently offer 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®*. We continue to pursue our strategy of expanding into the casual games market. Current casual game titles include *Bingo Showdown®*, *Solitaire Pets™ Adventure* and *Backgammon Live* as well as other titles in the hyper-casual space, including games such as *Candy Challenge 3D™*, *Boss Life™* and *Deep Clean Inc. 3D™*. During the three months ended March 31, 2023, we continued development and testing of SpellSpinner: Fantasy Quest, as well as other new games. Our social casino games typically include slots-style game play and occasionally include table games-style game play, while our casual games blend solitaire-style or bingo game play with adventure game features and our hyper-casual games include many simple core loop mechanics. All of our games are offered and played across multiple platforms, including Apple, Google, Facebook, Amazon and Microsoft. In addition to our internally created game content, our 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 our free-to-play games. We have access to Light & Wonder’s library of more than 1,500 iconic casino titles, including titles and content from third-party licensed brands such as *MONOPOLY™* and *JAMES BOND™*⁽¹⁾. We believe our access to this content, coupled with our years of experience developing in-house content, uniquely positions us to create compelling digital games.

⁽¹⁾ The *MONOPOLY* name and logo, the distinctive design of the game board, the four corner squares, the *MR. MONOPOLY* name and character, as well as each of the distinctive elements of the board, cards and the playing pieces are trademarks of Hasbro for its property trading game and game equipment and are used with permission. © 1935, 2023 Hasbro. All Rights Reserved. Licensed by Hasbro.

 and James Bond indicia © 1962-2023 Danjaq, LLC and MGM.  and all other James Bond related trademarks are trademarks of Danjaq, LLC. All Rights Reserved.

On May 9, 2022 our Board of Directors approved a share repurchase program under which the Company is authorized to repurchase, from time to time through May 9, 2024, up to an aggregate amount of \$60.0 million of our outstanding Class A common stock (see Note 6). During the three months ended March 31, 2023, we returned \$8.2 million of capital to shareholders through the repurchase of 0.5 million shares of Class A common stock. Since the initiation of the program on May 9, 2022 and through May 9, 2023, we returned \$60.0 million of capital to shareholders through the repurchase of approximately 4.1 million shares of Class A common stock, completing the initial share repurchase program authorization. On May 3, 2023, our Board of Directors approved a new share repurchase program under which the Company is authorized to repurchase, from time to time through May 3, 2024, up to an aggregate amount of \$60.0 million of our outstanding Class A common stock.

RESULTS OF OPERATIONS

Summary of Results of Operations

(\$ in millions)	Three Months Ended		Variance	
	March 31,		2023 vs. 2022	
	2023	2022		
Revenue	\$ 186.4	\$ 158.0	\$ 28.4	18 %
Operating expenses	146.7	123.3	23.4	19 %
Operating income	39.7	34.7	5.0	14 %
Net income	41.8	32.0	9.8	31 %
Net income attributable to SciPlay	5.5	4.4	1.1	25 %
AEBITDA	\$ 53.5	\$ 44.2	\$ 9.3	21 %
Net income margin	22.4 %	20.3 %	2.1 pp	nm
AEBITDA margin	28.7 %	28.0 %	0.7 pp	nm

pp = percentage points.
nm = not meaningful.

Non-GAAP Financial Measures

Adjusted EBITDA, or AEBITDA, as used herein, is a non-GAAP financial measure that is presented as supplemental disclosure and is reconciled to net income attributable to SciPlay as the most directly comparable GAAP measure as set forth in the below table. We define AEBITDA to include net income attributable to SciPlay before: (1) net income attributable to noncontrolling interest; (2) interest expense; (3) income tax expense; (4) depreciation and amortization; (5) restructuring and other, which includes charges or expenses attributable to: (a) employee severance; (b) management changes; (c) restructuring and integration; (d) M&A and other, which includes: (i) M&A transaction costs; (ii) purchase accounting adjustments (including contingent acquisition consideration); (iii) unusual items (including legal settlements related to major litigation); and (iv) other non-cash items; and (e) cost-savings initiatives; (6) stock-based compensation; (7) loss or gain on debt financing transactions; and (8) other expense or income including foreign currency gains and losses. We also use AEBITDA margin, a non-GAAP measure, which we calculate as AEBITDA as a percentage of revenue.

Our management uses AEBITDA and AEBITDA margin to, among other things: (i) monitor and evaluate the performance of our business operations; (ii) facilitate our management's internal comparisons of our historical operating performance and (iii) analyze and evaluate financial and strategic planning decisions regarding future operating investments and operating budgets. In addition, our management uses AEBITDA and AEBITDA margin to facilitate management's external comparisons of our results to the historical operating performance of other companies that may have different capital structures and debt levels.

Our management believes that AEBITDA and AEBITDA margin are useful as they provide investors with information regarding our financial condition and operating performance that is an integral part of our management's reporting and planning processes. In particular, our management believes that AEBITDA is helpful because this non-GAAP

financial measure eliminates the effects of restructuring, transaction, integration or other items that management believes have less bearing on our ongoing underlying operating performance. Management believes AEBITDA margin is useful as it provides investors with information regarding the underlying operating performance and margin generated by our business operations.

The following table reconciles Net income attributable to SciPlay to AEBITDA and AEBITDA margin:

(\$ in millions, except percentages)	Three Months Ended March 31,	
	2023	2022
Net income attributable to SciPlay	\$ 5.5	\$ 4.4
Net income attributable to noncontrolling interest	36.3	27.6
Net income	41.8	32.0
Restructuring and other	1.4	2.2
Depreciation and amortization	5.9	4.7
Income tax expense	3.9	2.2
Stock-based compensation	6.5	2.6
Other (income) expense, net	(6.0)	0.5
AEBITDA	\$ 53.5	\$ 44.2
Revenue	\$ 186.4	\$ 158.0
Net income margin (Net income/Revenue)	22.4 %	20.3 %
AEBITDA margin (AEBITDA/Revenue)	28.7 %	28.0 %

Revenue, Key Performance Indicators and Other Metrics

(\$ in millions)	Three Months Ended March 31,		Variance	
	2023	2022	2023 vs. 2022	
Mobile in-app purchases	\$ 165.7	\$ 139.7	\$ 26.0	19 %
Web in-app purchases and other ⁽¹⁾	20.7	18.3	2.4	13 %
Total revenue	\$ 186.4	\$ 158.0	\$ 28.4	18 %

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

Revenue information by geography is summarized as follows:

(\$ in millions)	Three Months Ended March 31,		Variance	
	2023	2022	2023 vs. 2022	
North America ⁽¹⁾	\$ 172.9	\$ 144.9	\$ 28.0	19 %
International	13.5	13.1	0.4	3 %
Total revenue	\$ 186.4	\$ 158.0	\$ 28.4	18 %

⁽¹⁾ North America revenue includes revenue derived from the U.S., Canada and Mexico.

Revenue

For the three months ended March 31, 2023, revenues increased as social casino payer engagement increased and average monthly payers reached a new record high.

The following reflects our Key Performance Indicators and Other Metrics:

We manage our business by tracking several key performance indicators, each of which is tracked by our internal analytics systems and referred to in our discussion of operating results. Our key performance indicators are impacted by

several factors that could cause them to fluctuate on a quarterly basis, such as platform providers' policies, restrictions, seasonality, user connectivity and addition of new content to certain portfolios of games. Future growth in players and engagement will depend on our ability to retain current players, attract new players, launch new games and features and expand into new markets and distribution platforms.

For a description of the definitions of our key performance indicators and other metrics and their usefulness to our investors, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2022 Form 10-K.

(in millions, except ARPDau, AMRPPU, Average MPUs and percentages)	Three Months Ended		Variance	
	March 31,		2023 vs. 2022	
	2023	2022		
In-App Purchases⁽¹⁾:				
Mobile Penetration	91%	90%	1.0 pp	nm
Average MAU	6.1	6.3	(0.2)	(3.2)%
Average DAU	2.3	2.3	—	— %
ARPDau	\$ 0.89	\$ 0.74	\$ 0.15	20.3 %
Average MPUs (in thousands)	625	560	65	11.6 %
AMRPPU	\$ 97.43	\$ 92.45	\$ 4.98	5.4 %
Payer conversion rate	10.3 %	8.9 %	1.4 pp	nm

⁽¹⁾ The above KPIs include only in-app purchases, as advertising revenue is not material for the periods presented.
pp = percentage points.
nm = not meaningful.

The increase in mobile penetration percentage for the three months ended March 31, 2023 primarily reflects a continued trend of players migrating from web to mobile platforms to play our games.

Average MAU for the three months ended March 31, 2023 decreased due to the turnover in users. ARPDau increased as a function of flat average DAU coupled with an increase in payers.

For the three months ended March 31, 2023, AMRPPU and average MPU increased as payer conversion improved compared to the three months ended March 31, 2022.

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

Operating Expenses

(\$ in millions)	Three Months Ended March 31,		Variance		Percentage of Revenue		
	2023	2022	2023 vs. 2022		2023	2022	2023 vs. 2022 Change
Operating expenses:							
Cost of revenue ⁽¹⁾	\$ 57.7	\$ 48.2	\$ 9.5	20 %	31.0 %	30.5 %	0.5 pp
Sales and marketing ⁽¹⁾	46.9	40.0	6.9	17 %	25.2 %	25.3 %	(0.1)pp
General and administrative ⁽¹⁾	22.1	16.7	5.4	32 %	11.9 %	10.6 %	1.3 pp
Research and development ⁽¹⁾	12.7	11.5	1.2	10 %	6.8 %	7.3 %	(0.5)pp
Depreciation and amortization	5.9	4.7	1.2	26 %	3.2 %	3.0 %	0.2 pp
Restructuring and other	1.4	2.2	(0.8)	(36)%	nm	nm	nm
Total operating expenses	<u>\$ 146.7</u>	<u>\$ 123.3</u>	<u>\$ 23.4</u>	19 %			

⁽¹⁾ Excludes depreciation and amortization.

pp = percentage points.

nm = not meaningful.

Cost of revenue

For the three months ended March 31, 2023 and 2022, cost of revenue increased due to higher platform fees in line with revenue growth.

Sales and marketing

For the three months ended March 31, 2023, sales and marketing expense increased primarily due to higher marketing spend of \$4.7 million, coupled with higher salaries and benefits of \$1.5 million primarily related to an average increased headcount.

General and administrative

For the three months ended March 31, 2023, general and administrative expenses increased primarily due to a \$3.9 million increase in stock-based compensation, coupled with a \$1.1 million increase in salaries and benefits related to an average increased headcount of 28%.

Research and development

For the three months ended March 31, 2023, research and development expenses increased primarily due to an increase of \$1.3 million in salary and benefits costs as a result of an increase of 7% in research and development average headcount for the same period, coupled with higher software costs and professional services.

Depreciation and amortization

For the three months ended March 31, 2023, depreciation and amortization expense increased primarily due to additional amortization associated with intangible assets acquired in conjunction with the Alictus acquisition.

Restructuring and other

For the three months ended March 31, 2023, the decrease in restructuring and other is primarily due to a decrease in costs related to mergers and acquisitions-related activity.

Other income (expense)

For the three months ended March 31, 2023, the increase in other income (expense) is primarily due to the increase in interest income of \$3.3 million and the \$2.9 million extinguishment of redeemable non-controlling interest liability related to the Alictus acquisition.

Net income and AEBITDA

For the three months ended March 31, 2023, net income and AEBITDA increased primarily due to an increase in revenue, as discussed above. Net income margin increased by 2.1 percentage points and AEBITDA margin increased by 0.7 percentage points, also primarily due to an increase in revenue and an increase of a lesser percentage in operating expenses.

RECENTLY ISSUED ACCOUNTING GUIDANCE

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

CRITICAL ACCOUNTING ESTIMATES

For a description of our policies regarding our critical accounting estimates, see “Critical Accounting Estimates” in our 2022 Form 10-K. There have been no significant changes in our critical accounting estimate policies or the application or the results of the application of those policies to our condensed consolidated financial statements.

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

Introduction

SciPlay is a holding company, with no material assets other than its ownership of SciPlay Parent LLC Interests, no operating activities on its own and no independent means of generating revenue or cash flow. Operations are carried out by SciPlay Parent LLC and its subsidiaries, and we depend on distributions from SciPlay Parent LLC to pay our taxes and expenses. SciPlay Parent LLC’s ability to make distributions to us is restricted by the terms of the Revolver (as defined below) by and among SciPlay Games, LLC, as the successor borrower, SciPlay Parent LLC, as a guarantor, the subsidiary guarantors party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent, and may be restricted by any future credit agreement we or our subsidiaries enter into, any future debt or preferred equity securities we or our subsidiaries issue, other contractual restrictions or applicable Nevada law.

We have funded our operations primarily through cash flows from operating activities. Based on our current plans and market conditions, we believe that cash flows generated from our operations and borrowing capacity under the Revolver will be sufficient to satisfy our anticipated cash requirements for the foreseeable future. However, we intend to continue to make significant investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new games and features or enhance our existing games, improve our operating infrastructure or acquire complementary businesses, personnel and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

Our total cash on hand was \$357.5 million and \$330.1 million as of March 31, 2023 and December 31, 2022, respectively. There have been no material changes to our contractual obligations from what was disclosed in our 2022 Form 10-K.

Dividend Policy

We have never paid any cash dividends on our common stock and do not presently intend to pay cash dividends on our common stock. However, we reconsider our dividend policy on a regular basis and may determine in the future to declare or pay cash dividends on our common stock. Under the terms of the Revolver, we are limited in our ability to pay cash dividends or make certain other restricted payments (other than stock dividends) on our common stock.

Revolving Credit Facility

For a description of the Revolver, see “Liquidity, Capital Resources and Working Capital” in our 2022 Form 10-K.

The Revolver was undrawn as of March 31, 2023. We were in compliance with the financial covenants under the Revolver as of March 31, 2023.

Changes in Cash Flows

The following table presents a summary of our cash flows for the periods indicated:

(\$ in millions)	Three Months Ended March 31,	
	2023	2022
Net cash provided by operating activities	\$ 41.7	\$ 36.6
Net cash used in investing activities	(3.8)	(108.2)
Net cash used in financing activities	(10.2)	(0.7)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.3)	(0.1)
Increase (decrease) in cash, cash equivalents and restricted cash	\$ 27.4	\$ (72.4)

Net cash provided by operating activities increased primarily due to an increase in revenue, partially offset by an unfavorable change in working capital primarily due to the timing of payments from our platform providers.

Net cash used in investing activities decreased primarily due to a \$106.2 million decrease in cash paid for business acquisition, partially offset by \$1.8 million increase in capital expenditures.

Net cash used in financing activities increased primarily due to an \$8.2 million increase in the repurchase of Class A common stock shares.

Off Balance Sheet Obligations

As of March 31, 2023, we did not have any significant off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As of March 31, 2023, we had no material exposure to market risks.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Interim Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Interim Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of March 31, 2023.

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 8.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed under Item 1A “Risk Factors” included in our 2022 Form 10-K.

Item 2. Unregistered Sales of Equity Securities

We repurchased 0.5 million shares under the share repurchase program during the three months ended March 31, 2023.

(in millions, except for price per share)

Period	ISSUER PURCHASES OF EQUITY SECURITIES			Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
	Total Number of Shares Purchased as Part of Publicly Announced Program	Average Price Paid per Share	Total Cost of Repurchase	
1/1/2023 - 1/31/2023	0.2	\$ 15.73	\$ 2.8	\$ 20.1
2/1/2023 - 2/28/2023	0.1	\$ 15.96	1.8	\$ 18.3
3/1/2023 - 3/31/2023	0.2	\$ 16.57	3.6	\$ 14.7
Total	0.5	\$ 16.14	8.2	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of SciPlay Corporation (incorporated by reference to Exhibit 3.1 to SciPlay Corporation's Current Report on Form 8-K filed on May 8, 2019).
3.2	Second Amended and Restated Bylaws of SciPlay Corporation (incorporated by reference to Exhibit 3.1 to SciPlay Corporation's Current Report on Form 8-K filed on July 29, 2022).
10.1	Amendment and General Release, dated as of February 24, 2023, by and between SciPlay Parent Company, LLC and James Bombassei.* (†)
31.1	Certification of the Chief Executive Officer of SciPlay Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (†)
31.2	Certification of the Interim Chief Financial Officer of SciPlay Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (†)
32.1	Certification of the Chief Executive Officer of SciPlay Corporation 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.**
32.2	Certification of the Interim Chief Financial Officer of SciPlay Corporation 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.**
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.

* Management contracts and compensation plans and arrangements.

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.

SCIPLAY CORPORATION

(Registrant)

By: /s/ Daniel O'Quinn

Name: Daniel O'Quinn

Title: Interim Chief Financial Officer and Secretary

Dated: May 9, 2023

AGREEMENT AND GENERAL RELEASE

In consideration of the promises contained herein, SciPlay Parent Company, LLC, 6601 Bermuda Road, Las Vegas, NV 89119 (the “Company”) and James Bombassei, (“you”), agree that:

WHEREAS, you have been employed by the Company since December 1, 2022 pursuant to an employment agreement (the “Employment Agreement”);

WHEREAS, your employment with the Company ended on February 18, 2023; and

WHEREAS, you and the Company wish to resolve all matters related to your employment with the Company, on the terms and conditions expressed in this Agreement and General Release (“Agreement”).

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties, intending to be legally bound, agree as follows:

1. **Last Day of Employment.** Your last day of employment with the Company was February 18, 2023 (the “Separation Date”). The Employment Agreement terminated on that date, except that any provisions in the Employment Agreement designed to survive termination will survive.
2. **Severance Benefits In Return for Signing.**
 - a. **Severance Benefits.** In return for your signing this Agreement and complying with the promises made by you in this Agreement and the Employment Agreement, the Company will provide you with the following severance benefits (the “Severance Benefits”) described below in subsections (i)-(iv). You acknowledge and agree that the Severance Benefits are separate from and in addition to what you are already entitled to receive from the Company. The Severance Benefits are:
 - i. The Company will pay you an amount equal to your annual base salary of \$450,000.00, less required and/or authorized deductions and withholdings (including withholding at the supplemental rate as required), in bi-weekly installments and on the Company’s regular pay days and in accordance with the Company’s payroll practices over a twelve (12) month period. Such payments shall commence within the first full payroll period after the Effective Date (as defined in Section 12(b) of this Agreement) and the first payment shall include any amount that would have been paid if this Agreement was effective on the Separation Date, offset as necessary by any base salary paid to you for the period between the Separation Date and the date the first payment is made to you pursuant to this Section 2(a)(i).
 - ii. No later than March 15, 2023, a Company representative will notify you if bonuses for the 2022 Fiscal Year under the Company’s Incentive Compensation Plan are approved for payment by the Compensation Committee. If approved, then no later than March 15, 2023, the Company will pay you a lump sum amount, subject to applicable withholdings, in the amount of any Target Bonus that would have been payable to you for Fiscal Year 2022, calculated and as approved by the Compensation Committee and without any upward or downward adjustment. As provided in Section 3(b) of your Employment Agreement, any bonus paid to you will be pro-rated to reflect that you worked for the Company for one month in 2022.
 - iii. No later than March 15, 2024, a Company representative will notify you if bonuses for the 2023 Fiscal Year under the Company’s Incentive Compensation Plan are approved for payment by the Compensation Committee. If approved, then no later than March 15, 2024, the Company will pay you a lump sum amount, subject to applicable withholdings, in the amount of any Target Bonus that would have been payable to you for Fiscal Year 2023,

calculated and as approved by the Compensation Committee and without any upward or downward adjustment. Any bonus paid to you for the 2023 Fiscal Year will be pro-rated using the formula set forth in Section 4(e)(iii) of your Employment Agreement.

- iv. If you choose to continue your health insurance by properly and timely electing COBRA coverage under and pursuant to COBRA, 29 U.S.C. § 1161 et seq., the Company will pay the employee and employer share of the premiums (based on your current coverage elections) for up to a maximum of twelve (12) months (the "COBRA Payment Period"). You acknowledge the COBRA Payment Period will end early if you become eligible for medical coverage from a new employer and you agree that you will immediately notify the Company in writing if you become eligible for such coverage by sending an e-mail to the Company's Chief Legal Officer. During the COBRA Payment Period, the premiums will be paid by the Company directly to the provider. After the COBRA Payment Period, you will be responsible for paying the entire COBRA premium on a timely basis if, and for as long as, you choose to elect COBRA continuation coverage, and to the extent that you remain eligible for COBRA continuation coverage as provided by state and federal laws. You will receive information on your opportunity to elect COBRA coverage under separate cover.
- b. Additional Obligations. Additionally, the Company acknowledges the following obligations to you:
 - i. The Company shall pay you your regular base salary, accrued and unpaid up to and including the Separation Date pursuant to applicable law, less required and/or authorized deductions and withholdings, and payable in accordance with Company's regular payroll practices;
 - ii. The Company agrees to reimburse you for all reasonable and necessary out-of-pocket business-related expenses you incurred at the request of the Company prior to the Separation Date, provided that you shall submit reasonable documentation of such expenses prior to the Effective Date and in accordance with the applicable Company policy; and
 - iii. Following the Separation Date, you shall be entitled to any amount arising from your participation in, or benefits under, any employee benefit plans, programs or arrangements that become payable as a result of your separation from the Company, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements and pursuant to applicable law.
 - c. No Other Benefits. Except as provided in this Agreement, you shall not be entitled to receive any other payment, benefit or other form of compensation as a result of your employment or the termination thereof. You acknowledge that all unvested equity awards granted to you by the Company and/or Light & Wonder, Inc., that are unvested as of the Separation Date are forfeited as of the Separation Date, including any time-vesting restricted stock units (including the unvested portions of your Sign-On Award and your Light & Wonder, Inc. Time-Vested RSUs), performance-conditioned restricted stock units, stock options or cash grants. You further acknowledge that any entitlements pursuant to the Company's SEIP are forfeited as of the Separation Date.
 - d. Tax Withholding. All payments made by the Company to you hereunder except for COBRA payments and expense reimbursements shall be subject to all applicable withholding deductions.

3. No Severance Benefits Unless You Sign this Agreement and Do Not Revoke It. You understand and agree that you will not receive any of the Severance Benefits specified in Section 2 above unless: (a) you sign and return a fully signed copy of this Agreement within the time period specified below and do not revoke or rescind this Agreement within the time period specified below, and (b) you fulfill the promises contained herein in all material respects.

4. General Release of Claims. In consideration for the Severance Benefits specified in Section 2 above and the other promises made herein, which you acknowledge are not otherwise owed to you, you understand

and agree that you are knowingly and voluntarily releasing, waiving and forever discharging, to the fullest extent permitted by law, on your own behalf and on behalf of your agents, assignees, attorneys, heirs, executors, administrators and anyone else claiming by or through you (collectively referred to as the “Releasers”): the Company, and its parents, affiliates, subsidiaries and members, predecessors, successors or assigns, including but not limited to Light & Wonder, Inc., and any of its or their past or present parents, affiliates, subsidiaries and members, predecessors, successors or assigns; and any of its or their past or present shareholders; and any of its or their past or present directors, executives, members, officers, insurers, attorneys, employees, consultants, agents, both individually and in their business capacities, and employee benefits plans and trustees, fiduciaries, and administrators of those plans (collectively referred to as the “Released Parties”), of and from any and all claims under local, state or federal law, whether known or unknown, asserted and unasserted, that you and/or the other Releasers have or may have against Released Parties as of the day you sign this Agreement, including but not limited to all matters relating to or in any way arising out of any aspect of your employment with the Company or Light & Wonder, Inc., separation from employment with the Company, or your treatment by the Company while in the Company’s employ, all claims under any applicable law, and all other claims, charges, complaints, liens, demands, causes of action, obligations, damages (including punitive or exemplary damages), liabilities or the like (including without limitation attorneys’ fees and costs) (collectively “Claims”), including but not limited to all Claims for:

(a) salary and other wages, including, but not limited to, overtime if applicable, incentive compensation and other bonuses, severance pay, paid time off or any benefits under the Employee Retirement Income Security Act of 1974, as amended, or any other applicable local, state or federal law;

(b) discrimination, harassment or retaliation based upon race, color, national origin, ancestry, religion, marital status, sex, sexual orientation, citizenship status, pregnancy or any pregnancy related disability, family status, leave of absence (including but not limited to the Family Medical Leave Act or any other federal, state or local leave laws), handicap (including but not limited to The Rehabilitation Act of 1973), medical condition or disability, or any other characteristic covered by law under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act, as amended, Sections 1981 through 1988 of the Civil Rights Act of 1866, and any other federal, state, or local law prohibiting discrimination in employment, the Worker Adjustment and Retraining Notification Act, or any other federal, state or local law concerning plant shutdowns, mass layoffs, reductions in force or other business restructuring;

(c) discrimination, harassment or retaliation based upon age under the Age Discrimination in Employment Act as amended by the Older Workers Benefit Protection Act of 1990 and as further amended (the “ADEA”), or under any other federal, state, or local law prohibiting age discrimination;

(d) breach of implied or express contract (whether written or oral), breach of promise, misrepresentation, fraud, estoppel, waiver or breach of any covenant of good faith and fair dealing, including without limitation breach of any express or implied covenants of any employment agreement that may be applicable to you;

(e) defamation, negligence, infliction of emotional distress, violation of public policy, wrongful or constructive discharge, or any employment-related tort recognized under any applicable local, state, or federal law;

(f) any violation of any Fair Employment Practices Act, Equal Rights Act; Civil Rights Act; Minimum Fair Wages Act; Equal Pay Act; or Payment of Wages Act; or any comparable federal, state or local law;

(g) any violation of the Immigration Reform and Control Act, or any comparable federal, state or local law;

(h) any violation of the Fair Credit Reporting Act, or any comparable federal, state or local law;

(i) any violation of the Family and Medical Leave Act;

(j) any violation of the Nevada Fair Employment Practices Act (Nev. Rev. Stat. §613.310 et seq.), any Nevada wage and hour law (Nev. Rev. Stat. §608.016 et seq.), or any comparable federal, state or local law and any violation of any comparable statute, regulation, or law of any country or nation;

(k) any violation of the Discrimination or Retaliation Claims (NOT Benefit Claims) under New York Workers' Compensation Law, N.Y. Work. Comp. § 9, et seq.; New York Constitution, N.Y. Const. Art. 1, § 1, et seq.; New York Criminal and Consumer Background Laws, N.Y. Correct. § 752, et seq., N.Y. Gen. Bus. Law § 380-B, et seq.; New York Human Rights Law, N.Y. Exec. Law § 290, et seq.; New York Labor Law, N.Y. Labor § 10, et seq.; New York Marriage Equality Act, N.Y. Dom. Rel. Law § 10-a, et seq.; New York Persons With Genetic Disorders Law, N.Y. Civ. Rts. § 48, et seq.; New York Whistleblower Law, N.Y. Exec. Law § 740, et seq.; Regulations and wage orders of New York State Department of Labor; Regulations of New York State Division of Human Rights New York City Administrative Code and New York City Human Rights Law, N.Y.C. Admin. Code § 8-107, et seq.; and regulations of the New York City Commission on Human Rights.;

(l) costs, fees, or other expenses, including attorneys' fees; and

(m) any other claim, charge, complaint, lien, demand, cause of action, obligation, damages, liabilities or the like of any kind whatsoever, including, without limitation, any claim that this Agreement was induced or resulted from any fraud or misrepresentation by Company.

Excluded from the release set forth in this Section 4 are: (i) any Claims or rights to enforce this Agreement against the Company, (ii) Claims arising after the date you sign this Agreement, (iii) any Claims that you cannot lawfully release, and (iv) your rights (collectively, "Indemnification Rights") to indemnification (and advancement of legal fees and costs) as set forth in Section 7 of the Employment Agreement, your rights to indemnification (and advancement of legal fees and costs) under Light & Wonder's organizational documents or any other agreement or policy (including, without limitation, any applicable directors' and officers' liability insurance policy (all of which remain in full force and effect and are incorporated herein by reference and survive the Separation Date)). Notwithstanding anything to the contrary contained herein, including in Section 5 below, also excluded from the release set forth in this Section 4 is your right to file a charge with an administrative agency (including the Equal Employment Opportunity Commission and the National Labor Relations Board) or participate in any agency investigation. You are, however, to the extent allowed by law, waiving your right to recover money or other damages in connection with any such charge or investigation filed with the Equal Employment Opportunity Commission, the National Labor Relations Board or similar state or local agency. You are also, to the extent allowed by law, waiving your right to recover money in connection with a charge filed by any other individual or by the Equal Employment Opportunity Commission, National Labor Relations Board or similar state or local agency.

Furthermore, notwithstanding anything herein to the contrary, nothing in this Agreement or any other agreement with the Company shall (i) prohibit you from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by the Company of any reporting described in clause (i).

5. Additional Agreements by Employee.

(a) BY SIGNING THIS AGREEMENT YOU ARE KNOWINGLY AND VOLUNTARILY WAIVING ANY RIGHTS (KNOWN OR UNKNOWN) TO BRING OR PROSECUTE A LAWSUIT OR MAKE ANY LEGAL CLAIM AGAINST THE RELEASED PARTIES WITH RESPECT TO ANY OF THE CLAIMS DESCRIBED ABOVE IN SECTION 4. You agree that the release set forth above will bar all claims or demands of every kind, known or unknown, referred to above in Section 4 and further agree that no non-governmental person, organization or other entity acting on your behalf has in the past or will in the future file any lawsuit, arbitration or proceeding asserting any claim that is waived or released under this Agreement. If you break this promise and file a lawsuit, arbitration or other proceeding asserting any Claim waived in this Agreement, (i) you will pay for all costs, including reasonable attorneys' fees, incurred by the Released Parties in defending against such Claim (unless such Claim is a charge with the Equal Employment Opportunity Commission or the National Labor Relations Board); (ii) you give up any right to individual damages in connection with any administrative, arbitration or court proceeding with respect to your employment with and/or termination from employment with the Company, including damages, reinstatement or attorneys' fees; and (iii) if you are awarded money damages, you will assign to the Released Parties your right and interest to all such money damages. If any claim is not subject to release, to the extent permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any

putative or certified class, collective or multi-party action or proceeding based on such a claim in which Company or any other Released Party is a party. Furthermore, if you are made a member of a class or collective action in any proceeding without your prior knowledge or consent, you agree to opt out of the class or collective action at the first opportunity. Notwithstanding the foregoing, this Section 5 does not limit your right to challenge the validity of this Agreement in a legal proceeding under the Older Workers Benefit Protection Act, 29 U.S.C. § 626(f), with respect to claims under the ADEA. This Section also is not intended to and shall not limit the right of a court to determine, in its discretion, that the Company is entitled to restitution, recoupment or setoff of any payments made to you by the Company should this Agreement be found to be invalid as to the release of claims under the ADEA.

(b) You agree that you shall not solicit, encourage, assist or participate (directly or indirectly) in bringing any Claims or actions against any of the Released Parties by other current or former employees, officers or third parties, except as compelled by subpoena or other court order or legal process, and only after providing the Company with prior notice of any such subpoena, order or legal process and an opportunity to timely contest such process. Notwithstanding the foregoing, nothing in this Agreement shall preclude you from making truthful statements that are required by applicable law, regulation or legal process.

(c) You represent and warrant that you have not filed any administrative, judicial or other form of complaint or initiated any claim, charge, complaint or formal legal proceeding, nor are you a party to any such claim, against any of the Released Parties, and that you will not make such a filing at any time hereafter based on any events or omissions occurring prior to the date of execution of this Agreement. You understand and agree that this Agreement will be pleaded as a full and complete defense to any action, suit or proceeding which is or may be instituted, prosecuted or maintained by you, your agents, assignees, attorneys, heirs, executors, administrators and anyone else claiming by or through you.

(d) You agree to cooperate with Company and take all necessary steps to effectuate this Agreement, each of its terms and the intent of the parties.

6. **Affirmations.** In signing this Agreement, you are affirming that:

(a) You have been paid and/or have received all compensation, wages, bonuses, commissions, and/or benefits to which you may be entitled (except as set forth in this Agreement). You affirm that you have been granted or not been denied any leave to which you were entitled under the Family and Medical Leave Act or related state or local leave or disability accommodation laws;

(b) You are not eligible to receive payments or benefits under any other Company and/or other Released Party's severance pay policy, plan, practice or arrangement;

(c) You have no known workplace injuries or occupational diseases;

(d) You have not complained of and you are not aware of any fraudulent activity or any act(s) which would form the basis of a claim of fraudulent or illegal activity by the Company or any other Released Party that you have not reported to the Company in writing. You also affirm that you have not been retaliated against for reporting any allegations of wrongdoing by any Released Party, including any allegations of corporate fraud. Both parties acknowledge that this Agreement does not limit either party's right, where applicable, to file or to participate in an investigative proceeding of any federal, state or local governmental agency;

(e) You acknowledge and agree that all of the Company's decisions regarding your pay and benefits through the date of your execution of this Agreement were not discriminatory based on age, disability, race, color, sex, religion, national origin, or any other classification protected by law;

(f) On or about the Separation Date, or within a reasonable time thereafter, the Company provided you with timely and adequate notice of your right to continue group insurance benefits under COBRA (unless such notice was not required to be given because, on the day before termination, you did not receive group health insurance benefits through the Company and thus are not a qualified beneficiary within the meaning of COBRA); and

(g) You acknowledge and agree that if you willfully or materially breach the provisions of this Agreement (including, but not limited to, Section 8 or the provisions of the Employment Agreement which survive), that the Company will have the right to seek an appropriate remedy against you, which may include, but not be limited to, injunctive relief, the return of the Severance Benefits, other monetary damages, and the payment of the Company's attorneys' fees. Additionally, if you willfully or materially breach this Agreement, Company shall have the right, without waiving any other remedies in law or equity, to cease any further payments pursuant to Section 2. Notwithstanding such cessation of payments, all of your obligations hereunder shall be continuing and enforceable including but not limited to your release of claims, and the Company shall be entitled to pursue all remedies against you available at law or in equity for such breach.

7. **Confidentiality; Communications.** You and the Company (on its own behalf and on behalf of the other Released Parties) agree that it is a material condition of this Agreement that neither you nor the Company or such other Released Party will directly or indirectly make or issue any private statement, press release or public statement, or communicate or otherwise disclose to any employee of the Company (past, present or future) or to a member of the general public, the negotiations leading to, or the terms, amounts or facts of or circumstances underlying this Agreement, except (a) as may be required by law or compulsory process, (b) as required to be publicly disclosed (other than through the applicable party's breach of this provision), (c) truthful statements made by the Company or you in response to the other party's breach of this Section 7, or (d) truthful statements made in any deposition, lawsuit, arbitration or similar dispute resolution proceeding involving you, the Company or any third party, where such statements are relevant to such deposition, lawsuit, arbitration or similar dispute resolution proceeding, as applicable. The Company will provide you a reasonable opportunity to review and comment on communications (including disclosures) of the Company regarding your departure from the Company and this Agreement to the extent reasonably practicable under the circumstances. You and the Company acknowledge and affirm your non-disparagement obligations under Section 5 of the Employment Agreement. The Company will direct Josh Wilson not to disparage you and not to encourage others to disparage you.

In the event you seek to provide confirmation of your employment with the Company or Light & Wonder to a prospective employer, then you will not direct any prospective employer to contact any employee or manager of the Company or of Light & Wonder. Instead, you will direct any prospective employer to contact the People Service Center at (833)744-4435 or psc@lnw.com, who will verify only your dates of service and job titles.

8. **Return of Property.** You agree that no later than five business days following your execution of this Agreement, you will return any and all property, including all copies or duplicates thereof, belonging to the Company, including but not limited to keys, key cards, security cards, identification badges, records, papers, files, blueprints, documents, equipment, phone, computer equipment and software, computer disks, thumb drives, supplies, customer or client lists and customer or client information, and all copies thereof and any other Company property under your control. You will also sign a Declaration that you have complied with this obligation. The Company hereby agrees that the legal department shall preserve and keep in its possession the flash drive that you will separately deliver back to the Company, by delivering the flash drive to John Cuddihy in the legal department at the following address:

John L. Cuddihy
Senior Vice President and Deputy General Counsel
Light & Wonder, Inc.
6601 Bermuda Road
Las Vegas, Nevada 89119

9. **Non-Admission of Wrongdoing.** You and the Company agree that neither this Agreement nor the furnishing of the consideration for this Agreement shall be deemed or construed at any time for any purpose as an admission by any of the Released Parties or by you of any liability, wrongdoing, or unlawful conduct of any kind, and the Released Parties and you do hereby specifically deny, any violation of any local, state, federal, or other law, whether regulatory, common or statutory. Additionally, this Agreement, its existence or its terms will not be admissible in any proceeding other than a proceeding to enforce the terms of this Agreement.

10. **Amendment.** You understand and agree that this Agreement may not be modified, altered or changed except upon express written consent of both parties wherein specific reference is made to this Agreement.

11. **Entire Agreement; Waiver.** You understand and agree that this Agreement sets forth the entire agreement between you and the Company concerning the subject matter herein, and that it fully supersedes any prior obligation of the Company to you, as well as any agreements between you and the Company, other than any agreements relating to equity, inventions, intellectual property, confidentiality, non-competition and/or non-solicitation, including those set forth in your Employment Agreement, and all other provisions of the Employment Agreement designed to survive the termination of your employment with Company **including, but not limited to, Sections 4(h), 4(i), Sections 5.1, 5.2, 5.3, 5.4, 5.8, and Section 7 and your other Indemnification Rights.** You acknowledge and affirm that you have not relied on any representations, promises, or agreements of any kind made to you in connection with your decision to accept this Agreement, except for those that are set forth in this Agreement. One or more waivers of a breach of any covenant, term or provision of this Agreement by any party shall not be construed as a waiver of a subsequent breach of the same covenant, term or provision, nor shall it be considered a waiver of any other then existing or subsequent breach of a different covenant, term or provision.

12. **Right to Consider, Rescind and Revoke Acceptance.** This Agreement is intended to comply with the Older Workers Benefit Protection Act of 1990 with regard to your waiver of rights under the Age Discrimination in Employment Act. In signing this Agreement, you understand and agree that:

(a) You are specifically advised to consult with an attorney of your own choosing before you sign this Agreement, as it waives and releases rights you have or may have under federal, state and local law, including but not limited to the Age Discrimination in Employment Act. You acknowledge that you will bear all expenses incurred by you in the negotiation and preparation of this Agreement, and the Company will bear all fees incurred by it.

(b) You will have up to twenty-one (21) calendar days from February 21, 2023 to decide whether to accept and sign this Agreement. In the event you do sign this Agreement, you may revoke or rescind your acceptance within seven (7) calendar days of signing it, and it will not become effective or enforceable until the eighth (8th) day after you sign it (the "Effective Date"). In order to effectively revoke or rescind your acceptance, the revocation or rescission must be in writing and postmarked within the seven (7) calendar day period, and properly addressed to:

SciPlay Parent Company, LLC
6601 Bermuda Road
Las Vegas, NV 89119
Attention: Legal Department

You acknowledge that if you do not accept this Agreement in the manner described above, it will be withdrawn and of no effect. You acknowledge and agree that, if you revoke your acceptance of this Agreement, you shall receive none of the benefits provided hereunder and this Agreement shall be null and void, having have no further force or effect, and that said Agreement will not be admissible as evidence in any judicial, administrative or arbitral proceeding or trial. You further acknowledge that if the Agreement is not revoked in the time period set forth above, you shall have forever waived your right to revoke this Agreement, and it shall thereafter have full force and effect as of the Effective Date.

(c) Any and all questions regarding the terms of this Agreement have been asked and answered to your complete satisfaction.

(d) You acknowledge that the consideration provided for hereunder is in addition to anything of value to which you already are entitled and the consideration provided for herein is good and valuable.

(e) You are entering into this Agreement voluntarily, of your own free will, and without any coercion or undue influence of any kind or type whatsoever.

(f) Any modifications of or revisions to this Agreement do not re-start the consideration period, described in paragraph(b) of this Section 12.

(g) You understand that the releases contained in this Agreement do not extend to any rights or claims that you have under the Age Discrimination in Employment Act that first arise after execution of this Agreement.

13. **409A.** This Agreement is intended to comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”) or an exception thereunder and shall be interpreted, construed and administered in accordance therewith. Notwithstanding anything in this Agreement to the contrary, in the event that you are deemed to be a “specified employee” within the meaning of Section 409A(a)(2)(B)(i), no payments hereunder that are “deferred compensation” subject to Section 409A shall be made to you prior to the date that is six (6) months after your Separation Date or, if earlier, your date of death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the first payroll date following the date that is six (6) months after your Separation Date. To the extent that any reimbursements are taxable to you, any such reimbursement payment due to you shall be paid to you in all events on or before the last day of your taxable year following the taxable year in which the related expense was incurred. The reimbursements are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that you receive in one taxable year shall not affect the amount of such benefits or reimbursements that you receive in any other taxable year. For purposes of Section 409A, each installment payment, if applicable, provided under this Agreement shall be treated as a separate payment. Notwithstanding the foregoing, the Company makes no representations that the payments or benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the you as a result of this Agreement failing to comply with Section 409A.

14. **Governing Law; Arbitration.** The parties hereby agree that the “Governing Law; Arbitration” section of the Employment Agreement set forth at Section 12 of the Employment Agreement is incorporated into this Agreement.

15. **Resignation of Director and Officer Positions.** As of the Separation Date, you will resign your position as an officer and/or director of the Company and all of the Company’s subsidiaries, if any. You will execute and deliver to the Company any requested resignation letters documenting your resignation from such positions.

16. **Miscellaneous.** This Agreement may be signed in counterparts, both of which shall be deemed an original, but both of which, taken together shall constitute the same instrument. A signature made on an electronically mailed copy of the Agreement or a signature transmitted by electronic mail shall have the same effect as the original signature. The section headings used in this Agreement are intended solely for convenience of reference and shall not in any manner amplify, limit, modify or otherwise be used in the interpretation of any of the provisions hereof. This Agreement shall be binding upon and inure to the benefit of the parties and their respective personal representatives, agents, attorneys, executors, administrators, heirs, successors and assigns.

[signatures follow on the next page]

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

I, Joshua J. Wilson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SciPlay Corporation;
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: May 9, 2023

/s/ Joshua J. Wilson

Joshua J. Wilson

Chief Executive Officer (Principal Executive Officer)

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

I, Daniel O'Quinn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SciPlay Corporation;
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: May 9, 2023

/s/ Daniel O'Quinn

Daniel O'Quinn

Interim Chief Financial Officer (Principal 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 SciPlay Corporation (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joshua J. Wilson, Chief Executive Officer (Principal 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/ Joshua J. Wilson

Joshua J. Wilson

Chief Executive Officer (Principal Executive Officer)

May 9, 2023

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SciPlay Corporation (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel O'Quinn, Interim Chief Financial Officer (Principal 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/ Daniel O'Quinn

Daniel O'Quinn
Interim Chief Financial Officer (Principal Financial Officer)
May 9, 2023