

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2025

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**TM

LIGHT & WONDER, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

81-0422894

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

6601 Bermuda Road, Las Vegas, Nevada

(Address of principal executive offices)

89119

(Zip Code)

(702) 897-7150

(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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

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

Common stock outstanding as of August 1, 2025 was 83,946,594.

LIGHT & WONDER, INC. AND SUBSIDIARIES
INDEX TO FINANCIAL AND OTHER INFORMATION
THREE AND SIX MONTHS ENDED JUNE 30, 2025

	<u>Page</u>
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1.	<u>Condensed Consolidated Financial Statements (unaudited)</u> 8
	<u>Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2025 and 2024</u> 8
	<u>Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2025 and 2024</u> 9
	<u>Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024</u> 10
	<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2025 and 2024</u> 11
	<u>Notes to Condensed Consolidated Financial Statements</u> 12
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 33
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 43
Item 4.	<u>Controls and Procedures</u> 44
<u>PART II. OTHER INFORMATION</u> 44	
Item 1.	<u>Legal Proceedings</u> 44
Item 1A.	<u>Risk Factors</u> 44
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 46
Item 3.	<u>Defaults Upon Senior Securities</u> 46
Item 4.	<u>Mine Safety Disclosures</u> 46
Item 5.	<u>Other Information</u> 46
Item 6.	<u>Exhibits</u> 47

Glossary of Terms

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

Term or Acronym	Definition
2024 10-K	2024 Annual Report on Form 10-K filed with SEC on February 25, 2025
2028 Unsecured Notes	7.000% senior unsecured notes due 2028 issued by LNWI
2029 Unsecured Notes	7.250% senior unsecured notes due 2029 issued by LNWI
2031 Unsecured Notes	7.500% senior unsecured notes due 2031 issued by LNWI
AEBITDA	Adjusted EBITDA, our primary performance measure of profit or loss for our business segments
ASC	Accounting Standards Codification
ASX	Australian Securities Exchange
CMS	casino-management system
D&A	depreciation, amortization and impairments (excluding goodwill)
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Grover	Grover Gaming charitable business acquired on May 16, 2025
KPIs	Key Performance Indicators
L&W	Light & Wonder, Inc.
LBO	licensed betting office
LNWI	Light and Wonder International, Inc., a wholly-owned subsidiary of L&W and successor to Scientific Games International, Inc.
LNWI Credit Agreement	That certain credit agreement, dated as of April 14, 2022, among LNWI, as the borrower, L&W, as a guarantor, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Collateral Agent and Swingline Lender, BofA Securities, Inc., BNP Paribas Securities Corp., Deutsche Bank Securities Inc., Fifth Third Bank, National Association, Barclays Bank PLC, Citizens Bank, N.A., Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, Truist Securities, Inc., Credit Suisse Loan Funding LLC and Macquarie Capital (USA) Inc. as Lead Arrangers and Joint Bookrunners, as amended, restated, amended and restated, supplemented or otherwise modified from time to time
LNWI Credit Agreement A	That certain credit agreement, dated as of May 15, 2025, among LNWI, as the borrower, L&W, as a guarantor, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., BofA Securities, Inc., Wells Fargo Securities, LLC, PNC Capital Markets LLC, Truist Securities, Inc., Citizens Bank, N.A., Sumitomo Mitsui Banking Corporation, BNP Paribas Securities Corp., KeyBanc Capital Markets Inc., U.S. Bank National Association, Fifth Third Bank, National Association, Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc. as Joint Lead Arrangers and Joint Bookrunners and Deutsche Bank Securities Inc., as Co-Documentation Agent, as amended, restated, amended and restated, supplemented or otherwise modified from time to time
LNWI Revolver	Revolving credit facility with aggregate commitments of \$1.0 billion extended pursuant to the LNWI Credit Agreement
LNWI Term Loan A	Term loan A facility provided for by the LNWI Credit Agreement A
LNWI Term Loan B	Term loan B facility provided for by the LNWI Credit Agreement
Note	a note in the Notes to Consolidated Financial Statements in this Quarterly Report on Form 10-Q, unless otherwise indicated
Participation	refers to gaming machines provided to customers through service or leasing arrangements in which we earn revenues and are paid based on: (1) a percentage of the amount wagered less payouts; (2) fixed daily-fees; (3) a percentage of the amount wagered; or (4) a combination of (2) and (3)
R&D	research and development
RSU	restricted stock unit
SciPlay	Our SciPlay business segment
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Senior Notes or Unsecured Notes	refers to the 2028 Unsecured Notes, 2029 Unsecured Notes and 2031 Unsecured Notes, collectively
SG&A	selling, general and administrative

Term or Acronym	Definition
Shufflers	various models of automatic card shufflers, deck checkers and roulette chip sorters
SOFR	Secured Overnight Financing Rate
U.S. GAAP	accounting principles generally accepted in the U.S.
U.S. jurisdictions	the 50 states in the U.S. plus the District of Columbia, U.S. Virgin Islands and Puerto Rico
VGT	video gaming terminal
VLT	video lottery terminal

Intellectual Property Rights

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FORWARD-LOOKING STATEMENTS

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

- our inability to successfully execute our strategy;
- slow growth of new gaming jurisdictions, slow addition of casinos in existing jurisdictions and declines in the replacement cycle of gaming machines;
- risks relating to foreign operations, including anti-corruption laws, fluctuations in currency rates, restrictions on the payment of dividends from earnings, restrictions on the import of products and financial instability;
- difficulty predicting what impact new or increased tariffs imposed by and other trade actions taken by the U.S. and foreign jurisdictions could have on our business;
- U.S. and international economic and industry conditions, including changes in consumer sentiment and discretionary spending, increases in benchmark interest rates and the effects of inflation;
- public perception of our response to environmental, social and governance issues;
- the effects of health epidemics, contagious disease outbreaks and public perception thereof;
- changes in, progress under, or the elimination of, our share repurchase program;
- resulting pricing variations and other impacts of our common stock being listed to trade on more than one stock exchange;
- level of our indebtedness, higher interest rates, availability or adequacy of cash flows and liquidity to satisfy indebtedness, other obligations or future cash needs;
- inability to further reduce or refinance our indebtedness;
- restrictions and covenants in debt agreements, including those that could result in acceleration of the maturity of our indebtedness;
- competition;
- inability to win, retain or renew, or unfavorable revisions of, existing contracts, and the inability to enter into new contracts;
- risks and uncertainties of ongoing changes in U.K. gaming legislation, including any new or revised licensing and taxation regimes, responsible gambling requirements and/or sanctions on unlicensed providers;
- inability to adapt to, and offer products that keep pace with, evolving technology, including any failure of our investment of significant resources in our R&D efforts;
- failure to retain key management and employees;
- unpredictability and severity of catastrophic events, including but not limited to acts of terrorism, war, armed conflicts or hostilities, the impact such events may have on our customers, suppliers, employees, consultants, business partners or operations, as well as management’s response to any of the aforementioned factors;
- changes in demand for our products and services;
- dependence on suppliers and manufacturers;
- SciPlay’s dependence on certain key providers;
- ownership changes and consolidation in the gaming industry;
- fluctuations in our results due to seasonality and other factors;
- the risk that any potential disruptions from the Grover acquisition will harm relationships with customers, employees and suppliers;
- the possibility that the Company may be unable to achieve expected financial, operational and strategic benefits of the Grover acquisition and may not be able to successfully integrate Grover into the Company’s operations;
- risks as a result of being publicly traded in the United States and Australia, including price variations and other impacts

relating to the current dual listing of the Company's common stock on the ASX and Nasdaq;

- risks relating to transitioning, or failing to transition, to a sole primary listing on the ASX, including delisting the Company's common stock from Nasdaq, which could negatively affect the liquidity and trading prices of our common stock, impact our access to the capital markets and result in less or differing disclosure about the Company, as well as additional regulation which the Company is not currently familiar with;
- the possibility that we may be unable to achieve expected operational, strategic and financial benefits of the SciPlay merger;
- security and integrity of our products and systems, including the impact of any security breaches or cyber-attacks;
- protection of our intellectual property, inability to license third-party intellectual property and the intellectual property rights of others;
- reliance on or failures in information technology and other systems;
- litigation and other liabilities relating to our business, including litigation and liabilities relating to our contracts and licenses, our products and systems (including further developments in the Dragon Train litigation described under "Aristocrat Matters" in Note 15), 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, government regulations and potential trade tariffs, 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, including Internet wagering, social gaming and sweep-stakes;
- changes in tax laws or tax rulings, or the examination of our tax positions;
- opposition to legalized gaming or the expansion thereof and potential restrictions on Internet wagering;
- significant opposition in some jurisdictions to interactive social gaming, including social casino gaming and how such opposition could lead these jurisdictions to adopt legislation or impose a regulatory framework to govern interactive social gaming or social casino gaming specifically, and how this could result in a prohibition on interactive social gaming or social casino gaming altogether, restrict our ability to advertise our games, or substantially increase our costs to comply with these regulations;
- expectations of shift to regulated digital gaming;
- inability to develop successful products and services and capitalize on trends and changes in our industries, including the expansion of Internet and other forms of digital gaming;
- the continuing evolution of the scope of data privacy and security regulations, and our belief that the adoption of increasingly restrictive regulations in this area is likely within the U.S. and other jurisdictions;
- incurrence of restructuring costs;
- goodwill impairment charges including changes in estimates or judgments related to our impairment analysis of goodwill or other intangible assets;
- stock price volatility;
- failure to maintain adequate internal control over financial reporting;
- dependence on key executives;
- natural events that disrupt our operations, or those of our customers, suppliers or regulators; and
- expectations of growth in total consumer spending on social casino gaming.

Additional information regarding risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated in forward-looking statements is included from time to time in our filings with the SEC, including under "Risk Factors" in *Part II, Item 1A* of this Quarterly Report on Form 10-Q and *Part I, Item 1A* in our 2024 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, charitable 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.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue:				
Services	\$ 566	\$ 526	\$ 1,092	\$ 1,044
Products	243	292	490	531
Total revenue	809	818	1,582	1,575
Operating expenses:				
Cost of services ⁽¹⁾	113	111	224	223
Cost of products ⁽¹⁾	106	125	206	233
Selling, general and administrative	208	220	425	438
Research and development	64	66	129	128
Depreciation, amortization and impairments	99	87	190	173
Restructuring and other	17	34	37	40
Operating income	202	175	371	340
Other (expense) income:				
Interest expense	(77)	(75)	(146)	(150)
Loss on debt financing transactions	—	—	(1)	—
Other (expense) income, net	(1)	8	4	18
Total other expense, net	(78)	(67)	(143)	(132)
Net income before income taxes	124	108	228	208
Income tax expense	(29)	(26)	(51)	(44)
Net income	\$ 95	\$ 82	\$ 177	\$ 164
Basic and diluted net income per share:				
Basic	\$ 1.12	\$ 0.92	\$ 2.09	\$ 1.83
Diluted	\$ 1.11	\$ 0.90	\$ 2.05	\$ 1.78
Weighted average number of shares used in per share calculations:				
Basic shares	84	90	85	90
Diluted shares	86	92	86	92

(1) Excludes D&A.

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 95	\$ 82	\$ 177	\$ 164
Other comprehensive income (loss)				
Foreign currency translation gain (loss), net of tax	75	(1)	123	(30)
Derivative financial instruments unrealized (loss) gain, net of tax	(3)	—	(8)	6
Total other comprehensive income (loss)	<u>72</u>	<u>(1)</u>	<u>115</u>	<u>(24)</u>
Total comprehensive income	<u>\$ 167</u>	<u>\$ 81</u>	<u>\$ 292</u>	<u>\$ 140</u>

See accompanying notes to condensed consolidated financial statements.

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

	As of	
	June 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 136	\$ 196
Restricted cash	130	110
Receivables, net of allowance for credit losses of \$27 and \$35, respectively	643	585
Inventories	187	158
Prepaid expenses, deposits and other current assets	141	134
Total current assets	1,237	1,183
Non-current assets:		
Restricted cash	5	6
Receivables, net of allowance for credit losses of \$7 and \$5, respectively.	93	97
Property and equipment, net	351	286
Operating lease right-of-use assets	44	44
Goodwill	3,355	2,890
Intangible assets, net	882	454
Software, net	176	161
Deferred income taxes	272	229
Other assets	75	71
Total assets	\$ 6,490	\$ 5,421
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 38	\$ 23
Accounts payable	248	216
Accrued liabilities	358	447
Income taxes payable	53	49
Total current liabilities	697	735
Deferred income taxes	13	12
Operating lease liabilities	30	31
Other long-term liabilities	230	160
Long-term debt, excluding current portion	4,818	3,847
Total liabilities	5,788	4,785
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, par value \$0.001 per share, 199 shares authorized; 118 and 117 shares issued, respectively, and 84 and 86 shares outstanding, respectively	1	1
Additional paid-in capital	1,242	1,200
Retained earnings	1,193	1,016
Treasury stock, at cost, 34 and 31 shares, respectively	(1,484)	(1,216)
Accumulated other comprehensive loss	(250)	(365)
Total stockholders' equity	702	636
Total liabilities and stockholders' equity	\$ 6,490	\$ 5,421

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 177	\$ 164
Adjustments to reconcile net income to net cash provided by operating activities	225	196
Changes in working capital accounts, excluding the effects of acquisition	(111)	(48)
Net cash provided by operating activities	291	312
Cash flows from investing activities:		
Capital expenditures	(139)	(153)
Acquisitions of businesses and assets, net of cash acquired	(861)	(5)
Net cash used in investing activities	(1,000)	(158)
Cash flows from financing activities:		
Borrowings under revolving credit facility	365	—
Repayments under revolving credit facility	(170)	—
Proceeds from issuance of senior notes and term loans	800	—
Payments on long-term debt	(11)	(5)
Payments of debt issuance and deferred financing costs	(5)	(2)
Payments on license obligations	(12)	(14)
Payments of contingent acquisition considerations	(2)	(14)
Purchase of L&W common stock	(270)	(175)
Net redemptions of common stock under stock-based compensation plans and other	(35)	(40)
Net cash provided by (used in) financing activities	660	(250)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8	(3)
Decrease in cash, cash equivalents and restricted cash	(41)	(99)
Cash, cash equivalents and restricted cash, beginning of period	312	521
Cash, cash equivalents and restricted cash, end of period	\$ 271	\$ 422
Supplemental cash flow information:		
Cash paid for interest	\$ 137	\$ 146
Income taxes paid	71	70
Cash paid for contingent acquisition considerations included in operating activities	—	22
Supplemental non-cash transactions:		
Non-cash interest expense	\$ 5	\$ 5

See accompanying notes to condensed consolidated financial statements.

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

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

Description of the Business

We are a leading cross-platform global games company with a focus on content and digital markets. Our portfolio of revenue-generating activities primarily includes supplying game content and gaming machines, CMSs and table game products and services to licensed gaming entities, and electronic pull tabs and related services to charitable gaming entities; providing social casino and other online games, including casual gaming, to retail customers; and providing a comprehensive suite of digital gaming content, distribution platforms and player account management systems, as well as various other iGaming content and services. We report our results of operations in three reportable business segments—Gaming, SciPlay and iGaming—representing our different products and services.

Basis of Presentation and Principles of Consolidation

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

In the opinion of L&W and its management, we have made all adjustments necessary to present fairly our condensed consolidated financial position, results of operations, comprehensive income and cash flows for the periods presented. Such adjustments are of a normal, recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our 2024 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 2024 10-K.

Acquisition of Grover

On May 16, 2025, we completed the acquisition of Grover Charitable Gaming (“Grover”) for an upfront consideration of \$850 million, subject to certain customary purchase price adjustments as set forth in the purchase agreement, and up to \$200 million in cash in the aggregate in the form of contingent acquisition consideration payments over a four-year period based on achievement of certain revenue metrics. Grover is a leading provider of electronic pull-tabs currently distributed over five U.S. states: North Dakota, Ohio, Virginia, Kentucky and New Hampshire.

We accounted for this acquisition using the acquisition method of accounting whereby the total purchase price was allocated to tangible and intangible assets acquired and liabilities assumed based on respective 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, and such adjustments could be material.

We incurred \$14 million in acquisition-related costs, which were recorded in restructuring and other for the six months ended June 30, 2025.

The following table summarizes the preliminary allocation of the purchase price, which is expected to be finalized by December 31, 2025:

	May 16, 2025
Accounts receivable	\$ 9
Property and equipment	52
Intangible assets	464
Goodwill	392
Other current and non-current assets	1
Total assets	918
Total current and non-current liabilities	4
Net assets acquired	\$ 914
Consideration transferred:	
Cash, net of purchase price adjustments	\$ 858
Fair value of contingent consideration ⁽¹⁾	56
Total consideration transferred	\$ 914

(1) The fair value was determined using an income approach primarily based on reaching certain revenue-based metrics, with a discount rate of 6% and a maximum payout of up to \$200 million.

Accounts receivable and other current and non-current assets and liabilities were valued at the existing carrying values, which approximated their estimated fair values. The fair value of property and equipment, which primarily consisted of electronic pull tab gaming devices, was determined using replacement cost and cost-plus pricing.

The fair values of intangible assets that have been preliminarily identified were determined using a combination of the excess earnings method and the relief from royalty method using Level 3 inputs in the fair value hierarchy established by ASC 820. The discount rates used in the valuation analysis ranged between 14% and 15%, and the royalty rates used were between 2% and 18%. The following table details the intangible assets that have been preliminarily identified:

	Fair Value	Weighted Average Useful Life (Years)
Customer relationships	\$ 345	15
Intellectual property ⁽¹⁾	91	5-7
Trade name	28	15

(1) Primarily consists of game content and platform technology.

The factors contributing to the recognition of acquired goodwill are based on enhanced financial and operational scale, market diversification and expansion, expected synergies, assembled workforce and other strategic benefits. We expect the resultant goodwill to be deductible for income tax purposes.

Grover revenue and net income since the acquisition date and through June 30, 2025 included in the consolidated statements of operations and comprehensive income were not material. The Grover operating segment was aggregated with our Gaming reportable business segment.

Computation of Basic and Diluted Net Income Per Share

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

For the three and six months ended June 30, 2025, we included 2 million and 1 million, respectively, of common stock equivalents in the calculation of diluted net income per share. For the three and six months ended June 30, 2024, we included 2 million of common stock equivalents in the calculation of diluted net income per share for both periods.

New Accounting Guidance

There have been no recent accounting pronouncements or changes in accounting pronouncements since those described within Note 1 of our 2024 10-K that are expected to have a material impact on our consolidated financial statements.

(2) Revenue Recognition

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gaming				
Gaming operations	\$ 209	\$ 175	\$ 382	\$ 340
Gaming machine sales	191	228	398	433
Gaming systems	73	82	136	142
Table products	55	54	106	101
Total	<u>\$ 528</u>	<u>\$ 539</u>	<u>\$ 1,022</u>	<u>\$ 1,016</u>
SciPlay				
Third-party platforms and other ⁽¹⁾	\$ 165	\$ 181	\$ 339	\$ 375
Direct-to-consumer platforms	35	24	63	36
Total	<u>\$ 200</u>	<u>\$ 205</u>	<u>\$ 402</u>	<u>\$ 411</u>
iGaming	<u>\$ 81</u>	<u>\$ 74</u>	<u>\$ 158</u>	<u>\$ 148</u>

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

Grover revenues are generated by providing customers with access to proprietary electronic pull tabs equipment and content for which consideration is based upon a percentage of gross gaming revenue, with variability generally resolved in the reporting period. For these contracts with customers, we generally transfer control and recognize revenue over time based on the amount we expect to receive and classify such revenue as gaming operations revenue. Payments from customers under these contracts are typically due on a monthly or more frequent basis.

The amount of rental income revenue included in services revenue within the consolidated statement of operations that is outside the scope of ASC 606 was \$151 million and \$289 million for the three and six months ended June 30, 2025, respectively, and \$136 million and \$263 million for the three and six months ended June 30, 2024, respectively.

Contract Liabilities and Other Disclosures

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

	Six Months Ended June 30, 2025	
Contract liability balance, beginning of period ⁽¹⁾	\$	21
Liabilities recognized during the period		15
Amounts recognized in revenue from beginning balance		(12)
Contract liability balance, end of period ⁽¹⁾	<u>\$</u>	<u>24</u>

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

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

	Receivables		Contract Assets ⁽¹⁾	
Beginning of period balance	\$	682	\$	43
End of period balance, June 30, 2025		736		45

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

As of June 30, 2025, we did not have material unsatisfied performance obligations for contracts expected to be long-term or contracts for which we recognize revenue at an amount other than that for which we have the right to invoice for goods or services delivered or performed.

(3) Reportable Segments

We report our operations in three reportable 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 2 and 3 in our 2024 10-K.

In evaluating financial performance, our Chief Operating Decision Maker (defined as our Chief Executive Officer) focuses on AEBITDA as management’s primary segment measure of profit or loss, which is described in footnote (5) to the below table. Our CODM uses reportable business segment AEBITDA to evaluate the performance of each reportable business segment and to allocate resources. Additionally, AEBITDA is one of the key metrics used in our incentive compensation program. The accounting policies for our reportable segments are the same as those described within the Notes in our 2024 10-K. The following tables present our reportable segment information:

Three Months Ended June 30, 2025						
	Gaming	SciPlay	iGaming	Total Reportable Segments	Unallocated and Reconciling Items ⁽¹⁾	Total
Total revenue	\$ 528	\$ 200	\$ 81	\$ 809	\$ —	\$ 809
Cost of revenue ⁽²⁾	(139)	(53)	(27)	(219)	—	(219)
Payroll and related ⁽³⁾	(83)	(24)	(17)	(124)	—	(124)
Other segment reconciling items ⁽⁴⁾	(26)	(49)	(9)	(84)	(30)	(114)
AEBITDA ⁽⁵⁾	280	74	28	382	(30)	352
<i>Reconciling items to net income before income taxes:</i>						
Restructuring and other	(1)	—	(2)	(3)	(14)	(17)
D&A					(99)	(99)
Interest expense					(77)	(77)
Other income, net					(4)	(4)
Stock-based compensation					(31)	(31)
Net income before income taxes						\$ 124
Capital expenditures for the three months ended June 30, 2025	\$ 62	\$ 5	\$ 5	\$ 72	\$ 6	\$ 78

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

(2) Excludes D&A.

(3) Excludes stock-based compensation.

(4) Primarily represents various other non-payroll related operating expenses, including but not limited to, professional and legal services, marketing, facilities and operating leases, maintenance and other operating expenses.

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

Three Months Ended June 30, 2024

	Gaming	SciPlay	iGaming	Total Reportable Segments	Unallocated and Reconciling Items⁽¹⁾	Total
Total revenue	\$ 539	\$ 205	\$ 74	\$ 818	\$ —	\$ 818
Cost of revenue ⁽²⁾	(156)	(57)	(23)	(236)	—	(236)
Payroll and related ⁽³⁾	(80)	(25)	(19)	(124)	—	(124)
Other segment reconciling items ⁽⁴⁾	(31)	(53)	(8)	(92)	(36)	(128)
AEBITDA⁽⁵⁾	272	70	24	366	(36)	330
<i>Reconciling items to net income before income taxes:</i>						
Restructuring and other	(1)	—	1	—	(34)	(34)
D&A					(87)	(87)
Interest expense					(75)	(75)
Other income, net					5	5
Stock-based compensation					(31)	(31)
Net income before income taxes						<u>\$ 108</u>
Capital expenditures for the three months ended June 30, 2024	\$ 74	\$ 4	\$ 7	\$ 85	\$ 1	\$ 86

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

(2) Excludes D&A.

(3) Excludes stock-based compensation.

(4) Primarily represents various other non-payroll related operating expenses, including but not limited to, professional and legal services, marketing, facilities and operating leases, maintenance and other operating expenses.

(5) AEBITDA is described in footnote (5) to the first table in this Note 3.

Six Months Ended June 30, 2025

	Gaming	SciPlay	iGaming	Total Reportable Segments	Unallocated and Reconciling Items⁽¹⁾	Total
Total revenue	\$ 1,022	\$ 402	\$ 158	\$ 1,582	\$ —	\$ 1,582
Cost of revenue ⁽²⁾	(269)	(108)	(53)	(430)	—	(430)
Payroll and related ⁽³⁾	(166)	(51)	(33)	(250)	—	(250)
Other segment reconciling items ⁽⁴⁾	(53)	(105)	(17)	(175)	(64)	(239)
AEBITDA⁽⁵⁾	534	138	55	727	(64)	663
<i>Reconciling items to net income before income taxes:</i>						
Restructuring and other	(7)	(1)	(9)	(17)	(20)	(37)
D&A					(190)	(190)
Interest expense					(146)	(146)
Loss on debt financing transactions					(1)	(1)
Other income, net					(2)	(2)
Stock-based compensation					(59)	(59)
Net income before income taxes						<u>\$ 228</u>
Capital expenditures for the six months ended June 30, 2025	\$ 111	\$ 10	\$ 10	\$ 131	\$ 8	\$ 139

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

(2) Excludes D&A.

(3) Excludes stock-based compensation.

(4) Primarily represents various other non-payroll related operating expenses, including but not limited to, professional and legal services, marketing, facilities and operating leases, maintenance, and other operating expenses.

(5) AEBITDA is described in footnote (5) to the first table in this Note 3.

Six Months Ended June 30, 2024

	Gaming	SciPlay	iGaming	Total Reportable Segments	Unallocated and Reconciling Items⁽¹⁾	Total
Total revenue	\$ 1,016	\$ 411	\$ 148	\$ 1,575	\$ —	\$ 1,575
Cost of revenue ⁽²⁾	(293)	(117)	(46)	(456)	—	(456)
Payroll and related ⁽³⁾	(157)	(51)	(37)	(245)	—	(245)
Other segment reconciling items ⁽⁴⁾	(62)	(111)	(17)	(190)	(74)	(264)
AEBITDA⁽⁵⁾	504	132	48	684	(74)	610
<i>Reconciling items to net income before income taxes:</i>						
Restructuring and other	(1)	—	(2)	(3)	(37)	(40)
D&A					(173)	(173)
Interest expense					(150)	(150)
Other income, net					14	14
Stock-based compensation					(53)	(53)
Net income before income taxes						<u>\$ 208</u>
Capital expenditures for the six months ended June 30, 2024	\$ 126	\$ 8	\$ 13	\$ 147	\$ 6	\$ 153

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

(2) Excludes D&A.

(3) Excludes stock-based compensation.

(4) Primarily represents various other non-payroll related operating expenses, including but not limited to, professional and legal services, marketing, facilities and operating leases, maintenance, and other operating expenses.

(5) AEBITDA is described in footnote (5) to the first table in this Note 3.

The following table summarizes the asset balances of each reportable business segment for the periods indicated:

	Gaming	SciPlay	iGaming	Total Reportable Segments	Unallocated and Reconciling Items⁽¹⁾	Totals
Assets as of June 30, 2025	\$ 4,902	\$ 481	\$ 843	\$ 6,226	\$ 264	\$ 6,490
Assets as of December 31, 2024	3,964	444	735	5,143	278	5,421

(1) Includes amounts not allocated to the reportable segments (including corporate amounts) and items to reconcile the total reportable segments assets to our consolidated assets.

(4) Restructuring and Other

Restructuring and other includes charges or expenses attributable to: (i) employee severance; (ii) management restructuring and related costs; (iii) restructuring and integration; (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition- and disposition-related costs, strategic review and other unusual items. The following table summarizes pre-tax restructuring and other costs for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Employee severance and related	\$ 2	\$ —	\$ 12	\$ 1
Legal and related	—	32	—	32
Strategic review, acquisitions and related	11	—	17	1
Restructuring, integration and other	4	2	8	6
Total	<u>\$ 17</u>	<u>\$ 34</u>	<u>\$ 37</u>	<u>\$ 40</u>

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

Receivables

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

	As of	
	June 30, 2025	December 31, 2024
Current:		
Receivables	\$ 670	\$ 620
Allowance for credit losses	(27)	(35)
Current receivables, net	643	585
Long-term:		
Receivables	100	102
Allowance for credit losses	(7)	(5)
Long-term receivables, net	93	97
Total receivables, net	\$ 736	\$ 682

Allowance for Credit Losses

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

	As of June 30, 2025		As of December 31, 2024	
	Total	Balances over 90 days past due	Total	Balances over 90 days past due
Receivables:				
U.S. and Canada	\$ 383	\$ 3	\$ 369	\$ 4
International	387	37	353	39
Total receivables	770	40	722	43
Receivables allowance:				
U.S. and Canada	(14)	—	(15)	(1)
International	(20)	(11)	(25)	(15)
Total receivables allowance	(34)	(11)	(40)	(16)
Receivables, net	\$ 736	\$ 29	\$ 682	\$ 27

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

The activity in our allowance for receivable credit losses for each of the three and six months ended June 30, 2025 and 2024 is as follows:

	2025			2024
	Total	U.S. and Canada	International	Total
Beginning allowance for credit losses	\$ (40)	\$ (15)	\$ (25)	\$ (41)
Provision	1	—	1	(1)
Charge-offs and recoveries	—	—	—	2
Allowance for credit losses as of March 31	(39)	(15)	(24)	(40)
Provision	—	—	—	(6)
Charge-offs and recoveries	5	1	4	2
Allowance for credit losses as of June 30	\$ (34)	\$ (14)	\$ (20)	\$ (44)

As of June 30, 2025 and December 31, 2024, 4% of our total receivables, net, were past due by over 90 days.

Credit Quality of Receivables

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

	As of June 30, 2025		
	Total	Current	Balances over 90 days past due
Receivables	\$ 65	\$ 44	\$ 21
Allowance for credit losses	(19)	(9)	(10)
Receivables, net	<u>\$ 46</u>	<u>\$ 35</u>	<u>\$ 11</u>

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

The fair value of receivables is estimated by discounting expected future cash flows using current interest rates at which similar loans would be made to borrowers with similar credit ratings and remaining maturities. As of June 30, 2025 and December 31, 2024, the fair value of receivables, net, approximated the carrying value due to contractual terms of receivables generally being less than 24 months.

(6) Inventories

Inventories consisted of the following:

	As of	
	June 30, 2025	December 31, 2024
Parts and work-in-process	\$ 142	\$ 126
Finished goods	45	32
Total inventories	<u>\$ 187</u>	<u>\$ 158</u>

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

(7) Property and Equipment, net

Property and equipment, net consisted of the following:

	As of	
	June 30, 2025	December 31, 2024
Land	\$ 6	\$ 6
Buildings and leasehold improvements	65	64
Gaming machinery and equipment	845	745
Furniture and fixtures	31	29
Construction in progress	11	9
Other property and equipment	111	102
Less: accumulated depreciation	(718)	(669)
Total property and equipment, net	<u>\$ 351</u>	<u>\$ 286</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Depreciation expense	\$ 43	\$ 32	\$ 84	\$ 63

(8) Intangible Assets, net and Goodwill

Intangible Assets, net

The following tables present certain information regarding our intangible assets as of June 30, 2025 and December 31, 2024.

	As of					
	June 30, 2025			December 31, 2024		
	Gross Carrying Value	Accumulated Amortization	Net Balance	Gross Carrying Value	Accumulated Amortization	Net Balance
Amortizable intangible assets:						
Customer relationships	\$ 1,249	\$ (662)	\$ 587	\$ 898	\$ (624)	\$ 274
Intellectual property	1,039	(842)	197	924	(801)	123
Licenses	317	(255)	62	290	(242)	48
Brand names	130	(127)	3	128	(125)	3
Trade names	189	(161)	28	161	(159)	2
Patents and other	12	(7)	5	11	(7)	4
Total intangible assets	<u>\$ 2,936</u>	<u>\$ (2,054)</u>	<u>\$ 882</u>	<u>\$ 2,412</u>	<u>\$ (1,958)</u>	<u>\$ 454</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Amortization expense	\$ 37	\$ 38	\$ 68	\$ 75

Estimated intangible asset amortization expense for the remaining year ending December 31, 2025 and each of the subsequent four years is as follows:

	Year Ending December 31,				
	Remainder of 2025	2026	2027	2028	2029
Amortization expense	\$ 80	\$ 147	\$ 141	\$ 113	\$ 87

Goodwill

The table below reconciles the change in the carrying value of goodwill, by reportable segment, for the period from December 31, 2024 to June 30, 2025.

	Gaming ⁽¹⁾	SciPlay	iGaming	Totals
Balance as of December 31, 2024	\$ 2,357	\$ 209	\$ 324	\$ 2,890
Acquired goodwill ⁽²⁾	392	—	—	392
Foreign currency adjustments	31	5	37	73
Balance as of June 30, 2025	<u>\$ 2,780</u>	<u>\$ 214</u>	<u>\$ 361</u>	<u>\$ 3,355</u>

(1) Accumulated goodwill impairment charges for the Gaming segment as of June 30, 2025 were \$989 million.

(2) Represents goodwill related to the Grover acquisition (see Note 1).

(9) Software, net

Software, net consisted of the following:

	As of	
	June 30, 2025	December 31, 2024
Software	\$ 1,197	\$ 1,137
Accumulated amortization	(1,021)	(976)
Software, net	<u>\$ 176</u>	<u>\$ 161</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Amortization expense	\$ 19	\$ 17	\$ 38	\$ 35

(10) Long-term Debt

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

	As of					
	June 30, 2025			December 31, 2024		
	Final Maturity	Rate(s)	Face Value	Unamortized debt discount/premium and deferred financing costs, net	Book Value	Book Value
Senior Secured Credit Facilities:						
LNWI Revolver	2030	variable	\$ 195	\$ —	\$ 195	\$ —
LNWI Term Loan A	2028	variable	800	(2)	798	—
LNWI Term Loan B	2029	variable	2,145	(21)	2,124	2,133
LNWI Senior Notes:						
2028 Unsecured Notes	2028	7.000%	700	(4)	696	695
2029 Unsecured Notes	2029	7.250%	500	(4)	496	496
2031 Unsecured Notes	2031	7.500%	550	(6)	544	543
Other	—	—	3	—	3	3
Total long-term debt outstanding			<u>\$ 4,893</u>	<u>\$ (37)</u>	<u>\$ 4,856</u>	<u>\$ 3,870</u>
Less: current portion of long-term debt					(38)	(23)
Long-term debt, excluding current portion					<u>\$ 4,818</u>	<u>\$ 3,847</u>
Fair value of debt ⁽¹⁾			<u>\$ 4,935</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.

LNWI Credit Agreement Amendment - Revolver Upsizing

On February 10, 2025, we entered into an amendment to the LNWI Credit Agreement. The amendment, among other things, (i) provided for new revolving commitments under the LNWI Revolver in an amount of \$1.0 billion, which replaced the existing revolving commitments (which were in an amount of \$750 million), (ii) extended the maturity of the revolving commitments to the earlier of (x) February 10, 2030 and (y) such earlier date that is 91 days prior to the maturity of our existing term loans (scheduled to mature on April 14, 2029) and existing notes (the earliest maturity of which is scheduled for May 15, 2028), solely to the extent more than \$500 million of such term loans and/or such applicable notes are outstanding on such earlier date, and subject to us having sufficient liquidity to repay such term loans and/or applicable notes at such time and (iii) reduced the applicable margin for the revolving loans bearing interest at Adjusted Term SOFR Rate (or an alternative benchmark rate for non-US dollar borrowings) to, based upon certain leverage tests, between 2.00% and 1.50% per annum, and for loans bearing interest at a base rate, between 1.00% and 0.50% per annum.

LNWI Term Loan A Borrowing

On May 15, 2025 (the “TLA Closing Date”), LNWI entered into the LNWI Credit Agreement A, pursuant to which LNWI borrowed an aggregate principal amount of \$800 million in term loans under the LNWI Term Loan A facility. The proceeds of the loans were used to complete the Grover acquisition and pay fees and expenses related thereto.

Loans under the LNWI Term Loan A will mature on May 15, 2028 and, beginning with the first fiscal quarter ending on September 30, 2025, will amortize in quarterly installments in aggregate amounts equal to (i) for the first four full fiscal quarters following the TLA Closing Date, 0.625% of the aggregate principal amount of the LNWI Term Loan A funded on the TLA Closing Date and (ii) for each fiscal quarter following the fourth full fiscal quarter following the TLA Closing Date, 1.25% of the aggregate principal amount of such LNWI Term Loan A funded on the TLA Closing Date, with any outstanding balance due and payable at maturity.

Loans under the LNWI Term Loan A will, at LNWI’s option, bear interest at either (i) Adjusted Term SOFR Rate (as defined in the LNWI Credit Agreement A) plus, based upon certain leverage tests, between 2.00% and 1.50% per annum or (ii) a base rate plus between 1.00% and 0.50% per annum.

The LNWI Term Loan A is subject to customary affirmative covenants and negative covenants as well as a financial covenant. The financial covenant is tested at the end of each fiscal quarter, and it requires that the Company not be in excess of a maximum consolidated net first lien leverage ratio of 4.50:1.00.

We were in compliance with the financial covenants under all debt agreements as of June 30, 2025 (for information regarding our financial covenants of all debt agreements, see above and Note 14 in our 2024 10-K).

For additional information regarding the terms of our credit facilities and Senior Notes, see Note 14 in our 2024 10-K.

(11) Fair Value Measurements

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

Derivative Financial Instruments

As of June 30, 2025, we held the following derivative instruments that were accounted for pursuant to ASC 815:

Interest Rate Swap Contracts

We use interest rate swap contracts as described below to manage exposure to interest rate fluctuations by reducing the uncertainty of future cash flows on a portion of our variable rate debt.

In April 2022, we entered into interest rate swap contracts to hedge a portion of our interest expense associated with our variable rate debt to effectively fix the interest rate that we pay. These interest rate swap contracts were designated as cash flow hedges under ASC 815. We pay interest at a weighted-average fixed rate of 2.8320% and receive interest at a variable rate equal to one-month Chicago Mercantile Exchange Term SOFR. The total notional amount of these interest rate swaps was \$700 million as of June 30, 2025. These hedges mature in April 2027.

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

The following table shows the (loss) gain and interest income on our interest rate swap contracts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(Loss) gain recorded in accumulated other comprehensive loss, net of tax	\$ (3)	\$ —	\$ (8)	\$ 6
Interest income related to interest rate swap contracts recorded in interest expense	3	5	5	9

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total interest expense which reflects the effects of cash flow hedges	\$ (77)	\$ (75)	\$ (146)	\$ (150)
Hedged item	(5)	(5)	(10)	(10)
Derivative designated as hedging instrument	8	10	15	19

The following table shows the fair value of our hedges:

Balance Sheet Line Item	As of	
	June 30, 2025	December 31, 2024
Interest rate swaps	\$ 9	\$ 19

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, 2024 to June 30, 2025.

	Total	Included in Accrued Liabilities	Included in Other Long-Term Liabilities
Balance as of December 31, 2024	\$ 15	\$ 8	\$ 7
Additions ⁽¹⁾	56		
Payments	(2)		
Other adjustments ⁽²⁾	(6)		
Balance as of June 30, 2025	\$ 63	\$ 13	\$ 50

(1) Represents contingent consideration liability related to the Grover acquisition (see Note 1).

(2) Represents extinguishment of \$6 million in redeemable non-controlling interest liability associated with SciPlay's acquisition of Alictus Yazilim Anonim Şirketi in 2022, as specified financial targets were not met. The gain was recorded in other (expense) income, net in our consolidated statements of operations.

(12) Stockholders' Equity

Changes in Stockholders' Equity

The following tables present certain information regarding our stockholders' equity as of June 30, 2025 and 2024:

	Six Months Ended June 30, 2025					
	Common Stock	Additional Paid in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
January 1, 2025	\$ 1	\$ 1,200	\$ 1,016	\$ (1,216)	\$ (365)	\$ 636
Settlement of liability awards	—	44	—	—	—	44
Vesting of RSUs, net of tax withholdings and other	—	(36)	—	—	—	(36)
Purchase of treasury stock ⁽¹⁾	—	—	—	(167)	—	(167)
Stock-based compensation	—	18	—	—	—	18
Net income	—	—	82	—	—	82
Other comprehensive income	—	—	—	—	43	43
March 31, 2025	\$ 1	\$ 1,226	\$ 1,098	\$ (1,383)	\$ (322)	\$ 620
Vesting of RSUs, net of tax withholdings and other	—	2	—	—	—	2
Purchase of treasury stock ⁽¹⁾	—	—	—	(101)	—	(101)
Stock-based compensation	—	14	—	—	—	14
Net income	—	—	95	—	—	95
Other comprehensive income	—	—	—	—	72	72
June 30, 2025	\$ 1	\$ 1,242	\$ 1,193	\$ (1,484)	\$ (250)	\$ 702

(1) Includes excise taxes of \$1 million and \$2 million for three and six months ended June 30, 2025, respectively.

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

Stock-based Compensation

For the three and six months ended June 30, 2025, we recognized \$31 million and \$59 million, respectively, in total stock-based compensation expense under all programs. These amounts include \$17 million and \$27 million of stock-based compensation classified as liability awards for the three and six months ended June 30, 2025, respectively. For the three and six

months ended June 30, 2024, we recognized \$31 million and \$53 million, respectively, in total stock-based compensation expense under all programs. These amounts include \$11 million and \$19 million of stock-based compensation classified as liability awards for the three and six months ended June 30, 2024, respectively.

Restricted Stock Units

A summary of the changes in RSUs outstanding under our equity-based compensation plans during the six months ended June 30, 2025 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested RSUs as of December 31, 2024	2.0	\$ 75.49
Granted	1.1	\$ 105.28
Vested	(1.1)	\$ 84.91
Cancelled	(0.1)	\$ 78.32
Unvested RSUs as of June 30, 2025	1.9	\$ 87.45

The weighted-average grant date fair value of RSUs granted during the six months ended June 30, 2025 and 2024 was \$105.28 and \$99.57, respectively. The fair value of each RSU grant is based on the market value of our common stock at the time of grant. As of June 30, 2025, we had \$121 million of unrecognized stock-based compensation expense relating to unvested RSUs amortized over a weighted-average period of approximately 1.3 years. The fair value at vesting date of RSUs vested during the six months ended June 30, 2025 and 2024 was \$113 million and \$130 million, respectively.

Share Repurchase Programs

On June 11, 2024, our Board of Directors approved a share repurchase program under which the Company is authorized to repurchase, from time to time through June 12, 2027, up to an aggregate amount of \$1.0 billion of shares of outstanding common stock. During the six months ended June 30, 2025, we repurchased approximately 3.1 million shares of common stock under the repurchase program at an aggregate cost of \$268 million (including excise tax). On July 31, 2025, our Board of Directors approved an additional aggregate amount of up to \$500 million of shares of outstanding common stock as authorized to be repurchased under the share repurchase program.

(13) Income Taxes

We consider new evidence (both positive and negative) at each reporting date that could affect our view of the future realization of deferred tax assets. We evaluate information such as historical financial results, historical taxable income, projected future taxable income, expected timing of the reversals of existing temporary differences and available prudent and feasible tax planning strategies in our analysis. Based on the available evidence, valuation allowances in certain U.S. and non-U.S. jurisdictions remain consistent with the prior year as of June 30, 2025.

Our income tax expense (including discrete items) was \$29 million and \$51 million for the three and six months ended June 30, 2025, respectively, and \$26 million and \$44 million for the three and six months ended June 30, 2024, respectively. For the three and six months ended June 30, 2025, our effective tax rate differed from the U.S. statutory rate of 21% primarily as a result of worldwide tax rates on foreign earnings. In all periods, we recorded tax expense relative to pre-tax earnings in jurisdictions without valuation allowances.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We are currently assessing its impact on our consolidated financial statements.

(14) Leases

Our total operating lease expense for the three and six months ended June 30, 2025 was \$7 million and \$13 million, respectively, and \$6 million and \$12 million for the three and six months ended June 30, 2024, respectively. The total amount of variable and short-term lease payments was immaterial for all periods presented.

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

	As of							
	June 30, 2025	December 31, 2024						
Operating lease right-of-use assets	\$ 44	\$ 44						
Accrued liabilities	19	16						
Operating lease liabilities	30	31						
Total operating lease liabilities	\$ 49	\$ 47						
Weighted average remaining lease term, years	3	3						
Weighted average discount rate	6 %	6 %						
	Six Months Ended June 30,							
	2025	2024						
Cash paid for amounts included in the measurement of lease liabilities:								
Operating cash flows for operating leases	\$ 10	\$ 11						
Right-of-use assets obtained in exchange for new lease liabilities:								
Operating leases	\$ 7	\$ 2						
Lease liability maturities:								
	Remainder of 2025	2026	2027	2028	2029	Thereafter	Less Imputed Interest	Total
Operating leases	\$ 11	\$ 19	\$ 12	\$ 8	\$ 2	\$ 1	\$ (4)	\$ 49

As of June 30, 2025, we did not have material additional operating leases that have not yet commenced.

(15) Litigation

We are involved in various legal proceedings, including those discussed below. We record an accrual for legal contingencies when it is both probable that a liability has been incurred and the amount or range of the loss can be reasonably estimated (although, as discussed below, there may be an exposure to loss in excess of the accrued liability). We evaluate our accruals for legal contingencies at least quarterly and, as appropriate, establish new accruals or adjust existing accruals to reflect (1) the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings and other relevant events and developments, (2) the advice and analyses of counsel and (3) the assumptions and judgment of management. Legal costs associated with our legal proceedings are expensed as incurred. We had accrued liabilities of \$17 million and \$89 million for all of our legal matters that were contingencies as of June 30, 2025 and December 31, 2024.

Substantially all of our legal contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss involves a series of complex judgments about future events. Consequently, the ultimate outcomes of our legal contingencies could result in losses in excess of amounts we have accrued. We may be unable to estimate a range of possible losses for some matters pending against us or our subsidiaries, even when the amount of damages claimed against us or our subsidiaries is stated because, among other things: (1) the claimed amount may be exaggerated or unsupported; (2) the claim may be based on a novel legal theory or involve a large number of parties; (3) there may be uncertainty as to the likelihood of a class being certified or the ultimate size of the class; (4) there may be uncertainty as to the outcome of pending appeals or motions; (5) the matter may not have progressed sufficiently through discovery or there may be significant factual or legal issues to be resolved or developed; and/or (6) there may be uncertainty as to the enforceability of legal judgments and outcomes in certain jurisdictions. Other matters have progressed sufficiently that we are able to estimate a range of possible loss. For those legal contingencies disclosed below, and those related to the previously disclosed settlement agreement entered into in February 2015 with SNAI S.p.a. ("SNAI"), as to which a loss is reasonably possible, whether in excess of a related accrued liability or where there is no accrued liability, and for which we are able to estimate a range of possible loss, the current estimated range is up to approximately \$14 million in excess of the accrued liabilities (if any) related to those legal contingencies. This aggregate range represents management's estimate of additional possible loss in excess of the accrued liabilities (if any) with respect to these matters based on currently available information, including any damages claimed by the plaintiffs, and is subject to significant judgment and a variety of assumptions and inherent uncertainties. For example, at the time of making an estimate, management may have only preliminary, incomplete, or inaccurate information about the facts underlying a claim; its assumptions about the future rulings of the court or other tribunal on significant issues, or the behavior and incentives of adverse parties, regulators, indemnitors or co-defendants, may prove to

be wrong; and the outcomes it is attempting to predict are often not amenable to the use of statistical or other quantitative analytical tools. In addition, from time to time an outcome may occur that management had not accounted for in its estimate because it had considered that outcome to be remote. Furthermore, as noted above, the aggregate range does not include any matters for which we are not able to estimate a range of possible loss. Accordingly, the estimated aggregate range of possible loss does not represent our maximum loss exposure. Any such losses could have a material adverse impact on our results of operations, cash flows or financial condition. The legal proceedings underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate.

Colombia Litigation

Our subsidiary, LNWI, owned a minority interest in Wintech de Colombia S.A., or Wintech (now liquidated), which formerly operated the Colombian national lottery under a contract with Empresa Colombiana de Recursos para la Salud, S.A. (together with its successors, “Ecosalud”), an agency of the Colombian government. The contract provided for a penalty against Wintech, LNWI and the other shareholders of Wintech of up to \$5 million if certain levels of lottery sales were not achieved. In addition, LNWI delivered to Ecosalud a \$4 million surety bond as a further guarantee of performance under the contract. Wintech started the instant lottery in Colombia but, due to difficulties beyond its control, including, among other factors, social and political unrest in Colombia, frequently interrupted telephone service and power outages, and competition from another lottery being operated in a province of Colombia that we believe was in violation of Wintech’s exclusive license from Ecosalud, the projected sales level was not met for the year ended June 30, 1993.

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

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

In June 1999, Ecosalud filed a collection proceeding against LNWI to enforce the liquidation resolution and recover the claimed damages. In May 2013, the Tribunal denied LNWI’s merit defenses to the collection proceeding and issued an order of payment of approximately 90 billion Colombian pesos, or approximately \$30 million, plus default interest (potentially accrued since 1994 at a 12% statutory interest rate). LNWI filed an appeal to the Council of State, and on December 10, 2020, the Council of State issued a ruling affirming the Tribunal’s decision. On December 16, 2020, LNWI filed a motion for clarification of the Council of State’s ruling, which was denied on April 15, 2021. On April 22, 2021, LNWI filed a motion for reconsideration relating to that decision, which the Council of State denied on February 21, 2022. On May 24, 2022, the case was transferred from the Council of State to the Tribunal for further proceedings. On August 18, 2022, LNWI filed a constitutional challenge to the Council of State’s December 10, 2020 decision with that court, which was denied on October 7, 2022. On December 7, 2022, LNWI filed an appeal with the Council of State from the denial of the constitutional challenge, which was denied on May 24, 2023. On June 28, 2023, the Colombian Constitutional Court received the record of the constitutional appeal for further consideration, and on September 26, 2023, that court selected LNWI’s constitutional appeal for further consideration. On April 25, 2024, LNWI was notified that, by means of a decision dated April 5, 2024, a three-judge panel of the Colombian Constitutional Court denied LNWI’s constitutional appeal. On April 30, 2024, LNWI filed a motion to have that panel ruling declared null and void by the full Chamber of the Colombian Constitutional Court. On November 7, 2024, LNWI was notified that, by means of a decision dated August 8, 2024, the full Chamber of the Colombian Constitutional Court denied LNWI’s motion filed on April 30, 2024. The matter has been remanded to the Tribunal for further proceedings, and on April 30, 2025, the Tribunal issued an order directing the parties to comply with the December 10, 2020 decision of the Council of State. The matter remains pending before the Tribunal.

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

SNAI Litigation

On April 16, 2012, certain VLTs operated by SNAI in Italy and supplied by Barcrest Group Limited (“Barcrest”) erroneously printed what appeared to be winning jackpot and other tickets with a face amount in excess of €400.0 million. SNAI has stated, and system data confirms, that no jackpots were actually won on that day. The terminals were deactivated by the Italian regulatory authority. Following the incident, we understand that the Italian regulatory authority revoked the certification of the version of the gaming system that Barcrest provided to SNAI and fined SNAI €1.5 million, but determined to not revoke SNAI’s concession to operate VLTs in Italy.

In October 2012, SNAI filed a lawsuit in the Court of First Instance of Rome in Italy against Barcrest and The Global Draw Limited (“Global Draw”), our subsidiary which acquired Barcrest from IGT-UK Group Limited, a subsidiary of IGT, claiming liability arising out of the April 2012 incident and asserting claims based on theories of breach of contract and tort. The lawsuit sought to terminate SNAI’s agreement with Barcrest and damages arising from the deactivation of the terminals, including among other things, lost profits, expenses and costs, potential awards to players who have sought to enforce what appeared to be winning jackpot and other tickets, compensation for lost profits sought by managers of the gaming locations where SNAI VLTs supplied by Barcrest were installed, damages to commercial reputation and any future damages arising from SNAI’s potential loss of its concession or inability to obtain a new concession.

In February 2015, we entered into a settlement agreement with SNAI that provides, among other things, for us to make a €25.0 million upfront payment to SNAI, which payment was made in February 2015, and to indemnify SNAI against certain potential future losses. In connection with the settlement, the parties’ pending claims in the Court of First Instance of Rome were dismissed on February 19, 2015. To date, we have paid €9.4 million to SNAI pursuant to our indemnification obligations.

TCS John Huxley Matter

On March 15, 2019, TCS John Huxley America, Inc., TCS John Huxley Europe Ltd., TCS John Huxley Asia Ltd., and Taiwan Fulgent Enterprise Co., Ltd. brought a civil action in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants’ procurement of particular U.S. and South African patents. The plaintiffs allege that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold to regulated casinos in the United States. On April 10, 2019, the defendants filed a motion to dismiss the plaintiffs’ complaint with prejudice. On April 25, 2019, the district court denied the defendants’ motion to dismiss without prejudice pursuant to the court’s local rules, after the plaintiffs advised that they intended to file an amended complaint. The plaintiffs filed their amended complaint on May 3, 2019, and on May 22, 2019, the defendants filed a motion to dismiss the plaintiffs’ amended complaint with prejudice. On March 20, 2020, the district court denied the defendants’ motion to dismiss the plaintiffs’ amended complaint, and defendants filed an answer to the plaintiffs’ amended complaint on June 19, 2020. On June 3, 2020, the trial court granted the defendants’ request to bifurcate proceedings in the case, with discovery to occur first into the statute of limitations and release defenses asserted by the defendants in their motion to dismiss, before proceeding into broader discovery. The trial court set a September 18, 2020, deadline for the parties to complete discovery relating to the statute of limitations and release defenses. On October 28, 2020, the court issued an order extending until January 15, 2021 the deadline for the parties to complete discovery relating to the statute of limitations defense. On February 9, 2021, the defendants filed a motion for summary judgment on their statute of limitations defense, addressing whether plaintiffs had actual knowledge of their claims prior to the start of the limitations period. The district court denied that motion for summary judgment on September 20, 2021. On January 13, 2023, the district court entered an order requiring, among other things, that the plaintiffs make a formal written settlement demand by January 20, 2023, that the defendants respond to that demand in writing by January 27, 2023, and that the parties file a status report by January 31, 2023 confirming that they have complied with the district court’s order. On January 31, 2023, the parties filed a joint status report confirming that they have complied with the district court’s order to make and respond to a formal written demand. Discovery closed on June 1, 2023. On June 30, 2023, the defendants filed a motion for summary judgment. On March 28, 2024, the court issued an order granting in part and denying in part defendants’ motion for summary judgment. On April 30, 2024, the court issued an order setting the matter for a jury trial starting on May 5, 2025. On February 23, 2025, the parties finalized an agreement, pursuant to which the Company paid \$72.5 million to resolve this matter in April 2025. On February 27, 2025, the court dismissed the case without prejudice and struck all pending deadlines. On April 10, 2025, the court dismissed the case with prejudice.

In re Automatic Card Shufflers Litigation Matter

On April 2, 2021, Casino Queen, Inc. and Casino Queen Marquette, Inc. filed a putative class action complaint in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants’ procurement of particular U.S. patents. The plaintiffs allege that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The plaintiffs seek to represent a putative class of all

persons and entities that directly purchased or leased automatic card shufflers within the United States from the defendants, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the court to treble, the award of plaintiffs' costs of suit, including attorneys' fees, and the award of pre-judgment and post-judgment interest. On June 11, 2021, the defendants filed a motion to dismiss plaintiffs' complaint, which the court denied on May 19, 2022. Discovery closed on December 1, 2023. On February 16, 2024, the defendants filed a motion for summary judgment, which is pending. Also on February 16, 2024, plaintiffs filed a motion for partial summary judgment and a motion for class certification, which are pending. On May 8, 2025, the court held a hearing on the pending motions for summary judgment. 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 are without merit, and intend to vigorously defend against them.

Mohawk Gaming Enterprises Matter

On November 9, 2020, Mohawk Gaming Enterprises LLC, d/b/a Akwesasne Mohawk Casino Resort, filed a demand for a putative class arbitration before the American Arbitration Association against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. ("Respondents"). In the complaint, the claimant asserts federal antitrust claims arising from the respondents' procurement of particular U.S. patents. The claimant alleges that the respondents used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The claimant seeks to represent a putative class of all persons and entities that directly purchased or leased automatic card shufflers within the United States from the respondents, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the arbitration panel to treble, and the award of claimant's costs of suit, including attorneys' fees. Respondents filed their answering statement on December 9, 2020. On October 29, 2021, the claimant filed a memorandum in support of class arbitration, which Respondents opposed on December 3, 2021. On February 8, 2022, the Arbitrator issued a clause construction award, finding that the arbitration could proceed on behalf of a class or classes. On February 11, 2022, Respondents filed a petition to vacate the award in the New York Supreme Court. The Court denied Respondents' petition on August 9, 2022, and on August 16, 2022, Respondents appealed to the New York Appellate Division, First Department, which denied Respondents' appeal on June 22, 2023. On April 15, 2022, Respondents filed a motion to dismiss the claimant's complaint, which the Arbitrator denied on July 26, 2022. Discovery closed on December 1, 2023. On February 16, 2024, the respondents filed a motion for summary judgment. Also on February 16, 2024, claimant filed a motion for partial summary judgment and a motion for class certification. On December 9, 2024, the Arbitrator denied the motions for summary judgment and issued a class determination award, certifying a class. On January 9, 2025, Respondents filed a petition to vacate the award in New York Supreme Court. The Court denied Respondents' petition and granted Claimant's cross-petition to confirm the award on July 2, 2025, and on July 7, 2025, Respondents appealed to the New York Appellate Division, First Department. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

Allah Beautiful Matter

On December 19, 2022, claimant Prince Imanifest Allah Beautiful filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The demand asserts claims for alleged violations of New Jersey's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by New Jersey players of SciPlay's online social casino games other than the claimant. On March 7, 2023, respondent filed its answering statement to claimant's arbitration demand. On March 4, 2024, respondent filed a motion to dismiss the claimant's arbitration demand, which the Arbitrators denied on April 24, 2024. On September 30, 2024, the parties entered into a written term sheet to resolve the matter, subject to the execution of a written settlement agreement and judicial approval of the settlement terms. On October 1, 2024, the Arbitrators granted respondent's unopposed motion to stay the matter, and the American Arbitration Association closed the case as settled on December 9, 2024. The parties signed a written settlement agreement on January 6, 2025, which is subject to court approval.

Sprinkle Matter

On December 12, 2022, claimant Matthew Sprinkle filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The demand asserts claims for alleged violations of Ohio's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Ohio players of SciPlay's online social casino games other than the claimant. On March 7, 2023, respondent filed its answering statement to claimant's arbitration demand. On March 4, 2024, respondent filed a motion to dismiss the claimant's arbitration demand, which the Arbitrators denied on April 24, 2024. On September 30, 2024, the parties entered into a written term sheet to resolve the matter, subject to the execution of a written settlement agreement and judicial approval of the settlement terms. On October 1, 2024, the Arbitrators granted respondent's unopposed motion to stay the matter, and the American Arbitration Association

closed the case as settled on December 9, 2024. The parties signed a written settlement agreement on January 6, 2025, which is subject to court approval.

Andrea Sornberger Matter

On March 8, 2023, plaintiff Andrea Sornberger filed a complaint against SciPlay Corporation and SciPlay Games, LLC in the Circuit Court of Franklin County, Alabama. The complaint asserts claims for alleged violations of Alabama's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Alabama players of SciPlay's online social casino games other than the plaintiff, the award of interests and costs, and injunctive and other relief. On April 12, 2023, defendants removed the action to the United States District Court for the Northern District of Alabama. On August 24, 2023, plaintiff voluntarily dismissed her complaint without prejudice, and re-filed it in the Circuit Court of Franklin County, Alabama. On September 27, 2023, defendants removed the re-filed action to the United States District Court for the Northern District of Alabama. On October 26, 2023, plaintiff filed a motion to remand the action to the Circuit Court of Franklin County, Alabama. On September 30, 2024, the parties entered into a written term sheet to resolve the matter, subject to the execution of a written settlement agreement and judicial approval of the settlement terms. On October 8, 2024, the Court granted the Plaintiff's unopposed motion to stay the case and stayed the case until October 29, 2024. On November 12, 2024, the parties jointly stipulated to dismiss the case without prejudice to time-related defenses, should the settlement agreement between the parties not become final. The parties signed a written settlement agreement on January 6, 2025, which is still subject to court approval. On March 25, 2025, the Court dismissed the case with prejudice, provided, however, that if the terms of the settlement were not fully consummated within 45 days of the order, then the Court would entertain a petition to reinstate the action. On March 28, 2025, plaintiff filed an unopposed motion to vacate the dismissal with prejudice and asked the Court to enter a dismissal order consistent with the parties' agreed-upon stipulation of dismissal; the Court has not ruled on the plaintiff's motion.

Roberts Matter

On July 25, 2023, claimant Donovan Roberts filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The demand asserts claims for alleged violations of Kentucky's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Kentucky players of SciPlay's online social casino games other than the claimant. On October 6, 2023, respondent filed its answering statement to claimant's arbitration demand. On May 30, 2024, respondent filed a motion to dismiss the claimant's arbitration demand. On August 12, 2024, the Arbitrators granted respondent's motion to dismiss in part, and dismissed the claimant's claims seeking to recover losses of other Kentucky residents. The Arbitrators allowed claimant's claim for his own personal alleged losses to proceed. On September 30, 2024, the parties entered into a written term sheet to resolve the matter, subject to the execution of a written settlement agreement and judicial approval of the settlement terms. In response to respondent's unopposed request to stay the matter, on October 3, 2024, the Arbitrators marked the case file inactive. The parties signed a written settlement agreement on January 6, 2025, which is subject to court approval.

Ebersole Matter

On July 25, 2023, claimant Christopher Ebersole filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The demand asserts claims for alleged violations of Ohio's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Ohio players of SciPlay's online social casino games other than the claimant. On October 12, 2023, respondent filed its answering statement to claimant's arbitration demand. On April 1, 2024, respondent filed a motion to dismiss the claimant's arbitration demand, which the Arbitrators denied on May 16, 2024. On September 30, 2024, the parties entered into a written term sheet to resolve the matter, subject to the execution of a written settlement agreement and judicial approval of the settlement terms. On October 1, 2024, the Arbitrators granted respondent's unopposed motion to stay the matter, and the American Arbitration Association closed the case as settled on June 13, 2025. The parties signed a written settlement agreement on January 6, 2025, which is subject to court approval.

Murnaghan Matter

On July 25, 2023, claimant Hope Murnaghan filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The demand asserts claims for alleged violations of Massachusetts' anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Massachusetts players of SciPlay's online social casino games other than the claimant. On October 12, 2023, respondent filed its answering statement to claimant's arbitration demand. On April 1, 2024, respondent filed a motion to dismiss the claimant's arbitration demand, which the Arbitrators denied on May 16, 2024. On September 30, 2024, the parties entered into a written term sheet to resolve the matter, subject to the execution of a written settlement agreement and judicial approval of the settlement terms. On October 1, 2024, the Arbitrators granted respondent's unopposed motion to stay the matter, and the American Arbitration Association

closed the case as settled on June 12, 2025. The parties signed a written settlement agreement on January 6, 2025, which is subject to court approval.

Ewing Matter

On November 13, 2023, plaintiff Lauren Ewing filed a lawsuit against SciPlay Corporation and SciPlay Games LLC in the Circuit Court for the 14th Judicial District of Tennessee. The complaint asserts claims for alleged violations of Tennessee's anti-gambling statutes and seeks unspecified money damages, including recover of monies allegedly lost by Tennessee players of SciPlay's online social casino games. On December 15, 2023, defendants removed the action to the United States District Court for the Eastern District of Tennessee. On January 12, 2024, plaintiff filed a motion to remand the action to the Circuit Court for the 14th Judicial District of Tennessee. On January 22, 2024, defendants filed a motion to dismiss plaintiff's complaint and a motion to compel arbitration of plaintiff's claims. On September 26, 2024, the United States District Court for the Eastern District of Tennessee granted plaintiff's motion to remand the case to State court. In light of the remand order, the District Court did not rule on defendants' motions to dismiss and to compel arbitration. On September 30, 2024, the parties entered into a written term sheet to resolve the matter, subject to the execution of a written settlement agreement and judicial approval of the settlement terms. On October 7, 2024, defendants filed a petition for permission to appeal the District Court's remand order with the United States Court of Appeals for the Sixth Circuit, which the Sixth Circuit granted on January 17, 2025. On October 23, 2024, the District Court granted defendants' motion to stay its remand order until the Sixth Circuit fully disposes of the petition for permission to appeal. On January 30, 2025, the Sixth Circuit granted the parties' joint motion to stay the case until April 30, 2025. The Sixth Circuit has periodically extended the stay, most recently extending the stay on June 27, 2025. The parties signed a written settlement agreement on January 6, 2025, which is subject to court approval.

Fuqua Matter

On August 22, 2024, plaintiff Dianne Fuqua filed a complaint against SciPlay Corporation and SciPlay Games, LLC in the United States District Court for the Western District of Kentucky. The complaint asserts claims for alleged violations of Kentucky anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Kentucky players of SciPlay's online social casino games other than the plaintiff, the award of interests and costs, and unspecified other relief. On September 30, 2024, the parties entered into a written term sheet to resolve the matter, subject to the execution of a written settlement agreement and judicial approval of the settlement terms. On October 7, 2024, the Court granted Plaintiff's unopposed motion to stay and stayed all deadlines for 30 days. The Court has periodically extended the stay, most recently extending the stay on July 17, 2025. The parties signed a written settlement agreement on January 6, 2025, which is subject to court approval.

Timothy Sornberger Matter

On January 9, 2025, plaintiffs Timothy Sornberger, Donovan Roberts, Matthew Sprinkle, Hope Murnaghan, Luke Whitney, Prince Imanifest Allah Beautiful, and Christopher Ebersole filed a putative multistate class action complaint against SciPlay Corporation and SciPlay Games, LLC in the Circuit Court of Franklin County, Alabama. The complaint asserts claims for alleged violations of anti-gambling statutes of the states of Alabama, Tennessee, Kentucky, Ohio, New Jersey, and Massachusetts. The plaintiffs seek to represent putative classes of individuals in their respective home states who spent money playing SciPlay's online social casino games during various periods of time. The complaint seeks unspecified money damages, including recovery of monies allegedly lost by players of SciPlay's online social casino games in the enumerated states, the award of interests and costs, attorneys' fees and expenses and unspecified other relief. On January 17, 2025, the parties filed a notice of a proposed class settlement and a motion to stay the deadlines to answer or otherwise respond to the complaint. On January 17, 2025, the court stayed all deadlines in the action, pending the filing of a motion for preliminary approval of a class action settlement.

Aristocrat Matter (United States)

On February 26, 2024, Aristocrat Technologies, Inc. and Aristocrat Technologies Australia Pty Limited brought a civil action in the United States District Court for the District of Nevada against L&W, LNW Gaming, Inc. and SciPlay Corporation. Plaintiffs assert claims for trade secret misappropriation, copyright infringement, trade dress infringement and unfair competition, and deceptive trade practices, relating to defendants' *DRAGON TRAIN*[®] and *JEWEL OF THE DRAGON*[®] games. Plaintiffs' operative complaint seeks preliminary and permanent injunctive relief, unspecified damages, the award of reasonable attorneys' fees and costs, pre-judgment and post-judgment interest, and declaratory relief. Simultaneously with the filing of the complaint on February 26, 2024, the plaintiffs filed a motion to expedite discovery, which the court granted in part and denied in part on March 26, 2024. On April 9, 2024, defendants filed a motion to dismiss plaintiffs' complaint, which the court granted in part and denied in part on June 24, 2024. On May 22, 2024, the plaintiffs filed a motion for a preliminary injunction, which the district court granted on September 23, 2024. On July 15, 2024, the plaintiffs filed a First Amended Complaint, which defendants answered on August 12, 2024. On November 21, 2024, the plaintiffs filed a motion to enforce the district court's

preliminary injunction, which the court denied on January 3, 2025. On March 14, 2025, the plaintiffs filed a Second Amended Complaint, which defendants answered on April 11, 2025. On July 15, 2025, the plaintiffs filed a motion to extend the current pretrial deadlines, which is pending. On July 17, 2025, the parties jointly filed a proposed stipulated order regarding the court's preliminary injunction entered in September 2024. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We intend to defend against the claims in the lawsuit.

Aristocrat Matter (Australia)

On October 4, 2024, Aristocrat Technologies Australia Pty Limited brought a civil action in the Federal Court of Australia against L&W and LNW Gaming ANZ Pty Ltd., among other defendants. Plaintiff asserts claims for breach of confidence, breach of contract (against other defendants) and inducing breach of contract, breaches of the Australian Consumer Law, and copyright infringement relating to defendants' Dragon Train games, and breach of confidence relating to defendants' Jewel of the Dragon games. Plaintiff's complaint seeks preliminary and permanent injunctive relief, unspecified damages or an account of profits, and the award of costs. On October 4, 2024, the plaintiff filed a motion for an interlocutory injunction, which it amended on November 12, 2024. On February 3, 2025, L&W and LNW Gaming ANZ Pty Ltd. filed a defense to plaintiff's complaint. On February 6, 2025, the court denied plaintiff's motion for interlocutory injunction. On May 26, 2025, the plaintiff filed an amended complaint, and on June 3, 2025, L&W and LNW Gaming ANZ Pty Ltd. filed a defense to plaintiff's amended complaint. On July 7, 2025, the court entered an order directing that evidence in the proceeding is to be heard by the court in two tranches, with final orders being made after a hearing on the second tranche of evidence. The trial relating to the first tranche of evidence is provisionally scheduled for June 29, 2026 through July 17, 2026. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We intend to defend against the claims in the lawsuit.

Evolution Matter

On May 28, 2024, Evolution Malta Limited, Evolution Gaming Malta Limited, and SIA Evolution Latvia brought a civil action in the United States District Court for the District of Nevada against L&W and LNW Gaming, Inc. Plaintiffs assert claims for patent infringement and trade secret misappropriation relating to defendants' ROULETTEX® and POWERX® games and defendants' 88 Fortunes Blaze Live Roulette game. Plaintiffs' complaint seeks preliminary and permanent injunctive relief, unspecified damages, the award of attorneys' fees and costs, interest, and declaratory relief. On July 24, 2024, defendants filed a motion to dismiss plaintiffs' complaint, which the court granted as to plaintiffs' claims for patent infringement on February 11, 2025. On August 16, 2024, defendants filed a motion to stay discovery, which the court denied on November 7, 2024. On February 7, 2025, defendants filed a motion to compel arbitration of plaintiffs' claims for trade secret misappropriation, or, in the alternative, to dismiss the claims, which is pending. On April 10, 2025, Plaintiffs filed a First Amended Complaint and on May 15, 2025, defendants filed a motion to dismiss that First Amended Complaint, which is pending. Also on April 10, 2025, Plaintiffs filed a motion for leave to file a Second Amended Complaint, which the court granted on June 30, 2025. Plaintiffs filed their Second Amended Complaint on June 30, 2025, and defendants' responsive pleadings to that complaint are not yet due. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the lawsuit are without merit and intend to vigorously defend against them.

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

The following discussion is intended to enhance the reader's understanding of our operations and current business environment from management's perspective and should be read in conjunction with the description of our business included under *Part I, Item 1* "Condensed Consolidated Financial Statements" and *Part II, Item 1A* "Risk Factors" in this Quarterly Report on Form 10-Q and under *Part I, Item 1* "Business," *Item 1A* "Risk Factors" and *Part II, Item 7* "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2024 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 2024 10-K. As used in this MD&A, the terms "we," "us," "our" and the "Company" mean L&W together with its consolidated subsidiaries.

BUSINESS OVERVIEW

We are a leading cross-platform global games company with a focus on content and digital markets. Our portfolio of revenue-generating activities primarily includes supplying game content and gaming machines, CMSs and table game products and services to licensed gaming entities, and electronic pull tabs and related services to charitable gaming entities; providing social casino and other online games, including casual gaming, to retail customers; and providing a comprehensive suite of digital gaming content, distribution platforms and player account management systems, as well as various other iGaming content and services.

As more fully described in *Part I, Item 1* "Business" in our 2024 10-K, we are executing on our strategy to become a leading cross-platform global games company with a focus on content and digital markets. We report our results of operations in three reportable business segments—Gaming, SciPlay and iGaming—representing our different products and services. See "Business Segments Results" below and Note 3 for additional reportable segment information.

On May 16, 2025, we completed the acquisition of Grover for an upfront consideration of \$850 million, subject to certain customary purchase price adjustments as set forth in the purchase agreement, and up to \$200 million in cash in the aggregate in the form of contingent acquisition consideration payments over a four-year period based on achievement of certain revenue metrics. Grover is a leading provider of electronic pull-tabs currently distributed over five U.S. states: North Dakota, Ohio, Virginia, Kentucky and New Hampshire. The Grover operating segment was aggregated with our Gaming reportable business segment.

On May 15, 2025, LNWI borrowed an aggregate principal amount of \$800 million in term loans under its LNWI Term Loan A facility maturing in May 2028, the proceeds of which were used to complete the Grover acquisition and pay fees and expenses related thereto.

We delivered earnings growth and margin expansion across all three of our reportable business segments in the second quarter on continued strong game performance and disciplined investments, while advancing our robust content roadmap and cross-platform strategy. Consolidated revenue for the three months ended June 30, 2025 decreased slightly by 1% to \$809 million, and it remained in line at \$1.6 billion for the six months ended June 30, 2025, as compared to the prior year. The impact of macroeconomic uncertainty during the quarter led to more cautious purchasing behavior and delayed capital expenditure among some of our customers, which impacted the timing of game sales.

For the first half of 2025, we returned \$266 million to shareholders through share repurchases. As of June 30, 2025, we have completed approximately 55% of the new \$1.0 billion share repurchase plan authorized in June 2024. On July 31, 2025, our Board of Directors approved an additional aggregate amount of up to \$500 million of shares of outstanding common stock as authorized to be repurchased under the share repurchase program.

Following a comprehensive review, on July 31, 2025, the L&W Board of Directors has approved moving from its current dual listing on Nasdaq and ASX to a sole primary listing on the ASX. We expect to delist from the Nasdaq by end of November 2025, subject to receipt of necessary regulatory approvals and processes.

In April of 2025, the U.S. government and many foreign countries imposed a series of new trade tariffs and other changes in trade policy. In addition, in response to these tariffs, other countries have implemented retaliatory tariffs and other measures impacting U.S. goods. These tariffs place additional duties on imports, and we currently source a portion of the raw materials and components for our Gaming business from China and across Asia. We have evaluated various mitigation strategies, including but not limited to, supplier diversification, adjusting supply chain operations, supplier pricing negotiations and cost control initiatives, among other measures. Over the past several quarters, through margin enhancement initiatives, we

have also successfully executed meaningful operational efficiencies. While we expect recent tariffs and trade policies to continue to create incremental cost pressures in the near term, our realized and ongoing operational efficiency initiatives coupled with other measures are expected to significantly mitigate these effects. Additionally, as described above, overall macroeconomic uncertainty, including tariffs, is impacting some of our customers and their game replacement cycle as they are being more cautious on the timing of their capital expenditures. The full impact of the tariffs on our financial results will depend on several factors, including the duration and magnitude of the trade measures, our customer behavior and timing of capital expenditures, overall market conditions and our ability to successfully execute our mitigation strategies.

CONSOLIDATED RESULTS

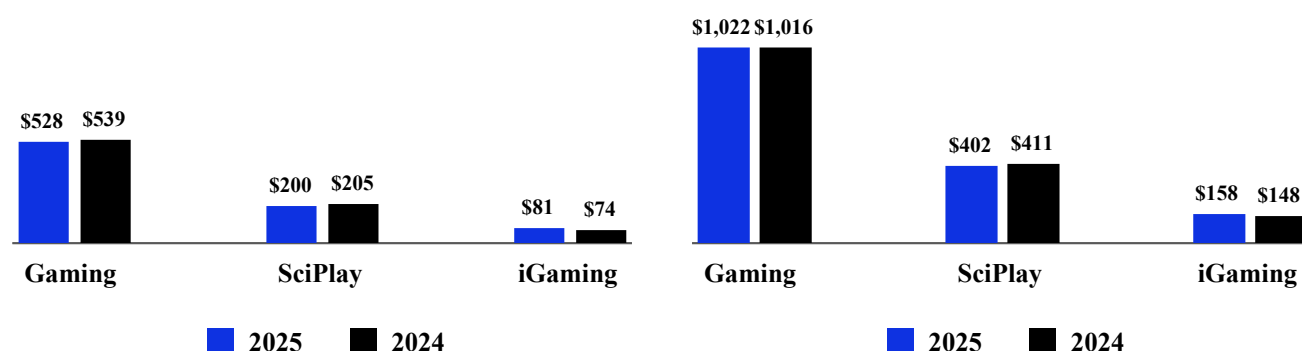
(\$ in millions)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2025	2024	2025 vs. 2024		2025	2024	2025 vs. 2024	
Total revenue	\$ 809	\$ 818	\$ (9)	(1)%	\$ 1,582	\$ 1,575	\$ 7	— %
Total operating expenses	607	643	(36)	(6)%	1,211	1,235	(24)	(2)%
Operating income	202	175	27	15 %	371	340	31	9 %
Net income before income taxes	124	108	16	15 %	228	208	20	10 %
Net income	95	82	13	16 %	177	164	13	8 %

Revenue

Consolidated Revenue by Reportable Business Segment (in millions)

Three Months Ended June 30, 2025 and 2024

Six Months Ended June 30, 2025 and 2024



Gaming revenue decreased 2% and increased 1%, for the three and six months ended June 30, 2025, respectively, as compared to the prior year periods. Both periods were primarily impacted by a decrease in Gaming machine sales and Gaming systems, partially offset by higher Gaming operations revenue, which benefited from \$21 million in revenue from Grover for both the three and six months ended June 30, 2025, along with a \$13 million and a \$21 million, respectively, or 7% for both periods, increase supported by our diversified portfolio of high-performing game franchises.

SciPlay revenue decreased 2% for both the three and six months ended June 30, 2025, as compared to the prior year periods, due to a decline in average monthly payers primarily attributable to *JACKPOT PARTY*[®] Casino, partially offset by an increase in average monthly revenue per paying user. Average revenue per daily active user grew 4% and 5% for the three and six months ended June 30, 2025, respectively, while average monthly revenue per paying user increased 10% and 6% for the three and six months ended June 30, 2025.

The increases in iGaming revenue of 9% and 7% for the three and six months ended June 30, 2025, respectively, were driven primarily by continued momentum in the North American markets and expansion of our partner network.

Operating Expenses

(\$ in millions)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2025	2024	2025 vs. 2024		2025	2024	2025 vs. 2024	
Operating expenses:								
Cost of services	\$ 113	\$ 111	\$ 2	2 %	\$ 224	\$ 223	\$ 1	— %
Cost of products	106	125	(19)	(15)%	206	233	(27)	(12)%
SG&A	208	220	(12)	(5)%	425	438	(13)	(3)%
R&D	64	66	(2)	(3)%	129	128	1	1 %
D&A	99	87	12	14 %	190	173	17	10 %
Restructuring and other	17	34	(17)	(50)%	37	40	(3)	(8)%
Total operating expenses	<u>\$ 607</u>	<u>\$ 643</u>	<u>\$ (36)</u>	<u>(6)%</u>	<u>\$ 1,211</u>	<u>\$ 1,235</u>	<u>\$ (24)</u>	<u>(2)%</u>

Cost of Revenue

Total cost of revenue for the three and six months ended June 30, 2025 decreased primarily as a result of lower cost of products on lower revenue.

SG&A

SG&A decreased \$12 million and \$13 million for the three and six months ended June 30, 2025, respectively, as compared to the prior year periods. The change was primarily driven by lower bad debt expense of \$8 million and \$10 million, respectively, as a result of certain recoveries, and lower salaries and benefits of \$4 million and \$1 million, respectively.

D&A

D&A for the three and six months ended June 30, 2025 increased primarily due to depreciation related to Gaming operations installed base investments and growth as well as D&A associated with assets acquired from the Grover acquisition.

Restructuring and Other

The decrease in restructuring and other for the three and six months ended June 30, 2025 was primarily due to a \$32 million charge related to certain legal matters in the three months ended June 30, 2024, partially offset by an increase in costs related to strategic review and related transactions, including legal and professional service fees associated with the acquisition of Grover of \$9 million and \$14 million for the three and six months ended June 30, 2025, respectively, and \$2 million and \$9 million, respectively, in iGaming charges, primarily related to the discontinuation of our iGaming Live Casino operations.

Other Factors Affecting Net Income

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		Factors Affecting Net Income 2025 vs. 2024
	2025	2024	2025	2024	
Other (expense) income, net	\$ (1)	\$ 8	\$ 4	\$ 18	The change in other (expense) income, net was primarily due to the impact of changes in foreign currency exchange rates.
Income tax expense ⁽¹⁾	(29)	(26)	(51)	(44)	The increase in income tax expense was primarily due to the increase in worldwide income.

(1) For additional information regarding our income tax expense, see Note 13.

Foreign Currency Exchange (F/X)

Our results are impacted by changes in foreign currency exchange rates used in the translation of foreign functional currencies into USD and the re-measurement of foreign currency transactions or balances. The impact of foreign currency

exchange rate fluctuations represents the difference between current rates and prior-period rates applied to current activity. Our exposure to foreign currency volatility on revenue is as follows:

(\$ in millions)	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
	Revenue	Consolidated Revenue	Revenue	Consolidated Revenue	Revenue	Consolidated Revenue	Revenue	Consolidated Revenue
Foreign Currency:								
British Pound Sterling	\$ 33	4 %	\$ 32	4 %	\$ 56	4 %	\$ 60	4 %
Euro	57	7 %	49	6 %	111	7 %	97	6 %
Australian Dollar	38	5 %	48	6 %	62	4 %	81	5 %

REPORTABLE BUSINESS SEGMENT RESULTS (for the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024)

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, charitable organizations, 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.

Grover revenues are generated by providing charitable gaming entities with access to proprietary electronic pull tabs equipment, content and related offerings that allow charities to maximize their funding and for which Grover is compensated based upon a percentage of gross gaming revenue. Grover currently operates in five states (as described above) with over 11,000 active units and 1,500 locations and is well positioned to capitalize on future expansion and legalization of charitable gaming.

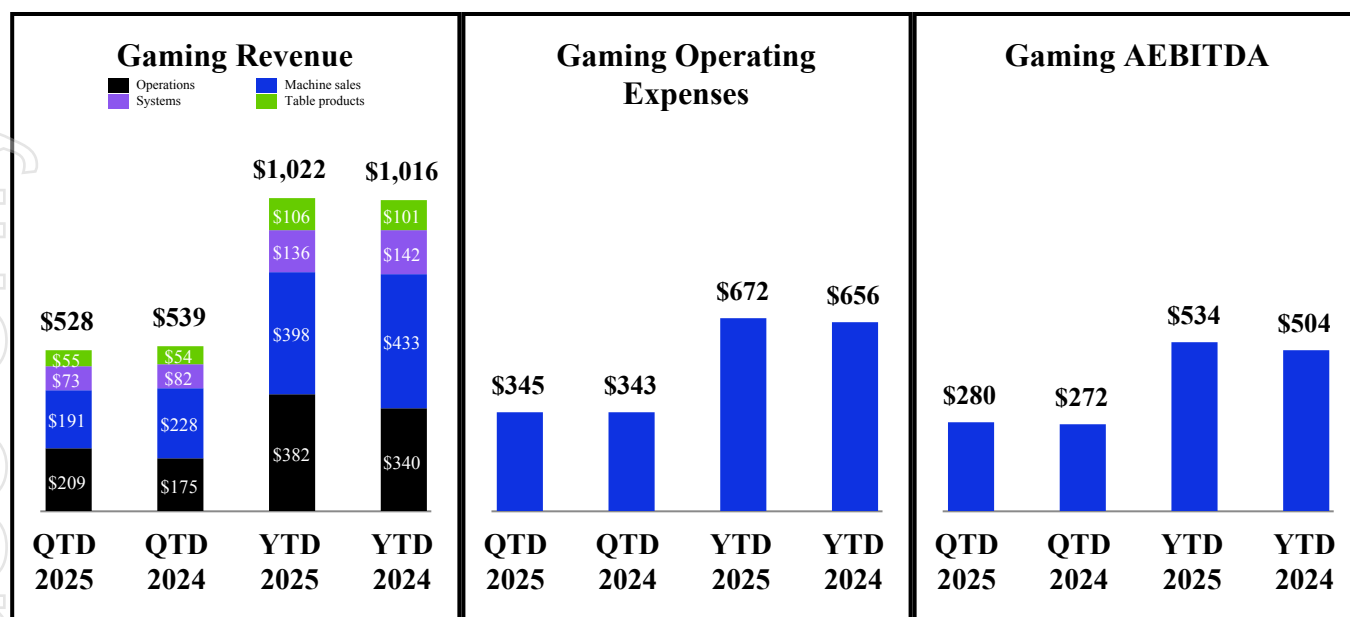
For additional information, refer to the Gaming primary business activities summary included within “Business Segment Results” under *Item 7* of our 2024 10-K.

Current Year Update

Gaming revenue for the three months ended June 30, 2025 decreased by 2%, primarily driven by a decrease in Gaming machine sales of 16% and in Systems revenue of 11%. The impact of macroeconomic uncertainty during the quarter led to more cautious purchasing behavior and delayed capital expenditure among some of our customers, which impacted the timing of game sales. This was partially offset by growth in Gaming operations revenue of 19%, which benefited from \$21 million in Grover revenue contributions along with a \$13 million, or 7%, increase supported by our diversified portfolio of high-performing game franchises. Gaming revenue for the six months ended June 30, 2025 increased slightly by 1%, as compared to the prior year period. The change in Gaming revenue for the three and six months ended June 30, 2025 also benefited from Table products growth of 2% and 5%, respectively.

Our growth is driven by the continued strength and success of our diversified portfolio of successful game franchises, including *KONG: SKULL ISLAND*, *HUFF N’ PUFF*[®], *ULTIMATE FIRE LINK*[®], *INVADERS! ATTACK FROM THE PLANET MOOLAH*[®], *FRANKENSTEIN*, our hit Asian-themed games *88 FORTUNES*[®] and *DANCING DRUMS*[®], stepper favorites *QUICK HIT*[®] and *BLAZING 777*[®] and the success of our *COSMIC*[®], *COSMIC UPRIGHT* and *HORIZON*[®] cabinets. We are actively monitoring any impact of recent tariffs, inflationary pressures, supply chain disruptions and macroeconomic uncertainty that may impact our operations and financial results. See the “Business Overview” section above and *Item 1A* “Risk Factors” for information regarding recent trade tariffs which may have a significant impact on our Gaming business.

Three and Six Months Ended June 30, 2025 and 2024



(\$ in millions, except per unit amounts)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance		
	2025	2024	2025 vs. 2024		2025	2024	2025 vs. 2024		
Revenue:									
Gaming operations ⁽¹⁾	\$ 209	\$ 175	\$ 34	19 %	\$ 382	\$ 340	\$ 42	12 %	
Gaming machine sales	191	228	(37)	(16)%	398	433	(35)	(8)%	
Gaming systems	73	82	(9)	(11)%	136	142	(6)	(4)%	
Table products	55	54	1	2 %	106	101	5	5 %	
Total revenue	<u>\$ 528</u>	<u>\$ 539</u>	<u>\$ (11)</u>	(2)%	<u>\$ 1,022</u>	<u>\$ 1,016</u>	<u>\$ 6</u>	1 %	
F/X impact on revenue	\$ 2	\$ (1)	\$ 3	nm	\$ —	\$ (1)	\$ 1	nm	
KPIs:									
U.S. and Canada units⁽¹⁾:									
Installed base at period end	46,372	32,566	13,806	42 %	46,372	32,566	13,806	42 %	
Average daily revenue per unit	\$ 47.40	\$ 50.41	\$ (3.01)	(6)%	\$ 47.65	\$ 49.34	\$ (1.69)	(3)%	
International units⁽²⁾:									
Installed base at period end	19,526	21,997	(2,471)	(11)%	19,526	21,997	(2,471)	(11)%	
Average daily revenue per unit	\$ 16.97	\$ 15.59	\$ 1.38	9 %	\$ 16.04	\$ 14.93	\$ 1.11	7 %	
Gaming machine sales:									
U.S. and Canada new unit shipments	5,454	5,809	(355)	(6)%	11,223	10,246	977	10 %	
International new unit shipments	3,585	5,501	(1,916)	(35)%	7,586	10,760	(3,174)	(29)%	
Total new unit shipments	9,039	11,310	(2,271)	(20)%	18,809	21,006	(2,197)	(10)%	
Average sales price per new unit	\$ 18,930	\$ 18,548	\$ 382	2 %	\$ 19,483	\$ 19,170	\$ 313	2 %	

nm = not meaningful.

(1) Inclusive of Grover active devices.

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

Gaming Operations

Gaming operations revenue growth was driven by a contribution of \$21 million in revenue from Grover following the May 2025 acquisition as well as a \$13 million, or 7%, increase driven by strong game performance of hit franchises, including our premium games. Gaming operations for U.S. and Canada (excluding Grover) had a 2,780-unit increase in installed base from the prior year period end, while Grover had an 11,026-unit active installed base as of June 30, 2025. Gaming operations (including Grover) had a decrease in average daily revenue per unit of \$3.01 and \$1.69 for the three and six months ended June 30, 2025, respectively, as growth related to our existing U.S. and Canada units was offset by inclusion of lower-yielding Grover units. Average daily revenue per unit for International units increased by \$1.38 and \$1.11 for the three and six months ended June 30, 2025, respectively. International ending installed base units decreased by 2,471 units from June 30, 2024 to June 30, 2025, primarily due to the expected closure of certain LBOs in the U.K., removals in Greece and the reduction of certain low-yielding units in Latin America.

Gaming Machine Sales

Gaming machine sales revenue decreased primarily due to macroeconomic uncertainty impacting the timing of game sales due to more cautious purchasing behavior and delayed capital expenditure among some of our customers.

The following table summarizes Gaming machine sales changes:

	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2025	2024	2025 vs. 2024		2025	2024	2025 vs. 2024	
U.S. and Canada unit shipments:								
Replacement units	5,231	5,465	(234)	(4)%	10,629	9,761	868	9 %
Casino opening and expansion units	223	344	(121)	(35)%	594	485	109	22 %
Total unit shipments	5,454	5,809	(355)	(6)%	11,223	10,246	977	10 %
International unit shipments:								
Replacement units	3,511	5,386	(1,875)	(35)%	6,509	9,097	(2,588)	(28)%
Casino opening and expansion units	74	115	(41)	(36)%	1,077	1,663	(586)	(35)%
Total unit shipments	3,585	5,501	(1,916)	(35)%	7,586	10,760	(3,174)	(29)%

Operating Expenses and AEBITDA

Operating expenses for the three and six months ended June 30, 2025 increased by \$2 million and \$16 million, respectively, as compared to the corresponding prior year periods, primarily due to \$15 million and \$22 million, respectively, in higher D&A, \$10 million of which is related to Grover for both periods, and the remainder of which is related to increased Gaming operations investment, coupled with \$7 million and \$19 million, respectively, in higher salaries and benefits (including stock-based compensation), partially offset by lower cost of revenue.

AEBITDA increased by \$8 million and \$30 million for the three and six months ended June 30, 2025, respectively, which is primarily related to margin expansion and a contribution from Grover since the acquisition closed in May 2025. AEBITDA as a percentage of revenue (“AEBITDA margin”) increased to 53% and 52% for the three and six months ended June 30, 2025, respectively, as compared to 50% for both corresponding prior year periods, driven by a more favorable revenue mix, margin enhancements initiatives and the impact of our incentive compensation payout structure.

SCIPLAY

Our SciPlay business segment is a leading developer and publisher of digital games on online platforms. SciPlay operates primarily in the social gaming market, which is characterized by gameplay online or on mobile devices that is social, competitive and self-directed in pace and session length. SciPlay generates a substantial portion of its revenue from in-app purchases in the form of coins, chips and cards, which players can use to play slot games, table games or bingo games. Players who install SciPlay’s social games typically receive free coins, chips or cards upon the initial launch of the game and additional free coins, chips or cards at specific time intervals. Players may exhaust the coins, chips or cards that they receive for free and may choose to purchase additional coins, chips or cards in order to enhance gameplay. Once obtained, coins, chips and cards (either free or purchased) cannot be redeemed for cash nor exchanged for anything other than game play within SciPlay’s apps. SciPlay generates additional revenue through advertising arrangements in certain games, which was not material for the periods presented. Players who install these games receive free, unlimited gameplay that requires viewing of periodic in-game advertisements.

SciPlay currently offers a variety of social casino games, including *JACKPOT PARTY® Casino*, *QUICK HIT® Slots*, *GOLD FISH® Casino*, *88 FORTUNES® Slots*, *MONOPOLY Slots* and *HOT SHOT CASINO®*. SciPlay continues to pursue its strategy of expanding into the online games market. Current casual game titles include *BINGO SHOWDOWN®* and *BACKGAMMON LIVE*. SciPlay continually develops and tests various new games. SciPlay’s social casino games typically include slots-style game play and occasionally include table games-style game play, while its casual games blend solitaire-style or bingo game play with adventure game features. All of SciPlay’s games are offered and played across multiple platforms, including *APPLE*, *GOOGLE*, *FACEBOOK*, *AMAZON* and *MICROSOFT*. SciPlay launched a proprietary direct-to-consumer in-app purchase platform during 2023, with the goals of improving players’ experience and reducing costs of revenue given the lower payment processing fees and other related expenses for in-app purchases made through the proprietary platform, as compared to the platform fee charged by third-party platforms. Revenue generated via the proprietary direct-to-consumer platform continues to increase and represented approximately 16% of total SciPlay revenue for the first half of 2025. In addition to original game content, SciPlay’s content library includes recognizable game content across our other platforms within Gaming and iGaming. This content allows players who like playing land-based game content to enjoy some of those same titles in SciPlay’s free-to-play games.

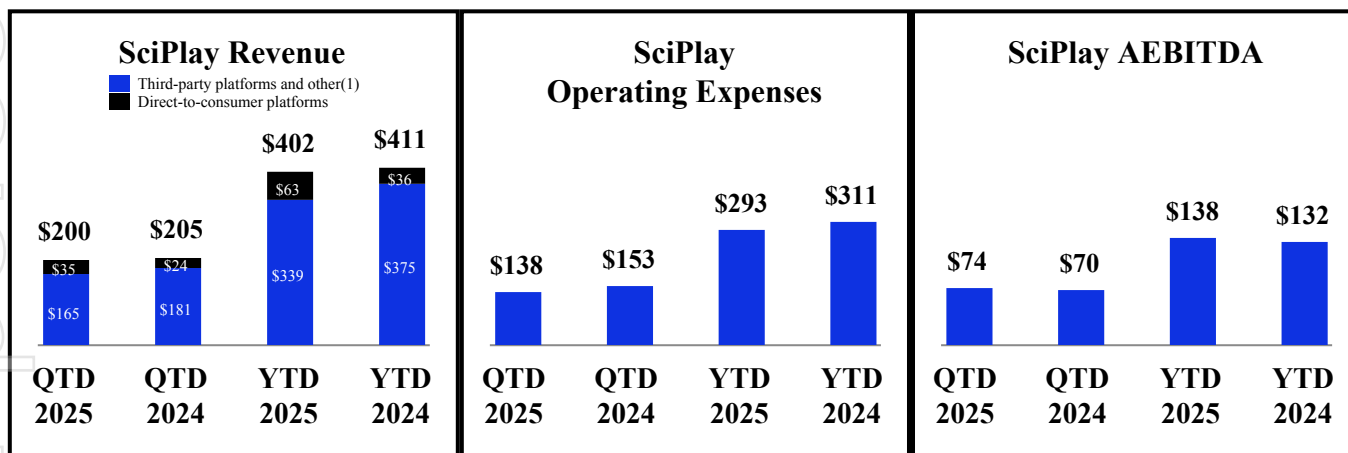
Current Year Update

SciPlay continues to deliver steady results and quality payer engagement and monetization. Revenue decreased slightly by 2% for the three and six months ended June 30, 2025, which was primarily due to a decline in average monthly payers, primarily attributable to Jackpot Party® Casino, partially offset by an increase in average monthly revenue per paying user. Additionally, the overall social casino industry is experiencing pressures from sweepstakes operators. SciPlay continues to deploy strategic game updates, utilize enhanced analytics, pursue international expansion and benefit from the proprietary direct-to-consumer platform.

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

Results of Operations and KPIs

Three and Six Months Ended June 30, 2025 and 2024



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

(in millions unless otherwise noted)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2025	2024	2025 vs. 2024		2025	2024	2025 vs. 2024	
Revenue:								
Third-party platforms and other ⁽¹⁾	\$ 165	\$ 181	\$ (16)	(9)%	\$ 339	\$ 375	\$ (36)	(10)%
Direct-to-consumer platforms	35	24	11	46 %	63	36	27	75 %
Total revenue	<u>\$ 200</u>	<u>\$ 205</u>	<u>\$ (5)</u>	(2)%	<u>\$ 402</u>	<u>\$ 411</u>	<u>\$ (9)</u>	(2)%

KPIs:

In-App Purchases:

Average MAU ⁽²⁾	5.2	5.4	(0.2)	(4)%	5.4	5.6	(0.2)	(4)%
Average DAU ⁽³⁾	2.0	2.1	(0.1)	(5)%	2.1	2.2	(0.1)	(5)%
ARPPU ⁽⁴⁾	\$ 1.08	\$ 1.04	\$ 0.04	4 %	\$ 1.07	\$ 1.02	\$ 0.05	5 %
Average MPUs ⁽⁵⁾ (in thousands)	512	574	(62)	(11)%	542	584	(42)	(7)%
AMRPPU ⁽⁶⁾	\$128.96	\$116.91	\$12.05	10 %	\$122.63	\$115.42	\$ 7.21	6 %
Payer Conversion Rate ⁽⁷⁾	9.8 %	10.5 %	(0.7)pp	nm	10.1 %	10.4 %	(0.3)pp	nm

nm = not meaningful.

pp = percentage points.

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

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

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

(4) ARPPU = 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.

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

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

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

For the three and six months ended June 30, 2025, revenue decreased by 2% primarily due to a decline in average monthly payers, primarily attributable to *Jackpot Party* Casino and partially offset by an increase in average monthly revenue per paying user.

Average MAU and average MPU for the three and six months ended June 30, 2025 decreased due to the turnover in users. ARPPU increased as a function of higher player monetization with a slight decrease in average DAU. AMRPPU increased, despite payer conversion decreasing slightly, as SciPlay continues to improve content and features, resulting in steady paying player interaction.

Payer conversion rates decreased slightly, but they remained near 10% due to consistent payer interaction with the games as a result of SciPlay's focus on introducing new content, features and live events in games.

Operating Expenses and AEBITDA

The decrease in operating expenses for the three and six months ended June 30, 2025, as compared to prior year period, was primarily driven by lower salaries and benefits (including stock-based compensation) and lower cost of revenue due to higher margins on our direct-to-consumer platform revenue.

AEBITDA for the three and six months ended June 30, 2025 increased by \$4 million and \$6 million, respectively, and AEBITDA margin increased by 3 percentage points to 37% and 2 percentage points to 34%, respectively, primarily due revenue generated via our proprietary direct-to-consumer platform, which generates higher margins.

iGAMING

Our iGaming business segment provides a comprehensive suite of digital gaming content, distribution platforms and player account management systems, as well as various other iGaming content and services. The majority of our revenue is derived from casino-style game content, including a wide variety of internally developed and branded games as well as popular third-party provider games. These games are made available to iGaming operators via content aggregation platforms, including Open Gaming System, remote gaming servers and various other platforms. We also provide our Open Platform System, a player account management system which offers a wide range of reporting and administrative functions and tools providing operators full control over all areas of digital gaming operations. Generally, we host the play of our game content which is integrated with the online casino operators' websites.

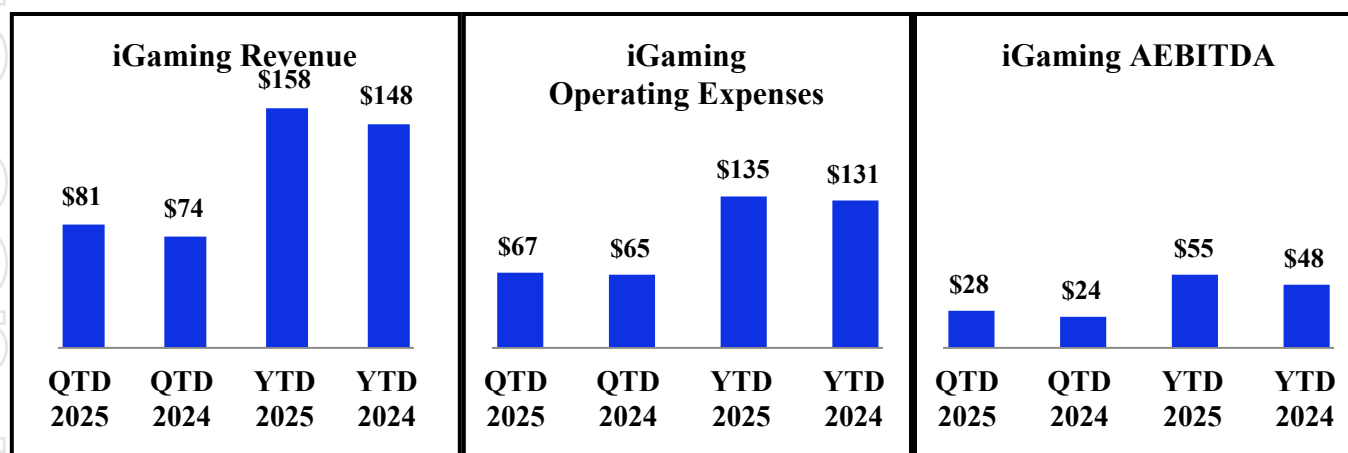
Current Year Update

We continue to expand our customer base and capitalize on growth in the North American and International markets, including emerging markets, such as Brazil, by leveraging our industry leading platforms, content and solutions, as well as investing in our ability to scale our own original U.S. and international land-based content offering.

Following the decision made in the first quarter of 2025, the Company has continued to execute on the discontinuation of its Live Casino operations. This reflects our commitment to reallocate resources to maximize our return on investments, and we do not expect that this decision will have a material impact on our iGaming business's long-term growth prospects.

Results of Operations

Three and Six Months Ended June 30, 2025 and 2024



The increases in iGaming revenue for the three and six month periods ended June 30, 2025 were 9% and 7%, respectively, as compared to the prior year periods, primarily driven by continuing momentum in the North American market and expansion of our partner network. Wagers processed through our Open Gaming System for both current year periods increased to \$27 billion and \$52 billion, respectively.

Operating expenses increased slightly for both the three- and six-month periods ended June 30, 2025, in correlation with the increase in revenue and primarily due to \$2 million and \$9 million in restructuring costs, largely related to the discontinuation of our Live Casino operations, partially offset by decreases in intangible asset amortization expense. AEBITDA increased 17% and 15% for the three and six months ended June 30, 2025, respectively, and AEBITDA margin increased to 35% for both the three and six months ended June 30, 2025, compared to 32% for both of the prior year periods, primarily due to lower operating expenses (excluding cost of revenue and R&O).

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 2024 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 2024 10-K, except as set forth below.

Business Combinations and Goodwill Update

We have estimated the economic lives of certain acquired assets in connection with the Grover acquisition, and these lives are used to calculate D&A expense. If our estimates of the economic lives change, D&A expense could be accelerated or slowed. For example, if the Grover intangible assets useful lives were extended by two years, the total annual depreciation and amortization would decrease by approximately \$7 million, and if the useful lives were shortened by two years, the total annual depreciation and amortization would increase by approximately \$14 million. See Note 1 for additional details.

After the acquisition of Grover, we have now determined that we have seven reporting units: Gaming, Grover, U.K. Gaming, Casino Management Systems, Table Products, SciPlay and iGaming. There have been no other changes to our goodwill impairment testing policy. We test goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment) on October 1 or sooner if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. No such events or circumstances have occurred as of June 30, 2025, or through the date of this report.

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

Cash and Available Liquidity

As of June 30, 2025, our principal sources of liquidity, other than cash flows provided by operating activities, were cash and cash equivalents as well as amounts available under the LNWI Revolver.

Cash and Available Revolver Capacity

(in millions)	As of	
	June 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 136	\$ 196
Revolver capacity	1,000	750
Revolver capacity drawn	(195)	—
Letters of credit	(10)	(10)
Total	\$ 931	\$ 936

Total cash held by our foreign subsidiaries was \$120 million and \$127 million as of June 30, 2025 and December 31, 2024, respectively. We believe that substantially all cash held outside the U.S. is free from legal encumbrances or similar restrictions that would prevent it from being available to meet our global liquidity needs.

Our Gaming operations generally require significant upfront capital expenditures, and we may need to incur additional capital expenditures in order to retain or increase market share and continue our product investments. For certain game sales in which control of the units have transferred to a customer, but the title transfer is pending until the final payment is made, we have elected to designate future collections as restricted cash until the resolution of the Aristocrat legal matter (for additional information on our legal proceedings, see Note 15 in this Form 10-Q and Note 19 in our 2024 Form 10-K). Other capital requirements for the near term primarily include debt principal and interest payments and also include purchase obligations and supply contracts, license agreement minimum guaranteed payments and lease obligations. There have been no material changes to our capital requirements disclosed in our 2024 10-K, other than those associated with our amended credit facility and changes to our debt issuance, as described below and in Note 10.

Our ability to make payments on and to refinance our indebtedness and other obligations depends on our ability to generate cash in the future. We may, from time to time, repurchase or otherwise repay, retire or refinance our debt, through our subsidiaries or otherwise. In the event we pursue significant acquisitions or other expansion opportunities, or conduct significant repurchases of our outstanding securities, we may need to raise additional capital. If we do not have adequate liquidity to support these activities, we may be unable to obtain financing for these cash needs on favorable terms or at all. For additional information regarding our cash needs and related risks, see “Risk Factors” under *Part I, Item 1A* in our 2024 10-K.

On June 11, 2024, our Board of Directors approved a share repurchase program under which the Company is authorized to repurchase, from time to time through June 12, 2027, up to an aggregate amount of \$1.0 billion of shares of outstanding common stock. During the six months ended June 30, 2025, we repurchased approximately 3.1 million shares of common stock at an aggregate cost of \$266 million (excluding excise tax). On July 31, 2025, our Board of Directors approved an additional aggregate amount of up to \$500 million of shares of outstanding common stock as authorized to be repurchased under the share repurchase program.

On February 10, 2025 we amended the LNWI Credit Agreement. The amendment, among other things, (i) provided for new revolving commitments under the LNWI Revolver in an amount of \$1.0 billion, which replaced the existing revolving commitments (which were in an amount of \$750 million), (ii) extended the maturity of the revolving commitments and (iii) reduced the applicable margin for the revolving loans by up to 50 basis points. See Note 10 for further details.

On May 15, 2025, LNWI entered into the LNWI Credit Agreement A, pursuant to which LNWI borrowed an aggregate principal amount of \$800 million in term loans under the LNWI Term Loan A facility. The proceeds of the loans were used to complete the Grover acquisition and pay fees and expenses related thereto. Loans under the LNWI Term Loan A will mature on May 15, 2028 and, beginning with the first fiscal quarter ending on September 30, 2025, will amortize in

quarterly installments in aggregate amounts equal to: (i) for the first four full fiscal quarters following the TLA Closing Date, 0.625% of the aggregate principal amount of the LNWI Term Loan A funded on the TLA Closing Date and (ii) for each fiscal quarter following the fourth full fiscal quarter following the TLA Closing Date, 1.25% of the aggregate principal amount of such LNWI Term Loan A funded on the TLA Closing Date, with any outstanding balance due and payable at maturity. See Note 10 for further details.

Cash Flow Summary

(in millions)	Six Months Ended June 30,		Variance
	2025	2024	2025 vs. 2024
Net cash provided by operating activities	\$ 291	\$ 312	\$ (21)
Net cash used in investing activities	(1,000)	(158)	(842)
Net cash provided by (used in) financing activities	660	(250)	910
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8	(3)	11
Decrease in cash, cash equivalents and restricted cash	\$ (41)	\$ (99)	\$ 58

Cash flows from operating activities

(in millions)	Six Months Ended June 30,		Variance
	2025	2024	2025 vs. 2024
Net income	\$ 177	\$ 164	\$ 13
Adjustments to reconcile net income to cash provided by operating activities	225	196	29
Changes in working capital accounts, excluding the effects of acquisitions	(111)	(48)	(63)
Net cash provided by operating activities	\$ 291	\$ 312	\$ (21)

Net cash provided by operating activities decreased primarily due to changes in working capital accounts, partially offset by a \$42 million increase in earnings (drivers of which are described above). Changes in working capital accounts for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024 were negatively impacted by \$73 million related to certain legal settlement payments and increased inventory levels.

Cash flows from investing activities

Net cash used in investing activities increased primarily due to the Grover acquisition, partially offset by lower capital expenditures related to the timing of investments in Gaming operations. Capital expenditures are composed of investments in systems, equipment and other assets related to contracts, property and equipment, intangible assets and software.

Cash flows from financing activities

Net cash provided by financing activities increased, primarily driven by borrowings incurred under the LNWI Term Loan A and the LNWI Revolver, partially offset by higher purchases of our outstanding common stock under our share repurchase programs. During the six months ended June 30, 2025 and 2024, we paid (including excise tax) \$270 million and \$175 million, respectively, to purchase our common stock.

Credit Agreement and Other Debt

For additional information regarding the LNWI Credit Agreement and other debt, interest rate risk and interest rate hedging instruments, see Notes 14 and 15 and *Item 7A* "Quantitative and Qualitative Disclosures About Market Risk" in our 2024 10-K as well as Notes 10 and 11 and *Item 3* below in this Form 10-Q.

Off-Balance Sheet Arrangements

As of June 30, 2025, we did not have any significant off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange rates and commodity prices. The following describes our financial instruments which expose us to market risk.

Interest Rate Risk

As of June 30, 2025, the face value of long-term debt was \$4.9 billion, including \$3.1 billion of variable rate obligations that fluctuate based on SOFR. Assuming a constant outstanding balance for our variable-rate long-term debt and excluding the impact of interest rate swap contracts, a hypothetical 1% change in interest rates would result in interest expense changing by approximately \$31 million. All of our interest rate sensitive financial instruments are held for purposes other than trading.

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

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

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 3a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of June 30, 2025.

In May 2025, we completed the Grover acquisition (see Note 1). We are in the process of integrating Grover and our internal controls over financial reporting. As a result of these integration activities, certain controls will be evaluated and may be revised. There were no other changes in our internal control over financial reporting during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For discussion of our legal proceedings, see Note 15, in this Quarterly Report on Form 10-Q and Note 19 in our 2024 10-K.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes in our risk factors from those disclosed under *Item 1A* “Risk Factors” included in our 2024 10-K.

Unfavorable U.S. and international economic conditions, decreased discretionary spending, travel or operational disruptions due to other factors such as inflation, rising benchmark interest rates, new or increased trade tariffs, terrorist activity or threat thereof, armed conflicts or hostilities, civil unrest, health epidemics, contagious disease outbreaks, or public perception thereof, other economic or political uncertainties, or other events beyond our control have adversely affected and may in the future adversely affect our business, results of operations, cash flows and financial condition.

Unfavorable economic conditions, including recession, inflation, rising benchmark interest rates, economic slowdown, decreased liquidity in the financial markets, decreased availability of credit, relatively high rates of unemployment and inflation, have had, and may continue to have, a negative effect on our business. Sociopolitical factors such as terrorist activity or threat thereof, armed conflicts or hostilities, civil unrest or other economic or political uncertainties, or health epidemics, contagious disease outbreaks, or public perception thereof, or other events beyond our control that contribute to consumer unease have resulted, and may continue to result, in decreased discretionary spending or travel by consumers and have had, any may continue to have, a negative effect on our businesses. Such factors out of our control may also have effects beyond discretionary spending or travel, such as disruptions to our operations and productivity, which could also have a negative effect on our businesses. Prolonged or more severe economic weakness, particularly from inflation, rising interest rates, new or increased tariffs and foreign currency volatility, could materially adversely impact our business, including causing our expected expenses to increase materially. We cannot fully predict the effects that unfavorable social, political and economic conditions, economic uncertainties and public health crises and any resulting decrease in discretionary spending or travel would have on us, as they would be expected to impact our customers, suppliers, employees, consultants and business partners in varied ways.

In our Gaming business, especially our Participation gaming business, our revenue is largely driven by players’ disposable incomes and level of gaming activity which may be reduced by unfavorable economic conditions. A further or extended decline in disposable income may result in reduced play levels on our Participation gaming machines, causing our

results of operations and cash flows from these products to decline. Additionally, higher travel and other costs may adversely affect the number of players visiting our customers' casinos. Adverse changes in discretionary consumer spending or consumer preferences, resulting in fewer patrons visiting casinos and reduced play levels, could also be driven by factors such as an unstable job market, recession, new or increased tariffs, outbreaks of contagious diseases or public perception thereof or fears of terrorism or other violence. A decline in play levels has negatively impacted the results of operations, cash flows and financial condition of our casino customers and their ability to purchase or lease our products and services.

Unfavorable economic conditions have also impacted, and could continue to impact, the ability of our Gaming customers to make timely payments to us. These conditions, and the concentration of certain outstanding Gaming segment receivables, may increase our collection risks and materially impact our estimate of receivables allowance for credit losses. In addition, unfavorable economic conditions have caused, and may cause in the future, some of our Gaming customers to temporarily close gaming venues or ultimately declare bankruptcy, which adversely affects our business. Further, our Gaming customers could elect to modify their replacement cycles or otherwise delay purchases and capital expenditures they would have otherwise made. Unfavorable economic conditions may also result in volatility in the credit and equity markets. The difficulty or inability of our customers to generate or obtain adequate levels of capital to finance their ongoing operations may reduce their ability to purchase our products and services.

In our iGaming business based on a Participation model, our revenue is largely driven by disposable incomes and level of player activity. Unfavorable economic conditions have previously reduced and may later reduce the disposable incomes of end users consuming the services, which could negatively impact revenues for the iGaming business. Suppliers to our iGaming business may suffer financial difficulties and may not be able to offer their services and products, which could restrict the provision of our services and negatively impact our revenues. Various gambling regulators have implemented additional responsible and safer gambling measures relating to online casinos, including the implementation of bet limits, spin speeds, deposit limits and bonusing, which could negatively impact our revenues, particularly if additional gambling regulators follow suit or additional measures are introduced.

In our SciPlay business, while we maintain offices in the U.S., we have employees and consultants operating in foreign jurisdictions, including Israel. In the foreign jurisdictions in which SciPlay operates, conditions such as political instability, inflation, slower growth or recession, new or increased tariffs, terrorist activity or threat thereof, armed conflicts or hostilities and civil unrest could adversely affect our business and results of operations. For example, political, economic and military conditions in Israel, including acts of terrorism, war or other armed conflicts, which have impacted our employees and operations in Israel, could in the future cause business interruptions or other spillover effects that could materially adversely affect SciPlay's business and results of operations.

Additionally, in our Gaming business, we monitor for any potential disruptions in our supply chain, such as those due to health epidemics, contagious disease outbreaks, or public perception thereof, terrorist activity or threat thereof, armed conflicts or hostilities, civil unrest or other economic or political uncertainties, or other events beyond our control, and we may be required to increase our inventory positions when deemed necessary to mitigate any expected or unexpected delays and fulfill customer orders timely. The current conflict in Israel has delayed passage of supplier vessels through the Red Sea and could require us to increase our inventory positions and/or could result in higher holding and freight costs, which could adversely impact our operations and/or gross margin.

There are ongoing concerns regarding the debt burden of certain countries, particularly in Europe and South America, and their ability to meet their future financial obligations, which have resulted in downgrades of the debt ratings for these countries. We currently operate in, and our growth strategy may involve pursuing expansion or business opportunities in certain of these jurisdictions, such as Argentina, Brazil, Greece, Italy and Puerto Rico among others. These sovereign debt concerns, whether real or perceived, could result in a recession, prolonged economic slowdown, or otherwise negatively impact the general health and stability of the economies in these countries or more broadly. In more severe cases, this could result in a limitation on the availability or flow of capital, thereby restricting our liquidity and negatively impacting our results of operations, cash flows and financial condition.

Changes in international trade policy, including the imposition of tariffs and the resulting consequences, may have a material adverse impact on our business, operating results, and financial condition.

The U.S. government has adopted new approaches to trade policy and in some cases, may renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreement. The U.S. government has also imposed tariffs on certain foreign goods and has raised the possibility of imposing significant, additional tariff increases or expanding the tariffs to capture other countries and types of foreign goods. In addition, in response to tariffs, other countries have implemented retaliatory tariffs on U.S. goods.

We cannot yet predict the full effect of the recently imposed U.S. tariffs on imports, or the extent to which other countries will impose quotas, duties, tariffs, taxes or other similar restrictions upon the import or export of materials in the future, nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. As we currently source a portion of our Gaming Business raw materials and components from China and across Asia, any additional duties imposed on imports may materially impact our supply chain by making it more difficult or costly to procure these items. Potential adverse impacts on our operating results include increased costs for our products and disruptions in our manufacturing and supply. The overall impact of trade policy and laws on our business depends on multiple factors, including their duration, their scope and its potential expansion, enforcement, retaliatory measures by impacted exporting countries, inflationary effects and broader macroeconomic responses, changes to consumer purchasing behavior, and the effectiveness of our responses in managing these impacts. While we believe we can adapt our business strategy to mitigate these effects, there is no assurance that these efforts will fully offset any increased costs.

Additionally, political tensions as a result of trade policies could reduce trade volume, investment and other economic activities between major international economies, resulting in a material adverse effect on global economic conditions and the stability of global financial markets. Uncertainties in global economic conditions have in the past negatively impacted discretionary consumer spending. As our revenue in our Gaming and iGaming businesses is largely driven by players' disposable incomes and level of gaming activity, a downturn in the economic environment may in turn have a material adverse impact on our business and financial condition.

The Company has determined to pursue a sole primary listing on the ASX, meaning we intend to delist our securities from Nasdaq, which could negatively affect the liquidity and trading prices of our common stock, and could result in a decline in stock prices and could limit investors' ability to trade in our securities.

The Company remains focused on enhancing the liquidity and market capitalization of its ASX listing and has determined to pursue a sole primary listing on the ASX and delist our securities from Nasdaq. Such delisting, if consummated, could result in a decrease in disclosure or other information (including analyst coverage) about the Company, impact our access to the capital markets (including by limiting our ability to issue additional securities or obtain additional financing) and decrease the liquidity and trading prices of our common stock (even though stockholders may still continue to trade our common stock on an over-the-counter ("OTC") market).

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

We repurchased 1.2 million shares under the share repurchase programs during the three months ended June 30, 2025.

(in millions, except for price per share)

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased as Part of Publicly Announced Programs	Average Price Paid per Share ⁽¹⁾	Total Cost of Repurchase (in millions) ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs (in millions) ⁽¹⁾
4/1/2025 - 4/30/2025	0.6	\$ 81.52	\$ 53	\$ 494
5/1/2025 - 5/31/2025	0.6	\$ 85.81	\$ 47	\$ 447
6/1/2025 - 6/30/2025	—	\$ —	\$ —	\$ 447
Total	1.2	\$ 83.33	\$ 100	\$ 447

(1) Average price paid per share is calculated on a settlement basis and excludes excise tax. As of January 1, 2023, our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act, resulting in \$2 million recorded as of June 30, 2025. Any excise tax incurred is recognized in stockholders' equity as part of the cost basis of the shares acquired.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements and Policies

Certain of our officers or directors have made elections to participate in, and are participating in, our 401(k) plan and have made, and may from time to time make, elections to have shares withheld to cover withholding taxes, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule

10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K). During the three months ended June 30, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" as such term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
2.1	<u>Asset Purchase Agreement, dated as of February 17, 2025, by and among Grover Gaming, Inc., G2 Gaming, Inc. and LNW Gaming, Inc. (incorporated by reference to Exhibit 2.1 to Light & Wonder, Inc.'s Current Report on Form 8-K filed February 18, 2025).</u>
3.1	<u>Restated Articles of Incorporation of Light & Wonder, Inc., filed with the Secretary of State of the State of Nevada on August 5, 2022 (incorporated by reference to Exhibit 3.1(a) to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022).</u>
3.2	<u>Third Amended and Restated Bylaws of Light & Wonder, Inc., effective as of August 3, 2023 (incorporated by reference to Exhibit 3.2 to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023).</u>
10.1	<u>Credit Agreement, by and among Light and Wonder International, Inc., as the borrower, Light & Wonder, Inc., as a guarantor, the several banks and other financial institutions or entities from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to Light & Wonder, Inc.'s Current Report on Form 8-K filed May 16, 2025).</u>
10.2	<u>Light & Wonder, Inc. Amended and Restated 2003 Incentive Compensation Plan (Amended and Restated as of June 10, 2025) (incorporated by reference to Exhibit 10.1 to Light & Wonder, Inc.'s Current Report on Form 8-K filed June 12, 2025).*</u>
10.3	<u>Amendment to Employment Agreement, effective as of June 20, 2025, by and between Light & Wonder, Inc. and James Sottile.*(†)</u>
10.4	<u>Consulting Agreement, dated as of June 20, 2025, by and between Light & Wonder, Inc. and James Sottile.*(†)</u>
10.5	<u>Amendment to the Amended and Restated Consulting Agreement, dated as of June 23, 2025, by and between Light & Wonder, Inc. and Jamie Odell.*(†)</u>
31.1	<u>Certification of the Chief Executive Officer of Light & Wonder, Inc. pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(†)</u>
31.2	<u>Certification of the Chief Financial Officer of Light & Wonder, Inc. pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(†)</u>
32.1	<u>Certification of the Chief Executive Officer of Light & Wonder, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u>
32.2	<u>Certification of the Chief Financial Officer of Light & Wonder, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Label Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Management contracts and compensation plans and arrangements in which directors and/or executive officers are eligible to participate.

** Furnished herewith.

(†) Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIGHT & WONDER, INC.

(Registrant)

By: /s/ Oliver Chow

Name: Oliver Chow

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

Dated: August 6, 2025

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