

**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 September 30, 2022

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-11693



**LIGHT & WONDER, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**81-0422894**

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

**6601 Bermuda Road, Las Vegas, Nevada 89119**

(Address of principal executive offices) (Zip Code)

**(702) 897-7150**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

Common stock outstanding as of November 4, 2022 was 93,673,589.

**LIGHT & WONDER, INC. AND SUBSIDIARIES**  
**INDEX TO FINANCIAL AND OTHER INFORMATION**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**

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## Glossary of Terms

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

<b>Term or Acronym</b>	<b>Definition</b>
2021 10-K	2021 Annual Report on Form 10-K filed with the SEC on March 1, 2022
2025 Secured Notes	5.000% senior secured notes due 2025 issued by SGI
2026 Secured Euro Notes	3.375% senior secured notes due 2026 issued by SGI
2026 Unsecured Euro Notes	5.500% senior unsecured notes due 2026 issued by SGI
2025 Unsecured Notes	8.625% senior unsecured notes due 2025 issued by SGI
2026 Unsecured Notes	8.250% senior unsecured notes due 2026 issued by SGI
2028 Unsecured Notes	7.000% senior unsecured notes due 2028 issued by SGI
2029 Unsecured Notes	7.250% senior unsecured notes due 2029 issued by SGI
AEBITDA	Adjusted EBITDA, our performance measure of profit or loss for our business segments
April 2022 Refinancing	The series of refinancing transactions described in Note 11
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CMS	casino-management system
COVID-19	Coronavirus disease first identified in 2019 (declared a pandemic by the World Health Organization on March 11, 2020), the resulting pandemic and the associated impacts on the macroeconomic environment in general and our business environment specifically
D&A	depreciation, amortization and impairments (excluding goodwill)
Divested Businesses or Divestitures	The Lottery Business and Sports Betting Businesses combined or the sales of these, as appropriate within the context
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
KPIs	Key Performance Indicators
L&W	Light & Wonder, Inc.
LBO	licensed betting office
LIBOR	London Interbank Offered Rate
Lottery Business	Our prior operating business segment that provided instant and draw-based lottery products, lottery systems and lottery content and services to lottery operators wagering solutions to various gaming entities. This business segment was divested during the second quarter of 2022 and is included in discontinued operations in our financial statements
Note	a note in the Notes to Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q, unless otherwise indicated
Participation	refers to gaming machines provided to customers through service or leasing arrangements in which we earn revenues and are paid based on: (1) a percentage of the amount wagered less payouts; (2) fixed daily-fees; (3) a percentage of the amount wagered; or (4) a combination of (2) and (3)
R&D	research and development
RMG	real-money gaming
RSU	restricted stock unit
SEC	Securities and Exchange Commission
Secured Notes	refers to the 2025 Secured Notes and 2026 Secured Euro Notes, collectively
Senior Notes	the Secured Notes and the Unsecured Notes
SciPlay	SciPlay Corporation, formerly referred to as our Social business segment
SciPlay Revolver	\$150 million revolving credit facility agreement entered into by SciPlay Holding Company, LLC, a subsidiary of SciPlay Corporation, that matures in May 2024
SG&A	selling, general and administrative
SGI	Scientific Games International, Inc., a wholly-owned subsidiary of L&W
SGI Revolver	Revolving credit facility with aggregate commitments of \$750 million extended pursuant to that certain credit agreement, dated as of April 14, 2022, by and among SGI, as the borrower, L&W, as a guarantor, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders and other agents party thereto

SGI Term Loan B	Term loan facility, issued pursuant to that certain credit agreement, dated as of April 14, 2022, by and among SGI, as the borrower, L&W, as a guarantor, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders and other agents party thereto
SGI Term Loan B-5	Term loan facility, issued pursuant to that certain credit agreement, dated as of October 18, 2013 (and amended, supplemented and modified from time to time), by and among SGI, as the borrower, L&W, as a guarantor, Bank of America, N.A., as administrative agent, and the lenders and other agents party thereto
Shufflers	various models of automatic card shufflers, deck checkers and roulette chip sorters
SOFR	Secured Overnight Financing Rate
Sports Betting Business	Our prior line of business that provided sports betting services which enable customers to operate sports books, including betting markets across both fixed-odds and pari-mutual betting styles, a distribution platform, full gaming process support services and brand and player management. This business was divested during the third quarter of 2022 and is included in discontinued operations in our financial statements
Unsecured Notes	refers to the 2026 Unsecured Euro Notes, 2026 Unsecured Notes, 2028 Unsecured Notes and 2029 Unsecured Notes, collectively
U.S. GAAP	accounting principles generally accepted in the U.S.
U.S. jurisdictions	the 50 states in the U.S. plus the District of Columbia, U.S. Virgin Islands and Puerto Rico
VAT	value-added tax
VGT	video gaming terminal
VLT	video lottery terminal

### Intellectual Property Rights

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## FORWARD-LOOKING STATEMENTS

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

- the impact of the COVID-19 pandemic and any resulting unfavorable social, political, economic and financial conditions, including the temporary and potentially recurring closure of casinos and lottery operations on a jurisdiction-by-jurisdiction basis;
- risks relating to the Divestitures, including that the transactions will yield additional value or will not adversely impact our business, financial results, results of operations, cash flows or stock price;
- our inability to successfully execute our new strategy and rebranding initiative;
- our inability to further de-lever and position the Company for enhanced growth with net proceeds from the Divestitures;
- slow growth of new gaming jurisdictions, slow addition of casinos in existing jurisdictions and declines in the replacement cycle of gaming machines;
- risks relating to foreign operations, including anti-corruption laws, fluctuations in currency rates, restrictions on the payment of dividends from earnings, restrictions on the import of products and financial instability;
- difficulty predicting what impact, if any, new tariffs imposed by and other trade actions taken by the U.S. and foreign jurisdictions could have on our business;
- U.S. and international economic and industry conditions;
- level of our indebtedness, higher interest rates, availability or adequacy of cash flows and liquidity to satisfy indebtedness, other obligations or future cash needs;
- inability to further reduce or refinance our indebtedness;
- restrictions and covenants in debt agreements, including those that could result in acceleration of the maturity of our indebtedness;
- competition;
- inability to win, retain or renew, or unfavorable revisions of, existing contracts, and the inability to enter into new contracts;
- the impact of U.K. legislation approving the reduction of fixed-odds betting terminals maximum stakes limit on LBO operators, including the related closure of certain LBO shops;
- inability to adapt to, and offer products that keep pace with, evolving technology, including any failure of our investment of significant resources in our R&D efforts;
- changes in demand for our products and services;
- inability to achieve some or all of the anticipated benefits of SciPlay being a standalone public company;
- dependence on suppliers and manufacturers;
- SciPlay’s dependence on certain key providers;
- ownership changes and consolidation in the gaming industry;
- fluctuations in our results due to seasonality and other factors;
- security and integrity of our products and systems, including the impact of any security breaches or cyber-attacks;
- protection of our intellectual property, inability to license third-party intellectual property and the intellectual property rights of others;
- reliance on or failures in information technology and other systems;
- litigation and other liabilities relating to our business, including litigation and liabilities relating to our contracts and licenses, our products and systems, our employees (including labor disputes), intellectual property, environmental laws and our strategic relationships;
- reliance on technological blocking systems;

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

Additional information regarding risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated in forward-looking statements is included from time to time in our filings with the SEC, including under “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A in our 2021 10-K. Forward-looking statements speak only as of the date they are made and, except for our ongoing obligations under the U.S. federal securities laws, we undertake no and expressly disclaim any obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

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

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

**PART I. FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Revenue:</b>				
Services	\$ 453	\$ 408	\$ 1,329	\$ 1,216
Product sales	195	131	501	356
Total revenue	648	539	1,830	1,572
<b>Operating expenses:</b>				
Cost of services <sup>(1)</sup>	101	90	283	273
Cost of product sales <sup>(1)</sup>	92	63	251	166
Selling, general and administrative	181	164	535	502
Research and development	56	47	163	140
Depreciation, amortization and impairments	102	96	317	289
Restructuring and other	27	45	106	96
Operating income	89	34	175	106
<b>Other (expense) income:</b>				
Interest expense	(68)	(120)	(254)	(360)
Loss on debt financing transactions	—	—	(147)	—
Gain on remeasurement of debt and other	—	12	27	30
Other income, net	3	2	10	22
Total other expense, net	(65)	(106)	(364)	(308)
Net income (loss) from continuing operations before income taxes	24	(72)	(189)	(202)
Income tax (expense) benefit	(4)	172	(8)	164
Net income (loss) from continuing operations	20	100	(197)	(38)
Net income from discontinued operations, net of tax <sup>(2)</sup>	315	87	3,855	329
Net income	335	187	3,658	291
Less: Net income attributable to noncontrolling interest	7	5	13	15
Net income attributable to L&W	\$ 328	\$ 182	\$ 3,645	\$ 276
<b>Per Share - Basic:</b>				
Net income (loss) from continuing operations	\$ 0.14	\$ 0.99	\$ (2.20)	\$ (0.55)
Net income from discontinued operations	3.33	0.90	40.43	3.43
Net income attributable to L&W	\$ 3.47	\$ 1.89	\$ 38.23	\$ 2.88
<b>Per Share - Diluted:</b>				
Net income (loss) from continuing operations	\$ 0.14	\$ 0.96	\$ (2.20)	\$ (0.55)
Net income from discontinued operations	3.28	0.88	40.43	3.43
Net income attributable to L&W	\$ 3.42	\$ 1.84	\$ 38.23	\$ 2.88
<b>Weighted average number of shares used in per share calculations:</b>				
Basic shares	94	96	95	96
Diluted shares	96	99	95	96

(1) Excludes D&A.

(2) The three and nine months ended September 30, 2022 include pre-tax gains of \$362 million and \$4,930 million, respectively, on the sales of discontinued operations (see Note 2).

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	\$ 335	\$ 187	\$ 3,658	\$ 291
Other comprehensive loss:				
Foreign currency translation loss, net of tax	(105)	(21)	(183)	(20)
Derivative financial instruments unrealized gain, net of tax	24	5	29	14
Other comprehensive loss from continuing operations	(81)	(16)	(154)	(6)
Other comprehensive income (loss) from discontinued operations	12	(11)	—	(2)
Total comprehensive income	266	160	3,504	283
Less: comprehensive income attributable to noncontrolling interest	7	5	13	15
Comprehensive income attributable to L&W	<u>\$ 259</u>	<u>\$ 155</u>	<u>\$ 3,491</u>	<u>\$ 268</u>

See accompanying notes to condensed consolidated financial statements.

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

ASSETS	As of	
	September 30, 2022	December 31, 2021
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,277	\$ 585
Restricted cash	42	41
Receivables, net of allowance for credit losses \$41 and \$52, respectively	426	423
Inventories	137	98
Prepaid expenses, deposits and other current assets	166	88
Assets of businesses held for sale	—	497
Total current assets	2,048	1,732
<b>Non-current assets:</b>		
Restricted cash	7	9
Receivables, net of allowance for credit losses \$2 and \$2, respectively	16	17
Property and equipment, net	202	213
Operating lease right-of-use assets	51	51
Goodwill	2,865	2,892
Intangible assets, net	767	946
Software, net	130	117
Deferred income taxes	92	349
Other assets	68	80
Assets of businesses held for sale	—	1,477
Total assets	\$ 6,246	\$ 7,883
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 24	\$ 44
Accounts payable	176	204
Accrued liabilities	352	428
Income taxes payable	250	16
Liabilities of businesses held for sale	—	282
Total current liabilities	802	974
Deferred income taxes	143	35
Operating lease liabilities	39	40
Other long-term liabilities	156	170
Long-term debt, excluding current portion	3,874	8,646
Liabilities of businesses held for sale	—	124
Total liabilities	5,014	9,989
Commitments and contingencies (Note 16)		
<b>Stockholders' equity (deficit):</b>		
Common stock, par value \$0.001 per share, 199 shares authorized; 115 and 114 shares issued, respectively, and 94 and 97 shares outstanding, respectively	1	1
Additional paid-in capital	1,376	1,337
Retained earnings (accumulated loss)	487	(3,158)
Treasury stock, at cost, 21 and 17 shares, respectively	(378)	(175)
Accumulated other comprehensive loss	(415)	(261)
Total L&W stockholders' equity (deficit)	1,071	(2,256)
Noncontrolling interest	161	150
Total stockholders' equity (deficit)	1,232	(2,106)
Total liabilities and stockholders' equity (deficit)	\$ 6,246	\$ 7,883

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Net income	\$ 3,658	\$ 291
Less: Income from discontinued operations, net of tax	(3,855)	(329)
Adjustments to reconcile net loss from continuing operations to net cash (used in) provided by operating activities from continuing operations	488	358
Changes in working capital accounts, excluding the effects of acquisitions	(641)	51
Changes in deferred income taxes and other	4	(172)
Net cash (used in) provided by operating activities from continuing operations	(346)	199
Net cash provided by operating activities from discontinued operations	52	260
Net cash (used in) provided by operating activities	(294)	459
<b>Cash flows from investing activities:</b>		
Capital expenditures	(158)	(118)
Acquisitions of businesses, net of cash acquired	(118)	(40)
Proceeds from settlement of cross-currency interest rate swaps	50	—
Other, net	2	10
Net cash used in investing activities from continuing operations	(224)	(148)
Net cash provided by (used in) investing activities from discontinued operations <sup>(1)</sup>	6,368	(58)
Net cash provided by (used in) investing activities	6,144	(206)
<b>Cash flows from financing activities:</b>		
Borrowings under SGI revolving credit facility	280	—
Repayments under SGI revolving credit facility	(280)	(400)
Proceeds from issuance of senior notes and term loans	2,200	—
Repayment of notes and term loans (including redemption premium)	(6,984)	—
Payments on long-term debt	(103)	(32)
Payments of debt issuance and deferred financing costs	(37)	(5)
Payments on license obligations	(30)	(25)
Purchase of treasury stock	(203)	—
Purchase of SciPlay's common stock	(18)	—
Net redemptions of common stock under stock-based compensation plans and other	(35)	(22)
Net cash used in financing activities from continuing operations	(5,210)	(484)
Net cash used in financing activities from discontinued operations	(3)	(8)
Net cash used in financing activities	(5,213)	(492)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12)	(3)
Increase (decrease) in cash, cash equivalents and restricted cash	625	(242)
Cash, cash equivalents and restricted cash, beginning of period	701	1,143
Cash, cash equivalents and restricted cash, end of period	1,326	901
Less: Cash, cash equivalents and restricted cash of discontinued operations	—	71
Cash, cash equivalents and restricted cash of continuing operations, end of period	<u>\$ 1,326</u>	<u>\$ 830</u>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 271	\$ 349
Income taxes paid	497	27
Distributed earnings from equity investments	4	15
<b>Supplemental non-cash transactions:</b>		
Non-cash interest expense	\$ 12	\$ 18
Fair value of securities received in sale of discontinued operations	46	—

(1) The nine months ended September 30, 2022 include \$6,409 million in gross cash proceeds from the sales of discontinued operations, net of cash, cash equivalents and restricted cash transferred.

See accompanying notes to condensed consolidated financial statements.

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

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

*Description of the Business*

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

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

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

During the third quarter of 2022, we completed the divestiture of the Sports Betting Business and received \$796 million in gross proceeds, consisting of \$750 million in gross cash proceeds and \$46 million in fair value of Class A common stock of Endeavor Group Holdings, Inc. (approximately 2.3 million shares). During the second quarter of 2022, we completed the divestiture of the Lottery Business and received \$5.7 billion in gross cash proceeds.

We have reflected the financial results of the Divested Businesses as discontinued operations in our consolidated statements of operations for all periods presented and reflected the assets and liabilities of these businesses as held for sale in our consolidated balance sheets as of December 31, 2021. Refer to Note 2 for further information.

*Basis of Presentation and Principles of Consolidation*

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

In the opinion of L&W and its management, we have made all adjustments necessary to present fairly our consolidated financial position, results of operations, comprehensive income (loss) and cash flows for the periods presented. Such adjustments are of a normal, recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our 2021 10-K. Interim results of operations are not necessarily indicative of results of operations to be expected for a full year.

*Significant Accounting Policies*

There have been no changes to our significant accounting policies described within the Notes of our 2021 10-K.

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

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

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

## Acquisitions

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

On March 1, 2022, SciPlay acquired 80% of all issued and outstanding share capital of privately held Alictus, a Turkey-based hyper-casual game studio for approximately \$109 million cash consideration, net of cash acquired. The remaining 20% will be acquired ratably for potential additional consideration payable annually based upon the achievement of specified revenue and earnings targets by Alictus during each of the five years following the acquisition date. Any future payments associated with the acquisition of the remaining 20% will represent a redeemable non-controlling interest, with a minimum payout of \$0 million and a maximum payout of \$200 million. The Alictus acquisition expands SciPlay’s business in the casual gaming market, growing its game pipeline and diversifying its revenue streams as it advances its strategy to be a diversified global game developer.

### Playzido Limited (“Playzido”)

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

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

Total Consideration	Cash paid, net of cash acquired <sup>(1)</sup>	Contingent consideration/Redeemable non-controlling interest <sup>(2)</sup>	Allocation of purchase price to Intangible assets, net <sup>(3)</sup>	Weighted average useful life of acquired intangible assets	Excess purchase price allocated to Goodwill <sup>(4)</sup>
\$ 147	\$ 115	\$ 25	\$ 40	6 Years	\$ 101

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

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

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

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

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

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

### New Accounting Guidance - Recently Adopted

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

### New Accounting Guidance - Not Yet Adopted

The FASB issued ASUs No. 2020-04 and No. 2021-01, Reference Rate Reform (Topic 848) in March 2020 and January 2021, respectively. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships, including derivative instruments impacted by changes in the interest rates used for discounting cash flows for computing variable margin settlements, subject to meeting certain criteria, that reference LIBOR or other reference rates expected to be discontinued by June 2023. The ASUs establish certain contract modification principles that entities can apply in other areas that may be affected by reference rate reform and certain elective hedge accounting expedients

and exceptions. The ASUs may be applied prospectively. Based on our preliminary assessment completed to date, we do not expect the adoption of this guidance to have a significant impact on our consolidated financial statements.

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

## (2) Discontinued Operations

During the second quarter of 2022, we completed the divestiture of the Lottery Business, from which we received \$5.7 billion in gross cash proceeds and recorded a pre-tax gain on the sale of the Lottery Business of \$4.6 billion. During the third quarter of 2022, we completed the divestiture of the Sports Betting Business and received \$796 million in gross proceeds, consisting of \$750 million in gross cash proceeds and \$46 million in fair value of Class A common stock of Endeavor Group Holdings, Inc. (approximately 2.3 million shares). The cash proceeds are subject to working capital adjustments expected to be finalized during the fourth quarter of 2022 or the first quarter of 2023. The fair value of the Class A common stock received was included in Prepaid expenses, deposits and other current assets in our consolidated balance sheet as of September 30, 2022. We recorded a pre-tax gain on the sale of the Sports Betting Business of \$362 million.

We have reflected the financial results of the Divested Businesses as discontinued operations in our consolidated statements of operations and reflected the related assets and liabilities as held for sale in our consolidated balance sheet as of December 31, 2021.

The summarized results of our discontinued operations were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Total revenue	\$ 32	\$ 285	\$ 371	\$ 860
Total cost of revenue <sup>(1)</sup>	9	148	177	431
Other operating expenses <sup>(2)</sup>	31	63	180	184
Operating (loss) income	(8)	74	14	245
Total other income, net	2	16	10	90
Net (loss) income from discontinued operations before income taxes	(6)	90	24	335
Gain on sale of discontinued operations before income taxes	362	—	4,930	—
Total net income from discontinued operations before income taxes	356	90	4,954	335
Income tax expense	(41)	(3)	(1,099)	(6)
Net income from discontinued operations, net of tax included in the consolidated statement of operations	\$ 315	\$ 87	\$ 3,855	\$ 329

(1) Excludes D&A.

(2) Includes D&A of \$26 million and \$79 million for the three and nine months ended September 30, 2021, respectively, along with stock-based compensation of \$7 million and \$18 million for the three and nine months ended September 30, 2022, respectively, and \$7 million and \$14 million for the three and nine months ended September 30, 2021, respectively. Due to the discontinued operations classification of the Divested Businesses as of the third quarter of 2021, D&A was ceased and none was included for the three and nine months ended September 30, 2022. The three and nine months ended September 30, 2022 also include \$7 million and \$85 million, respectively, related to direct transaction closing fees.

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

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

### (3) Revenue Recognition

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Gaming</b>				
Gaming operations <sup>(1)</sup>	\$ 161	\$ 151	\$ 479	\$ 445
Gaming machine sales	140	95	366	249
Gaming systems	70	52	181	146
Table products	48	41	137	109
Total	\$ 419	\$ 339	\$ 1,163	\$ 949
<b>SciPlay</b>				
Mobile in-app purchases	\$ 149	\$ 131	\$ 426	\$ 400
Web in-app purchases and other <sup>(2)</sup>	22	16	63	52
Total	\$ 171	\$ 147	\$ 489	\$ 452
<b>iGaming</b>	\$ 58	\$ 53	\$ 178	\$ 171

(1) Gaming operations revenue for the nine months ended September 30, 2021 benefited from \$44 million U.K. Fixed Odds Betting Terminal VAT recovery (the "VAT recovery") received from certain U.K. customers related to a 2020 U.K. court ruling associated with overcharging of VAT for gaming operators that consequently reduced our net gaming revenues related to these customers and arrangements.

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

The amount of rental income revenue that is outside the scope of ASC 606 was \$116 million and \$347 million for the three and nine months ended September 30, 2022, respectively, and \$88 million and \$270 million for the three and nine months ended September 30, 2021, respectively.

*Contract Liabilities and Other Disclosures*

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

	<b>Nine Months Ended September 30, 2022</b>	
Contract liability balance, beginning of period <sup>(1)</sup>	\$	37
Liabilities recognized during the period		9
Amounts recognized in revenue from beginning balance		(17)
Contract liability balance, end of period <sup>(1)</sup>	\$	29

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

The timing of revenue recognition, billings and cash collections results in billed receivables, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on our consolidated balance sheets. Other than contracts with customers with financing arrangements exceeding 12 months, revenue recognition is generally proximal to conversion to cash. The following table summarizes our balances in these accounts for the periods indicated (other than contract liabilities disclosed above):

	<b>Receivables</b>		<b>Contract Assets<sup>(1)</sup></b>	
Beginning of period balance	\$	440	\$	19
End of period balance, September 30, 2022		442		23

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

As of September 30, 2022, we did not have material unsatisfied performance obligations for contracts expected to be long-term or contracts for which we recognize revenue at an amount other than for which we have the right to invoice for goods or services delivered or performed.

**(4) Business Segments**

We report our operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services. A detailed discussion regarding the products and services from which each reportable business segment derives its revenue is included in Notes 3 and 4 in our 2021 10-K.

In evaluating financial performance, our Chief Operating Decision Maker focuses on AEBITDA as management’s primary segment measure of profit or loss, which is described in footnote (2) to the below table. The accounting policies of our

business segments are the same as those described within the Notes in our 2021 10-K. The following tables present our segment information:

<b>Three Months Ended September 30, 2022</b>					
	<b>Gaming</b>	<b>SciPlay</b>	<b>iGaming</b>	<b>Unallocated and Reconciling Items<sup>(1)</sup></b>	<b>Total</b>
Total revenue	\$ 419	\$ 171	\$ 58	\$ —	\$ 648
AEBITDA <sup>(2)</sup>	202	43	20	(30)	235
<i>Reconciling items to Net income from continuing operations before income taxes:</i>					
D&A	(81)	(6)	(10)	(5)	(102)
Restructuring and other	(1)	(1)	—	(25)	(27)
Interest expense				(68)	(68)
Other income, net				1	1
Stock-based compensation				(15)	(15)
Net income from continuing operations before income taxes				\$	24

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

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

<b>Three Months Ended September 30, 2021</b>					
	<b>Gaming</b>	<b>SciPlay</b>	<b>iGaming</b>	<b>Unallocated and Reconciling Items<sup>(1)</sup></b>	<b>Total</b>
Total revenue	\$ 339	\$ 147	\$ 53	\$ —	\$ 539
AEBITDA <sup>(2)</sup>	172	45	18	(32)	203
<i>Reconciling items to Net loss from continuing operations before income taxes:</i>					
D&A	(73)	(4)	(13)	(6)	(96)
Restructuring and other	(1)	(2)	(1)	(41)	(45)
Interest expense				(120)	(120)
Gain on remeasurement of debt and other				12	12
Stock-based compensation				(26)	(26)
Net loss from continuing operations before income taxes				\$	(72)

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

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

**Nine Months Ended September 30, 2022**

	<b>Gaming</b>	<b>SciPlay</b>	<b>iGaming</b>	<b>Unallocated and Reconciling Items<sup>(1)</sup></b>	<b>Total</b>
Total revenue	\$ 1,163	\$ 489	\$ 178	\$ —	\$ 1,830
AEBITDA <sup>(2)</sup>	552	128	61	(93)	\$ 648
<i>Reconciling items to Net loss from continuing operations before income taxes:</i>					
D&A	(246)	(16)	(37)	(18)	(317)
Restructuring and other	(5)	(4)	(15)	(82)	(106)
Interest expense				(254)	(254)
Loss on debt refinancing transactions				(147)	(147)
Gain on remeasurement of debt and other				27	27
Other income, net				7	7
Stock-based compensation				(47)	(47)
Net loss from continuing operations before income taxes				\$	(189)

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

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

**Nine Months Ended September 30, 2021**

	<b>Gaming</b>	<b>SciPlay</b>	<b>iGaming</b>	<b>Unallocated and Reconciling Items<sup>(1)</sup></b>	<b>Total</b>
Total revenue	\$ 949	\$ 452	\$ 171	\$ —	\$ 1,572
AEBITDA <sup>(2)</sup>	472	138	60	(93)	\$ 577
<i>Reconciling items to Net loss from continuing operations before income taxes:</i>					
D&A	(220)	(11)	(38)	(20)	(289)
Restructuring and other	(7)	(3)	(1)	(85)	(96)
Interest expense				(360)	(360)
Gain on remeasurement of debt and other				30	30
Other income, net				17	17
Stock-based compensation				(81)	(81)
Net loss from continuing operations before income taxes				\$	(202)

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

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

**(5) Restructuring and Other**

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Employee severance and related	\$ 5	\$ 3	\$ 7	\$ 3
Strategic review and related	14	31	68	57
Contingent acquisition consideration <sup>(1)</sup>	—	—	12	—
Restructuring, integration and other	8	11	19	36
<b>Total</b>	<b>\$ 27</b>	<b>\$ 45</b>	<b>\$ 106</b>	<b>\$ 96</b>

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

#### (6) Receivables, Allowance for Credit Losses and Credit Quality of Receivables

##### Receivables

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

	As of	
	September 30, 2022	December 31, 2021
<b>Current:</b>		
Receivables	\$ 467	\$ 475
Allowance for credit losses	(41)	(52)
Current receivables, net	426	423
<b>Long-term:</b>		
Receivables	18	19
Allowance for credit losses	(2)	(2)
Long-term receivables, net	16	17
<b>Total receivables, net</b>	<b>\$ 442</b>	<b>\$ 440</b>

##### Allowance for Credit Losses

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

	As of			
	September 30, 2022	Balances over 90 days past due	December 31, 2021	Balances over 90 days past due
<b>Receivables:</b>				
U.S. and Canada	\$ 298	\$ 14	\$ 321	\$ 37
International	187	33	173	44
Total receivables	485	47	494	81
<b>Receivables allowance:</b>				
U.S. and Canada	(21)	(6)	(18)	(6)
International	(22)	(22)	(36)	(19)
Total receivables allowance	(43)	(28)	(54)	(25)
Receivables, net	\$ 442	\$ 19	\$ 440	\$ 56

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

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

	2022			2021
	Total	U.S. and Canada	International	Total
Beginning allowance for credit losses	\$ (54)	\$ (18)	\$ (36)	\$ (81)
Provision	(3)	(3)	—	1
Charge-offs and recoveries	7	—	7	2
Allowance for credit losses as of March 31	(50)	(21)	(29)	(78)
Provision	(1)	(1)	—	(2)
Charge-offs and recoveries	3	1	2	17
Allowance for credit losses as of June 30	\$ (48)	\$ (21)	\$ (27)	\$ (63)
Provision	4	—	4	(1)
Charge-offs and recoveries	1	—	1	—
Allowance for credit losses as of September 30	\$ (43)	\$ (21)	\$ (22)	\$ (64)

As of September 30, 2022, 4% of our total receivables, net, were past due by over 90 days compared to 13% as of December 31, 2021.

#### Credit Quality of Receivables

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

	As of September 30, 2022		
	Total	Current or Not Yet Due	Balances Over 90 days Past Due
Receivables	\$ 72	\$ 38	\$ 34
Allowance for credit losses	(22)	(10)	(12)
Receivables, net	\$ 50	\$ 28	\$ 22

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

The fair value of receivables is estimated by discounting expected future cash flows using current interest rates at which similar loans would be made to borrowers with similar credit ratings and remaining maturities. As of September 30, 2022 and December 31, 2021, the fair value of receivables, net, approximated the carrying value due to contractual terms of receivables generally being less than 24 months.

#### (7) Inventories

Inventories consisted of the following:

	As of	
	September 30, 2022	December 31, 2021
Parts and work-in-process	\$ 114	\$ 70
Finished goods	23	28
Total inventories	\$ 137	\$ 98

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

## (8) Property and Equipment, net

Property and equipment, net consisted of the following:

	As of	
	September 30, 2022	December 31, 2021
Land	\$ 6	\$ 6
Buildings and leasehold improvements	54	55
Gaming machinery and equipment	669	712
Furniture and fixtures	20	22
Construction in progress	13	9
Other property and equipment	89	84
Less: accumulated depreciation	(649)	(675)
Total property and equipment, net	\$ 202	\$ 213

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Depreciation expense	\$ 27	\$ 29	\$ 82	\$ 90

## (9) Intangible Assets, net and Goodwill

### Intangible Assets, net

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

	As of					
	September 30, 2022			December 31, 2021		
	Gross Carrying Value	Accumulated Amortization	Net Balance	Gross Carrying Value	Accumulated Amortization	Net Balance
Amortizable intangible assets:						
Customer relationships	\$ 898	\$ (493)	\$ 405	\$ 911	\$ (445)	\$ 466
Intellectual property	906	(690)	216	914	(670)	244
Licenses	441	(383)	58	472	(380)	92
Brand names	127	(104)	23	132	(97)	35
Trade names	162	(104)	58	158	(54)	104
Patents and other	14	(7)	7	12	(7)	5
Total intangible assets	\$ 2,548	\$ (1,781)	\$ 767	\$ 2,599	\$ (1,653)	\$ 946

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Amortization expense	\$ 60	\$ 46	\$ 180	\$ 138

## Goodwill

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

	<b>Gaming<sup>(1)</sup></b>	<b>SciPlay</b>	<b>iGaming</b>	<b>Totals</b>
Balance as of December 31, 2021	\$ 2,405	\$ 126	\$ 361	\$ 2,892
Acquired goodwill	—	93	8	101
Foreign currency adjustments	(62)	(6)	(60)	(128)
Balance as of September 30, 2022	<u>\$ 2,343</u>	<u>\$ 213</u>	<u>\$ 309</u>	<u>\$ 2,865</u>

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

## (10) Software, net

Software, net consisted of the following:

	<b>As of</b>	
	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Software	\$ 1,035	\$ 996
Accumulated amortization	(905)	(879)
Software, net	<u>\$ 130</u>	<u>\$ 117</u>

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Amortization expense	\$ 15	\$ 21	\$ 55	\$ 61

## (11) Long-Term and Other Debt

### Outstanding Debt and Finance Leases

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

	As of					December 31, 2021
	September 30, 2022			Unamortized debt discount/premium and deferred financing costs, net	Book value	
	Final Maturity	Rate(s)	Face value			
<b>Senior Secured Credit Facilities:</b>						
SGI Term Loan B-5	2024	variable	\$ —	\$ —	\$ —	\$ 3,982
SciPlay Revolver	2024	variable	—	—	—	—
SGI Revolver	2027	variable	—	—	—	—
SGI Term Loan B	2029	variable	2,195	(31)	2,164	—
<b>SGI Senior Notes:</b>						
2025 Secured Notes	2025	5.000%	—	—	—	1,240
2026 Secured Euro Notes	2026	3.375%	—	—	—	364
2025 Unsecured Notes	2025	8.625%	550	(5)	545	544
2026 Unsecured Euro Notes	2026	5.500%	—	—	—	280
2026 Unsecured Notes	2026	8.250%	—	—	—	1,090
2028 Unsecured Notes	2028	7.000%	700	(7)	693	692
2029 Unsecured Notes	2029	7.250%	500	(6)	494	494
Other	2023	—	2	—	2	4
Total long-term debt outstanding			<u>\$ 3,947</u>	<u>\$ (49)</u>	<u>\$ 3,898</u>	<u>\$ 8,690</u>
Less: current portion of long-term debt					(24)	(44)
Long-term debt, excluding current portion					<u>\$ 3,874</u>	<u>\$ 8,646</u>
Fair value of debt <sup>(1)</sup>			<u>\$ 3,813</u>			

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

### April 2022 Refinancing

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

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

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

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

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

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

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

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

#### Loss on Debt Refinancing Transactions

The following are components of the loss on debt financing transactions resulting from debt extinguishment and modification accounting for the nine months ended September 30, 2022. No such transactions occurred during the three months ended September 30, 2022, or the three and nine months ended September 30, 2021.

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

For additional information regarding the terms of our credit facilities, Secured Notes and Unsecured Notes, which were unaffected by the April 2022 Refinancing transactions, see Note 15 in our 2021 10-K.

#### (12) Fair Value Measurements

The fair value of our financial assets and liabilities is determined by reference to market data and other valuation techniques as appropriate. We believe the fair value of our financial instruments, which are principally cash and cash equivalents, restricted cash, receivables, other current assets, accounts payable and accrued liabilities, approximates their recorded values. Our assets and liabilities measured at fair value on a recurring basis are described below.

##### Derivative Financial Instruments

As of and for the nine months ended September 30, 2022, we held the following derivative instruments that were accounted for pursuant to ASC 815:

##### Interest Rate Swap Contracts

We used interest rate swap contracts as described below to mitigate gains or losses associated with the change in expected cash flows due to fluctuations in interest rates on our variable rate debt.

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

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

All gains and losses from these hedges were recorded in Other comprehensive income (loss) until the future underlying payment transactions occur. Any realized gains or losses resulting from the hedges were recognized (together with the hedged transaction) as Interest expense. We estimated the fair value of our interest rate swap contracts by discounting the future cash flows of both the fixed rate and variable rate interest payments based on market yield curves. The inputs used to measure the fair value of our interest rate swap contracts were categorized as Level 2 in the fair value hierarchy as established by ASC 820.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Gain recorded in accumulated other comprehensive loss, net of tax	\$ 24	\$ 5	\$ 29	\$ 14
Interest expense recorded related to interest rate swap contracts	2	5	8	14

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Total interest expense which reflects the effects of cash flow hedges	\$ (68)	\$ (120)	\$ (254)	\$ (360)
Hedged item	(5)	(5)	(12)	(14)
Derivative designated as hedging instrument	3	—	4	—

#### Cross-Currency Interest Rate Swaps

We entered into certain cross-currency interest rate swap agreements to achieve more beneficial interest rates by effectively converting \$460 million of our fixed-rate U.S. Dollar-denominated 2025 Secured Notes to variable rates. We had previously designated these cross-currency interest rate swap agreements as a net investment hedge of our investments in certain of our international subsidiaries that use the Euro as their functional currency and used the spot method to measure the effectiveness of our net investment hedge. As a result, the change in the fair value of the \$460 million cross-currency interest rate swaps was reported in Foreign currency translation gain (loss) in Accumulated other comprehensive loss until their settlement as part of the April 2022 Refinancing, in which we settled these for approximately \$50 million in cash proceeds.

The following table shows the fair value of our hedges:

	Balance Sheet Line Item	As of	
		September 30, 2022	December 31, 2021
Interest rate swaps <sup>(1)(2)</sup>	Accrued liabilities	\$ —	\$ 3
Interest rate swaps <sup>(1)(3)(4)</sup>	Other assets	32	—
Cross-currency interest rate swaps <sup>(1)(5)</sup>	Other assets	—	42

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

(2) Contracts matured in February 2022.

(3) Contracts mature in April 2027.

(4) Gains of \$31 million and \$32 million for the three and nine months ended September 30, 2022, respectively, are reflected in Derivative financial instrument unrealized gain (loss) in Other comprehensive income (loss).

(5) Gain of \$4 million for the nine months ended September 30, 2022, and gains of \$12 million and \$25 million for the three and nine months ended September 30, 2021, respectively, are reflected in Foreign currency translation gain (loss) in Other comprehensive income (loss).

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

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

#### Contingent Acquisition Consideration Liabilities

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

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

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

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

#### Marketable Securities

As part of our divestiture of the Sports Betting Business, we received approximately 2.3 million shares of Class A common stock of Endeavor Group Holdings, Inc., with a fair value of \$46 million. The inputs used to measure the fair value of these shares were categorized as Level 1 in the fair value hierarchy, as quoted prices in an active market were available at the measurement date.

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

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

	<b>Nine Months Ended September 30, 2022</b>						
	<b>Common Stock</b>	<b>Additional Paid in Capital</b>	<b>Retained Earnings (Accumulated Loss)</b>	<b>Treasury Stock</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Noncontrolling Interest</b>	<b>Total</b>
<b>January 1, 2022</b>	\$ 1	\$ 1,337	\$ (3,158)	\$ (175)	\$ (261)	\$ 150	\$ (2,106)
Settlement of liability awards and other, net	—	43	—	—	—	—	43
Vesting of RSUs, net of tax withholdings	—	(31)	—	—	—	—	(31)
Purchase of treasury stock	—	—	—	(51)	—	—	(51)
Stock-based compensation	—	17	—	—	—	—	17
Net income	—	—	26	—	—	2	28
Other comprehensive loss	—	—	—	—	(37)	—	(37)
<b>March 31, 2022</b>	\$ 1	\$ 1,366	\$ (3,132)	\$ (226)	\$ (298)	\$ 152	\$ (2,137)
Vesting of RSUs, net of tax withholdings and other	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	(152)	—	—	(152)
Purchase of SciPlay common stock	—	(6)	—	—	—	(1)	(7)
Stock-based compensation	—	15	—	—	—	—	15
Net income	—	—	3,291	—	—	4	3,295
Other comprehensive loss <sup>(1)</sup>	—	—	—	—	(48)	—	(48)
<b>June 30, 2022</b>	\$ 1	\$ 1,375	\$ 159	\$ (378)	\$ (346)	\$ 155	\$ 966
Vesting of RSUs, net of tax withholdings and other	—	(3)	—	—	—	—	(3)
Purchase of SciPlay common stock	—	(10)	—	—	—	(1)	(11)
Stock-based compensation	—	14	—	—	—	—	14
Net income	—	—	328	—	—	7	335
Other comprehensive loss <sup>(1)</sup>	—	—	—	—	(69)	—	(69)
<b>September 30, 2022</b>	\$ 1	\$ 1,376	\$ 487	\$ (378)	\$ (415)	\$ 161	\$ 1,232

(1) Includes reclassifications of \$51 million and \$74 million for the three and nine months ended September 30, 2022, respectively, from accumulated other comprehensive loss into income due to the sales of discontinued operations (see Note 2).

**Nine Months Ended September 30, 2021**

	Common Stock	Additional Paid in Capital	Accumulated Loss	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
<b>January 1, 2021</b>	\$ 1	\$ 1,268	\$ (3,529)	\$ (175)	\$ (218)	\$ 129	\$ (2,524)
Vesting of RSUs, net of tax withholdings and other	—	(13)	—	—	—	—	(13)
Stock-based compensation	—	17	—	—	—	—	17
Net (loss) income	—	—	(15)	—	—	6	(9)
Other comprehensive income	—	—	—	—	8	—	8
<b>March 31, 2021</b>	\$ 1	\$ 1,272	\$ (3,544)	\$ (175)	\$ (210)	\$ 135	\$ (2,521)
Vesting of RSUs, net of tax withholdings and other	—	(4)	—	—	—	—	(4)
Stock-based compensation	—	31	—	—	—	—	31
Net income	—	—	109	—	—	4	113
Other comprehensive income	—	—	—	—	11	—	11
<b>June 30, 2021</b>	\$ 1	\$ 1,299	\$ (3,435)	\$ (175)	\$ (199)	\$ 139	\$ (2,370)
Vesting of RSUs, net of tax withholdings and other	—	(3)	—	—	—	—	(3)
Stock-based compensation	—	22	—	—	—	—	22
Net income	—	—	182	—	—	5	187
Other comprehensive loss	—	—	—	—	(27)	—	(27)
<b>September 30, 2021</b>	\$ 1	\$ 1,318	\$ (3,253)	\$ (175)	\$ (226)	\$ 144	\$ (2,191)

*Stock Based Compensation*

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Related to L&W stock options	\$ —	\$ 3	\$ 1	\$ 25
Related to L&W RSUs	12	23	39	51
Related to SciPlay RSUs	3	—	7	5
Total	\$ 15	\$ 26	\$ 47	\$ 81

*Restricted Stock Units*

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

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested RSUs as of December 31, 2021	2.7	\$ 32.03
Granted	1.7	\$ 57.26
Vested	(1.9)	\$ 38.75
Cancelled	(0.7)	\$ 37.75
Unvested RSUs as of September 30, 2022	1.8	\$ 46.50

The weighted-average grant date fair value of RSUs granted during the nine months ended September 30, 2022 and 2021 was \$57.26 and \$55.01, respectively. The fair value of each RSU grant is based on the market value of our common stock at the time of grant. As of September 30, 2022, we had \$54 million in total unrecognized stock-based compensation expense

relating to unvested RSUs that will be amortized over a weighted-average period of approximately two years. The fair value at vesting date of RSUs vested during the nine months ended September 30, 2022 and 2021 was \$71.6 million and \$74.1 million, respectively.

#### *Share Repurchase Programs*

As described in Note 17 within our 2021 10-K and in our Current Report on Form 8-K filed with the SEC on March 1, 2022, our Board of Directors approved a share repurchase program under which the Company is authorized to repurchase, from time to time through February 25, 2025, up to an aggregate amount of \$750 million of our outstanding common stock. During the nine months ended September 30, 2022, we repurchased 3.7 million shares of common stock under the program at an aggregate cost of \$203 million and an average of \$55.39 per share. Subsequent to September 30, 2022 and through November 4, 2022, we purchased an additional 0.7 million shares of common stock at an aggregate cost of \$38 million.

On May 9, 2022, SciPlay's Board of Directors approved a share repurchase program under which it is authorized to repurchase, from time to time through May 9, 2024, up to an aggregate amount of \$60 million of its outstanding Class A common stock. During the nine months ended September 30, 2022, SciPlay repurchased 1.4 million shares of Class A common stock under the program at an aggregate cost of \$18 million and an average of \$13.13 per share. Subsequent to September 30, 2022 and through November 4, 2022, SciPlay purchased an additional 0.7 million shares of common stock at an aggregate cost of \$10 million.

#### **(14) Income Taxes**

We consider new evidence (both positive and negative) at each reporting date that could affect our view of the future realization of deferred tax assets. We evaluate information such as historical financial results, historical taxable income, projected future taxable income, expected timing of the reversals of existing temporary differences and available prudent and feasible tax planning strategies in our analysis. Based on the available evidence, valuation allowances in certain U.S. and non-U.S. jurisdictions remain consistent as of September 30, 2022.

Our income tax expense (including discrete items) was \$4 million and \$8 million for the three and nine months ended September 30, 2022, respectively, and income tax benefit was \$172 million and \$164 million for the three and nine months ended September 30, 2021, respectively. In 2022, our effective tax rate differs from the U.S. statutory rate of 21% primarily as a result of not benefiting year to date losses in continuing operations in accordance with the intra-period tax expense/benefit allocation rules as generally prescribed under ASC 740-20. In all periods, we recorded tax expense relative to pre-tax earnings in jurisdictions without valuation allowances, including our 19% noncontrolling interest in SciPlay.

The Divestitures are estimated to generate approximately \$685 million of net cash taxes, after usage of tax attributes. Of this amount, \$465 million was paid in the three months ended September 30, 2022 with the remainder expected to be paid in December 2022 and April 2023.

#### **(15) Leases**

Our total operating lease expense for the three and nine months ended September 30, 2022 was \$6 million and \$16 million, respectively, and \$6 million and \$16 million for the three and nine months ended September 30, 2021, respectively. The total amount of variable and short-term lease payments was immaterial for all periods presented.

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

	As of							
	September 30, 2022	December 31, 2021						
Operating lease right-of-use assets	\$ 51	\$ 51						
Accrued liabilities	17	16						
Operating lease liabilities	39	40						
Total operating lease liabilities	\$ 56	\$ 56						
Weighted average remaining lease term, units in years	4	4						
Weighted average discount rate	5 %	5 %						
	Nine Months Ended September 30,							
	2022	2021						
Cash paid for amounts included in the measurement of lease liabilities:								
Operating cash flows for operating leases	\$ 15	\$ 15						
Right-of-use assets obtained in exchange for new lease liabilities:								
Operating leases	\$ 17	\$ 6						
Lease liability maturities:								
	Remainder of 2022	2023	2024	2025	2026	Thereafter	Less Imputed Interest	Total
Operating leases	\$ 5	\$ 18	\$ 15	\$ 11	\$ 8	\$ 5	\$ (6)	\$ 56

As of September 30, 2022, we did not have material additional operating leases that have not yet commenced.

#### (16) Litigation

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

We record an accrual for legal contingencies when it is both probable that a liability has been incurred and the amount or range of the loss can be reasonably estimated (although, as discussed below, there may be an exposure to loss in excess of the accrued liability). We evaluate our accruals for legal contingencies at least quarterly and, as appropriate, establish new accruals or adjust existing accruals to reflect (1) the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings and other relevant events and developments, (2) the advice and analyses of counsel and (3) the assumptions and judgment of management. Legal costs associated with our legal proceedings are expensed as incurred. We had accrued liabilities of \$3 million and \$27 million for all of our legal matters that were contingencies as of September 30, 2022 and December 31, 2021, respectively.

Substantially all of our legal contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss involves a series of complex judgments about future events. Consequently, the ultimate outcomes of our legal contingencies could result in losses in excess of amounts we have accrued. We may be unable to estimate a range of possible losses for some matters pending against us or our subsidiaries, even when the amount of damages claimed against us or our subsidiaries is stated because, among other things: (1) the claimed amount may be exaggerated or unsupported; (2) the claim may be based on a novel legal theory or involve a large number of parties; (3) there may be uncertainty as to the likelihood of a class being certified or the ultimate size of the class; (4) there may be uncertainty as to the outcome of pending appeals or motions; (5) the matter may not have progressed sufficiently through discovery or there may be significant factual or legal issues to be resolved or developed; and/or (6) there may be uncertainty as to the enforceability of legal judgments and outcomes in certain jurisdictions. Other matters have progressed sufficiently that we are able to estimate a range of possible loss. For those legal contingencies disclosed herein as well as those related to the previously disclosed settlement agreement entered into in February 2015 with SNAI S.p.a., as to which a loss is reasonably possible, whether in excess of a related accrued liability or where there is no accrued liability, and for which we are able to estimate a range of possible loss, the current estimated range is up to approximately \$12 million in excess of the accrued liabilities (if any) related to those legal contingencies. This aggregate range represents management's estimate of additional possible loss in excess of the accrued liabilities (if any) with respect to these matters based on currently available information, including any damages claimed by the plaintiffs, and is subject to significant judgment and a variety of assumptions and inherent

uncertainties. For example, at the time of making an estimate, management may have only preliminary, incomplete, or inaccurate information about the facts underlying a claim; its assumptions about the future rulings of the court or other tribunal on significant issues, or the behavior and incentives of adverse parties, regulators, indemnitors or co-defendants, may prove to be wrong; and the outcomes it is attempting to predict are often not amenable to the use of statistical or other quantitative analytical tools. In addition, from time to time an outcome may occur that management had not accounted for in its estimate because it had considered that outcome to be remote. Furthermore, as noted above, the aggregate range does not include any matters for which we are not able to estimate a range of possible loss. Accordingly, the estimated aggregate range of possible loss does not represent our maximum loss exposure. Any such losses could have a material adverse impact on our results of operations, cash flows or financial condition. The legal proceedings underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate.

#### *Colombia litigation*

Our subsidiary, SGI, owned a minority interest in Wintech de Colombia S.A., or Wintech (now liquidated), which formerly operated the Colombian national lottery under a contract with Empresa Colombiana de Recursos para la Salud, S.A. (together with its successors, "Ecosalud"), an agency of the Colombian government. The contract provided for a penalty against Wintech, SGI and the other shareholders of Wintech of up to \$5.0 million if certain levels of lottery sales were not achieved. In addition, SGI delivered to Ecosalud a \$4.0 million surety bond as a further guarantee of performance under the contract. Wintech started the instant lottery in Colombia but, due to difficulties beyond its control, including, among other factors, social and political unrest in Colombia, frequently interrupted telephone service and power outages, and competition from another lottery being operated in a province of Colombia that we believe was in violation of Wintech's exclusive license from Ecosalud, the projected sales level was not met for the year ended June 30, 1993.

In 1993, Ecosalud issued a resolution declaring that the contract was in default. In 1994, Ecosalud issued a liquidation resolution asserting claims for compensation and damages against Wintech, SGI and other shareholders of Wintech for, among other things, realization of the full amount of the penalty, plus interest, and the amount of the bond. SGI filed separate actions opposing each resolution with the Tribunal Contencioso of Cundinamarca in Colombia (the "Tribunal"), which upheld both resolutions. SGI appealed each decision to the Council of State. In May 2012, the Council of State upheld the contract default resolution, which decision was notified to us in August 2012. In October 2013, the Council of State upheld the liquidation resolution, which decision was notified to us in December 2013.

In July 1996, Ecosalud filed a lawsuit against SGI in the U.S. District Court for the Northern District of Georgia asserting many of the same claims asserted in the Colombia proceedings, including breach of contract, and seeking damages. In March 1997, the District Court dismissed Ecosalud's claims. Ecosalud appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. The Court of Appeals affirmed the District Court's decision in 1998.

In June 1999, Ecosalud filed a collection proceeding against SGI to enforce the liquidation resolution and recover the claimed damages. In May 2013, the Tribunal denied SGI's merit defenses to the collection proceeding and issued an order of payment of approximately 90 billion Colombian pesos, or approximately \$30.2 million, plus default interest (potentially accrued since 1994 at a 12% statutory interest rate). SGI filed an appeal to the Council of State, and on December 10, 2020, the Council of State issued a ruling affirming the Tribunal's decision. On December 16, 2020, SGI filed a motion for clarification of the Council of State's ruling, which was denied on April 15, 2021. On April 22, 2021, SGI filed a motion for reconsideration relating to that decision, which the Council of State denied on February 21, 2022. On May 24, 2022, the case was transferred from the Council of State to the Tribunal for further proceedings. On August 18, 2022, SGI filed a constitutional challenge to the Council of State's December 10, 2020 decision with that court, which is pending.

SGI believes it has various defenses, including on the merits, against Ecosalud's claims. Although we believe these claims will not result in a material adverse effect on our consolidated results of operations, cash flows or financial position, it is not feasible to predict the final outcome, and we cannot assure that these claims will not ultimately be resolved adversely to us or result in material liability.

#### *Washington State Matter*

The Washington State matter settlement previously accrued in the amount of \$25 million (as described in Note 20 in our 2021 10-K) was fully paid and settled by SciPlay during the third quarter of 2022.

#### *TCS John Huxley Matter*

On March 15, 2019, TCS John Huxley America, Inc., TCS John Huxley Europe Ltd., TCS John Huxley Asia Ltd., and Taiwan Fulgent Enterprise Co., Ltd. brought a civil action in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and SG Gaming. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants' procurement of particular U.S. and South African patents. The plaintiffs allege that the defendants used

those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold to regulated casinos in the United States. On April 10, 2019, the defendants filed a motion to dismiss the plaintiffs' complaint with prejudice. On April 25, 2019, the district court denied the defendants' motion to dismiss without prejudice pursuant to the court's local rules, after the plaintiffs advised that they intended to file an amended complaint. The plaintiffs filed their amended complaint on May 3, 2019, and on May 22, 2019, the defendants filed a motion to dismiss the plaintiffs' amended complaint with prejudice. On March 20, 2020, the district court denied the defendants' motion to dismiss the plaintiffs' amended complaint, and defendants filed an answer to Plaintiffs' amended complaint on June 19, 2020. On June 3, 2020, the trial court granted the defendants' request to bifurcate proceedings in the case, with discovery to occur first into the statute of limitations and release defenses asserted by the defendants in their motion to dismiss, before proceeding into broader discovery. The trial court set a September 18, 2020, deadline for the parties to complete discovery relating to the statute of limitations and release defenses. On October 28, 2020, the court issued an order extending until January 15, 2021 the deadline for the parties to complete discovery relating to the statute of limitations defense. On February 9, 2021, the defendants filed a motion for summary judgment on their statute of limitations defense, addressing whether plaintiffs had actual knowledge of their claims prior to the start of the limitations period. The district court denied that motion for summary judgment on September 20, 2021. 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.

#### *Tonkawa Tribe Matter*

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

#### *Giuliano and Rancho's Club Casino Matter*

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

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

#### *Casino Queen Matter*

On April 2, 2021, Casino Queen, Inc. and Casino Queen Marquette, Inc. filed a putative class action complaint in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and SG Gaming, f/k/a Bally Gaming, Inc. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants' procurement of particular U.S. patents. The plaintiffs allege that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The plaintiffs seek to represent a putative class of all persons and entities that directly purchased or leased automatic card shufflers within the United States from the defendants, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the court to treble, the award of plaintiffs' costs of suit, including attorneys' fees, and the award of pre-judgment and post-judgment interest. On June 11, 2021, the defendants filed a motion to dismiss plaintiffs' complaint, which the court denied on May 19, 2022. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the lawsuit are without merit, and intend to vigorously defend against them.

#### *Mohawk Gaming Enterprises Matter*

On November 9, 2020, Mohawk Gaming Enterprises LLC, d/b/a Akwesasne Mohawk Casino Resort, filed a demand for a putative class arbitration before the American Arbitration Association against L&W, Bally Technologies, Inc. and SG Gaming, f/k/a Bally Gaming, Inc. ("Respondents"). In the complaint, the claimant asserts federal antitrust claims arising from the respondents' procurement of particular U.S. patents. The claimant alleges that the respondents used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The claimant seeks to represent a putative class of all persons and entities that directly purchased or leased automatic card shufflers within the United States from the respondents, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the arbitration panel to treble, and the award of claimant's costs of suit, including attorneys' fees. Respondents filed their answering statement on December 9, 2020. On October 29, 2021, the claimant filed a memorandum in support of class arbitration, which Respondents opposed on December 3, 2021. On February 8, 2022, the Arbitrator issued a clause construction award, finding that the arbitration could proceed on behalf of a class or classes. On February 11, 2022, Respondents filed a petition to vacate the award in the New York Supreme Court. The Court denied Respondents' petition on August 9, 2022, and on August 16, 2022, Respondents appealed to the New York Appellate Division, First Department. On April 15, 2022, Respondents filed a motion to dismiss the claimant's complaint, which the Arbitrator denied on July 26, 2022. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

#### *Boorn Matter*

On September 15, 2022, plaintiff Hannelore Boorn filed a putative class action against L&W, SciPlay Corporation, and Appchi Media Ltd. in the Fayette Circuit Court of the Commonwealth of Kentucky. In her complaint, plaintiff seeks to represent a putative class of all persons in Kentucky who, within the past five years, purchased and allegedly lost \$5.00 or more worth of chips, in a 24-hour period, playing SciPlay's online social casino games. The complaint asserts claims for alleged violations of Kentucky's "recovery of gambling losses" statute and for unjust enrichment, and seeks unspecified money damages, the award of reasonable attorneys' fees and costs, pre- and post-judgment interest, and injunctive and/or other declaratory relief. On October 18, 2022, defendants removed the action to the United States District Court for the Eastern District of Kentucky. On October 26, 2022, the plaintiff filed a notice voluntarily dismissing the lawsuit without prejudice. On October 27, 2022, the district court entered an order dismissing the lawsuit.

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

## Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to enhance the reader’s understanding of our operations and current business environment from management’s perspective and should be read in conjunction with the description of our business included under *Part I, Item 1* “Condensed Consolidated Financial Statements” and *Part II, Item 1A* “Risk Factors” in this Quarterly Report on Form 10-Q and under Part I, Item 1 “Business,” Item 1A “Risk Factors” and Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2021 10-K.

This “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (“MD&A”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and should be read in conjunction with the disclosures and information contained and referenced under “Forward-Looking Statements” and “Risk Factors” included in this Quarterly Report on Form 10-Q and “Risk Factors” included in our 2021 10-K. As used in this MD&A, the terms “we,” “us,” “our” and the “Company” mean L&W together with its consolidated subsidiaries.

### BUSINESS OVERVIEW

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

As more fully described in Part I, Item 1 “Business” in our 2021 10-K, we are executing on our strategy to become a leading cross-platform global games company with a focus on content and digital markets. We report our results of continuing operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services. See “*Business Segments Results*” below and Note 4 for additional business segment information.

### Recent Events

- *Re-branding* - On April 18, 2022, we changed our name to “Light & Wonder, Inc.”
- *April 2022 Refinancing* - On April 14, 2022, we completed a series of refinancing transactions, which, combined with the principal payments on the SGI Term Loan B-5 and SGI Revolver in April, reduced the outstanding face value of our debt by \$4,957 million, from \$8,910 million as of March 31, 2022 to \$3,953 million immediately after the completion of these transactions. This is a major milestone in transforming and deleveraging our balance sheet (see Note 11 for additional information).
- *Lottery Divestiture* - During the second quarter of 2022, we completed the divestiture of the Lottery Business and received \$5.7 billion of gross cash proceeds.
- *Sports Divestiture* - During the third quarter of 2022, we completed the divestiture of the Sports Betting Business and received \$796 million in gross proceeds, consisting of \$750 million in gross cash proceeds and \$46 million in fair value of Endeavor Class A common stock (approximately 2.3 million shares).
- *Share Repurchases* - Since the initiation of the program on March 3, 2022 and through November 4, 2022, we returned \$241 million of capital to shareholders through the repurchase of 4.4 million shares of common stock.
- *Acquisitions* - In March 2022, SciPlay acquired Alictus, a Turkey-based hyper-casual game studio that expands the SciPlay business in the casual gaming market for approximately \$109 million cash consideration, net of cash acquired. In April 2022, we acquired Playzido, a dynamic content creation platform provider and game supplier, which is expected to accelerate the pace at which we can partner with game studios and operators to expand our iGaming content offering. In October 2022, we acquired substantially all of the assets of House Advantage, LLC, a leading loyalty and marketing software and technology provider, which will expand our Gaming systems offering with enhanced loyalty capabilities. For additional details regarding these acquisitions, see Note 1.
- *Completed Leadership Transition* - In October 2022, Matt Wilson was appointed as President and Chief Executive Officer of Light & Wonder, continuing to execute on the Company’s strategic plan.

## Impact of COVID-19

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

## Foreign Exchange

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

(\$ in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue
Foreign Currency:								
British Pound Sterling	\$ 34	5 %	\$ 40	7 %	\$ 118	6 %	\$ 140	9 %
Euro	49	8 %	41	8 %	145	8 %	119	8 %

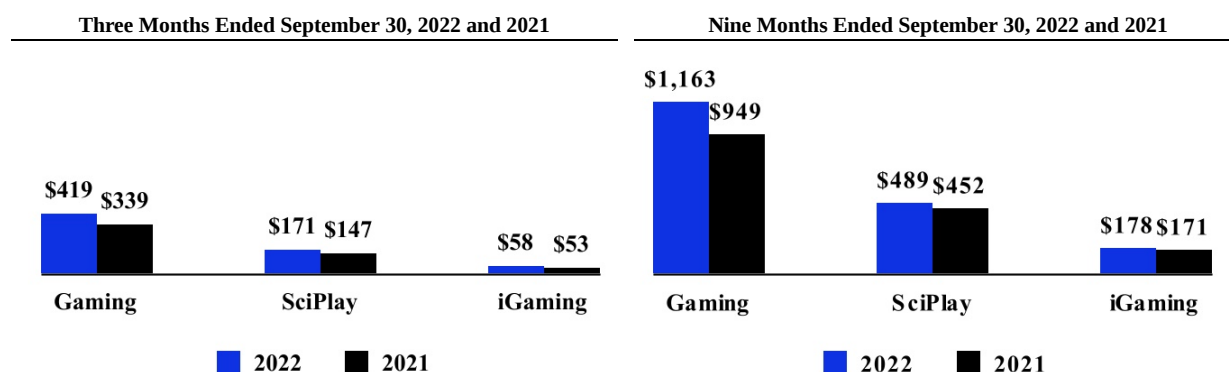
## CONSOLIDATED RESULTS

(\$ in millions)	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021	
Total revenue	\$ 648	\$ 539	\$ 109	20 %	\$ 1,830	\$ 1,572	\$ 258	16 %
Total operating expenses	559	505	54	11 %	1,655	1,466	189	13 %
Operating income	89	34	55	162 %	175	106	69	65 %
Net income (loss) from continuing operations before income taxes	24	(72)	96	133 %	(189)	(202)	13	6 %
Net income (loss) from continuing operations	20	100	(80)	(80)%	(197)	(38)	(159)	(418)%
Net income from discontinued operations, net of tax <sup>(1)</sup>	315	87	228	262 %	3,855	329	3,526	nm
Net income attributable to L&W	328	182	146	80 %	3,645	276	3,369	nm

nm = not meaningful

(1) The three months ended September 30, 2022 include a pre-tax gain of \$362 million on the sale of the Sports Betting Business, and the nine months ended September 30, 2022 include a total pre-tax gain of \$4,930 million on the Divestitures (see Note 2).

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



All lines of business within our Gaming business segment continue to experience growth and increased demand, driving an increase in Gaming revenue for the three and nine months ended September 30, 2022. The increase in Gaming revenue for the nine months ended September 30, 2022 was also due to the continued rebounding of operations since the adverse impacts of COVID-19 on 2021 comparable results. Gaming operations revenue for the nine months ended September 30, 2021 benefited from \$44 million due to the VAT recovery received from certain U.K. customers. The VAT recovery is related to a 2020 U.K. court ruling, associated with overcharging of value-added tax for previous services rendered to gaming operators and consequently reduced our net gaming revenue related to these customers and arrangements.

SciPlay revenue increased for both periods primarily due to increases in social casino player engagement, average monthly paying users and payer conversion rate, coupled with higher advertising revenue following the Alictus acquisition in the first quarter of 2022.

The increases in iGaming revenue of 9% and 4% for the three and nine months ended September 30, 2022, respectively, were driven by growth in the U.S. from the strength of our original content and increased player activity, coupled with revenue related to acquisitions completed in the second half of 2021, partially offset by the negative impact of foreign-currency translation due to the strengthening U.S. Dollar.

#### Operating Expenses

(\$ in millions)	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021	
<b>Operating expenses:</b>								
Cost of services	\$ 101	\$ 90	\$ 11	12 %	\$ 283	\$ 273	\$ 10	4 %
Cost of product sales	92	63	29	46 %	251	166	85	51 %
Selling, general and administrative	181	164	17	10 %	535	502	33	7 %
Research and development	56	47	9	19 %	163	140	23	16 %
Depreciation, amortization and impairments	102	96	6	6 %	317	289	28	10 %
Restructuring and other	27	45	(18)	(40)%	106	96	10	10 %
<b>Total operating expenses</b>	<u>\$ 559</u>	<u>\$ 505</u>	<u>\$ 54</u>	11 %	<u>\$ 1,655</u>	<u>\$ 1,466</u>	<u>\$ 189</u>	13 %

#### Cost of Revenue

Total cost of revenue for the three and nine months ended September 30, 2022 increased as a direct result of higher revenue as described above, driven by \$29 million and \$85 million, respectively, in higher cost of product revenue primarily associated with higher gaming machine sales.

## SG&A

SG&A increased for the three and nine months ended September 30, 2022 as compared to the prior year period, primarily due to higher SciPlay user acquisition costs of \$15 million and \$31 million, respectively, coupled with higher salaries and benefits in the Gaming and SciPlay segments as a result of increased employee headcount, partially offset by lower stock-based compensation expense.

## R&D

The increase in R&D for both periods was primarily due to higher salaries and benefits in the Gaming and SciPlay segments coupled with investments supporting ongoing growth.

## D&A

The increase in D&A was primarily due to approximately \$17 million and \$50 million for the three and nine months ended September 30, 2022, respectively, related to accelerated amortization of certain of our legacy trade names triggered by corporate wide re-branding (see Note 11 in our 2021 10-K for further details), which was partially offset by fully depreciated assets related to prior acquisitions, net of 2021 acquisitions.

## Restructuring and Other

The decrease in restructuring and other for the three months ended September 30, 2022, as compared to the prior year period, was primarily due to lower professional services, legal and other charges related to strategic review including the Divestitures (see Note 5). The increase in restructuring and other for the nine months ended September 30, 2022, as compared to the prior year period, was primarily due to \$12 million related to contingent consideration remeasurement charges (see Note 12).

## Other Factors Affecting Net Income Attributable to L&W

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,		Factors Affecting Net Income (Loss) Attributable to L&W 2022 vs. 2021
	2022	2021	2022	2021	
Interest expense	\$ (68)	\$ (120)	\$ (254)	\$ (360)	The decreases in interest expense for the three and nine months ended September 30, 2022 reflect the favorable impact of the April 2022 Refinancing resulting in lower outstanding debt.
Loss on debt financing transactions	—	—	(147)	—	Loss on debt financing transactions consummated during the second quarter of 2022 includes a \$90 million charge associated with premiums paid to redeem \$1,250 million of the 2025 Secured Notes, \$1,100 million of the 2026 Unsecured Notes, \$353 million of the 2026 Secured Euro Notes, and \$271 million of the 2026 Unsecured Euro Notes (see Note 11).
Gain on remeasurement of debt and other	—	12	27	30	Gains are attributable to remeasurement of the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes and reflect changes in the Euro vs. the U.S. Dollar foreign exchange rates. We redeemed our Euro Notes as part of the April 2022 Refinancing.
Income tax (expense) benefit	(4)	172	(8)	164	The benefits in the prior year periods were primarily due to the release of the valuation allowance recorded during the third quarter of 2021 (see Note 19 in our 2021 10-K for additional information).

## Discontinued Operations

As described in Note 1, we completed the Divestitures and received a total of \$6.5 billion in gross proceeds. As a result of the Divestitures, we recorded pre-tax gains on sales of discontinued operations of \$362 million and \$4.9 billion for the three and nine months ended September 30, 2022, respectively.

Revenue of \$32 million and \$371 million for the three and nine months ended September 30, 2022, respectively, decreased compared to revenue of \$285 million and \$860 million for the corresponding prior periods, primarily due to lower revenue from the Lottery Business as a result of its sale completed in the second quarter of 2022. The gains on sales of the Divested Businesses drove the increase in net income from discontinued operations, net of tax, to \$315 million and \$3,855 million for the three and nine months ended September 30, 2022, respectively, from \$87 million and \$329 million for the corresponding prior periods, partially offset by the decrease in revenue. Refer to Note 2 for further information on our discontinued operations.

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

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

**GAMING**

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

We generate Gaming revenue from both services and product sales. Our services revenue includes revenue earned from Participation gaming machines, other leased gaming machines (including VLTs and electronic table games), supplied table products and services (including Shufflers), casino management technology solutions and systems, and other services revenues. Our product sales revenue includes the sale of new and used gaming machines, electronic table games, VLTs and VGTs, casino-management technology solutions and systems, table products, proprietary table game licensing, conversion kits (including game, hardware or operating system conversions) and spare parts.

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

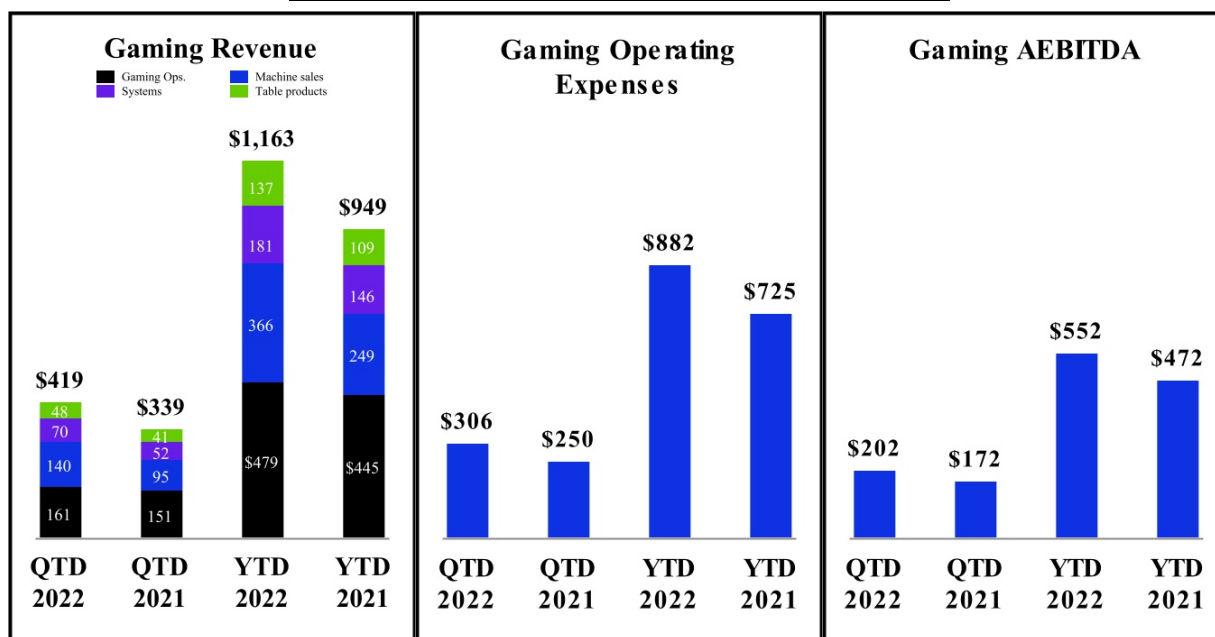
*Current Year Update*

We continue to see an increase in the demand for our Gaming products and services, and our casino and gaming operations have exceeded pre-COVID levels. Increases in Gaming revenue, for both comparable periods, were driven by all lines of business year-over-year, including robust gaming machine sales growing 47%, coupled with continued growth momentum in Gaming operations, which benefited from higher installed base and average daily revenue per unit. While supply challenges have eased compared to previous periods, we continue to experience and expect supply chain volatility that could impact our ability to meet demand for our products and delay the timing of fulfillment and revenue recognition of these orders.

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

*Results of Operations and KPIs*

**Three and Nine Months Ended September 30, 2022 and 2021**



## Results of Operations and KPIs

(\$ in millions)	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance		
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021		
<b>Revenue:</b>									
Gaming operations	\$ 161	\$ 151	\$ 10	7 %	\$ 479	\$ 445	\$ 34	8 %	
Machine sales	140	95	45	47 %	366	249	117	47 %	
Systems	70	52	18	35 %	181	146	35	24 %	
Table products	48	41	7	17 %	137	109	28	26 %	
Total revenue	<u>\$ 419</u>	<u>\$ 339</u>	<u>\$ 80</u>	24 %	<u>\$ 1,163</u>	<u>\$ 949</u>	<u>\$ 214</u>	23 %	
F/X impact on revenue	\$ (9)	\$ 3	\$ (12)	(400)%	\$ (19)	\$ 15	\$ (34)	(227)%	
<b>Gaming KPIs:</b>									
<b>U.S. and Canada units:</b>									
Installed base at period end	30,536	30,396	140	— %	30,536	30,396	140	— %	
Average daily revenue per unit	\$ 45.68	\$ 42.66	\$ 3.02	7 %	\$ 44.99	\$ 41.13	\$ 3.86	9 %	
<b>International units<sup>(1)</sup>:</b>									
Installed base at period end	28,100	30,644	(2,544)	(8)%	28,100	30,644	(2,544)	(8)%	
Average daily revenue per unit	\$ 12.39	\$ 11.78	\$ 0.61	5 %	\$ 13.25	\$ 7.99	\$ 5.26	66 %	
<b>Gaming machine unit sales:</b>									
U.S. and Canada new unit shipments	4,400	3,223	1,177	37 %	11,791	8,387	3,404	41 %	
International new unit shipments	2,859	1,780	1,079	61 %	7,252	4,187	3,065	73 %	
Total new unit shipments	7,259	5,003	2,256	45 %	19,043	12,574	6,469	51 %	
Average sales price per new unit	\$ 17,359	\$ 16,099	\$ 1,260	8 %	\$ 17,224	\$ 16,582	\$ 642	4 %	

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

### Gaming Operations

Gaming operations revenue for both current year periods demonstrated strong growth, which exceeded 2019 levels as a result of strong product performance. Revenue for the nine months ended September 30, 2021 included VAT recovery of \$44 million, as described above. Gaming operations for U.S. and Canada had a 140-unit increase in installed base, along with increases in average daily revenue per unit of \$3.02 and \$3.86 for the three and nine months ended September 30, 2022, respectively, as we continue to see rebounding in demand since the COVID-19-induced business disruptions. This also impacted the average daily revenue per unit for International units, which increased by \$0.61 and \$5.26 for the three and nine months ended September 30, 2022, respectively. International ending installed base decreased by 2,544-units primarily due to the expected closure of certain LBOs in the U.K. along with the reduction of certain low-yielding units in Greece and Latin America.

### Gaming Machine Sales

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

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

	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021	
<b>U.S. and Canada unit shipments:</b>								
Replacement units	3,688	2,887	801	28 %	10,209	7,051	3,158	45 %
Casino opening and expansion units	712	336	376	112 %	1,582	1,336	246	18 %
Total unit shipments	4,400	3,223	1,177	37 %	11,791	8,387	3,404	41 %
<b>International unit shipments:</b>								
Replacement units <sup>(1)</sup>	2,725	1,690	1,035	61 %	7,082	4,097	2,985	73 %
Casino opening and expansion units	134	90	44	49 %	170	90	80	89 %
Total unit shipments	2,859	1,780	1,079	61 %	7,252	4,187	3,065	73 %

nm = not meaningful.

(1) The nine months ended September 30, 2021 include 1,751 units that were reclassified from International casino opening and expansion units to correct a misclassification in the prior year period.

### Operating Expenses and AEBITDA

Operating expenses for the three and nine months ended September 30, 2022 increased by \$56 million and \$157 million, respectively, as compared to the corresponding prior year periods, primarily due to (1) \$33 million and \$93 million, respectively, in higher cost of revenue associated with the increase in revenue as described above, (2) \$9 million and \$26 million, respectively, in higher D&A primarily driven by accelerated amortization of legacy trade names, which were partially offset by fully depreciated assets related to prior acquisitions, and (3) \$9 million and \$21 million, respectively, in higher SG&A and R&D costs.

For the three months ended September 30, 2022 as compared to the prior year period, AEBITDA increased by \$30 million to \$202 million and AEBITDA as a percentage of revenue (“AEBITDA margin”) decreased by 3 percentage points to 48%. For the nine months ended September 30, 2022, AEBITDA increased by \$80 million to \$552 million and AEBITDA margin decreased by 3 percentage points to 47% as compared to the prior year period. These results were driven by strong growth in gaming operations, gaming machine sales, systems and table games businesses and were partially offset by the increased costs in the current year period and benefit of \$44 million revenue related to the VAT recovery in the nine months ended September 30, 2021, as described above. The decrease in AEBITDA margin was due to the change in revenue mix as gaming machine sales demand continue to recover compared to a higher mix of gaming operations revenue in the prior year periods. AEBITDA margin for the nine months ended September 30, 2022 was also impacted as the prior year period benefited from the VAT recovery, as described above.

### SCIPLAY

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

SciPlay currently offers a variety of social casino games, including *JACKPOT PARTY® Casino*, *GOLD FISH® Casino*, *QUICK HIT® Slots*, *88 FORTUNES® Slots*, *MONOPOLY Slots*, and *HOT SHOT CASINO®*. Our SciPlay business segment continues to pursue its strategy of expanding into the casual games market. Current casual game titles include *BINGO*

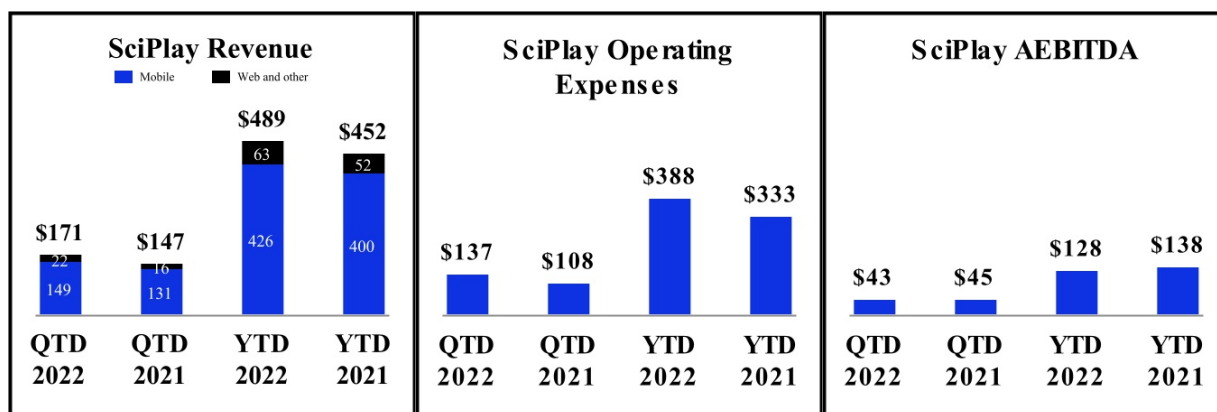
*SHOWDOWN*<sup>®</sup>, *SOLITAIRE PETS*<sup>™</sup> *Adventure*, and *Backgammon Live* as well as other titles in the hyper-casual space through our recent acquisition of Alictus, including games such as *CANDY CHALLENGE 3D*<sup>™</sup>, *BOSS LIFE*<sup>™</sup> and *DEEP CLEAN INC. 3D*<sup>™</sup>. During the nine months ended September 30, 2022, SciPlay launched five hyper-casual games, including the top hit Master Doctor 3D<sup>™</sup>. SciPlay currently plans to soft-launch SpellSpinner: Fantasy Quest, a casual game, during the first quarter of 2023. SciPlay’s social casino games typically include slots-style game play and occasionally include table games-style game play, while its casual games blend solitaire-style or bingo game play with adventure game features and its hyper-casual games include many simple core loop mechanics. All of SciPlay’s games are offered and played across multiple platforms, including *APPLE*, *GOOGLE*, *FACEBOOK*, *AMAZON*, and *MICROSOFT*. In addition to SciPlay’s internally created game content, SciPlay’s content library includes recognizable Light & Wonder game content. This content allows players who like playing land-based game content to enjoy some of those same titles in SciPlay’s free-to-play games. SciPlay has access to Light & Wonder’s library of more than 1,500 iconic casino titles, including titles and content from third-party licensed brands such as *MONOPOLY*, *THE FLINTSTONES*<sup>™</sup>, *JAMES BOND*<sup>™</sup>, and *PLAYBOY*<sup>™</sup>. SciPlay’s access to this content, coupled with its years of experience developing in-house content, uniquely positions SciPlay to create compelling digital games.

*Current Year Update*

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

*Results of Operations and KPIs*

**Three and Nine Months Ended September 30, 2022 and 2021**



## Revenue

(\$ in millions)	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance		
	2022	2021	2022 vs. 2021		2022	2021	2022 vs. 2021		
<b>Revenue:</b>									
Mobile in-app purchases	\$ 149	\$ 131	\$ 18	14 %	\$ 426	\$ 400	\$ 26	7 %	
Web in-app purchases and other <sup>(1)</sup>	22	16	6	41 %	63	52	11	21 %	
<b>Total revenue</b>	<b>\$ 171</b>	<b>\$ 147</b>	<b>\$ 24</b>	<b>17 %</b>	<b>\$ 489</b>	<b>\$ 452</b>	<b>\$ 37</b>	<b>8 %</b>	
<b>SciPlay KPIs:</b>									
<b>In-App Purchases:</b>									
Mobile Penetration <sup>(2)</sup>	90 %	89 %	1 pp	nm	90 %	88 %	2 pp	nm	
Average MAU <sup>(3)</sup>	5.9	6.1	(0.2)	(3)%	6.0	6.3	(0.3)	(5)%	
Average DAU <sup>(4)</sup>	2.2	2.3	(0.1)	(4)%	2.3	2.4	(0.1)	(4)%	
ARPDau <sup>(5)</sup>	\$ 0.80	\$ 0.69	\$ 0.11	16 %	\$ 0.76	\$ 0.70	\$ 0.06	9 %	
Average MPU <sup>(6)</sup>	0.6	0.5	0.1	11 %	0.6	0.5	0.1	6 %	
AMRPPU <sup>(7)</sup>	\$ 95.45	\$ 93.67	\$ 1.78	2 %	\$ 92.97	\$ 94.26	\$ (1.29)	(1)%	
Payer Conversion Rate <sup>(8)</sup>	9.7 %	8.5 %	1.2 pp	nm	9.4 %	8.4 %	1.0 pp	nm	

nm = not meaningful.

pp = percentage points.

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

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

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

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

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

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

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

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

For the three months ended September 30, 2022, SciPlay revenues increased as social casino payer engagement and average monthly payers increased, coupled with advertising revenue following the Alictus acquisition.

For the nine months ended September 30, 2022, SciPlay revenues increased in social casino games as a result of an increase in average monthly paying users due to a higher payer conversion rate during the period, coupled with a \$15 million increase in advertising revenue following the Alictus acquisition.

The increase in mobile penetration percentage for the three and nine months ended September 30, 2022 primarily reflects a continued trend of players migrating from web to mobile platforms to play SciPlay's games.

Average MAU for the three and nine months ended September 30, 2022 decreased due to the turnover in users. ARPDau increased as a function of lower average DAU for periods presented.

Average DAU slightly declined for the three and nine months ended September 30, 2022 due to the turnover in users compared to the three and nine months ended September 30, 2021.

For the three months ended September 30, 2022, AMRPPU and average MPU increased as payer conversion improved compared to the three months ended September 30, 2021. For the nine months ended September 30, 2022, AMRPPU declined while MPU improved as payer conversion improved, compared to the nine months ended September 30, 2021.

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

## Operating Expenses and AEBITDA

The increase in operating expenses for the three and nine months ended September 30, 2022 as compared to the prior year periods is primarily correlated with the increase in revenue (as described above) as a result of higher platform fees, higher marketing spend of \$15 million and \$31 million, respectively, and higher salaries and benefits related to an increase in

headcount, coupled with an increase in D&A due to additional amortization associated with intangible assets from recent acquisitions.

AEBITDA for the three and nine months ended September 30, 2022 decreased primarily due to higher operating expenses primarily related to user acquisition spend, coupled with personnel costs, partially offset by an increase in revenue, as discussed above. AEBITDA margin for the three and nine-month periods decreased by 5 percentage points, primarily due to higher operating expenses as a result of increased investment in marketing.

## iGAMING

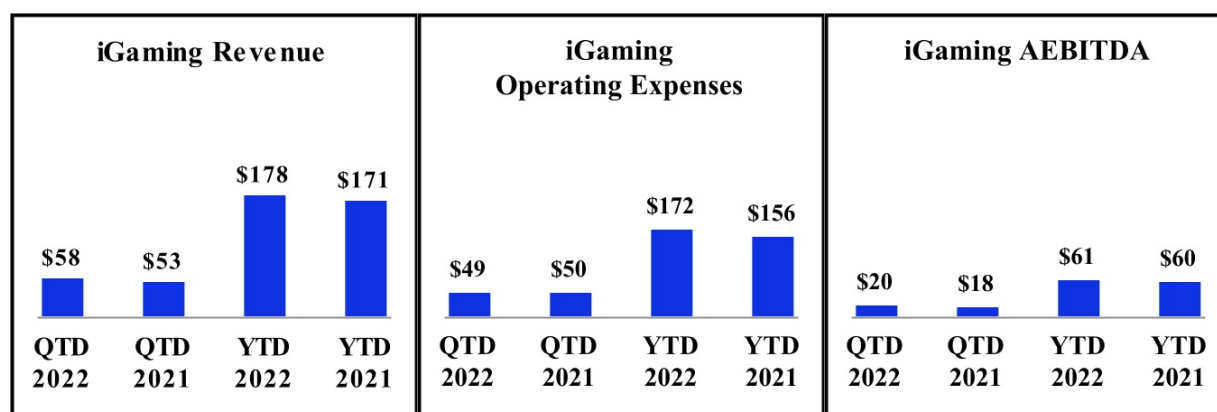
Our iGaming business segment provides a comprehensive suite of digital online gaming content, including digital RMG, distribution platforms, content, products and services. We derive revenue from our content aggregation platforms, including Open Gaming System, remote gaming servers, and various other platforms, which can deliver a wide spectrum of internally developed and branded casino-style games and popular third-party provider casino-style games to gaming operators. We also provide the Open Platform System which offers a wide range of reporting and administrative functions and tools providing operators full control over all areas of digital gaming operations. Generally, we host the play of our game content on our centrally located servers that are integrated with the online casino operators' websites.

### Current Year Update

We continue to expand our customer base and capitalize on growth in the U.S. and other emerging markets by leveraging our industry leading platforms, content and solutions. We continue to make progress on the U.S. licensing for launch of recent acquisitions including live casino, ELK Studios and Playzido (content studio acquired in April 2022), as well as invest in our ability to scale our own original land-based content offering in the U.S.

### Results of Operations

#### Three and Nine Months Ended September 30, 2022 and 2021



The increase in iGaming revenue of 9% and 4% for the three and nine months ended September 30, 2022, respectively, was primarily due to continuing momentum in the U.S. market coupled with continued strong performance of businesses that we acquired in the second half of 2021. The three- and nine-month periods were impacted by unfavorable impact of foreign currency translation of \$5 million and \$10 million, respectively, due to strengthening of the U.S. Dollar, primarily against the British Pound Sterling and the Euro. The U.S. market delivered 39% and 50% year-over-year revenue growth for the three and nine months ended September 30, 2022, respectively, driven by the strength of our original content and growth in gross gaming revenue. Wagers processed through our Open Gaming System for both current year periods increased slightly to \$18 billion and \$53 billion, respectively, as compared to the prior year periods, despite unfavorable foreign currency translation impact. AEBITDA for the three and nine months ended September 30, 2022 was \$20 million and \$61 million, respectively, up 11% and 2%, respectively, as compared to the prior year periods. AEBITDA margin remained flat due to the scaling of original content launches as well as our acquisitions, which was offset by higher costs associated with continued investments supporting ongoing growth, including our upcoming launch of live casino in the U.S. expected next quarter, subject to regulatory approvals.

### RECENTLY ISSUED ACCOUNTING GUIDANCE

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

## CRITICAL ACCOUNTING ESTIMATES

For a description of our policies regarding our critical accounting estimates, see “Critical Accounting Estimates” in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2021 10-K.

There have been no significant changes in our critical accounting estimate policies or the application of those policies to our condensed consolidated financial statements from those presented in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2021 10-K.

## LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

### Cash and Available Liquidity

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

### Cash and Available Revolver Capacity

<b>(in millions)</b>	<b>Cash and cash equivalents</b>	<b>Revolver capacity</b>	<b>Revolver capacity drawn or committed to letters of credit</b>	<b>Total</b>
L&W (excluding SciPlay)	\$ 978	\$ 750	\$ (12)	\$ 1,716
SciPlay	299	150	—	449
<b>Total as of September 30, 2022</b>	<b>\$ 1,277</b>	<b>\$ 900</b>	<b>\$ (12)</b>	<b>\$ 2,165</b>
L&W (excluding SciPlay and assets held for sale)	\$ 221	\$ 650	\$ (12)	\$ 859
SciPlay	364	150	—	514
Assets held for sale	44	—	—	44
<b>Total as of December 31, 2021</b>	<b>\$ 629</b>	<b>\$ 800</b>	<b>\$ (12)</b>	<b>\$ 1,417</b>

Total cash held by our foreign subsidiaries was \$128 million as of September 30, 2022. This amount decreased from \$180 million as of December 31, 2021, which included discontinued operations. We believe that substantially all cash held outside the U.S. is free from legal encumbrances or similar restrictions that would prevent it from being available to meet our global liquidity needs.

Our Gaming operations generally require significant upfront capital expenditures, and we may need to incur additional capital expenditures in order to retain or increase market share and units footprint. Our ability to make payments on and to refinance our indebtedness and other obligations depends on our ability to generate cash in the future. We may also, from time to time, repurchase or otherwise retire or refinance our debt, through our subsidiaries or otherwise. In the event we pursue significant acquisitions or other expansion opportunities, we may need to raise additional capital. If we do not have adequate liquidity to support these activities, we may be unable to obtain financing for these cash needs on favorable terms or at all. For additional information regarding our cash needs and related risks, see “Risk Factors” under Part I, Item 1A in our 2021 10-K.

On March 1, 2022, our Board of Directors approved a share repurchase program under which we are authorized to repurchase, from time to time through February 25, 2025, up to an aggregate amount of \$750 million of our outstanding common stock over a three-year period. Through November 4, 2022, we repurchased 4.4 million shares of common stock under the program at an aggregate cost of \$241 million.

On May 9, 2022, SciPlay Board of Directors approved a share repurchase program under which SciPlay is authorized to repurchase, from time to time through May 9, 2024, up to an aggregate amount of \$60 million of SciPlay’s outstanding Class A common stock over a two-year period. Through November 4, 2022, SciPlay repurchased 2.2 million shares of Class A common stock under the program at an aggregate cost of \$28 million.

The Divestitures are estimated to generate approximately \$685 million of net cash taxes, after usage of tax attributes. We paid \$465 million of these taxes during the third quarter of 2022, with \$175 million expected to be paid during the fourth quarter of 2022, and \$43 million expected to be paid during the second quarter of 2023.

#### April 2022 Refinancing

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

#### Cash Flow Summary

(\$ in millions)	Nine Months Ended September 30,		Variance
	2022	2021	2022 vs. 2021
<b>Net cash (used in) provided by operating activities from:</b>			
Continuing operations	\$ (346)	\$ 199	\$ (545)
Discontinued operations	52	260	(208)
Net cash (used in) provided by operating activities	(294)	459	(753)
<b>Net cash provided by (used in) investing activities from:</b>			
Continuing operations	(224)	(148)	(76)
Discontinued operations	6,368	(58)	6,426
Net cash provided by (used in) investing activities	6,144	(206)	6,350
<b>Net cash used in financing activities from:</b>			
Continuing operations	(5,210)	(484)	(4,726)
Discontinued operations	(3)	(8)	5
Net cash used in financing activities	(5,213)	(492)	(4,721)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12)	(3)	(9)
Increase (decrease) in cash, cash equivalents and restricted cash	\$ 625	\$ (242)	\$ 867

#### Cash Flows from Operating Activities

(\$ in millions)	Nine Months Ended September 30,		Variance
	2022	2021	2022 vs. 2021
Net income	\$ 3,658	\$ 291	\$ 3,367
Less: Income from discontinued operations, net of tax	(3,855)	(329)	(3,526)
Adjustments to reconcile net loss from continuing operations to net cash (used in) provided by operating activities from continuing operations	488	358	130
Changes in working capital accounts, excluding the effects of acquisitions	(641)	51	(692)
Changes in deferred income taxes and other	4	(172)	176
Net cash (used in) provided by operating activities from continuing operations	\$ (346)	\$ 199	\$ (545)

Net cash used in operating activities from continuing operations increased primarily due to unfavorable changes in working capital, partially offset by a \$147 million increase in earnings (drivers described above).

Changes in working capital accounts, excluding the effects of acquisitions from continuing operations, for the nine months ended September 30, 2022 were primarily driven by the timing of disbursements, including \$465 million in cash taxes paid related to the Lottery Business divestiture, \$157 million in costs associated with the strategic review and related transactions, higher incentive compensation payout, higher inventory purchases in order to limit supply chain impacts and support future sale levels, and \$25 million paid by SciPlay for the Washington State matter settlement as described in Note 16.

Net cash provided by operating activities from discontinued operations decreased primarily due to lower earnings as the current year period included only a partial period for Lottery Business that was sold during the second quarter of 2022 coupled with approximately \$85 million in direct transaction costs associated with closing of the Divestitures.

#### Cash Flows from Investing Activities

Net cash used in investing activities from continuing operations increased primarily due to acquisitions during the nine months ended September 30, 2022 and higher capital expenditures. Capital expenditures are composed of investments in systems, equipment and other assets related to contracts, property and equipment, intangible assets and software. The increase

in net cash used in investing activities was partially offset by the settlement of our cross-currency interest rate swaps, in which we received approximately \$50 million in cash proceeds, and \$6 million in SciPlay proceeds from matured investments.

Net cash provided by investing activities from discontinued operations increased primarily as a result of the receipt of \$6,409 million in gross cash proceeds from the Divestitures, net of cash, cash equivalents and restricted cash transferred, during the nine months ended September 30, 2022.

#### *Cash Flows from Financing Activities*

Net cash used by financing activities increased primarily due to the April 2022 Refinancing debt transactions, in which we repaid \$6,984 million in senior notes (including redemption premium) and outstanding borrowings under the SGI Term Loan B-5 and received \$2,200 million in proceeds from the issuance of the SGI Term Loan B. Additionally, the increase was due to purchases of treasury stock and SciPlay's common stock, under their respective repurchase programs described above, as well as taxes paid related to net share settlement of equity awards. During the nine months ended September 30, 2022, we purchased \$203 million of our common stock and \$18 million of SciPlay's common stock. The increase in net cash used by financing activities was partially offset by repayments of \$400 million under the SGI Revolver in the prior year period.

#### *Credit Agreement and Other Debt*

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

For additional information regarding our credit agreement and other debt, interest rate risk and interest rate hedging instruments, see Notes 15 and 16 and Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our 2021 10-K as well as Notes 11 and 12 and Item 3 below in this form 10-Q.

#### *Off-Balance Sheet Arrangements*

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

#### *Contractual Obligations*

There have been no material changes to our contractual obligations disclosed under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity, Capital Resources and Working Capital — Contractual Obligations" in our 2021 10-K, other than those related to the Alictus acquisition described in Note 1 and the April 2022 Refinancing described in Note 11.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange rates and commodity prices. The following are our primary exposures to market risks:

#### *Interest Rate Risk*

As of September 30, 2022, the face value of long-term debt was \$3,947 million, including \$2,195 million of variable-rate obligations. Assuming a constant outstanding balance for our variable-rate long term debt, a hypothetical 1% change in interest rates would decrease/increase interest expense by approximately \$22 million. All of our interest rate sensitive financial instruments are held for other than trading purposes.

In April 2022, we entered into interest rate swap contracts with \$700 million notional amount to hedge a portion of our interest expense associated with our variable rate debt to effectively fix the interest rate that we will pay. The objective of our interest rate swap contracts, which are designated as cash flow hedges of the future interest payments, is to eliminate the variability of cash flows attributable to the SOFR component of interest expense to be paid on a portion of our variable rate debt. These hedges mature in April 2027.

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

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

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

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

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

#### **Item 4. Controls and Procedures**

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 3a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of September 30, 2022.

There were no changes in our internal control over financial reporting during the three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

#### **Item 1. Legal Proceedings**

For a description of our legal proceedings, see Note 16 in this Quarterly Report on Form 10-Q and Note 20 in our 2021 10-K.

#### **Item 1A. Risk Factors**

There have been no material changes in our risk factors from those disclosed under Item 1A “Risk Factors” included in our 2021 10-K.

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

There was no stock repurchase activity during the three months ended September 30, 2022.

#### **Item 3. Defaults Upon Senior Securities**

None.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

#### **Item 5. Other Information**

None.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
3.1(a)	<a href="#">Restated Articles of Incorporation of Light &amp; Wonder, Inc., filed with the Secretary of State of the State of Nevada on August 5, 2022 (incorporated by reference to Exhibit 3.1(a) to Light &amp; Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022).</a>
3.1(b)	<a href="#">Amended and Restated Certificate of Designation of Series A Junior Participating Preferred Stock of Light &amp; Wonder, Inc., filed with the Secretary of State of the State of Nevada on August 5, 2022 (incorporated by reference to Exhibit 3.1(b) to Light &amp; Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022).</a>
3.2	<a href="#">Second Amended and Restated Bylaws of Light &amp; Wonder, Inc., effective as of April 28, 2022 (incorporated by reference to Exhibit 3.2 to Light &amp; Wonder, Inc.'s Current Report on Form 8-K filed on April 29, 2022).</a>
10.1	<a href="#">Amendment No. 2 to the Equity Purchase Agreement, dated as of August 2, 2022, by and among Light &amp; Wonder, Inc., Endeavor Operating Company, LLC and Endeavor Group Holdings, Inc. (incorporated by reference to Exhibit 10.3 to Light &amp; Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022).</a>
10.2	<a href="#">Agreement and General Release, dated as of August 30, 2022, by and between Light &amp; Wonder, Inc. and Barry L. Cottle.**(†)</a>
10.3	<a href="#">Retention Letter, dated as of September 7, 2022, by and between Light &amp; Wonder, Inc. and Constance P. James.**(†)</a>
31.1	<a href="#">Certification of the Chief Executive Officer of Light &amp; Wonder, Inc. pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(†)</a>
31.2	<a href="#">Certification of the Chief Financial Officer of Light &amp; Wonder, Inc. pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(†)</a>
32.1	<a href="#">Certification of the Chief Executive Officer of Light &amp; Wonder, Inc. pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</a>
32.2	<a href="#">Certification of the Chief Financial Officer of Light &amp; Wonder, Inc. pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</a>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Label Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

(†) Filed herewith.

\* Furnished herewith.

\*\* 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.

LIGHT & WONDER, INC.

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(Registrant)

By: /s/ Constance P. James

Name: Constance P. James

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

Dated: November 9, 2022

## AGREEMENT AND GENERAL RELEASE

In consideration of the promises contained herein, Light & Wonder, Inc., 6601 Bermuda Road, Las Vegas, NV 89119 (the "Company") and Barry L. Cottle ("you"), agree that:

WHEREAS, (i) since June 1, 2018, you have been employed by the Company and served as a member of the Board of Directors of the Company (the "Board"), and (ii) you are currently employed by the Company pursuant to an employment agreement dated February 5, 2021 (and effective as of June 1, 2021) (the "Employment Agreement");

WHEREAS, you have informed the Board of your intention to resign from your employment with the Company and as a member of the Board; and

WHEREAS, you and the Company wish to resolve all matters related to your employment with the Company and service on the Board, on the terms and conditions expressed in this Agreement and General Release (this "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.** The Company and you agree that your resignation constitutes a termination of employment by you pursuant to Section 4(a) of the Employment Agreement, and that the Company will waive the requirement thereunder to provide 60 days' prior written notice, such that your last day of employment with the Company will be August 30, 2022 (the "Separation Date"). The Employment Agreement will terminate on the Separation Date, except that any provisions in the Employment Agreement designed to survive termination, including, but not limited to, Section 5 and Section 7 thereof, will survive. Effective as of the Separation Date, you will resign from the Board, any committees thereof and any other board of directors or similar management body of any subsidiary or affiliate of the Company on which you serve. Notwithstanding the generality of the foregoing, effective as of the Separation Date, you agree to submit to the Board of Directors of SciPlay Corporation ("SciPlay") and such board of directors, the "SciPlay Board") your resignation from the SciPlay Board, including any committees thereof. You agree to execute and deliver to the Company or its applicable subsidiary or affiliate any additional reasonably requested resignation letters further documenting your resignation from the foregoing positions.

2. **Standard Termination Payments.** In accordance with the Employment Agreement, you will be entitled to the Standard Termination Payments, as defined in Section 4(a) of the Employment Agreement, following the Separation Date, subject to applicable withholdings and deductions. 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. For the avoidance of doubt, (i) all equity awards granted to you by the Company during your employment, including all restricted stock units and stock options granted to you, that are unvested on the Separation Date are forfeited on the Separation Date, and (ii) all stock options granted to you by the Company during your employment that are vested on the Separation Date shall remain outstanding and exercisable until the first anniversary of the Separation Date.

### 3. **Consulting Role.**

(a) You and the Company agree that, during the period beginning on the Separation Date and ending on the second anniversary of the Separation Date (the “Consulting Period”), you will be reasonably available to provide consulting services as described in this Section 3 in exchange for the Consulting Fee (as defined below). During the Consulting Period, you agree to (i) assist in transitioning your duties and responsibilities with the Company; (ii) continue to assist the Company on business matters of the Company reasonably within your knowledge; (iii) make business introductions on behalf of the Company as reasonably requested; and (iv) provide advice to the Company on business matters of the Company as reasonably requested (collectively, the “Services”); provided that the Company will use reasonable efforts to accommodate your other obligations. In consideration of your providing the Services, and subject to your execution and non-revocation of this Agreement and reaffirmation and continued compliance with the covenants set forth in Section 5 of the Employment Agreement and restrictive covenants set forth in Sections 14 to 17 of any equity award agreement between you and the Company (collectively, “Restrictive Covenants”), you will receive an annual consulting fee (the “Consulting Fee”) of \$1,200,000, payable in monthly installments. During the Consulting Period, the Company will also reimburse you for any reasonable costs and expenses approved in advance by the Company and incurred in connection with the performance of the Services, subject to the Company’s expense reimbursement policies in effect from time to time. It is expressly acknowledged and agreed that the Services are expected to exceed those contemplated under Section 5.1(c) of the Employment Agreement.

(b) You acknowledge and agree that in performing the Services, you are acting solely as an independent contractor and not as an employee, legal representative or agent of the Company or any of its subsidiaries or affiliates, including SciPlay, and that you shall perform the Services under the general direction of the Company’s Chief Executive Officer or his or her designee. Furthermore, nothing herein is intended to, or shall be deemed to constitute a partnership or joint venture between the Company or any of its subsidiaries or affiliates, including SciPlay, on the one hand, and you, on the other hand. The Company’s sole obligation to you with respect to compensation for the Services shall be pursuant to this Section 3. You acknowledge and agree that as an independent contractor you alone will be responsible for federal, state, local and self-employment taxes, on the Consulting Fee.

(c) Notwithstanding anything in the foregoing to the contrary, the Company may terminate the Consulting Period, your obligation to provide the Services and the Company’s obligation to pay the Consulting Fee effective immediately in the event any of the following occur: (i) you intentionally breach any Restrictive Covenants; (ii) you intentionally breach any material term of this Agreement; (iii) you are indicted for, or convicted of, a felony or any non-felony crime or offensive involving the property of the Company or any of its subsidiaries or affiliates or evidencing moral turpitude; or (iv) other willful or grossly negligent conduct by you that would make the continued provision of the Services materially prejudicial to the best interests of the Company, including a determination that you provided any false or misleading information to the Company in connection with this Agreement or the Services. Furthermore, in the event of a termination by the Company pursuant to clause (i) of the foregoing, you agree to promptly, but in no event later than 30 days after receipt of written notice from the Company, return any portion of the Consulting Fee previously paid to you, less the ADEA Payment (as defined below).

Notwithstanding any cessation or return of payments contemplated by the foregoing, 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 the event giving rise to such cessation or return of payments under this Agreement.

(d) You understand and agree that you will not receive the Consulting Fee unless: (i) you sign and return a fully signed copy of this Agreement within the time period specified below and (ii) you fulfill all of the promises contained herein.

4. **General Release of Claims by Employee.** In consideration for the Consulting Fee, which you acknowledge is not otherwise owed to you, and as an inducement for the Company to entering into the consulting arrangement contemplated hereunder and providing such Consulting Fee, 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, including, but not limited to, SciPlay, and members, predecessors, successors or assigns, 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 stockholders; 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 service on the Board or the SciPlay Board, separation from employment with the Company and resignation from the Board and the SciPlay Board, or your treatment by the Company while in the Company's employ or during your period of service on the Board or the SciPlay Board, 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) any compensation or benefits, in addition to, or in excess of, the Standard Termination Payments and the Consulting Fee; and (b) 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.

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, if any, to indemnification and directors' and officers' liability insurance coverage. 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 or administrative body. 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 or administrative body.

Furthermore, notwithstanding anything herein to the contrary, nothing in this Agreement or any other agreement with the Company, shall (A) 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 (B) require notification or prior approval by the Company of any reporting described in clause (A).

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 or service on, and cessation of service on, the Board or the SciPlay Board, 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 5 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, charge, complaint or formal legal proceeding, 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, to the extent applicable, 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 the Company and take all necessary steps to effectuate this Agreement, each of its terms and the intent of the parties.

6. **General Release of Claims by Company.** In consideration for the Restrictive Covenants and the other good and valuable consideration herein, and as an inducement for you to enter into this Agreement, the Company understands and agrees that it is knowingly and voluntarily releasing, waiving and forever discharging, to the fullest extent permitted by law, on its own behalf and on behalf of the Released Parties:

you and your agents, assignees, attorneys, heirs, executors, administrators and anyone else claiming by or through you (collectively referred to as the "Employee Released Parties"),

of and from any and all Claims under local, state or federal law, whether asserted and unasserted, that any of the Released Parties has or may have against any Employee Released Parties as of the day the Company signs this Agreement that is based on facts, circumstances and events that are known to the Company at the time it enters into this Agreement, subject to the exclusions in the paragraph immediately below.

Excluded from the release set forth in this Section 6 are: (i) Claims arising out of, in whole or in part, facts, circumstances or events, in each case, that are not known to the Company at the time it enters into this Agreement, (ii) any Claims or rights to enforce this Agreement against you; (iii) Claims arising after the date the Company signs this Agreement; and (iv) any Claims that the Company cannot lawfully release. For purposes of this Agreement, the phrase "known to the Company" refers to the actual knowledge of Jim Sottile, Executive Vice President and Chief Legal Officer of the Company.

7. **Additional Agreements by Company.**

(a) BY SIGNING THIS AGREEMENT THE COMPANY IS KNOWINGLY AND VOLUNTARILY WAIVING ANY RIGHTS TO BRING OR PROSECUTE A LAWSUIT OR MAKE ANY LEGAL CLAIM AGAINST THE EMPLOYEE RELEASED PARTIES WITH RESPECT TO ANY OF THE CLAIMS DESCRIBED ABOVE IN SECTION 6. The Company agrees that the release set forth above will bar all claims or demands of every kind referred to above in Section 6 and further agree that no non-governmental person, organization or other entity acting on the Company's 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 the Company breaks this promise and files a lawsuit, arbitration or other proceeding asserting any Claim waived in this Agreement, (i) the Company will pay for all costs, including reasonable attorneys' fees, incurred by the Employee Released Parties in defending against such Claim; and (ii) if the Company is awarded money damages, it will assign to the Employee Released Parties its right and interest to all such money damages. If any claim is not subject to release, to the extent permitted by law, the Company waives 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 any Employee Released Party is a party. Furthermore, if the Company is made a member of a class or collective action in any proceeding without its prior knowledge or consent, the Company agrees to opt out of the class or collective action at the first opportunity.

(b) The Company agrees that it shall not solicit, encourage, assist or participate (directly or indirectly) in bringing any Claims or actions against any of the Employee 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 you 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 the Company from making truthful statements that are required by applicable law, regulation or legal process.

(c) The Company represents and warrants that it has not filed any administrative, judicial or other form of complaint or initiated any claim, charge, complaint or formal legal proceeding, nor is it a party to any such claim, charge, complaint or formal legal proceeding, against any of the Employee Released Parties, and that the Company will not make such a filing at any time hereafter asserting any Claims that are released pursuant to Section 6. The Company understands and agrees that, to the extent applicable, 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 the Company or any other Released Party.

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

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

(a) You have been paid and/or have received all compensation, wages, bonuses, commissions, overtime and/or benefits to which you may be entitled (except as set forth in this Agreement);

(b) You are not eligible to receive payments or benefits under any Company and/or other Released Party's severance pay policy, plan, practice or arrangement, including, other than the Standard Termination Payments, pursuant to Section 4 of the Employment Agreement; and

(c) You acknowledge and agree that if you breach the provisions of this Agreement or the Restrictive Covenants 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 Consulting Fee (to the extent provided under this Agreement), other monetary damages, and the payment of the Company's attorneys' fees.

9. **Company Affirmations.** In signing this Agreement, the Company is affirming that if it breaches the provisions of this Agreement or the Restrictive Covenants or the provisions of the Employment Agreement which survive, that you will have the right to seek an appropriate remedy against the Company, which may include, but not be limited to, injunctive relief, other monetary damages, and the payment of your attorneys' fees.

10. **Confidentiality; Communications.** You and the Company agree that it is a material condition of this Agreement that neither you nor the Company 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 underlying this Agreement, except (a) as may be required by law or compulsory process, (b) as 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 10, 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 resignation 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.

11. **Return of Property.** In addition to any requirements set forth in the Employment Agreement, you agree that no later than your last day of employment with the Company, 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; provided, however, that you will be provided by the Company an electronic copy of all of your personal contacts and files reasonably requested by you that may be on the computer equipment of the Company.

12. **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 the Employee Released Parties of any liability, wrongdoing, or unlawful conduct of any kind, and the Released Parties and Employee Released Parties do 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.

13. **Amendment.** You and the Company 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.

14. **Entire Agreement; Waiver.** You and the Company 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 the Restrictive Covenants and all provisions of the Employment Agreement designed to survive the termination of your employment with the Company and all provisions of award agreements with respect to equity awards granted to you during your employment with the Company designed to survive the termination of your employment with the Company. 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.

15. **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 ADEA. 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 ADEA. 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 calendar days from the Separation Date to decide whether to accept and sign this Agreement. In the event you do sign this Agreement, you may revoke or rescind your acceptance to those provisions of this Agreement releasing and waiving your rights and claims under the ADEA (the "ADEA Provisions") within seven calendar days of signing this Agreement, and the ADEA Provisions will not become effective or enforceable until the eighth day after you sign this Agreement (the "Effective Date"). In order to effectively revoke or rescind your acceptance of the ADEA Provisions, the revocation or rescission must be in writing and postmarked within the seven calendar day period, and properly addressed to:

Light & Wonder, Inc.  
6601 Bermuda Road  
Las Vegas, NV 89119  
Attention: James Sottile, Chief Legal Officer

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 the ADEA Provisions, the Consulting Fee will be reduced by \$25,000 (the "ADEA Payment"), with such reduction applying to those portions of the Consulting Fee that would be paid first in time, and the ADEA Provisions shall be null and void, having have no further force or effect, and that the ADEA Provisions will not be admissible as evidence in any judicial, administrative or arbitral proceeding or trial. You further acknowledge that if the ADEA Provisions are not revoked in the time period set forth above, you shall have forever waived your right to revoke the ADEA Provisions, and they 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 Section 12(b).

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

16. **409A.** This Agreement is intended to comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and applicable administrative guidance and regulations (collectively, "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 months after the Separation Date or, if earlier, your date of death. Following any applicable six 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 the 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.

17. **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 herein to the extent not inconsistent with the terms hereof.

18. **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]

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily entered into this Agreement and General Release as of the date set forth below:

**LIGHT & WONDER, INC.**

By: /s/ James Sottile \_\_\_\_\_

Name: James Sottile

Title: Executive Vice President and  
Chief Legal Officer

I have decided to accept this Agreement and General Release, to fulfill the promises I have made. I hereby freely and voluntarily assent to all the terms and conditions in this Agreement and General Release. I understand that this Agreement and General Release will become a binding agreement between the Company and me as of the 8<sup>th</sup> day after I sign it, and I am signing this Agreement and General Release as my own free act with the full intent of releasing the Released Parties from all Claims, as described in Section 5 above, including, but not limited to, those under the ADEA.

/s/ Barry L. Cottle \_\_\_\_\_

Date: August 30, 2022 \_\_\_\_\_

**BARRY L. COTTLE**

## Retention Incentive Agreement

September 7, 2022

Dear Connie:

In light of the recently announced departure of Light & Wonder, Inc.'s (the "**Company**") Chief Executive Officer ("**CEO**"), the search for a permanent CEO and the increased responsibilities and workload this will entail for you, the Company wishes to provide you with a retention incentive as set forth in this letter agreement (this "**Agreement**") to ensure that the Company will benefit from your continued employment and strong commitment during this period. Capitalized terms used in this Agreement that are not defined herein shall have the meanings set forth in the Amended and Restated Employment Agreement between you and the Company (f/k/a Scientific Games Corporation), dated as of October 15, 2021 (the "**Employment Agreement**").

1. Retention Incentive.

(a) If you remain employed with the Company through the filing of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the "**Retention Date**"), then, subject to your execution and non-revocation of a release of claims in favor of the Company based on the Company's standard form agreement, which shall not contain any restrictive covenants which are longer or more onerous on you than those to which you are already subject (the "**Release**"), (i) any requirement for your continued service with the Company and its subsidiaries with respect to the time-vesting restricted stock units ("**RSUs**") previously granted to you and which are scheduled to vest on March 20, 2023 (totaling 8,591 RSUs) shall be waived, and (ii) the Company shall pay you a cash retention bonus of \$500,000 (the "**Cash Bonus**") within thirty (30) days following the Retention Date.

(b) If the Company terminates your employment without Cause or you resign for Good Reason prior to the Retention Date, then, subject to your execution and non-revocation of the Release, any requirement for your continued service with the Company and its subsidiaries with respect to the RSUs set forth on Exhibit A hereto (the "**Scheduled RSUs**") shall be waived and the Cash Bonus shall be paid to you within thirty (30) days following the date of your termination. In addition, and for the avoidance of doubt, if the Company terminates your employment without Cause or you resign for Good Reason at any time, you shall be entitled to the compensation and benefits provided for under Section 4(e) of the Employment Agreement and the agreements governing the terms of any equity awards then held by you, subject to any other terms and conditions set forth therein, including any requirement of continued compliance with any restrictive covenants and/or to provide the Company with a release of claims, which shall not contain any restrictive covenants which are longer or more onerous on you than those to which you are already subject; provided that, with respect to the Scheduled RSUs, and any grant they are a part of, the treatment set forth in the first sentence of this Section 1(b) shall apply in lieu of the treatment provided for in the applicable award agreement if such termination occurs prior to the Retention Date. For purposes of the Good Reason definition in Section 4(e) of the Employment Agreement, a material failure by the Company to perform any material obligation under, or material breach by the Company of any material provision of this Agreement shall be considered a material failure or breach, as applicable, of the Employment Agreement.

(c) If the requirement for your continued service with the Company and its subsidiaries with respect to the Scheduled RSUs is waived in accordance with this Agreement, the Scheduled RSUs shall remain unvested subject to your continued compliance with any restrictive covenants in favor of the Company and its subsidiaries through the regularly scheduled vesting date; provided that, solely to the extent necessary to avoid any additional taxes and penalties under Section 409A of the Internal Revenue

Code of 1986, as amended, any Scheduled RSUs for which such continued service is waived shall be settled no later than March 15, 2023.

2. Services. In exchange for the benefits provided under this Agreement, you will perform the Services through to the earlier of (a) the Retention Date and (b) the date of your termination of employment. The “**Services**” shall consist of using your best efforts to (a) support the Company’s Interim CEO as he transitions into the role, (b) if a permanent CEO is selected prior to the Retention Date, support the transition to a permanent CEO, and (c) carry out all responsibilities associated with your position as Chief Financial Officer and such other responsibilities as the Company may from time to time ask you to fulfill consistent with Section 2 of the Employment Agreement.

3. Incentive Compensation. Your Incentive Compensation for 2022 and 2023 (including, if applicable, any pro-rata Incentive Compensation for either year), if any, shall be determined on a basis consistent with that for other employees with Company-wide responsibilities.

4. Non-Disparagement. The Company shall direct its current senior executive officers not to make public statements in their respective official capacities that directly or indirectly disparage you, your business relationships or your reputation with the public generally. Neither the foregoing nor Section 5.4 of the Employment Agreement shall be violated by (a) truthful statements made in response to disparaging statements made by the other party or a third-party about, as applicable, you, the Company or any of its current executive officers, (b) truthful statements required to be made by law or legal or regulatory process, or (c) truthful statements made in any dispute involving (i) you and the Company or any of its current executive officers or (ii) your or the Company one one hand and a third-party on the other hand, in each case, where such statements are relevant to such dispute.

5. Legal Fees. The Company shall pay by wire directly to your legal counsel up to \$50,000 in reasonable attorneys fees incurred by you in the negotiation and drafting of this Agreement within fifteen (15) days following the Company’s receipt of documentation of such fees and requisite wire information.

6. Withholding. Subject to applicable law, the Company or its applicable subsidiary may deduct and withhold from the Scheduled RSUs and the Cash Bonus such Federal, state, local, foreign or other taxes as are required to be withheld pursuant to any applicable law or regulation. Section 3(f) of the Employment Agreement shall apply to this Agreement, *mutatis mutandis*.

7. Assignment. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company (a “**Successor**”) to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would have been required to perform it if no such succession had taken place. As used in this Agreement, the term “**Company**” shall mean the Company as hereinbefore defined and any Successor and any permitted assignee to which this Agreement is assigned. You may not assign this Agreement without the prior written consent of the Company, except that your rights hereunder shall inure to the benefit of, and be enforceable by, your estates, executors, successors, heirs, distributes, devisees and legatees.

8. Entire Agreement. This Agreement, together with the Employment Agreement and the agreements governing the grants of RSUs to you, (a) constitutes the entire agreement between the parties with respect to the subject matter hereof, (b) cannot be amended, modified or waived except in writing signed by you and the Company, and (c) shall be construed and interpreted in accordance with the laws of the State of Nevada.

9. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

If the terms of this Agreement are acceptable to you, please execute this Agreement and electronically send such executed Agreement to Jim Sottile, Executive Vice President and Chief Legal Officer of the Company, at [jsottile@lnw.com](mailto:jsottile@lnw.com). This Agreement shall be null and void and of no effect should you fail to execute and send such executed Agreement to the Company in accordance with the immediately preceding sentence.

[signatures follow on the next page]

Light & Wonder, Inc.

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

Accepted and Agreed:

By: /s/ Constance P. James  
Employee's Name: Constance P. James  
Title: Executive Vice President, Chief Financial Officer,  
Treasurer and Corporate Secretary  
Dated: September 7, 2022

**Exhibit A**

<u>Award Type</u>	<u>Grant Date</u>	<u>Amounts Scheduled to Vest On or Before March 20, 2023</u>	<u>Vesting Date</u>
Time-Vesting RSUs	November 9, 2020	3,333	September 25, 2022
Time-Vesting RSUs	November 11, 2021	3,333	October 14, 2022
Time-Vesting RSUs	December 2, 2019	2,433	December 2, 2022
Time-Vesting RSUs	April 3, 2020	3,450	March 20, 2023
Time-Vesting RSUs	March 22, 2021	941	March 20, 2023
Time-Vesting RSUs	March 25, 2022	4,200	March 20, 2023

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

I, Matthew R. Wilson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Light & Wonder, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

/s/ Matthew R. Wilson

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Matthew R. Wilson

Chief Executive Officer

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

I, Constance P. James, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Light & Wonder, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

/s/ Constance P. James

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Constance P. James  
Chief Financial Officer

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

In connection with the Quarterly Report of Light & Wonder, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew R. Wilson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

/s/ Matthew R. Wilson

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Matthew R. Wilson  
Chief Executive Officer  
November 9, 2022

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

In connection with the Quarterly Report of Light & Wonder, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Constance P. James, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

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

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

/s/ Constance P. James

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Constance P. James  
Chief Financial Officer

November 9, 2022