UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended September 30, 2019

OR

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

For the transition period from to

Commission file number: 001-38889

SciPlay Corporation

(Exact name of registrant as specified in its charter)

Nevada	**83-2692460**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6601 Bermuda Road, Las Vegas, Nevada 89119
(Address of principal executive offices)
(Zip Code)
(702) 897-7150
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $.001 par value	SCPL	The NASDAQ Global Select Market

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

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

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

Large accelerated filer	☐	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 Exchange Act). Yes ☐ No ☒

The registrant has the following number of shares outstanding of each of the registrant's classes of common stock as of November 5, 2019:

Class A Common Stock: 22,720,000
Class B Common Stock: 103,547,021

SCIPLAY CORPORATION
INDEX TO FINANCIAL INFORMATION
AND OTHER INFORMATION
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

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 ability to attract and retain players;
- our reliance on third-party platforms;
- our dependence on the optional purchases of virtual currency to supplement the availability of periodically offered free virtual currency;
- our ability to continue to launch and enhance games that attract and retain a significant number of paying players;
- our reliance on a small percentage of our players for nearly all of our revenue;
- our ability to adapt to, and offer games that keep pace with, changing technology and evolving industry standards;
- competition;
- the impact of legal and regulatory restrictions on our business, including significant opposition in some jurisdictions to interactive social gaming, including social casinos, and how such opposition could lead these jurisdictions to adopt legislation or impose a regulatory framework to govern interactive social gaming or social casinos specifically, and how this could result in a prohibition on interactive social gaming or social casinos altogether, restrict our ability to advertise our games, or substantially increase our costs to comply with these regulations;
- laws and government regulations, both foreign and domestic, including those relating to our parent, Scientific Games Corporation, and to data privacy and security, including with respect to the collection, storage, use, transmission, sharing and protection of personal information and other consumer data, and those laws and regulations that affect companies conducting business on the internet, including ours;
- the continuing evolution of the scope of data privacy and security regulations, and our belief that the adoption of increasingly restrictive regulations in this area is likely within the U.S. and other jurisdictions;
- our ability to use the intellectual property rights of our parent, Scientific Games Corporation, and other third parties, including the third-party intellectual property rights licensed to Scientific Games Corporation, under our intellectual property license agreement ("IP License Agreement") with our parent;
- protection of our proprietary information and intellectual property, inability to license third-party intellectual property and the intellectual property rights of others;
- security and integrity of our games and systems;
- security breaches, cyber-attacks or other privacy or data security incidents, challenges or disruptions;
- reliance on or failures in information technology and other systems;
- our ability to complete acquisitions and integrate businesses successfully;
- our ability to pursue and execute new business initiatives;
- fluctuations in our results due to seasonality and other factors;
- dependence on skilled employees with creative and technical backgrounds;

- natural events that disrupt our operations or those of our providers or suppliers;
- risks relating to foreign operations, including the complexity of foreign laws, regulations and markets; the uncertainty of enforcement of remedies in foreign jurisdictions; the effect of currency exchange rate fluctuations; the impact of foreign labor laws and disputes; the ability to attract and retain key personnel in foreign jurisdictions; the economic, tax and regulatory policies of local governments; and compliance with applicable anti-money laundering, anti-bribery and anti-corruption laws;
- U.S. and international economic and industry conditions;
- changes in tax laws or tax rulings, or the examination of our tax positions;
- litigation and other liabilities relating to our business, including litigation and liabilities relating to consumer protection, gambling-related matters, employee matters, alleged service and system malfunctions, alleged intellectual property infringement and claims relating to our contracts, licenses and strategic investments;
- restrictions and covenants in debt agreements, including those that could result in acceleration of the maturity of our indebtedness;
- failure to maintain adequate internal control over financial reporting;
- influence of certain stockholders, including decisions that may conflict with the interests of other stockholders;
- our ability to achieve some or all of the anticipated benefits of being a standalone public company;
- our dependence on distributions from SciPlay Parent Company, LLC ("SciPlay Parent LLC") to pay our taxes and expenses, including substantial payments we will be required to make under the Tax Receivable Agreement (the "TRA"); and
- stock price volatility.

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 this Quarterly Report on Form 10-Q. 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. In general, we believe there is less publicly available information concerning international social gaming industries than the same industries in the U.S. Some data is also based on our good faith estimates, which are derived from our review of internal surveys or data, as well as the independent sources referenced above. Assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors" in this Quarterly Report on Form 10-Q. These and other factors could cause future performance to differ materially from our assumptions and estimates.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue	$ 116.4	$ 105.3	$ 352.9	$ 302.5
Operating expenses:				
Cost of revenue[1]	36.9	40.6	123.1	116.6
Sales and marketing[1]	32.9	27.5	98.4	74.3
General and administrative[1]	9.8	7.9	31.2	25.1
Research and development[1]	6.3	6.4	18.1	19.1
Depreciation and amortization	1.7	1.7	5.2	13.3
Contingent acquisition consideration	—	8.4	1.7	26.4
Restructuring and other	0.2	0.6	0.7	0.7
Operating income	28.6	12.2	74.5	27.0
Other expense:				
Other expense, net	(0.4)	(0.2)	(2.4)	(0.8)
Total other expense, net	(0.4)	(0.2)	(2.4)	(0.8)
Net income before income taxes	28.2	12.0	72.1	26.2
Income tax expense	3.2	2.8	7.2	5.9
Net income	25.0	9.2	64.9	20.3
Less: Net income attributable to the noncontrolling interest	23.0	—	36.9	—
Net income attributable to SciPlay	$ 2.0	$ 9.2	$ 28.0	$ 20.3
Basic and diluted net income attributable to SciPlay per share:				
Basic	$ 0.09	$ 0.41	$ 1.23	$ 0.89
Diluted	$ 0.09	$ 0.41	$ 1.23	$ 0.89
Weighted average number of shares of Class A common stock used in per share calculation:				
Basic shares	22.7	22.7	22.7	22.7
Diluted shares	22.7	22.7	22.7	22.7

(1) Excludes depreciation and amortization.

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Net income	$ 25.0	$ 9.2	$ 64.9	$ 20.3
Other comprehensive income:				
Foreign currency translation gain, net of tax	0.6	0.2	2.8	0.4
Comprehensive income	$ 25.6	$ 9.4	$ 67.7	$ 20.7
Less: comprehensive income attributable to the noncontrolling interest	23.5	—	37.7	—
Comprehensive income attributable to SciPlay	$ 2.1	$ 9.4	$ 30.0	$ 20.7

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 81.3	$ 10.0
Accounts receivable, net (allowance for doubtful accounts of $0.4 and $1.1)	43.3	31.5
Prepaid expenses and other current assets	4.5	5.6
Total current assets	129.1	47.1
Non-current assets:		
Property and equipment, net	4.3	1.8
Operating lease right-of-use assets	6.4	—
Goodwill	120.7	120.7
Intangible assets, net	11.3	13.6
Deferred income taxes	87.2	6.4
Other assets	7.8	5.3
Total assets	$ 366.8	$ 194.9
LIABILITIES AND STOCKHOLDERS' EQUITY/ACCUMULATED NET PARENT INVESTMENT		
Current liabilities:		
Accounts payable	$ 15.6	$ 12.7
Accrued liabilities	18.3	28.0
Due to affiliate	5.3	3.7
Total current liabilities	39.2	44.4
Operating lease liabilities	5.6	—
Liabilities under TRA	73.7	—
Other long-term liabilities	1.0	11.9
Total liabilities	119.5	56.3
Commitments and contingencies (see Note 8)		
Stockholders' equity/Accumulated net parent investment:		
Class A common stock, par value $0.001 per share - 625.0 shares authorized, 22.7 issued and outstanding as of September 30, 2019, zero issued and outstanding as of December 31, 2018	—	—
Class B common stock, par value $0.001 per share - 130.0 shares authorized, 103.5 issued and outstanding as of September 30, 2019, zero issued and outstanding as of December 31, 2018	0.1	—
Additional paid-in capital	41.2	—
Accumulated net parent investment	—	140.8
Retained earnings	7.6	—
Accumulated other comprehensive income (loss)	0.1	(2.2)
Total SciPlay stockholders' equity/accumulated net parent investment	49.0	138.6
Noncontrolling interest	198.3	—
Total stockholders' equity/accumulated net parent investment	247.3	138.6
Total liabilities and stockholders' equity/accumulated net parent investment	$ 366.8	$ 194.9

See accompanying notes to condensed consolidated financial statements.

SCIPLAY CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY/ACCUMULATED NET PARENT INVESTMENT
(Unaudited, in millions)

	Accumulated net parent investment	Class A common stock		Class B common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interest	Total
		Shares	Amount	Shares	Amount					
December 31, 2018	$ 140.8	—	$ —	—	$ —	$ —	$ —	$ (2.2)	$ —	$138.6
Net income	13.7	—	—	—	—	—	—	—	—	13.7
Transactions with Parent and affiliates, net	6.2	—	—	—	—	—	—	—	—	6.2
Currency translation adjustment	—	—	—	—	—	—	—	1.9	—	1.9
March 31, 2019	$ 160.7	—	$ —	—	$ —	$ —	$ —	$ (0.3)	$ —	$160.4
Activity prior to IPO and organization transactions:										
Net income	6.7	—	—	—	—	—	—	—	—	6.7
Transactions with Parent and affiliates, net	3.0	—	—	—	—	—	—	—	—	3.0
May 7, 2019	$ 170.4	$ —	$ —	$ —	$ —	$ —	$ —	$ (0.3)	$ —	$170.1
Effects of the IPO and organization transactions:										
Issuance of Class A common stock in the IPO, net of underwriting discount and offering costs	—	22.7	—	—	—	59.9	—	—	272.9	332.8
Issuance of Class B common stock	—	—	—	103.5	0.1	—	—	—	—	0.1
Allocation of SGC equity to noncontrolling interests	(170.4)	—	—	—	—	30.7	—	0.2	139.5	—
Distributions to Parent and affiliates, net	—	—	—	—	—	(56.1)	—	—	(255.6)	(311.7)
Net effect of tax-related organization transactions and other	—	—	—	—	—	5.6	—	—	—	5.6
Activity subsequent to the IPO and organization transactions:										
Net income	—	—	—	—	—	—	5.6	—	13.9	19.5
Stock-based compensation	—	—	—	—	—	0.8	—	—	3.1	3.9
Currency translation adjustment	—	—	—	—	—	—	—	0.1	0.2	0.3
June 30, 2019	$ —	22.7	$ —	103.5	$ 0.1	$ 40.9	$ 5.6	$ —	$ 174.0	$220.6
Net income	—	—	—	—	—		2.0	—	23.0	25.0
Stock-based compensation	—	—	—	—	—	0.4	—	—	1.1	1.5
Currency translation adjustment and other	—	—	—	—	—	(0.1)	—	0.1	0.2	0.2
September 30, 2019	$ —	22.7	$ —	103.5	$ 0.1	$ 41.2	$ 7.6	$ 0.1	$ 198.3	$247.3

	Accumulated net parent investment	Class A common stock		Class B common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interest	Total
		Shares	Amount	Shares	Amount					
December 31, 2017	$ 161.4	—	$ —	—	$ —	$ —	$ —	$ 1.6	$ —	$163.0
Net loss	(1.1)	—	—	—	—	—	—	—	—	(1.1)
Dividend distributions	(17.4)	—	—	—	—	—	—	—	—	(17.4)
March 31, 2018	$ 142.9	—	$ —	—	$ —	$ —	$ —	$ 1.6	$ —	$144.5
Net Income	12.2	—	—	—	—	—	—	—	—	12.2
Dividend distributions	(13.3)	—	—	—	—	—	—	—	—	(13.3)
Transactions with Parent and affiliates, net	6.0	—	—	—	—	—	—	—	—	6.0
Currency translation adjustment	—	—	—	—	—	—	—	0.2	—	0.2
June 30, 2018	$ 147.8	$ —	$ —	$ —	$ —	$ —	$ —	$ 1.8	$ —	$149.6
Net income	9.2	—	—	—	—	—	—	—	—	9.2
Dividend distributions	(23.2)	—	—	—	—	—	—	—	—	(23.2)
Transactions with Parent and affiliates, net	1.9	—	—	—	—	—	—	—	—	1.9
Currency translation adjustment	—	—	—	—	—	—	—	0.2	—	0.2
September 30, 2018	$ 135.7	$ —	$ —	$ —	$ —	$ —	$ —	$ 2.0	$ —	$137.7

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2019	**2018**
Net cash provided by operating activities	$ 60.3	$ 44.1
Cash flows from investing activities:		
Capital expenditures	(6.5)	(2.2)
Net cash used in investing activities	(6.5)	(2.2)
Cash flows from financing activities:		
Net proceeds from issuance of Class A common stock	341.7	—
Net proceeds from issuance of Class B common stock	0.1	—
Distributions to Scientific Games and affiliates, net	(311.7)	(53.9)
Payments of deferred offering costs	(9.1)	—
Payments of contingent consideration	(1.8)	—
Payments on license obligations	(1.0)	—
Payments of debt issuance costs	(1.1)	—
Net cash provided by (used in) financing activities	17.1	(53.9)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	0.4	(0.1)
Increase (decrease) in cash, cash equivalents and restricted cash	71.3	(12.1)
Cash, cash equivalents and restricted cash, beginning of period	10.0	16.8
Cash, cash equivalents and restricted cash, end of period	$ 81.3	$ 4.7
Supplemental cash flow information:		
Cash paid for income taxes	$ 0.7	$ 1.7
Cash paid for contingent consideration included in operating activities	22.2	—
Payment for Scientific Games' intellectual property license included in Distributions to Scientific Games and affiliates, net	255.0	—

See accompanying notes to condensed consolidated financial statements.

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

Background and Nature of Operations

SciPlay Corporation was formed as a Nevada corporation on November 30, 2018 as a subsidiary of Scientific Games Corporation ("Scientific Games", "SGC", and "the Parent") for the purpose of completing a public offering and related transactions (collectively referred to herein as the "IPO") in order to carry on the business of SciPlay Parent LLC and its subsidiaries (collectively referred to as "SciPlay", the "Company", "we", "us", and "our"). As the managing member of SciPlay Parent LLC, SciPlay operates and controls all of the business affairs of SciPlay Parent LLC and its subsidiaries.

We develop, market and operate a portfolio of social games played on various mobile and web platforms, including *Jackpot Party Casino*, *Quick Hit Slots*, *Gold Fish Casino*, *Hot Shot Casino*, *Bingo Showdown*, *MONOPOLY Slots*, and *88 Fortunes Slots*, among others. Our games are available in various formats. We have one operating segment with one business activity, developing and monetizing social games.

The following are our material subsidiaries:

- SciPlay Parent Company, LLC (Nevada)
- SciPlay Holding Company, LLC (Nevada) ("SciPlay Holding")
- Phantom EFX, LLC (Nevada)
- Dragonplay Ltd (Israel)
- Spicerack Media, LLC (Nevada)

Initial Public Offering

On May 7, 2019, we completed the offering of 22,720,000 shares of Class A common stock at a public offering price of $16.00 per share (the "Offering"), after giving effect to the underwriters' partial exercise of their over-allotment option on June 4, 2019. We received $341.7 million in proceeds, net of underwriting discount, but before offering expenses of $9.3 million.

In connection with the closing of the Offering and partial exercise of over-allotment option, we consummated the following organizational transactions:

- We amended and restated the SciPlay Parent LLC Operating Agreement (the "Operating Agreement") to, among other things:

  (i) provide for a single class of SciPlay Parent LLC common units (the "LLC Interests");

  (ii) exchange all of SG Social Holding Company I, LLC's ("SG Holding I") and SG Social Holding Company, LLC's (each a wholly owned subsidiary of Scientific Games and collectively, the "SG Members") existing member's interests in SciPlay Parent LLC for LLC Interests;

  (iii) provide for the right of the SG Members to have their LLC Interests redeemed or exchanged for shares of our Class A common stock or, at our option, cash; and

  (iv) appoint SciPlay as the sole manager of SciPlay Parent LLC.

- We amended and restated our articles of incorporation to, among other things, provide for Class A common stock and Class B common stock;

- We used the net proceeds from the Offering and underwriters' exercise of the over-allotment option after deducting the underwriting discount, as follows:

	Amount	Note
To acquire 20,725,319 LLC Interests from SG Holding I	$ 311.7	(A)
To acquire 1,994,681 newly issued LLC Interests from SciPlay Parent LLC	30.0	(B)
Net proceeds after deducting underwriting discount	$ 341.7	
(A) SG Holding I subsequently used these proceeds as follows:		
Acquire IP License from Parent ("Upfront License Payment")[(1)]	$ 255.0	
Distributed as a dividend to Scientific Games	56.7	
	$ 311.7	
(B) SciPlay Parent LLC subsequently used the proceeds as follows:		
Fees and expenses incurred in connection with the IPO	$ 9.3	
General corporate purposes, including a portion of contingent acquisition consideration	20.7	
	$ 30.0	

(1) Per the Assignment Agreement, dated May 7, 2019, SG Holding I assigned its rights, duties, obligations and interest under the IP License Agreement to SciPlay.

- We issued shares of Class B common stock to the SG Members, on a one-to-one basis with the number of LLC Interests owned by the SG Members following the IPO;

- As a result of the transactions described above, the SG Members own 82.0% of the outstanding shares and LLC Interests and 97.9% of the combined voting power; and

- We and the SG Members entered into the TRA, and we and the SG Members entered into the registration rights agreement, dated May 7, 2019 ("Registration Rights Agreement").

Our corporate structure following the IPO is commonly referred to as an "Up-C" structure, which is often used by partnerships and limited liability companies when they undertake an initial public offering of their business. The Up-C structure will allow the SG Members to continue to realize tax benefits associated with owning interests in an entity that is treated as a partnership, or "passthrough" entity, for U.S. income tax purposes following the IPO. One of these benefits is that future taxable income of SciPlay Parent LLC that is allocated to the SG Members will be taxed on a flow-through basis and therefore will not be subject to corporate taxes at the SciPlay Parent LLC entity level. Additionally, because the SG Members may exchange or redeem their LLC Interests for newly issued shares of our Class A common stock on a one-for-one basis or, at our option, for cash, the Up-C structure also provides the SG Members with potential liquidity that holders of non-publicly traded limited liability companies are not typically afforded.

We will receive the same benefits as the SG Members on account of our ownership of LLC Interests in an entity treated as a partnership, or "passthrough" entity, for U.S. income tax purposes. As the SG Members redeem or exchange their LLC Interests, we will obtain a step-up in tax basis in our share of SciPlay Parent LLC assets. This step-up in tax basis will provide us with certain tax benefits, such as future depreciation and amortization deductions that can reduce the taxable income allocable to us. The TRA provides for the payment by us to the SG Members of 85% of the amount of tax benefits, if any, that we actually realize (or in some cases are deemed to realize) as a result of (i) increases in the tax basis of assets of SciPlay Parent LLC (a) in connection with the IPO, (b) resulting from any redemptions or exchanges of LLC Interests pursuant to the Operating Agreement or (c) resulting from certain distributions (or deemed distributions) by SciPlay Parent LLC and (ii) certain other tax benefits related to our making of payments under the TRA.

Variable Interest Entities ("VIE") and Consolidation

Subsequent to the IPO, our sole material asset is our member's interest in SciPlay Parent LLC. In accordance with the Operating Agreement of SciPlay Parent LLC, we have all management powers over the business and affairs of SciPlay Parent LLC and to conduct, direct and exercise full control over the activities of SciPlay Parent LLC. Class A common stock issued in the IPO do not hold majority voting rights but hold 100% of the economic interest in the Company, which results in

SciPlay Parent LLC being considered a VIE. Due to our power to control the activities most directly affecting the results of SciPlay Parent LLC, we are considered the primary beneficiary of the VIE. Accordingly, beginning with the IPO, we consolidate the financial results of SciPlay Parent LLC and its subsidiaries.

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). SG Social Holding Company II, LLC is SciPlay's predecessor for financial reporting purposes, and accordingly, for all periods presented prior to May 7, 2019, the financial statements represent the financial statements of the predecessor. All intercompany balances and transactions have been eliminated in consolidation.

In the opinion of management, we have made all adjustments necessary to present fairly our condensed consolidated balance sheets, consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity/accumulated net parent investment, and condensed consolidated statements of cash flows for the periods presented. Such adjustments are of a normal, recurring nature. These unaudited financial statements should be read in conjunction with the financial statements and related notes of SciPlay Corporation and SG Social Holding Company II, LLC in our prospectus dated May 2, 2019, filed with the SEC on May 6, 2019 pursuant to Rule 424(b) of the Securities Act of 1933, as amended (referred to herein as the "Prospectus"). Interim results of operations are not necessarily indicative of results of operations to be expected for a full year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and the accompanying notes. Actual results may differ materially from our estimates.

Significant Accounting Policies

There have been no changes to our significant accounting policies described within the SciPlay Corporation's financial statement and SG Social Holding Company II, LLC's consolidated financial statements and related notes in the Prospectus, other than the adoption of ASC 842 described in Note 3.

New Accounting Guidance- Adopted

The FASB issued ASU No. 2016-02, Leases (Topic 842) in 2016. ASU 2016-02 combined with all subsequent amendments (collectively, "ASC 842") requires balance sheet recognition for all leases with a lease term greater than one year to be recorded as a lease liability (on a discounted basis) with a corresponding right-of-use asset. This guidance also expands the required quantitative and qualitative disclosures for lease arrangements and gives rise to other changes impacting certain aspects of lessee and lessor accounting. We adopted ASC 842 as of January 1, 2019 using the optional transition method provided by ASU 2018-11 and applied the lessee package of practical expedients. During the first quarter of 2019, the FASB issued ASU 2019-01, Leases (Topic 842) to amend ASU 2016-02. This amendment exempts both lessees and lessors from having to provide certain prior year interim disclosure information in the fiscal year in which a company adopts the new leases standard. We have provided the related transition disclosures as of the beginning of 2019 in accordance with ASU 2019-1. See Note 3 for our lease accounting policy and the impact of our adoption of ASC 842.

The FASB issued ASU No. 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income ("AOCI") in 2018. The standard allows companies to make an election to reclassify from AOCI to retained earnings the stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017. Our adoption of this guidance did not have an effect on our consolidated financial statements.

New Accounting Guidance- Not yet adopted

The FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) in 2016. The new guidance replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For trade and other receivables, loans and other financial instruments, we will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. The new guidance will be effective for us beginning January 1, 2020. Application of the amendments is through a

cumulative-effect adjustment to retained earnings as of the effective date. We are currently evaluating the impact of adopting this guidance.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement. The new guidance amends the disclosure requirements for recurring and nonrecurring fair value measurements by removing, modifying, and adding certain disclosures on fair value measurements in ASC 820. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The new guidance will be effective for us beginning January 1, 2020. We are currently evaluating the impact of adopting this guidance.

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

Revenue Recognition

We generate revenue from the sale of virtual coins, chips and bingo cards (collectively referred to as "virtual currency"), which players can use to play casino-style slot games, table games and bingo games (i.e., spin in the case of slot games, bet in the case of table games and use of bingo cards in the case of bingo games). We distribute our games through various global social web and mobile platforms such as Facebook, Apple, Google, Amazon, and other web and mobile platforms. The games are primarily *WMS*, *Bally*, *Barcrest*™, and *SHFL*® branded games. In addition, we also offer third-party branded games and original content.

Disaggregation of Revenue

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

The following table presents our revenue disaggregated by type of platform:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Mobile	$ 97.7	$ 82.8	$ 292.8	$ 232.1
Web	18.7	22.5	60.1	70.3
Other	—	—	—	0.1
Total revenue	$ 116.4	$ 105.3	$ 352.9	$ 302.5

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
U.S.[(1)]	$ 108.8	$ 96.2	$ 328.3	$ 275.6
International	7.6	9.1	24.6	26.9
Total revenue	$ 116.4	$ 105.3	$ 352.9	$ 302.5

(1) Geographic location is estimated to be derived from the U.S. when data is not available.

Contract Assets, Contract Liabilities and Other Disclosures

We receive customer payments based on the payment terms established in our contracts. Payment for the purchase of virtual currency is made at purchase, and such payments are non-refundable in accordance with our standard terms of service.

Such payments are initially recorded as a contract liability, and revenue is subsequently recognized as we satisfy our performance obligations.

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

	Accounts Receivable	Contract Assets[1]	Contract Liabilities[2]
Beginning of period balance	$ 31.5	$ 0.2	$ 0.7
Balance as of September 30, 2019	43.3	0.2	0.6

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

During the nine months ended September 30, 2019 and 2018, we recognized $0.7 million and $1.5 million, respectively, of revenue that was included in the opening contract liability balance. Substantially all of our unsatisfied performance obligations relate to contracts with an original expected length of one year or less.

Concentration of Credit Risk

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

	Revenue Concentration			
	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Apple	45.5%	41.9%	44.1%	41.7%
Google	35.0%	33.1%	35.4%	31.4%
Facebook	16.0%	21.3%	17.0%	23.0%

	Accounts Receivable Concentration	
	September 30, 2019	December 31, 2018
Apple	57.6%	38.6%
Google	22.2%	31.3%
Facebook	16.3%	23.7%

Contingent Acquisition Consideration

The contingent consideration liability is recorded at fair value on the acquisition date as part of the consideration transferred and is remeasured each reporting period. The changes in fair value of contingent acquisition consideration as a result of remeasurement are included in contingent acquisition consideration expenses. The inputs used to measure the fair value of contingent consideration liability primarily consist of projected earnings-based measures and probability of achievement (categorized as Level 3 in the fair value hierarchy as established by ASC 820). During the second quarter of 2019, we agreed with the Spicerack selling shareholders to pay them $31.0 million in total contingent acquisition consideration. We paid $3.0 million and $24.0 million during the three and nine months ended September 30, 2019 with the remaining balance to be fully paid by February 2020. The following table summarizes our contingent acquisition consideration liabilities:

	September 30, 2019	December 31, 2018
Contingent acquisition consideration included in accrued liabilities	$ 7.0	$ 18.8
Contingent acquisition consideration included in other long-term liabilities	—	10.5

Deferred Offering Costs

Through September 30, 2019, we incurred $9.3 million in costs directly related to pursuing the Offering. These costs were charged against the gross offering proceeds.

Revolving Credit Facility

In connection with the IPO, SciPlay Holding, a wholly owned subsidiary of SciPlay Parent LLC, as the borrower, SciPlay Parent LLC, as a guarantor, the subsidiary guarantors party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent, entered into a $150.0 million revolving credit agreement (the "Revolver") that matures in May 2024. The interest rate is either Adjusted LIBOR (as defined in the Revolver) plus 2.250% (with one 0.250% leverage-based step-down to the margin and one 0.250% leverage-based step-up to the margin) or ABR (as defined in the Revolver) plus 1.250% (with one 0.250% leverage-based step-down to the margin and one 0.250% leverage-based step-up to the margin) at our option. We are required to pay to the lenders a commitment fee of 0.500% per annum on the average daily unused portion of the revolving commitments through maturity, which will be the five-year anniversary of the closing date of the Revolver, which fee varies based on the total net leverage ratio and is subject to a floor of 0.375%. The Revolver provides for up to $15.0 million in letter of credit issuances, which requires customary issuance and administration fees, and a fronting fee of 0.125%.

The Revolver contains covenants that, among other things, restrict our ability to incur additional indebtedness; incur liens; sell, transfer or dispose of property and assets; invest; make dividends or distributions or other restricted payments; and engage in affiliate transactions, with the exception of certain payments under the TRA and payments in respect of certain tax distributions under the Operating Agreement. In addition, the Revolver requires us to maintain a maximum total net leverage ratio not to exceed 2.50:1.00 and to maintain a minimum fixed charge coverage ratio of no less than 4.00:1.00. Such covenants are tested quarterly at the end of each fiscal quarter.

The Revolver is secured by a (i) first priority pledge of the equity securities of SciPlay Holding, SciPlay Parent LLC's restricted subsidiaries and each subsidiary guarantor party thereto and (ii) first priority security interests in, and mortgages on, substantially all tangible and intangible personal property and material fee-owned real property of SciPlay Parent LLC, SciPlay Holding and each subsidiary guarantor party thereto, in each case, subject to customary exceptions.

(2) Goodwill and Intangible Assets, net

Goodwill

$107.9 million of goodwill reflected in these financial statements was allocated based on an estimate of the relative fair value that existed at the time of origination of goodwill in connection with the Parent's acquisitions of WMS Industries, Inc. ("WMS") and Bally Technologies, Inc. ("Bally"). The carrying value of goodwill increased by $12.8 million, as a result of the April 7, 2017 Spicerack acquisition.

Intangible Assets, net

Intangible assets reflected in these financial statements were allocated based on an estimate of the relative fair value that existed at the time of origination of intangible assets in connection with Parent's acquisitions of WMS and Bally.

The following table presents certain information regarding our intangible assets:

	Gross Carrying Amount	Accumulated Amortization	Net Balance
Balance as of September 30, 2019			
Amortizable intangible assets:			
Intellectual property	$ 35.2	$ (32.9)	$ 2.3
Customer relationships	23.2	(17.7)	5.5
Licenses	5.1	(2.2)	2.9
Brand names	3.9	(3.3)	0.6
	$ 67.4	$ (56.1)	$ 11.3
Balance as of December 31, 2018			
Amortizable intangible assets:			
Intellectual property	$ 33.0	$ (30.1)	$ 2.9
Customer relationships	23.2	(16.8)	6.4
Licenses	5.1	(1.5)	3.6
Brand names	3.7	(3.0)	0.7
	$ 65.0	$ (51.4)	$ 13.6

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Amortization expense[(1)]	$ 0.8	$ 0.9	$ 2.3	$ 10.5

(1) Nine months ended September 30, 2018 includes $8.1 million in accelerated amortization of certain Dragonplay intellectual property recorded as a result of a change in estimate of the remaining useful lives.

(3) Leases

On January 1, 2019, we adopted ASC 842 using the optional transition method provided by ASU 2018-11. Our operating leases primarily consist of real estate leases such as offices. Our leases have remaining terms of 1 year to 5 years. We do not have any finance leases. Our total variable and short term lease payments and operating lease expenses were immaterial for all periods presented.

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

	September 30, 2019
Operating lease right-of-use assets[1]	$ 6.4
Accrued liabilities	1.9
Operating lease liabilities	5.6
Total operating lease liabilities	$ 7.5
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases for the nine months ended September 30, 2019	$ 1.4
Weighted average remaining lease term, years	4.0
Weighted average discount rate	5.0%

(1) Right-of-use assets obtained in exchange for lease obligations for the nine months ended September 30, 2019 were immaterial.

Lease liability maturities:

	Operating Leases
Remainder of 2019	$ 0.6
2020	2.1
2021	1.7
2022	1.7
2023	1.3
Thereafter	0.9
Less: Imputed Interest	(0.8)
Total	$ 7.5

As of September 30, 2019, we did not have material additional operating leases that have not yet commenced.

(4) Income Taxes

We hold an economic interest of 18% in SciPlay Parent LLC subsequent to the IPO. The 82% economic interest that we do not own represents a noncontrolling interest for financial reporting purposes. SciPlay Parent LLC is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As such, SciPlay Parent LLC is not subject to income tax in most jurisdictions, and SciPlay Parent LLC's members, of which we are one, are liable for income taxes based on their allocable share of SciPlay Parent LLC's taxable income. The effective income tax rates for the three and nine months ended September 30, 2019 were 11.3% and 10.0%, respectively, and 23.3% and 22.5% for the three and nine months ended September 30, 2018, respectively. The effective income tax rates were determined using an estimated annual effective tax rate after considering any discrete items for such periods.

Our effective tax rate differs from the statutory rate of 21% primarily because we do not record income taxes for the noncontrolling interest portion of pre-tax income. Additionally, the periods prior to the IPO are presented using historical results of operations and cost basis of the assets and liabilities as if we operated on a standalone basis during those periods, and the tax provision is calculated as if we completed separate tax returns apart from our Parent ("Separate-return Method''). Certain legal entities that are included in these financial statements under the Separate-return Method were included in tax filings of affiliated entities that are not part of these financial statements. U.S. federal, state and local income tax provision of $6.5 million is included in the income tax expense under the Separate-return Method for the 2019 periods prior to the IPO.

As a result of the IPO, we recorded a deferred tax asset for the difference between the book basis and the tax basis of our investment in SciPlay Parent LLC. We also recorded a deferred tax asset for the tax basis increases generated from future payments under the TRA.

(5) Related Party Transactions

The following is the summary of expenses paid to Scientific Games and settled in cash:

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2019	2018	2019	2018	Financial Statement Line Item
Royalties for Scientific Games Corporation IP	$ —	$ 6.7	$ 10.2	$ 19.3	Cost of revenue
Royalties to Scientific Games Corporation for third-party IP	1.5	1.9	5.9	5.2	Cost of revenue
Parent services	1.2	1.6	3.8	4.4	General and administrative

The following is the summary of balances due to affiliates:

	September 30, 2019	December 31, 2018
Royalties under intercompany IP License Agreement	$ 1.1	$ 4.5
Parent services	0.7	0.5
Reimbursable expenses to (from) Scientific Games and its subsidiaries	3.5	(1.3)
	$ 5.3	$ 3.7

IP Royalties

On September 5, 2016, we entered into a license agreement with the Parent pursuant to which we obtained a non-transferable and non-exclusive license to use certain intellectual property (“IP”).

The Parent frequently licenses IP from third parties, which we use in developing our games pursuant to the IP License Agreement. Royalties allocated for use of third-party IP are charged to us and are typically based upon net social gaming revenues and the royalty rates defined and stipulated in the third-party agreements, based on the appropriate valuation methodology performed by a third-party valuation specialist.

Royalties under the IP License Agreement represent a charge for the use of the Parent IP related to certain internally developed social games such as *Jackpot Party Casino*, *Gold Fish Casino* and *Quick Hit Slots*. Royalties charged to us are based upon net social gaming revenues with the royalty rate established based on the appropriate valuation methodology performed by a third-party valuation specialist.

In connection with the IPO described above, we obtained an exclusive (subject to certain limited exceptions), perpetual, non-royalty-bearing license from Bally Gaming, Inc. (“Bally Gaming”) for intellectual property created or acquired by Bally Gaming or its affiliates on or before the third anniversary of the date of the IP License Agreement in any of our currently available or future social games that are developed for mobile platforms, social media platforms, internet platforms or other interactive platforms and distributed solely via digital delivery, and a non-exclusive, perpetual, non-royalty-bearing license for intellectual property created or acquired by Bally Gaming or its affiliates after such third anniversary, for use in our currently available games. So long as the IP License Agreement remains in effect, we do not expect to pay any future royalties or fees for our use of intellectual property owned by Bally Gaming or its affiliates in our currently available games. The purchase price of the license was $255.0 million, which was determined based on the appropriate valuation methodology performed by a third-party valuation specialist. This transaction was treated as a deemed distribution to the Parent as it constitutes a transaction between entities under common control.

Parent Services

On September 5, 2016, we entered into a Services Agreement with the Parent pursuant to which the Parent and its subsidiaries provide us various corporate services. In connection with the IPO described above, we entered into a new Services Agreement under which the Parent and its subsidiaries will continue to provide us the below services on substantially the same terms.

Parent services represent charges of corporate level general and administrative expenses that pay for services related to, but not limited to, finance, corporate development, human resources, legal, information technology, and rental fees for shared assets. These expenses have been charged to us on the basis of direct usage and costs when identifiable, with the remainder charged on the basis of revenues, operating expenses, headcount or other relevant measures, which we believe to be the most meaningful methodologies.

TRA

As described in Note 1 and in connection with the IPO, we entered into the TRA with SG Members. The annual tax benefits are computed by comparing the income taxes due including such tax benefits and the income taxes due without such benefits. Our estimated liability under the TRA as of September 30, 2019 was $76.3 million, of which $2.6 million was included in Accrued liabilities.

The amount of aggregate payments due under the TRA may vary based on a number of factors, including the amount and timing of the taxable income SciPlay Parent LLC generates each year and applicable tax rates, with payments generally due within a specified period of time following the filing of our tax return for the taxable year with respect to which the payment obligation arises. The TRA will remain in effect until all such tax benefits have been utilized or expired unless we exercise our right to terminate the TRA. The TRA will also terminate if we breach our obligations under the TRA or upon certain change of control events specified in the agreement. If the TRA is terminated in accordance with its terms, our payment obligations would be accelerated based upon certain assumptions, including the assumption that we would have sufficient future taxable income to utilize such tax benefits.

(6) Stockholders' Equity and Noncontrolling Interest

Stockholders' Equity

Following the closing of the IPO and the partial exercise of the over-allotment option by the underwriters on June 4, 2019, there were 22,720,000 shares of our Class A common stock issued and outstanding and 103,547,021 shares of our Class B common stock issued and outstanding. Holders of our Class A common stock and Class B common stock vote together as a single class on all matters presented to stockholders for their vote or approval, except where separate class voting is required by Nevada law. Each share of Class A common stock entitles its holder to one vote on all matters presented to our stockholders generally. Each share of Class B common stock entitles its holder to ten votes on all matters presented to our stockholders generally, for so long as the number of shares of our common stock beneficially owned by the SG Members and their affiliates represents at least 10% of our outstanding shares of common stock and, thereafter, one vote per share. Immediately following the IPO, all of our outstanding shares of Class B common stock were held by the SG Members on a one-to-one basis with the LLC Interests each SG Member then owned. Following the IPO and the partial exercise of over-allotment option by the underwriters on June 4, 2019, the holders of our issued Class A common stock collectively held 100% of the economic interests in us and 2.1% of the voting power in us, and Scientific Games, through its indirect ownership of all of the outstanding Class B common stock, held the remaining 97.9% of the voting power in us.

Noncontrolling Interest

We are a holding company, and our sole material assets are LLC Interests that we purchased from SciPlay Parent LLC and SG Holding I, representing an aggregate 18.0% economic interest in SciPlay Parent LLC. The remaining 82.0% economic interest in SciPlay Parent LLC is owned indirectly by SGC, through the ownership of LLC Interests by the SG Members.

Stock-Based Compensation

During the second quarter of 2019, we adopted a Long-Term Incentive Plan ("LTIP"). The LTIP authorizes the issuance of up to 6.5 million shares of Class A common stock to be granted in connection with awards of incentive and nonqualified stock options, restricted stock and stock units, stock appreciation rights and performance-based awards.

The Parent maintains an equity incentive awards plan under which the Parent may issue, among other awards, time-based and performance-based stock options and restricted stock units to our employees. Although awards under such plan result in the issuance of shares of the Parent, the amounts are a component of the total compensation for our employees and are included in our stock-based compensation expense, which is accounted for as a component of Stockholders' equity.

Performance-Based Restricted Stock Units (PRSUs)

During the second quarter of 2019, SciPlay employees including our senior executives and a non-employee director were granted PRSUs with respect to our Class A common stock. The performance criteria for vesting of such PRSUs granted is based on revenue and Adjusted EBITDA metrics set through the end of fiscal year 2022. Recipients of these awards generally must be actively employed by and providing services to the Company on the last day of the performance period in order to receive an award payout. In certain cases, upon death, disability or a qualifying termination, all or a pro-rata portion of the PRSUs will remain eligible to vest at the end of the performance period.

The fair value of the PRSUs granted was based on the initial offering price of the Company's Class A common stock of $16.00 per share. Stock-based compensation expense associated with these awards is recognized over the service period based on our projection as to the probable outcome of the above specified performance conditions. We reassess the probability of meeting the above specified performance conditions at each reporting period and adjust stock-based compensation expense to reflect current expected results, as necessary.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Related to SciPlay equity awards	$ 1.3	$ —	$ 5.0	$ —
Related to the Parent’s equity awards	0.2	0.8	3.1	2.1
Total	$ 1.5	$ 0.8	$ 8.1	$ 2.1

As of September 30, 2019 we had $18.0 million in unrecognized stock-based compensation expense that is expected to be recognized over a weighted-average expected vesting period of 1.6 years, of which $14.2 million relates to PRSUs.

(7) Earnings per Share

The table below sets forth a calculation of basic earnings per share ("EPS") based on net income attributable to SciPlay for the three and nine months ended September 30, 2019, divided by the basic weighted average number of Class A common stock for the three and nine months ended September 30, 2019. Diluted EPS of Class A common stock is computed by dividing net income attributable to SciPlay by the weighted average number of shares of Class A common stock outstanding adjusted to give effect to all potentially dilutive securities, using the treasury stock method.

For purposes of calculating EPS for periods prior to the IPO, including the nine months ended September 30, 2019 for which a portion of the periods preceded the IPO, we retrospectively presented EPS as if the IPO had occurred at the beginning of the earliest period presented.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Numerator:				
Net income	$ 25.0	$ 9.2	$ 64.9	$ 20.3
Less: net income attributable to the noncontrolling interest	23.0	—	36.9	—
Net income attributable to SciPlay	$ 2.0	$ 9.2	$ 28.0	$ 20.3
Denominator:				
Weighted average shares of Class A common stock for basic EPS	22.7	22.7	22.7	22.7
Effect of dilutive securities:				
Stock-based compensation grants	—	—	—	—
Weighted average shares of Class A common stock for diluted EPS	22.7	22.7	22.7	22.7
Net income attributable to SciPlay per share of Class A common stock - basic	$ 0.09	$ 0.41	$ 1.23	$ 0.89
Net income attributable to SciPlay per share of Class A common stock - diluted	$ 0.09	$ 0.41	$ 1.23	$ 0.89

(8) Litigation

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

Washington State Matter

On April 17, 2018, a plaintiff filed a putative class action complaint, Fife v. Scientific Games Corp., against our Parent, in the United States District Court for the Western District of Washington. The plaintiff seeks to represent a putative class of all persons in the State of Washington who purchased and allegedly lost virtual coins playing our online social casino games, including but not limited to *Jackpot Party Casino* and *Gold Fish Casino*. The complaint asserts claims for alleged violations of Washington's Recovery of Money Lost at Gambling Act, Washington's consumer protection statute, and for unjust enrichment, and seeks unspecified money damages (including treble damages as appropriate), the award of reasonable attorneys' fees and costs, pre- and post-judgment interest, and injunctive and/or declaratory relief. On July 2, 2018, our Parent filed a motion to dismiss the plaintiff's complaint with prejudice, which the trial court denied on December 18, 2018. Our Parent filed its answer to the putative class action complaint on January 18, 2019. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible loss. Although the case was brought against Scientific Games, pursuant to the Intercompany Services Agreement, we would expect to cover or contribute to any damage awards due to the matter arising as a result of our business.

SciPlay IPO Matter (New York)

On or about October 14, 2019, the Police Retirement System of St. Louis filed a putative class action complaint in New York state court against SciPlay, certain of its executives and directors, and SciPlay's underwriters with respect to its initial public offering. The plaintiff seeks to represent a class of all persons or entities who acquired Class A common stock of SciPlay pursuant and/or traceable to the Registration Statement filed and issued in connection with SciPlay's initial public offering on or about May 3, 2019. The complaint asserts claims for alleged violations of Sections 11 and 15 of the Securities Act, 15 U.S.C. § 77, and seeks certification of the putative class; compensatory damages of at least $144.7 million, and the award of the plaintiff's and the class's reasonable costs and expenses incurred in the action. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible loss, if any. We believe that the claims in the lawsuit are without merit, and intend to vigorously defend against them.

SciPlay IPO Matter (Nevada)

On or about November 4, 2019, plaintiff John Good filed a putative class action complaint in Nevada state court against SciPlay, certain of its executives and directors, Scientific Games Corporation, and SciPlay's underwriters with respect to SciPlay's initial public offering. The plaintiff seeks to represent a class of all persons who purchased Class A common

stock of SciPlay in or traceable to SciPlay's initial public offering that it completed on or about May 7, 2019. The complaint asserts claims for alleged violations of Sections 11 and 15 of the Securities Act, 15 U.S.C. § 77, and seeks certification of the putative class; compensatory damages, and the award of the plaintiff's and the class's reasonable costs and expenses incurred in the action. 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 and should be read in conjunction with the description of our business included in the Prospectus. The terms "we" and "our" as used herein refer to SciPlay and its consolidated subsidiaries, including SG Social Holding Company II, LLC for periods presented prior to May 7, 2019, which is SciPlay's predecessor for financial reporting purposes.

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

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

BUSINESS OVERVIEW

On May 7, 2019, we completed the IPO as described in Note 1.

We are a leading developer and publisher of digital games on mobile and web platforms. We currently offer seven core games, including social casino games *Jackpot Party Casino*, *Gold Fish Casino*, *Hot Shot Casino* and *Quick Hit Slots*, and casual games *MONOPOLY Slots*, *Bingo Showdown* and *88 Fortunes Slots*. Our social casino games typically include slots-style game play and occasionally include table games-style game play, while our casual games blend slots-style or bingo game play with adventure game features. All of our games are offered and played on multiple platforms, including Apple, Google, Facebook and Amazon. In addition to our internally created games, our content library includes recognizable, real-world slot and table games content from Scientific Games. This content allows players who like playing land-based slot machines to enjoy some of those same titles in our free-to-play games. We have access to Scientific Games' library of more than 1,500 iconic casino titles, including titles and content from third-party licensed brands such as *JAMES BOND*, *MONOPOLY*, *MICHAEL JACKSON*, *CHEERS* and *THE GODFATHER*.

We generate substantially all of our revenue from the sale of virtual coins, chips and bingo cards, which players of our games can use to play casino-style slot games and table games and bingo games. Players who install our games receive free virtual coins, cards or chips upon the initial launch of the game and additional free virtual coins, cards or chips at specific time intervals. Players may exhaust the virtual coins, cards or chips that they receive for free and may choose to purchase additional virtual coins, cards or chips in order to extend their time of game play.

RESULTS OF OPERATIONS

Summary of Results of Operations

($ in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Variance 2019 vs. 2018		Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Variance 2019 vs. 2018	
Revenue	$ 116.4	$ 105.3	$ 11.1	11 %	$ 352.9	$ 302.5	$ 50.4	17%
Operating expenses	87.8	93.1	(5.3)	(6)%	278.4	275.5	2.9	1%
Operating income	28.6	12.2	16.4	134 %	74.5	27.0	47.5	176%
Net income	25.0	9.2	15.8	172 %	64.9	20.3	44.6	220%
Net income attributable to SciPlay	2.0	9.2	(7.2)	(78)%	28.0	20.3	7.7	38%
AEBITDA	$ 32.0	$ 23.7	$ 8.3	35 %	$ 90.2	$ 69.5	$ 20.7	30%
Net income margin	21.5%	8.7%	12.8 pp	nm	18.4%	6.7%	11.7 pp	nm
AEBITDA margin	27.5%	22.5%	5.0 pp	nm	25.6%	23.0%	2.6 pp	nm

pp = percentage points.
nm = not meaningful.

Non-GAAP Financial Measures

Adjusted EBITDA, or AEBITDA, as used herein, is a non-GAAP financial measure that is presented as supplemental disclosure and is reconciled to net income attributable to SciPlay as the most directly comparable GAAP measure as set forth in the below table. We define AEBITDA to include net income attributable to SciPlay before: (1) net income attributable to noncontrolling interest; (2) interest expense; (3) income tax (benefit) expense; (4) depreciation and amortization; (5) contingent acquisition consideration; (6) restructuring and other, which includes charges or expenses attributable to: (a) employee severance; (b) management changes; (c) restructuring and integration; (d) M&A and other, which includes: (i) M&A transaction costs; (ii) purchase accounting adjustments; (iii) unusual items (including certain legal settlements) and (iv) other non-cash items; and (e) cost-savings initiatives; (7) stock-based compensation; (8) loss (gain) on debt financing transactions; and (9) other expense (income) including foreign currency (gains) and losses. We also use AEBITDA margin, a non-GAAP measure, which we calculate as AEBITDA as a percentage of revenue.

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

Our management believes that AEBITDA and AEBITDA margin are useful as they provide investors with information regarding our financial condition and operating performance that is an integral part of our management's reporting and planning processes. In particular, our management believes that AEBITDA is helpful because this non-GAAP financial measure eliminates the effects of restructuring, transaction, integration or other items that management believes have less bearing on our ongoing underlying operating performance. Management believes AEBITDA margin is useful as it provides investors with information regarding the underlying operating performance and margin generated by our business operations.

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

($ in millions, except percentages)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net income attributable to SciPlay[1]	$ 2.0	$ 9.2	$ 28.0	$ 20.3
Net income attributable to noncontrolling interest	23.0	—	36.9	—
Net income	25.0	9.2	64.9	20.3
Contingent acquisition consideration	—	8.4	1.7	26.4
Restructuring and other	0.2	0.6	0.7	0.7
Depreciation and amortization	1.7	1.7	5.2	13.3
Income tax expense	3.2	2.8	7.2	5.9
Stock-based compensation	1.5	0.8	8.1	2.1
Other expense, net	0.4	0.2	2.4	0.8
AEBITDA	$ 32.0	$ 23.7	$ 90.2	$ 69.5
Revenue	$ 116.4	$ 105.3	$ 352.9	$ 302.5
Net income margin (Net income/Revenue)	21.5%	8.7%	18.4%	6.7%
AEBITDA margin (AEBITDA/Revenue)	27.5%	22.5%	25.6%	23.0%
Royalties for Scientific Games Corporation IP[1]	$ —	$ 6.7	$ 10.2	$ 19.3

(1) Under the terms of the IP License Agreement, as more fully described in Note 5 and our Prospectus, we acquired an exclusive (subject to certain limited exceptions), perpetual, non-royalty-bearing license for intellectual property created or acquired by Bally Gaming or its affiliates, which resulted in no future royalties or fees for our use of intellectual property owned by Bally Gaming or its affiliates in our currently available games.

Revenue, Key Performance Indicators and Other Metrics

($ in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Variance 2019 vs. 2018		Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Variance 2019 vs. 2018	
Mobile	$ 97.7	$ 82.8	$ 14.9	18 %	$ 292.8	$ 232.1	$ 60.7	26 %
Web	18.7	22.5	(3.8)	(17)%	60.1	70.3	(10.2)	(15)%
Other	—	—	—	— %	—	0.1	(0.1)	(100)%
Total revenue	$ 116.4	$ 105.3	$ 11.1	11 %	$ 352.9	$ 302.5	$ 50.4	17 %

Revenue information by geography is summarized as follows:

($ in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Variance 2019 vs. 2018		Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Variance 2019 vs. 2018	
U.S.	$ 108.8	$ 96.2	$ 12.6	13 %	$ 328.3	$ 275.6	$ 52.7	19 %
International	7.6	9.1	(1.5)	(16)%	24.6	26.9	(2.3)	(9)%
Total revenue	$ 116.4	$ 105.3	$ 11.1	11 %	$ 352.9	$ 302.5	$ 50.4	17 %

The following reflects our Key Performance Indicators and Other Metrics:

We manage our business by tracking several key performance indicators, each of which is referred to in our discussion of operating results. Our key performance indicators are impacted by several factors that could cause them to fluctuate on a quarterly basis, such as platform providers' policies, restrictions, seasonality, user connectivity and addition of new content to certain portfolios of games. Future growth in players and engagement will depend on our ability to retain current players, attract new players, launch new games and features and expand into new markets and distribution platforms.

For a description of the definitions of our key performance indicators and other metrics, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Prospectus.

(in millions, except ARPDAU, Average monthly revenue per payer, and percentages)	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
	2019	2018	2019 vs. 2018		2019	2018	2019 vs. 2018	
Mobile Penetration	84%	79%	5 pp	nm	83%	77%	6 pp	nm
Average MAU	7.8	8.4	(0.6)	(7.1)%	8.1	8.2	(0.1)	(1.2)%
Average DAU	2.7	2.7	—	— %	2.7	2.6	0.1	3.8 %
ARPDAU	$ 0.47	$ 0.43	$ 0.04	9.3 %	$ 0.48	$ 0.42	$ 0.06	14.3 %
Average MPUs	0.5	0.5	—	— %	0.5	0.4	0.1	25.0 %
Average monthly revenue per payer	$ 84.90	$ 76.26	$ 8.64	11.3 %	$ 80.94	$ 76.15	$ 4.79	6.3 %
Payer conversion rate	5.8%	5.5%	0.3 pp	nm	6.0%	5.4%	0.6 pp	nm

pp = percentage points.
nm = not meaningful.

Mobile platform revenue increased for both comparable periods primarily due to the ongoing popularity of *Jackpot Party Casino*, *MONOPOLY Slots*, *Bingo Showdown*, and *88 Fortunes*. Web platform revenue decreased for both comparable periods due to a decline in player levels as a result of player preferences causing a continued migration to mobile platforms.

The increase in mobile penetration percentage primarily reflects a continued trend of players migrating from web to mobile platforms to play our games.

Average MAU decreased and average DAU stayed flat for the three months ended September 30, 2019. Both average MAU and average DAU stayed relatively flat for the nine months ended September 30, 2019. Consequently, ARPDAU and average monthly revenue per payer increased for both comparable periods due to decreased average MAU and flat average DAU base.

The increase in payer conversion rates for both comparable periods were due to the growing popularity of our games and increased interaction with the games by our players as a result of the introduction of new content and features into our games.

Operating Expenses

($ in millions)	Three Months Ended September 30,		Variance		Percentage of Revenue		
	2019	2018	2019 vs. 2018		2019	2018	2019 vs. 2018 Change
Operating expenses:							
Cost of revenue[1]	$ 36.9	$ 40.6	$ (3.7)	(9)%	31.7%	38.6%	(6.9) pp
Sales and marketing[1]	32.9	27.5	5.4	20 %	28.3%	26.1%	2.2 pp
General and administrative[1]	9.8	7.9	1.9	24 %	8.4%	7.5%	0.9 pp
Research and development[1]	6.3	6.4	(0.1)	(2)%	5.4%	6.1%	(0.7) pp
Depreciation and amortization	1.7	1.7	—	— %		nm	
Contingent acquisition consideration	—	8.4	(8.4)	(100)%		nm	
Restructuring and other	0.2	0.6	(0.4)	(67)%		nm	
Total operating expenses	$ 87.8	$ 93.1	$ (5.3)	(6)%			

(1) Excludes depreciation and amortization.
nm = not meaningful.
pp = percentage points.

($ in millions)	Nine Months Ended September 30, 2019	2018	Variance 2019 vs. 2018		Percentage of Revenue 2019	2018	2019 vs. 2018 Change
Operating expenses:							
Cost of revenue[1]	$ 123.1	$ 116.6	$ 6.5	6 %	34.9%	38.5%	(3.6) pp
Sales and marketing[1]	98.4	74.3	24.1	32 %	27.9%	24.6%	3.3 pp
General and administrative[1]	31.2	25.1	6.1	24 %	8.8%	8.3%	0.5 pp
Research and development[1]	18.1	19.1	(1.0)	(5)%	5.1%	6.3%	(1.2) pp
Depreciation and amortization	5.2	13.3	(8.1)	(61)%		nm	
Contingent acquisition consideration	1.7	26.4	(24.7)	(94)%		nm	
Restructuring and other	0.7	0.7	—	— %		nm	
Total operating expenses	$ 278.4	$ 275.5	$ 2.9	1 %			

(1) Excludes depreciation and amortization.
nm = not meaningful.
pp = percentage points.

Cost of Revenue

For the three months ended September 30, 2019, cost of revenue decreased primarily as a result of a decrease of $6.7 million in IP royalties due to the revised IP License Agreement. This decrease was partially offset by an increase of $3.4 million in platform fees, which was correlated with revenue growth.

During the nine months ended September 30, 2019 cost of revenue increased primarily as a result of a $15.3 million increase in platform fees driven by revenue growth, which was partially offset by a $9.1 million decrease in IP royalties as a result of the revised IP License Agreement (See Note 5).

Sales and Marketing

Sales and marketing expenses increased for both periods, primarily due to an increase in player acquisition costs, largely associated with *MONOPOLY Slots*, *Bingo Showdown* and *Jackpot Party Social*. Sales and marketing expenses as a percentage of revenue increased by 2.2 percentage points and 3.3 percentage points for the three and nine months ended September 30, 2019 as a result of a management decision to increase spend as recent trends showed a better than expected return on some marketing channels. This investment is expected to drive higher revenue, net income and AEBITDA in future quarters.

General and Administrative

General and administrative expenses increased for both periods primarily due to higher stock-based compensation reflecting SciPlay RSUs granted under the LTIP. For the three and nine months ended September 30, 2019, stock-based compensation expense increased by $0.7 million and $6.0 million respectively.

General and administrative expenses as a percentage of revenue did not fluctuate materially for all periods presented.

Depreciation and Amortization

Depreciation and amortization decreased for the nine months ended September 30, 2019 due to certain intangible assets becoming fully amortized during the second quarter of 2018.

Contingent Acquisition Consideration

Contingent acquisition consideration decreased for both comparable periods as a result of lower remeasurement charges, which relates to the Bingo Showdown app’s post-acquisition performance measurement period closing. Contingent acquisition consideration is expected to be fully paid by February 2020.

Net Income

Net income increased for both comparable periods primarily due to continued growth in revenue (as described above) coupled with a decrease in IP royalty expense as a result of the revised IP Licensing Agreement, lower depreciation and amortization for the nine months ended September 30, 2019 and lower contingent acquisition consideration for both comparable periods.

Net income margin improved by 12.8 and 11.7 percentage points for the three and nine months ended September 30, 2019, respectively, as a result of the above stated drivers.

AEBITDA

AEBITDA increased for both periods primarily due to continued growth in revenue and a decrease in IP royalty expense as a result of the revised IP Licensing Agreement, which was partially offset by higher sales and marketing expenses (as described above).

Other Factors Affecting Net Income Attributable to SciPlay

	Three Months Ended September 30,		Nine Months Ended September 30,		Factors Affecting Net Income Attributable to SciPlay
($ in millions)	**2019**	**2018**	**2019**	**2018**	**2019 vs. 2018**
Income tax expense	$ 3.2	$ 2.8	$ 7.2	$ 5.9	Our effective income tax rates were 11.3% and 10.0%, respectively, for the three and nine months ended September 30, 2019 and 23.3% and 22.5%, respectively, for the three and nine months ended September 30, 2018. The change in effective tax rates is primarily driven by the noncontrolling interest portion of pretax income, for which we do not record an income tax provision.
Net income attributable to noncontrolling interest	23.0	—	36.9	—	The three and nine months ended September 30, 2019 reflect SciPlay's noncontrolling interest.

RECENTLY ISSUED ACCOUNTING GUIDANCE

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

CRITICAL ACCOUNTING ESTIMATES

For a description of our policies regarding our critical accounting estimates, see "Critical Accounting Estimates" in the Prospectus. There have been no significant changes in our critical accounting estimate policies or the application or the results of the application of those policies to our condensed consolidated financial statements.

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

Introduction

On May 7, 2019, we completed the Offering of 22,720,000 shares of Class A common stock at a public offering price of $16.00 per share, after giving effect to the underwriters' exercise of their over-allotment option on June 4, 2019. We received $341.7 million in proceeds, net of underwriting discount, but before offering expenses of $9.3 million. Refer to Note 1 for a more detailed description of the IPO.

SciPlay is a holding company, with no material assets other than its ownership of SciPlay Parent LLC interests, no operating activities on its own and no independent means of generating revenue or cash flow. Operations are carried out by SciPlay Parent LLC and its subsidiaries, and we depend on distributions from SciPlay Parent LLC to pay our taxes and expenses. SciPlay Parent LLC's ability to make distributions to us is restricted by the terms of the Revolver, and may be restricted by any future credit agreement we or our subsidiaries enter into, any future debt or preferred equity securities we or our subsidiaries issue, other contractual restrictions or applicable Nevada law.

We have funded our operations primarily through cash flows from operating activities. Based on our current plans and market conditions, we believe that cash flows generated from our operations, the proceeds from the IPO described above

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

Revolving Credit Facility

In connection with the IPO described above, we entered into the $150.0 million Revolver by and among SciPlay Holding, as the borrower, SciPlay Parent LLC, as a guarantor, the subsidiary guarantors party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent. The interest rate is either Adjusted LIBOR (as defined in the Revolver) plus 2.250% (with one 0.250% leverage-based step-down to the margin and one 0.250% leverage-based step-up to the margin) or ABR plus 1.250% (with one 0.250% leverage-based step-down to the margin and one 0.250% leverage-based step-up to the margin) at our option. We are required to pay to the lenders a commitment fee of 0.500% per annum on the average daily unused portion of the revolving commitments through maturity, which will be the five-year anniversary of the closing date of the Revolver, which fee varies based on the total net leverage ratio and is subject to a floor of 0.375%. The Revolver provides for up to $15.0 million in letter of credit issuances, which requires customary issuance and administration fees, and a fronting fee of 0.125%.

The Revolver contains covenants that, among other things, restrict our ability to incur additional indebtedness; incur liens; sell, transfer or dispose of property and assets; invest; make dividends or distributions or other restricted payments; and engage in affiliate transactions, with the exception of certain payments under the TRA and payments in respect of certain tax distributions under the Operating Agreement. In addition, the Revolver requires us to maintain a maximum total net leverage ratio not to exceed 2.50:1.00 and to maintain a minimum fixed charge coverage ratio of no less than 4.00:1.00. Such covenants are tested quarterly at the end of each fiscal quarter. We were in compliance with the financial covenants under the Revolver as of September 30, 2019.

The Revolver is secured by a (i) first priority pledge of the equity securities of SciPlay Holding, SciPlay Parent LLC's restricted subsidiaries and each subsidiary guarantor party thereto and (ii) first priority security interests in, and mortgages on, substantially all tangible and intangible personal property and material fee-owned real property of SciPlay Parent LLC, SciPlay Holding and each subsidiary guarantor party thereto, in each case, subject to customary exceptions.

Changes in Cash Flows

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

	Nine Months Ended September 30,	
($ in millions)	**2019**	**2018**
Net cash provided by operating activities	$ 60.3	$ 44.1
Net cash used in investing activities	(6.5)	(2.2)
Net cash provided by (used in) financing activities	17.1	(53.9)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	0.4	(0.1)
Increase (decrease) in cash, cash equivalents and restricted cash	$ 71.3	$ (12.1)

Net cash provided by operating activities increased primarily due to higher earnings, which was partially offset by payment of contingent acquisition consideration and an increase in accounts receivable related to the timing of payments from our platform providers.

Net cash used in investing activities increased primarily due to higher leasehold improvement expenditures related to our Austin facility.

Net cash provided by financing activities increased primarily due to net proceeds from the Offering during the second quarter of 2019. The increase was partially offset by distributions to Scientific Games (including payments under the previous IP licensing arrangement) and payments of offering and financing costs.

Off Balance Sheet Obligations

As of September 30, 2019, we did not have any significant off-balance sheet arrangements.

Contractual Obligations

As described in Note 1, we agreed with the Spicerack selling shareholders to pay them $31.0 million in total contingent acquisition consideration of which $24.0 million was paid during the nine months ended September 30, 2019 with the remaining balance to be fully paid by February 2020.

As described in Note 5, we entered into the TRA with SG Members. Our estimated liability under the TRA as of September 30, 2019 was $76.3 million, however actual timing and amount of any payments under the TRA will vary.

Other than noted above, there have been no material changes to our contractual obligations disclosed in the Prospectus.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As of September 30, 2019, we had no material exposure to market risks.

Item 4. Controls and Procedures

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

During the first quarter of 2019, we implemented changes to our internal controls to address the adoption of ASC 842, including controls to enable the preparation of financial information.

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION
Item 1. Legal Proceedings

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

Item 1A. Risk Factors

The risks described below are not the only risks facing us. Please be aware that additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could also materially and adversely affect our business operations. You should also refer to the other information contained in our periodic reports, including the Forward-Looking Statements section, our consolidated financial statements and the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations for a further discussion of the risks, uncertainties and assumptions relating to our business. Except where the context otherwise indicates, references below to the "Company," "we," "our," "ours" and "us" include all of our subsidiaries.

Risks Related to Our Business and Industry

Our growth depends on our ability to attract and retain players, and the loss of our players, or failure to attract new players, could materially and adversely affect our business.

Our ability to achieve growth in revenue in the future will depend, in large part, upon our ability to attract new players to our games, and retain existing players of our games. Achieving growth in our community of players may require us to increasingly engage in sophisticated and costly sales and marketing efforts that may not result in additional players.

In addition, our ability to increase the number of players of our games will depend on continued player adoption of social casino and other forms of casual gaming. Growth in the social gaming industry and the level of demand for and market acceptance of our games are subject to a high degree of uncertainty. We cannot assure that player adoption of social gaming and our games will continue or exceed current growth rates, or that the industry will achieve more widespread acceptance.

Additionally, as technological or regulatory standards change and we modify our technology platform to comply with those standards, we may need players to take certain actions to continue playing, such as downloading a new game client, performing age gating checks or accepting new terms and conditions. Players may stop using our games and related services at any time, including if the quality of the player experience on our platform, including our support capabilities in the event of a problem, does not meet their expectations or keep pace with the quality of the player experience generally offered by competitive games and services. In addition, expenditures by players tend to fluctuate seasonally, particularly during the summer months, and may reflect overall economic conditions.

We face competition for leisure time, attention and discretionary spending of our players. Other forms of leisure time activities, such as offline, traditional online, personal computer and console games, television, movies, sports and the internet, are much larger and more well-established options for consumers. Consumer tastes and preferences for leisure time activities are also subject to sudden or unpredictable change on account of new innovations. If consumers do not find our games to be compelling or if other existing or new leisure time activities are perceived by our players to offer greater variety, affordability, interactivity and overall enjoyment, our business could be materially and adversely affected.

We rely on third-party platforms to make our games available to players and to collect revenue.

Our social gaming offerings operate through Apple, Google, Facebook and Amazon, which also serve as significant online distribution platforms for our games. In 2018 and 2017, all of our revenue was generated by players using those platforms. Consequently, our expansion and prospects depend on our continued relationships with these providers, and any emerging platform providers that are widely adopted by our target player base. We are subject to the standard terms and conditions that these platform providers have for application developers, which govern the promotion, distribution and operation of games and other applications on their platforms, and which the platform providers can change unilaterally on short or without notice. Our business would be harmed if:

- the platform providers discontinue or limit our access to their platforms;
- governments or private parties, such as internet providers, impose bandwidth restrictions or increase charges or restrict or prohibit access to those platforms;
- the platforms decline in popularity;
- the platforms modify their current discovery mechanisms, communication channels available to developers, respective terms of service or other policies, including fees;
- the platforms impose restrictions or make it more difficult for players to buy virtual currency; or
- the platforms change how the personal information of players is made available to developers or develop their own competitive offerings.

If alternative platforms increase in popularity, we could be adversely impacted if we fail to create compatible versions of our games in a timely manner, or if we fail to establish a relationship with such alternative platforms. Likewise, if our platform providers alter their operating platforms, we could be adversely impacted as our offerings may not be compatible with the altered platforms or may require significant and costly modifications in order to become compatible. If our platform providers were to develop competitive offerings, either on their own or in cooperation with one or more

competitors, our growth prospects could be negatively impacted. If our platform providers do not perform their obligations in accordance with our platform agreements, we could be adversely impacted.

In the past, some of these platform providers have been unavailable for short periods of time or experienced issues with their features that permit our players to purchase virtual currency. For example, in the second and third quarters of 2018, we were negatively impacted by data privacy protection changes implemented by Facebook, which impaired our players' ability to access their previously acquired virtual currency and purchase additional virtual currency. If similar events recur on a prolonged basis or other similar issues arise that impact players' ability to download our games, access social features or purchase virtual currency, it could have a material adverse effect on our revenue, operating results and brand.

Our free-to-play business model depends on the optional purchases of virtual currency to supplement the availability of periodically offered free virtual currency.

We derive nearly all of our revenue from the sale of virtual currency used to play our games. Our games are available to players for free, and we generally generate revenue from them only if they voluntarily purchase virtual currency above and beyond the level of free virtual currency provided periodically as part of the game. If we fail to offer games that attract purchases of virtual currency, or if we fail to properly manage the economics of free versus paid currency, our business, financial condition and results of operations could be materially and adversely affected.

A small number of games has generated a majority of our revenue, and we must continue to launch and enhance games that attract and retain a significant number of paying players in order to grow our revenue and sustain our competitive position.

Historically, we have depended on a small number of games for a majority of our revenue, and we expect that this dependency will continue for the foreseeable future. In particular, *Jackpot Party Casino* has accounted for a substantial portion of our revenue since its launch in 2012, including 49% of our revenue in 2017 and 44% of our revenue in 2018, and we expect it to continue to do so over the next several years. Our growth depends on our ability to consistently launch new games that achieve significant popularity. Each of our games generally requires significant research and development, engineering, marketing and other resources to develop, launch and sustain via regular upgrades and expansions, and such costs on average have increased. Our ability to successfully and timely launch, sustain and expand games and attract and retain paying players largely depends on our ability to:

- anticipate and effectively respond to changing game player interests and preferences;
- anticipate or respond to changes in the competitive landscape;
- develop, sustain and expand games that are fun, interesting and compelling to play and on which players want to spend money;
- retain rights to the intellectual property rights of third parties, including Scientific Games Corporation;
- build and maintain our brand and reputation;
- effectively market new games and enhancements to our existing players and new players;
- minimize launch delays and cost overruns on new games and game expansions;
- minimize downtime and other technical difficulties; and
- acquire high-quality assets, personnel and companies.

It is difficult to consistently anticipate player demand on a large scale, particularly as we develop new games in new markets, including the hypercasual gaming market, international markets and new mobile platforms. If we do not successfully launch games that attract and retain a significant number of paying players and extend the life of our existing games, our market share, reputation and financial results could be harmed. In addition, if the popularity of *Jackpot Party*

Casino or any of our other top games decreases significantly, that would have a material adverse effect on our results of operations, cash flows and financial condition.

Moreover, it is difficult to predict the problems we may encounter in innovating and introducing new games, and we may need to devote significant resources to the creation, support and maintenance of our games and services. Under the IP License Agreement, our right to use any intellectual property created or acquired by Bally Gaming or its affiliates, or licensed by third parties to Bally Gaming, after the third anniversary of the date of the IP License Agreement, will be limited to use in our currently available games. This limit will also extend to derivative works of, or improvements to, intellectual property licensed to us under the IP License Agreement that are developed after the third anniversary of the date of the IP License Agreement (including by us), as such derivative works and improvements will be assigned to Bally Gaming and licensed back to us pursuant to the terms of the IP License Agreement. We cannot assure that we will be able to obtain a license for the use of any such intellectual property in our new games on commercially reasonable terms, if at all.

We cannot assure that our initiatives to improve our player experience will always be successful. We also cannot predict whether our new games or service offerings will be well received by players, or whether improving our technology will be successful or sufficient to offset the costs incurred to develop and market these games, services or technology.

We rely on a small percentage of our players for nearly all of our revenue.

A small percentage of our players account for nearly all of our revenue. For example, in 2017, 5.3% of our players made purchases in our games, and in 2018, 5.5% of our players made purchases in our games. However, we lose paying players in the ordinary course of business, and they may stop making purchases in our games or playing our games altogether at any time. In order to sustain or increase our revenue levels, we must attract new paying players or increase the amount our players pay. To retain paying players, we must devote significant resources so that the games they play retain their interest and attract them to our other games. Our new games may also attract players away from our existing games. If we fail to grow or sustain the number of our paying players, or if the rate at which we add paying players declines or if the average amount our paying players pay declines, our results of operations, cash flows and financial condition could be adversely impacted.

Our success depends upon our ability to adapt to, and offer games that keep pace with, changing technology and evolving industry standards.

Our success depends upon our ability to attract and retain players, which is largely driven by maintaining and increasing the quantity and quality of social games. To satisfy players, we need to continue to improve their experience and innovate and introduce games that players find useful and that cause them to return to our suite of games more frequently. This includes continuing to improve our technology to optimize search results for our games, tailoring our game offerings to additional geographic and market segments, and improving the user-friendliness of our games and our ability to provide high-quality support. Our ability to anticipate or respond to changing technology and evolving industry standards and to develop and introduce new and enhanced games on a timely basis or at all is a significant factor affecting our ability to remain competitive and expand and attract new players. We cannot assure that we will achieve the necessary technological advances or have the financial resources needed to introduce new games on a timely basis or at all.

Our players depend on our support organization to resolve any issues relating to our games. Our ability to provide effective support is largely dependent on our ability to attract, resource, and retain employees who are not only qualified to support players of our games, but are also well versed in our games. Any failure to maintain high-quality support, or a market perception that we do not maintain high-quality support, could harm our reputation, adversely affect our ability to sell virtual currency within our games to existing and prospective players, and could adversely impact our results of operations, cash flows and financial condition.

We operate in a highly competitive industry, and our success depends on our ability to effectively compete.

Social gaming, which includes social casinos and from which we derive substantially all of our revenue, is a rapidly evolving industry with low barriers to entry. Businesses can easily launch online or mobile platforms and applications at nominal cost by using commercially available software or partnering with various established companies in these markets. The market for our games is also characterized by rapid technological developments, frequent launches of new games, changes in player needs and behavior, disruption by innovative entrants and evolving business models and

industry standards. As a result, our industry is constantly changing games and business models in order to adopt and optimize new technologies, increase cost efficiency and adapt to player preferences.

Successful execution of our strategy depends on our continuous ability to attract and retain players, adapt to the emergence of new mobile hardware or operating systems, expand the market for our games, maintain a technological edge and offer new capabilities to players. We also compete with social gaming companies, including those that offer social casinos such as Playtika, Zynga, DoubleU and others, that have no connection to regulated real money gaming, and many of those companies have a base of existing players that is larger than ours. In some cases, we compete against real money gaming operators who have expanded their games to include social casinos and leverage their land-based gaming relationship with Scientific Games Corporation to license social casino content from Scientific Games Corporation, although such rights are limited in scope by the IP License Agreement. In those cases, customers of such real money gaming operators may choose to play our content as it is offered by the operator and not as it is offered by our social casino games, detrimentally impacting our results.

Some of our current and potential competitors enjoy substantial competitive advantages, such as greater name recognition, longer operating histories, greater financial, technical, and other resources and, in some cases, the ability to rapidly combine online platforms with traditional staffing and contingent worker solutions. These companies may use these advantages to develop different platforms and services to compete with our games, spend more on advertising and brand marketing, invest more in research and development or respond more quickly and effectively than we do to new or changing opportunities, technologies, standards, regulatory conditions or player preferences or requirements. As a result, our players may decide to stop playing our games or switch to our competitors' games.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including our current or future third-party suppliers. By doing so, these competitors may increase their ability to meet the needs of existing or prospective freelancers and players. These developments could limit our ability to obtain revenue from existing and new buyers. If we are unable to compete effectively, successfully and at reasonable cost against our existing and future competitors, our results of operations, cash flows and financial condition could be adversely impacted.

We offer players regular free play and frequent discounts for purchases of virtual coins to extend play in connection with our business. We cannot assure that competitive pressure will not cause us to increase the incentives that we offer to our players, which could adversely impact our results of operations, cash flows and financial condition.

Legal or regulatory restrictions could adversely impact our business and limit the growth of our operations.

There is significant opposition in some jurisdictions to interactive social gaming, including social casinos. Some states or countries have anti-gaming groups that specifically target social casino games. Such opposition could lead these jurisdictions to adopt legislation or impose a regulatory framework to govern interactive social gaming or social casinos specifically. These could result in a prohibition on interactive social gaming or social casinos altogether, restrict our ability to advertise our games, or substantially increase our costs to comply with these regulations, all of which could have an adverse effect on our results of operations, cash flows and financial condition. We cannot predict the likelihood, timing, scope or terms of any such legislation or regulation or the extent to which they may affect our business.

In a recent case, the United States Court of Appeals for the Ninth Circuit decided that a social casino game produced by one of our competitors should be considered illegal gambling under Washington state law. Similar lawsuits have been filed against other defendants, including Scientific Games Corporation. For example, in April 2018, a putative class action lawsuit was filed in federal district court alleging substantially the same causes of action against our social casino games. In December 2018, the federal district court assigned to the litigation denied Scientific Games Corporation's motion to dismiss the plaintiff's complaint and, in January 2019, Scientific Games Corporation filed its answer and affirmative defenses to the putative class action complaint. See "-Legal proceedings may materially adversely affect our business and our results of operations, cash flows and financial condition" and Note 8.

In September 2018, sixteen gambling regulators signed a declaration expressing concern over the blurring of lines between gambling and video game products, including social casino gaming. The regulators committed to work together to analyze the characteristics of video games and social gaming, and to engage in an informed dialogue with the video game and social gaming industries to ensure the appropriate and efficient implementation of applicable laws and regulations. The regulators also indicated they would work closely with their consumer protection enforcement agencies. We cannot predict

the likelihood, timing, scope or terms of any actions taken as a result of the declaration.

Consumer protection concerns regarding games such as ours have been raised in the past and may again be raised in the future. Such concerns could lead to increased scrutiny over the manner in which our games are designed, developed, distributed and presented. We cannot predict the likelihood, timing or scope of any concern reaching a level that will impact our business, or whether we would suffer any adverse impacts to our results of operations, cash flows and financial condition.

We may share part of the regulatory burdens of our parent, Scientific Games Corporation.

The majority of our voting power is held by wholly owned subsidiaries of Scientific Games Corporation, and we entered into the Intercompany Services Agreement, the IP License Agreement, the Registration Rights Agreement and the TRA with one or more of Scientific Games Corporation and its affiliates. Scientific Games Corporation and its affiliates hold many privileged licenses in jurisdictions around the world, allowing them to operate as gambling equipment and service suppliers. Regulators that issue such licenses have broad investigative powers and could ask for information from our majority stockholder, the entities from which we license intellectual property and their affiliates. Scientific Games Corporation and its affiliates, including SciPlay Parent LLC and its subsidiaries, will be obligated to cooperate with the investigations of such regulators. Such licenses may limit the operations and activities of subsidiaries and affiliates of Scientific Games Corporation, including SciPlay Parent LLC and its subsidiaries.

Data privacy and security laws and regulations in the jurisdictions in which we do business could increase the cost of our operations and subject us to possible sanctions and other penalties.

We collect, process, store, use and share data, some of which contains personal information. Our business is therefore subject to a number of federal, state, local and foreign laws and regulations governing data privacy and security, including with respect to the collection, storage, use, transmission, sharing and protection of personal information and other consumer data. Such laws and regulations may be inconsistent among countries or conflict with other rules. In particular, the European Union, or EU, has adopted strict data privacy and security regulations. Following recent developments, such as the European Court of Justice's 2015 ruling that the transfer of personal data from the EU to the U.S. under the EU/U.S. Safe Harbor was an invalid mechanism of personal data transfer, the adoption of the EU-U.S. Privacy Shield as a replacement for the Safe Harbor, and the effectiveness of the EU's General Data Protection Regulation ("GDPR") as of May 2018, data privacy and security compliance in the EU are increasingly complex and challenging. The GDPR created new compliance obligations applicable to our business and some of our players, which could cause us to change our business practices, and increases financial penalties for noncompliance (including possible fines of up to four percent of global annual revenue for the preceding financial year or €20 million (whichever is higher) for the most serious violations). The scope of data privacy and security regulations worldwide continues to evolve, and we believe that the adoption of increasingly restrictive regulations in this area is likely within the U.S. and other jurisdictions. For example, in June 2018, California enacted the California Consumer Privacy Act ("CCPA"), which is presently going into effect on January 1, 2020. When effective, the new law will, among other things, require new disclosures to California consumers, impose new rules for collecting or using information about minors, and afford consumers new abilities to opt out of certain disclosures of personal information. California legislators have stated that they intend to propose amendments to the CCPA before it goes into effect, and it remains unclear what, if any, modifications will be made to this legislation or how it will be interpreted. The U.S. Congress may also pass a law to preempt all or part of the CCPA. As passed, the effects of the CCPA potentially are significant, however, and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply. There currently are a number of proposals related to data privacy or security pending before federal, state, and foreign legislative and regulatory bodies. For example, the European Union is contemplating the adoption of the Regulation on Privacy and Electronic Communications, which is expected to take effect in 2019, that would govern data privacy and the protection of personal data in electronic communications, in particular for direct marketing purposes. Efforts to comply with these and other data privacy and security restrictions that may be enacted could require us to modify our data processing practices and policies and increase the cost of our operations. Failure to comply with such restrictions could subject us to criminal and civil sanctions and other penalties. In part due to the uncertainty of the legal climate, complying with regulations, and any applicable rules or guidance from self-regulatory organizations relating to privacy, data protection, information security and consumer protection, may result in substantial costs and may necessitate changes to our business practices, which may compromise our growth strategy, adversely affect our ability to attract or retain players, and otherwise adversely affect our business, financial condition and operating results.

Any failure or perceived failure by us to comply with our posted privacy policies, our privacy-related obligations

to players or other third parties, or any other legal obligations or regulatory requirements relating to privacy, data protection, or information security may result in governmental investigations or enforcement actions, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our players to lose trust in us, and otherwise materially and adversely affect our reputation and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to us may limit the adoption and use of, and reduce the overall demand for, our games. Additionally, if third parties we work with violate applicable laws, regulations, or agreements, such violations may put our players' data at risk, could result in governmental investigations or enforcement actions, fines, litigation, claims or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our players to lose trust in us and otherwise materially and adversely affect our reputation and business. Further, public scrutiny of, or complaints about, technology companies or their data handling or data protection practices, even if unrelated to our business, industry or operations, may lead to increased scrutiny of technology companies, including us, and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities, which may increase our costs and risks.

We rely on the ability to use the intellectual property rights of Scientific Games Corporation and other third parties, including the third-party intellectual property rights licensed to Scientific Games Corporation that we have enjoyed as an indirect subsidiary of Scientific Games Corporation, and we may lose the benefit of any intellectual property owned by or licensed to Scientific Games Corporation if it ceases to hold certain minimum percentages of the voting power in our company.

Substantially all of our games rely on products, technologies and other intellectual property that are licensed from Scientific Games Corporation and other third parties. Since September 2016, we have been party to an intercompany license agreement with Scientific Games Corporation pursuant to which we receive the right to use certain patents, brands, trademarks and other intellectual property owned by or licensed to Scientific Games Corporation. In addition, as an indirect subsidiary of Scientific Games Corporation, we benefit from intellectual property licensed to Scientific Games Corporation for the benefit of it and its subsidiaries. Under the IP License Agreement and as a subsidiary of Scientific Games Corporation, we expect, but cannot guarantee, that we will be able to continue to receive those rights on favorable or reasonable terms, and licensors may have approval rights over any future sublicenses by Scientific Games Corporation. The IP License Agreement has a change of control provision that requires Bally Gaming's consent, not to be unreasonably withheld, in the event of changes of control of our company that are not initiated by Scientific Games Corporation. Bally Gaming could reasonably withhold its consent, and therefore have the right to terminate the IP License Agreement, if, for example, a competitor of Scientific Games Corporation were to acquire more than 50% of the voting power in our company. If Bally Gaming were to exercise this termination right, we would lose the benefit of any intellectual property licensed to us under the IP License Agreement, which is essential to our business, including any intellectual property that we develop, to the extent it is an improvement, enhancement, modification, or derivative work of any intellectual property licensed to us under the IP License Agreement.

Any transaction that results in Scientific Games Corporation ceasing to hold at least 50% of the voting power in our company will be considered a change of control transaction requiring Bally Gaming's consent, except for: (i) transactions initiated by Scientific Games Corporation, or (ii) decreases in voting power resulting from (a) Scientific Games Corporation selling any ownership interests in our company, either privately or through additional public offerings, or (b) any future issuance of additional shares of our capital stock. In addition, our rights to any third-party intellectual property licensed to Bally Gaming or its affiliates and sublicensed to us under the IP License Agreement are subject to any change of control provisions in the applicable third-party license.

Further, even absent termination of the IP License Agreement, if Scientific Games Corporation ceases to hold at least 50% of the voting power in our company, or such other percentage as may be required by a specific third-party license between the applicable third party and Scientific Games Corporation, we may also lose the benefit of any intellectual property licensed to Scientific Games Corporation for the benefit of it or its subsidiaries. We have little control over future amendments or renewals of third-party licenses to which we are not a party, and such amendments and renewals may affect the ability of Scientific Games Corporation to sublicense such third-party intellectual property rights to us, or our ability to benefit directly from such intellectual property without a sublicense as a subsidiary of Scientific Games Corporation.

The future success of our business will depend, in part, on our ability to obtain, retain or expand licenses for technologies and services in a competitive market. We cannot assure that these third-party licenses, including the IP License Agreement, or support for such licensed technologies and services, will continue to be available to us on

commercially reasonable terms, if at all. In the event that we lose the benefit of, or cannot renew and/or expand existing licenses, we may be required to discontinue or limit our use of the technologies and services that include or incorporate the licensed intellectual property. In addition, while we are controlled by Scientific Games Corporation, we may not have the leverage to negotiate amendments to the IP License Agreement, if required, on terms as favorable to us as those we would negotiate with an unaffiliated third party.

Some of our license agreements contain minimum guaranteed royalty payments to the third party, and other agreements are sublicenses where such payment obligations are passed on to us by the sublicensor, including under the IP License Agreement. If we are unable to generate sufficient revenue to offset the minimum guaranteed royalty payments, it could have a material adverse effect on our results of operations, cash flows and financial condition. Our license agreements, including both direct licenses and sublicensing arrangements, typically contain customary restrictions on our ability to use or transfer the licensed rights, including in connection with certain strategic transactions, such as a change of control of the licensee. Although we believe that we are complying with our obligations under these license agreements and do not believe them to be in jeopardy of being terminated, we cannot assure that any or all of these license agreements in fact will remain in effect. Under certain of these agreements, the licensor has the right to audit our use of their intellectual property. Disputes with licensors over uses or terms could result in the payment of additional royalties or penalties by us, cancellation or non-renewal of the underlying license or litigation.

Our business depends on the protection of our proprietary information and our owned and licensed intellectual property.

We believe that our success depends, in part, on protecting our owned and licensed intellectual property in the U.S. and in foreign countries. Our intellectual property includes certain trademarks and copyrights relating to our games, and proprietary or confidential information that is not subject to formal intellectual property protection. Intellectual property that is significant to our business is owned by Scientific Games Corporation and other third parties. Our success may depend, in part, on our and our licensors' ability to protect the trademarks, trade dress, names, logos or symbols under which we market our games and to obtain and maintain patent, copyright and other intellectual property protection for the technologies, designs, software and innovations used in our games and our business. We cannot assure that we will be able to build and maintain consumer value in our trademarks, copyrights or other intellectual property protection in our technologies, designs, software and innovations or that any patent, trademark, copyright or other intellectual property right will provide us with competitive advantages.

We also rely on trade secrets and proprietary knowledge. We enter into confidentiality agreements with our employees and independent contractors regarding our trade secrets and proprietary information, but we cannot assure that the obligation to maintain the confidentiality of our trade secrets and proprietary information will be honored.

In the future we may make claims of infringement against third parties, or make claims that third-party intellectual property rights are invalid or unenforceable. These claims could:

- cause us to incur greater costs and expenses in the protection of our intellectual property;
- potentially negatively impact our intellectual property rights, for example, by causing one or more of our intellectual property rights to be ruled or rendered unenforceable or invalid; or
- divert management's attention and our resources.

The intellectual property rights of others may prevent us from developing new games, entering new markets or may expose us to liability or costly litigation.

Our success depends in part on our ability to continually adapt our games to incorporate new technologies and to expand into markets that may be created by new technologies. If technologies are protected by the intellectual property rights of our competitors or other third parties, we may be prevented from introducing games based on these technologies or expanding into markets created by these technologies.

We cannot assure that our business activities and games will not infringe upon the proprietary rights of others, or that other parties will not assert infringement claims against us. A successful claim of infringement by a third party against us, our games or one of our licensees in connection with the use of our technologies, or an unsuccessful claim of infringement

made by us against a third party or its products or games, could adversely affect our business or cause us financial harm. Any such claim and any resulting litigation, should it occur, could:

- be expensive and time-consuming to defend or require us to pay significant amounts in damages;
- result in invalidation of our proprietary rights or render our proprietary rights unenforceable;
- cause us to cease making, licensing or using games that incorporate the intellectual property;
- require us to redesign, reengineer or rebrand our games or limit our ability to bring new games to the market in the future;
- require us to enter into costly or burdensome royalty, licensing or settlement agreements in order to obtain the right to use a product or process;
- impact the commercial viability of the games that are the subject of the claim during the pendency of such claim; or
- require us to stop selling the infringing games.

Our success depends on the security and integrity of the games we offer, and security breaches or other disruptions could compromise our information or the information of our players and expose us to liability, which would cause our business and reputation to suffer.

We believe that our success depends, in large part, on providing secure games to our players. Our business sometimes involves the storage, processing and transmission of players' proprietary, confidential and personal information. We also maintain certain other proprietary and confidential information relating to our business and personal information of our personnel. Despite our security measures, our games may be vulnerable to attacks by hackers, players, vendors or employees or breached due to malfeasance or other disruptions. Any security breach or incident that we experience could result in unauthorized access to, misuse of, or unauthorized acquisition of our or our players' data, the loss, corruption or alteration of this data, interruptions in our operations, or damage to our computers or systems or those of our players or third-party platforms. Any of these could expose us to claims, litigation, fines and potential liability.

An increasing number of online services have disclosed security breaches, some of which have involved sophisticated and highly targeted attacks on portions of their services. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not foreseeable or recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, public perception of the effectiveness of our security measures and brand could be harmed, and we could lose players. Data security breaches and other data security incidents may also result from non-technical means, for example, actions by employees or contractors. Any compromise of our security could result in a violation of applicable privacy and other laws, regulatory or other governmental investigations, enforcement actions, and legal and financial exposure, including potential contractual liability that is not always limited to the amounts covered by our insurance. Any such compromise could also result in damage to our reputation and a loss of confidence in our security measures. Any of these effects could have a material adverse impact on our results of operations, cash flows and financial condition.

Our ability to prevent anomalies and monitor and ensure the quality and integrity of our games and software is periodically reviewed and enhanced, but may not be sufficient to prevent future attacks, breaches or disruptions. Similarly, we regularly assess the adequacy of our security systems, including the security of our games and software to protect against any material loss to any of our players and the integrity of our games to players. However, we cannot assure that our business will not be affected by a security breach or lapse.

If we sustain cyber-attacks or other privacy or data security incidents that result in security breaches, we could suffer a loss of sales and increased costs, exposure to significant liability, reputational harm and other negative consequences.

Our information technology may be subject to cyber-attacks, viruses, malicious software, break-ins, theft,

computer hacking, employee error or malfeasance or other security breaches. Hackers and data thieves are increasingly sophisticated and operate large-scale and complex automated attacks. Experienced computer programmers and hackers may be able to penetrate our security controls and misappropriate or compromise sensitive personal, proprietary or confidential information, create system disruptions or cause shutdowns. They also may be able to develop and deploy malicious software programs that attack our systems or otherwise exploit any security vulnerabilities. Our systems and the data stored on those systems may also be vulnerable to security incidents or security attacks, acts of vandalism or theft, coordinated attacks by activist entities, misplaced or lost data, human errors, or other similar events that could negatively affect our systems and the data stored on those systems, and the data of our business partners. Further, third parties, such as hosted solution providers, that provide services to the Company, could also be a source of security risks in the event of a failure of their own security systems and infrastructure.

The costs to eliminate or address the foregoing security threats and vulnerabilities before or after a cyber incident could be significant. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service, and loss of existing or potential suppliers or players. As threats related to cyber-attacks develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure, which may impact our results of operations. Although we have insurance coverage for protecting against cyber-attacks, it may not be sufficient to cover all possible claims, and we may suffer losses that could have a material adverse effect on our business. We could also be negatively impacted by existing and proposed U.S. and non-U.S. laws and regulations, and government policies and practices related to cybersecurity, data privacy, data localization and data protection.

We rely on information technology and other systems, and any failures in our systems or errors, defects or disruptions in our games could diminish our brand and reputation, subject us to liability and could disrupt our business and adversely impact our results.

We rely on information technology systems that are important to the operation of our business, some of which are managed by third parties. These third parties are typically under no obligation to renew agreements and there is no guarantee that we will be able to renew these agreements on commercially reasonable terms, or at all. These systems are used to process, transmit and store electronic information, to manage and support our business operations and to maintain internal control over our financial reporting. In addition, we collect and store certain data, including proprietary business information, and may have access to confidential or personal information in certain of our businesses that is subject to privacy and security laws, and regulations. We could encounter difficulties in developing new systems, maintaining and upgrading current systems and preventing security breaches. Among other things, our systems are susceptible to damage, outages, disruptions or shutdowns due to fire, floods, power loss, break-ins, cyber-attacks, network penetration, denial of service attacks and similar events. Any failures in our computer systems or telecommunications services could affect our ability to operate our games or otherwise conduct business.

A meaningful portion of our game traffic is hosted by third-party data centers, such as Amazon Web Services (“AWS”). Such third parties provide us with computing and storage capacity, and AWS is under no obligation to renew the agreements related to these services with us on commercially reasonable terms or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center operators is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities and we may incur significant costs and possible lengthy service interruptions in connection with doing so, potentially causing harm to our reputation. If a game is unavailable or operates more slowly than anticipated when a player attempts to access it, that player may stop playing the game and be less likely to return to the game.

Portions of our information technology infrastructure, including those operated by third parties, may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource-intensive. We have no control over third parties that provide services to us and those parties could suffer problems or make decisions adverse to our business. We have contingency plans in place to prevent or mitigate the impact of these events. However, such disruptions could materially and adversely impact our ability to deliver games to players and interrupt other processes. If our information systems do not allow us to transmit accurate information, even for a short period of time, to key decision-makers, the ability to manage our business could be disrupted and our results of operations, cash flows and financial condition could be materially and adversely affected. Failure to properly or adequately address these issues could impact our ability to perform necessary business operations, which could materially and adversely affect our reputation, competitive position, results of operations, cash flows and financial condition.

Substantially all of our games rely on data transferred over the internet, including wireless internet. Access to the internet in a timely fashion is necessary to provide a satisfactory player experience to the players of our games. Third parties, such as telecommunications companies, could prevent access to the internet or limit the speed of our data transmissions, with or without reason, causing an adverse impact on our player experience that may materially and adversely affect our reputation, competitive position, results of operations, cash flows and financial condition. In addition, telecommunications companies may implement certain measures, such as increased cost or restrictions based on the type or amount of data transmitted, that would impact consumers' ability to access our games, which could materially and adversely affect our reputation, competitive position, results of operations, cash flows and financial condition. Furthermore, internet penetration may be adversely affected by difficult global economic conditions or the cancellation of government programs to expand broadband access.

Our games and other software applications and systems, and the third-party platforms upon which they are made available could contain undetected errors.

Our games and other software applications and systems, as well as the third-party platforms upon which they are made available, could contain undetected errors that could adversely affect the performance of our games. For example, these errors could prevent the player from making in-app purchases of virtual coins, which could harm our operating results. They could also harm the overall game-playing experience for our players, which could cause players to reduce their playing time or in game purchases, discontinue playing our games altogether, or not recommend our games to other players. Such errors could also result in our games being non-compliant with applicable laws or create legal liability for us.

Resolving such errors could disrupt our operations, cause us to divert resources from other projects, or harm our operating results.

Some of our players may obtain virtual currency used in, or otherwise alter the intended game play of, our games through hacking or other unauthorized methods, resulting in a negative impact to our revenue.

Unauthorized operators may develop "hacks" that enable players to alter the intended game play or obtain unfair advantages in our games. For example, although we do not permit the exchange of virtual currency between accounts or with third parties, it is possible that unauthorized operators could offer "hacks" that allow players to obtain virtual currency through unauthorized methods, potentially having a negative impact on the amount of revenue we collect from players. We could change our business model and allow authorized trading in the future, which could result in additional opportunities for players to obtain virtual currency for use in our games through unauthorized methods.

Additionally, unrelated third parties may attempt to scam our players with fake offers for virtual currency or other game benefits. These scams may harm the experience of our players, disrupt the virtual economies of our games and reduce the demand for virtual currency, which may result in increased costs to combat such programs and scams, a loss of revenue from the sale of virtual currency and a loss of players.

We may use open source software in a manner that could be harmful to our business.

We use open source software in connection with our technology and games. The original developers of the open source code provide no warranties on such code. Moreover, some open source software licenses require players who distribute open source software as part of their proprietary software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. We try to use open source software in a manner that will not require the disclosure of the source code to our proprietary software or prevent us from charging fees to our players for use of our proprietary software. However, we cannot guarantee that these efforts will be successful, and thus, there is a risk that the use of such open source code may ultimately preclude us from charging fees for the use of certain software, require us to replace certain code used in our games, pay a royalty to use some open source code, make the source code of our games publicly available or discontinue certain games. Our results of operations, cash flows and financial condition could be adversely affected by any of the above requirements.

Our inability to complete acquisitions and integrate those businesses successfully could limit our growth or disrupt our plans and operations.

From time to time, we pursue strategic acquisitions, such as our acquisition of Spicerack in April 2017. Our ability to succeed in implementing our strategy will depend to some degree upon our ability to identify and complete commercially viable acquisitions. We cannot assure that acquisition opportunities will be available on acceptable terms or at all, or that we will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions.

We may not be able to successfully integrate any businesses that we acquire or do so within the intended timeframes. We could face significant challenges in managing and integrating our acquisitions and our combined operations, including acquired assets, operations and personnel. In addition, the expected cost synergies associated with such acquisitions may not be fully realized in the anticipated amounts or within the contemplated timeframes or cost expectations, which could result in increased costs and have an adverse effect on our prospects, results of operations, cash flows and financial condition. We would expect to incur incremental costs and capital expenditures related to integration activities.

Acquisition transactions may disrupt our ongoing business. The integration of acquisitions would require significant time and focus from management and might divert attention from the day-to-day operations of the combined business or delay the achievement of our strategic objectives.

Failure in pursuing or executing new business initiatives could have a material adverse impact on our business and future growth.

Our growth strategy includes evaluating, considering and effectively executing new business initiatives, such as hypercasual games, which can be difficult. Management may not properly ascertain or assess the risks of new initiatives, and subsequent events may alter the risks that were evaluated at the time we decided to execute any new initiative. In particular, initiatives such as hypercasual gaming are subject to intense competition due to low barriers to entry and the difficulty of differentiating games through intellectual property. Entering into any new initiative can also divert our management's attention from other business issues and opportunities. Failure to effectively identify, pursue and execute new business initiatives, may adversely affect our reputation, business, financial condition and results of operations.

Our business may suffer if we do not successfully manage our current and potential future growth.

We have grown significantly in recent years and we intend to continue to expand the scope and geographic reach of the games we provide. Our total revenue increased to $416.2 million in 2018, from $361.4 million in 2017 and $274.6 million in 2016. Our anticipated future growth will likely place significant demands on our management and operations. Our success in managing our growth will depend, to a significant degree, on the ability of our executive officers and other members of senior management to operate effectively, and on our ability to improve and develop our financial and management information systems, controls and procedures. In addition, we will likely have to successfully adapt our existing systems and introduce new systems, expand, train and manage our employees and improve and expand our sales and marketing capabilities.

If we are unable to properly and prudently manage our operations as they continue to grow, or if the quality of our games deteriorates due to mismanagement, our brand name and reputation could be severely harmed, and our business, prospects, financial condition and results of operations could be adversely affected.

The Revolver we entered into in connection with the initial public offering imposes certain restrictions that may affect our ability to operate our business and make payments on our indebtedness.

In connection with the initial public offering, we entered into the Revolver, which contains covenants that, among other things, restricts our ability to incur additional indebtedness; incur liens; sell, transfer or dispose of property and assets; invest; make dividends or distributions or other restricted payments and engage in affiliate transactions. In addition, we are required to maintain a maximum total net leverage ratio not to exceed 2.50:1.00 and maintain a minimum fixed charge coverage ratio of no less than 4.00:1.00. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity, Capital Resources and Working Capital-Revolving Credit Facility." The Revolver limits our ability to make certain payments, including dividends or distributions on SciPlay Parent LLC's equity and other restricted payments, provided, however, that payments in respect of certain tax distributions under the Operating Agreement and certain payments under the TRA are permitted, and payments to SciPlay Parent LLC's direct or indirect parent made on or prior to the closing date of the Revolver in an amount not to exceed the net cash proceeds of the initial

public offering are permitted, among other customary exceptions.

Moreover, the new Revolver requires us to dedicate a portion of our cash flow from operations to interest payments, thereby reducing the availability of cash flow to fund working capital, capital expenditures and other general corporate purposes; increasing our vulnerability to adverse general economic, industry or competitive developments or conditions; and limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate or in pursuing our strategic objectives.

We may be exposed to the risk of increased interest rates.

The Revolver entered into in connection with the initial public offering has variable rates of interest, some of which use the London Inter-Bank Offered Rate ("LIBOR"), as a benchmark. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity, Capital Resources and Working Capital-Revolving Credit Facility." Accordingly, we may face increased rates over time. There is currently uncertainty regarding the continued use and reliability of LIBOR, and any financial instruments or agreements using LIBOR as a benchmark interest rate may be adversely affected. This uncertainty about the future of LIBOR and the potential discontinuance of LIBOR may exacerbate the risk to us of increased interest rates, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

We may require additional capital to meet our financial obligations and support business growth, and this capital may not be available on acceptable terms or at all.

Based on our current plans and market conditions, we believe that cash flows generated from our operations, the proceeds from the initial public offering and borrowing capacity under the Revolver will be sufficient to satisfy our anticipated cash requirements in the ordinary course of business for the foreseeable future. However, we intend to continue to make significant investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new games and features or enhance our existing games, improve our operating infrastructure or acquire complementary businesses, personnel and technologies. Accordingly, we may need to engage in equity or debt financings in addition to our Revolver to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock. Any debt financing we secure in the future could include restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

We track certain performance metrics with internal and third-party tools and do not independently verify such metrics. Certain of our performance metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and adversely affect our business.

We track certain performance metrics, including the number of active and paying players of our games. Our performance metrics tools have a number of limitations and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we report. If the internal tools we use to track these metrics undercount or over count performance or contain algorithm or other technical errors, the data we report may not be accurate. In addition, limitations or errors with respect to how we measure data (or the data that we measure) may affect our understanding of certain details of our business, which could affect our longer-term strategies.

Furthermore, our performance metrics may be perceived as unreliable or inaccurate by players, analysts or business partners. If our performance metrics are not accurate representations of our business, player base or traffic levels, if we discover material inaccuracies in our metrics or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, our reputation may be harmed and our business, prospects, financial condition and results of operations could be materially and adversely affected.

Our results of operations fluctuate due to seasonality and other factors and, therefore, our periodic operating results are not guarantees of future performance.

Our results of operations can fluctuate due to seasonal trends and other factors. Player activity is generally slower in the second and third quarters of the year, particularly during the summer months. Certain other seasonal trends and factors that may cause our results to fluctuate include:

- the geographies where we operate;
- holiday and vacation seasons;
- climate and weather;
- economic and political conditions; and
- timing of the release of new games.

In light of the foregoing, results for any quarter are not necessarily indicative of the results that may be achieved in another quarter or for the full fiscal year. We cannot assure that the seasonal trends and other factors that have impacted our historical results will repeat in future periods as we cannot influence or forecast many of these factors.

We rely on skilled employees with creative and technical backgrounds.

We rely on our highly skilled, technically trained and creative employees to develop new technologies and create innovative games. Such employees, particularly game designers, engineers and project managers with desirable skill sets are in high demand, and we devote significant resources to identifying, hiring, training, successfully integrating and retaining these employees. A lack of skilled technical workers could delay or negatively impact our business plans, ability to compete, results of operations, cash flows and financial condition.

Our results of operations, cash flows and financial condition could be affected by natural events in the locations in which we or our key providers or suppliers operate.

We may be impacted by severe weather and other geological events, including hurricanes, earthquakes, floods or tsunamis that could disrupt our operations or the operations of our key providers or suppliers. Natural disasters or other disruptions at any of our facilities or our key providers' or suppliers' facilities, such as AWS, Apple, Google, Facebook and Amazon may impair the operation, development or provision of our games. While we insure against certain business interruption risks, we cannot assure that such insurance will compensate us for any losses incurred as a result of natural or other disasters. Any serious disruption to our operations, or those of our key providers or suppliers could have a material adverse effect on our results of operations, cash flows and financial condition.

Our foreign operations expose us to business and legal risks.

We generate a portion of our revenue from operations outside of the U.S. For the years ended December 31, 2018 and 2017, we derived approximately 8.6% and 9.4%, respectively, of our revenue from sales to players outside of the U.S. We also have significant operations, including game development operations, in Israel.

Our operations in foreign jurisdictions may subject us to additional risks customarily associated with such operations, including: the complexity of foreign laws, regulations and markets; the uncertainty of enforcement of remedies in foreign jurisdictions; the effect of currency exchange rate fluctuations; the impact of foreign labor laws and disputes; the ability to attract and retain key personnel in foreign jurisdictions; the economic, tax and regulatory policies of local governments; compliance with applicable anti-money laundering, anti-bribery and anti-corruption laws, including the Foreign Corrupt Practices Act and other anti-corruption laws that generally prohibit U.S. persons and companies and their agents from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business; and compliance with applicable sanctions regimes regarding dealings with certain persons or countries. Certain of these laws also contain provisions that require accurate record keeping and further require companies to devise and maintain an adequate system of internal accounting controls.

Although we have policies and controls in place that are designed to ensure compliance with these laws, if those

controls are ineffective or an employee or intermediary fails to comply with the applicable regulations, we may be subject to criminal and civil sanctions and other penalties. Any such violation could disrupt our business and adversely affect our reputation, results of operations, cash flows and financial condition. In addition, our international business operations could be interrupted and negatively affected by terrorist activity, political unrest or other economic or political uncertainties. Moreover, foreign jurisdictions could impose tariffs, quotas, trade barriers and other similar restrictions on our international sales.

Further, our ability to expand successfully in foreign jurisdictions involves other risks, including difficulties in integrating foreign operations, risks associated with entering jurisdictions in which we may have little experience and the day-to-day management of a growing and increasingly geographically diverse company. We may not realize the operating efficiencies, competitive advantages or financial results that we anticipate from our investments in foreign jurisdictions.

Changes in tax laws or tax rulings, or the examination of our tax positions, could materially affect our financial condition and results of operations.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. Our existing corporate structure and intercompany arrangements have been implemented in a manner we believe is in compliance with current prevailing tax laws.

However, the tax benefits that we intend to eventually derive could be undermined due to changing tax laws. In addition, the taxing authorities in the U.S. and other jurisdictions where we do business regularly examine income and other tax returns and we expect that they may examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty.

The recent comprehensive tax reform in the U.S. could adversely affect our business and financial condition.

The U.S. enacted comprehensive tax legislation that includes significant changes to the taxation of business entities. These changes include, among others, (i) a permanent reduction to the corporate income tax rate, (ii) a partial limitation on the deductibility of business interest expense, (iii) a shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with certain rules designed to prevent erosion of the U.S. income tax base) and (iv) a one-time tax on accumulated offshore earnings held in cash and cash equivalents and illiquid assets, with the latter taxed at a lower rate. Because these tax law changes are relatively new, we are still evaluating the impact they may have on our business and results of operations in the future, and although at this time we do not expect that the changes will have an overall significant adverse impact on our business and financial condition, we cannot assure you that our business and results of operations will not be adversely affected by these new laws.

Legal proceedings may materially adversely affect our business and our results of operations, cash flows and financial condition.

We have been party to, are currently party to, and in the future may become subject to additional, legal proceedings in the operation of our business, including, but not limited to, with respect to consumer protection, gambling-related matters, employee matters, alleged service and system malfunctions, alleged intellectual property infringement and claims relating to our contracts, licenses and strategic investments.

For example, in a recent case, the United States Court of Appeals for the Ninth Circuit held that a plaintiff had stated a cognizable putative class action claim that a social casino game, *Big Fish Casino*, which is produced by one of our competitors, falls within Washington State's statutory definition of an illegal gambling game, and the Ninth Circuit accordingly remanded the case to the federal district court for further proceedings on plaintiff's claim. In April 2018, a putative class action lawsuit, *Sheryl Fife v. Scientific Games Corp*., was filed against our parent, Scientific Games Corporation, in federal district court that is directed against certain of our social casino games, including *Jackpot Party Casino*. The plaintiff alleges substantially the same causes of action against our social casino games that are alleged with respect to *Big Fish Casino*, including the allegation that our social casino games violate Washington State gambling laws. In December 2018, the federal district court assigned to the litigation denied Scientific Games Corporation's motion to dismiss the plaintiff's complaint. In January 2019, Scientific Games Corporation filed its answer and affirmative defenses to the putative class action complaint (see Note 8 for further discussion). We may incur significant expense defending this lawsuit or any other lawsuit to which we may be a party. Although the case was brought against Scientific Games Corporation, pursuant to the Intercompany Services Agreement, we would expect to cover or contribute to any damage

awards due to the matter arising as a result of our business. If the plaintiff were to obtain a judgment in her favor in this lawsuit, then our results in Washington could be negatively impacted, and we could be restricted from operating social casino games in Washington. Additional legal proceedings targeting our social casino games and claiming violations of state or federal laws also could occur, based on the unique and particular laws of each jurisdiction. We cannot predict the likelihood, timing or scope of the consequences of such an outcome, or the outcome of any other legal proceedings to which we may be a party, any of which could have a material adverse effect on our results of operations, cash flows or financial condition.

Our insurance may not provide adequate levels of coverage against claims.

We believe that we maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Moreover, any loss incurred could exceed policy limits and policy payments made to us may not be made on a timely basis. Such losses could adversely affect our business prospects, results of operations, cash flows and financial condition.

Risks Related to Our Relationship with Scientific Games Corporation

Scientific Games Corporation controls the direction of our business, and the concentrated ownership of our common stock will prevent you and other stockholders from influencing significant decisions.

Scientific Games Corporation, through its indirect wholly owned subsidiaries, the SG Members, controls shares representing a majority of our combined voting power. The SG Members own all of our outstanding Class B common stock, which represents 82.0% of our total outstanding shares of common stock and 97.9% of the combined voting power of both classes of our outstanding common stock. On all matters submitted to a vote of our stockholders, our Class B common stock entitles its owners to ten votes per share (for so long as the number of shares of our common stock beneficially owned by the SG Members and their affiliates represents at least 10% of our outstanding shares of common stock and, thereafter, one vote per share), and our Class A common stock entitles its owners to one vote per share. As long as Scientific Games Corporation continues to control shares representing a majority of our combined voting power, it will generally be able to determine the outcome of all corporate actions requiring stockholder approval, including the election of directors (unless supermajority approval of such matter is required by applicable law). Even if Scientific Games Corporation were to control less than a majority of our combined voting power, it may be able to influence the outcome of corporate actions so long as it owns a significant portion of our combined voting power. If Scientific Games Corporation does not cause the SG Members to dispose of their shares of our common stock, Scientific Games Corporation could retain control over us for an extended period of time or indefinitely.

Investors will not be able to affect the outcome of any stockholder vote while Scientific Games Corporation controls the majority of our combined voting power (or, in the case of removal of directors, two-thirds of our combined voting power). Due to its ownership and rights under our articles of incorporation and our bylaws, Scientific Games Corporation is able to control, indirectly through the SG Members and subject to applicable law, the composition of our board of directors, which in turn is able to control all matters affecting us, including, among other things:

- any determination with respect to our business direction and policies, including the appointment and removal of officers and, in the event of a vacancy on our board of directors, additional or replacement directors;
- any determinations with respect to mergers, business combinations or disposition of assets;
- determination of our management policies;
- determination of the composition of the committees on our board of directors;
- our financing policy;
- our compensation and benefit programs and other human resources policy decisions;
- termination of, changes to or determinations under our agreements with Scientific Games Corporation;

- changes to any other agreements that may adversely affect us;
- the payment of dividends on our Class A common stock; and
- determinations with respect to our tax returns.

Because Scientific Games Corporation's interests may differ from ours or from those of our other stockholders, actions that Scientific Games Corporation takes with respect to us, as our controlling stockholder, may not be favorable to us or our other stockholders.

If Scientific Games Corporation causes the SG Members to sell a controlling interest in our company to a third party in a private transaction, you may not realize any change-of-control premium on shares of our Class A common stock, and we may become subject to the control of a presently unknown third party.

Scientific Games Corporation, through its indirect wholly owned subsidiaries, the SG Members, holds approximately 97.9% of our combined voting power. Scientific Games Corporation has the ability, should it choose to do so, to cause the SG Members to sell some or all of their shares of our common stock and the LLC Interests the SG Members hold in a privately negotiated transaction, which, if sufficient in size, could result in a change of control of our company.

The ability of Scientific Games Corporation to cause the SG Members to privately sell their shares of our common stock and the LLC Interests the SG Members hold, with no requirement for a concurrent offer to be made to acquire all of our shares that will be publicly traded hereafter, could prevent you from realizing any change-of-control premium on your shares of our common stock that may otherwise accrue to Scientific Games Corporation on its private sale of our common stock and the LLC Interests it holds. Additionally, if Scientific Games Corporation causes the SG Members to privately sell shares representing a significant portion of our common stock, we may become subject to the control of a presently unknown third party. Such third party may have conflicts of interest with those of other stockholders. In addition, if Scientific Games Corporation causes the SG Members to sell a controlling interest in our company to a third party, any debt financing (including the Revolver) we secure in the future may be subject to acceleration, Scientific Games Corporation may terminate the Intercompany Services Agreement, the IP License Agreement and other arrangements, and our other relationships and agreements, including our license agreements, could be impacted, all of which may adversely affect our ability to run our business as described herein and may have a material adverse effect on our results of operations, cash flows and financial condition.

Scientific Games Corporation's interests may conflict with our interests and the interests of our stockholders. Conflicts of interest between Scientific Games Corporation and us could be resolved in a manner unfavorable to us and our public stockholders.

Various conflicts of interest between us and Scientific Games Corporation could arise. Ownership interests of directors or officers of Scientific Games Corporation in our common stock and ownership interests of our directors and officers in the stock of Scientific Games Corporation, or a person's service either as a director or officer of both companies, could create or appear to create potential conflicts of interest when those directors and officers are faced with decisions relating to our company. These decisions could include:

- corporate opportunities;
- the impact that operating decisions for our business may have on Scientific Games Corporation's consolidated financial statements;
- differences in tax positions between Scientific Games Corporation and us, especially in light of the TRA (see "Risks Related to Our Organizational Structure and the TRA");
- the impact that operating or capital decisions (including the incurrence of indebtedness) for our business may have on Scientific Games Corporation's current or future indebtedness or the covenants under that indebtedness;

- future, potential commercial arrangements between Scientific Games Corporation and us or between Scientific Games Corporation and third parties;
- business combinations involving us;
- our dividend policy;
- management stock ownership; and
- the intercompany agreements between Scientific Games Corporation and us.

Furthermore, disputes may arise between Scientific Games Corporation and us relating to our past and ongoing relationship and these potential conflicts of interest may make it more difficult for us to favorably resolve such disputes, including those related to:

- tax, employee benefits, indemnification and other matters arising from the initial public offering;
- the nature, quality and pricing of services Scientific Games Corporation agrees to provide to us;
- sales or other disposals by the SG Members of all or a portion of their ownership interests in SciPlay Parent LLC or us; and
- business combinations involving us.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated party. While we are controlled by Scientific Games Corporation, we may not have the leverage to negotiate amendments to our agreements with Scientific Games Corporation, if required, on terms as favorable to us as those we would negotiate with an unaffiliated third party.

Certain of our directors may have actual or potential conflicts of interest because of their positions with Scientific Games Corporation or MacAndrews & Forbes Incorporated.

Barry L. Cottle, Frances F. Townsend and M. Mendel Pinson serve on our board of directors and also hold positions with Scientific Games Corporation or MacAndrews & Forbes Incorporated ("MacAndrews & Forbes") as applicable. In addition, such individuals may own Scientific Games Corporation common stock, options to purchase Scientific Games Corporation common stock or other Scientific Games Corporation equity awards. These individuals' holdings of Scientific Games Corporation's common stock, options to purchase Scientific Games Corporation common stock or other equity awards may be significant for some of these persons compared to these persons' total assets. Their positions at Scientific Games Corporation or at MacAndrews & Forbes, as applicable, and the ownership of any Scientific Games Corporation equity or equity awards creates, or may create the appearance of, conflicts of interest when these individuals are faced with decisions that could have different implications for Scientific Games Corporation or MacAndrews & Forbes than the decisions have for us.

Our articles of incorporation limit Scientific Games Corporation's and its directors' and officers' liability to us or you for breach of fiduciary duty and could also prevent us from benefiting from corporate opportunities that might otherwise have been available to us.

Our articles of incorporation provide that, subject to any contractual provision to the contrary, Scientific Games Corporation has no obligation to refrain from:

- engaging in the same or similar business activities or lines of business as we do;
- doing business with any of our clients, consumers, vendors or lessors;
- employing or otherwise engaging any of our officers or employees; or

- making investments in any property in which we may make investments.

Under our articles of incorporation, neither Scientific Games Corporation nor any officer or director of Scientific Games Corporation, except as provided in our articles of incorporation, is liable to us or to our stockholders for breach of any fiduciary duty by reason of any of these activities.

Additionally, our articles of incorporation include a "corporate opportunity" provision in which we renounce any interests or expectancy in corporate opportunities which become known to (i) any of our directors or officers who are also directors, officers, employees or other affiliates of Scientific Games Corporation or its affiliates (except that we and our subsidiaries shall not be deemed affiliates of Scientific Games Corporation or its affiliates for the purposes of the provision), or dual persons, or (ii) Scientific Games Corporation itself, and which relate to the business of Scientific Games Corporation or may constitute a corporate opportunity for both Scientific Games Corporation and us. Generally, neither Scientific Games Corporation nor our directors or officers who are also dual persons is liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such person pursues or acquires any corporate opportunity for the account of Scientific Games Corporation or its affiliates, directs, recommends, sells, assigns or otherwise transfers such corporate opportunity to Scientific Games Corporation or its affiliates, or does not communicate information regarding such corporate opportunity to us. The corporate opportunity provision may exacerbate conflicts of interest between Scientific Games Corporation and us because the provision effectively permits one of our directors or officers who also serves as a director, officer, employee or other affiliate of Scientific Games Corporation to choose to direct a corporate opportunity to Scientific Games Corporation instead of us.

Scientific Games Corporation is not restricted from competing with us in the social gaming business, including as a result of acquiring a company that operates a social gaming business. Due to the significant resources of Scientific Games Corporation, including its intellectual property (all of which Scientific Games Corporation will retain and certain of which it licenses to us under the IP License Agreement), financial resources, name recognition and know-how resulting from the previous management of our business, Scientific Games Corporation could have a significant competitive advantage over us should it decide to utilize these resources to engage in the type of business we conduct, which may cause our operating results and financial condition to be materially adversely affected.

Third parties may seek to hold us responsible for liabilities of Scientific Games Corporation, which could result in a decrease in our income.

Third parties may seek to hold us responsible for Scientific Games Corporation's liabilities. If those liabilities are significant and we are ultimately held liable for them, we cannot assure that we will be able to recover the full amount of our losses from Scientific Games Corporation.

We are a "controlled company" within the meaning of the NASDAQ rules and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

Scientific Games Corporation controls a majority of our combined voting power. As a result, we are a "controlled company" within the meaning of the corporate governance standards of the NASDAQ rules. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of its board of directors consist of independent directors;

- the requirement that its director nominations be made, or recommended to the full board of directors, by its independent directors or by a nominations committee that is comprised entirely of independent directors and that it adopt a written charter or board resolution addressing the nominations process; and

- the requirement that it have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

We intend to rely on the exemption relating to the composition of our compensation committee. As a result, our compensation committee will not consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NASDAQ rules. We may choose to rely on additional exemptions in the future so long as we qualify as a "controlled

company."

MacAndrews & Forbes exerts significant influence over Scientific Games Corporation and may make decisions that conflict with the interests of other stockholders.

As disclosed in a Form 4 filed with the SEC on October 1, 2019, MacAndrews & Forbes beneficially owned 36,705,736 shares of Scientific Games Corporation's then outstanding common stock, or approximately 39.4% of its outstanding common stock as of November 5, 2019. Pursuant to a stockholders' agreement with Scientific Games Corporation, MacAndrews & Forbes is entitled to appoint up to four members of the board of directors of Scientific Games Corporation and certain actions of Scientific Games Corporation require the approval of MacAndrews & Forbes. As a result, MacAndrews & Forbes has the ability to exert significant influence over Scientific Game Corporation's business, and in turn our business, and may make decisions with which other stockholders of Scientific Games Corporation may disagree, including, among other things, delaying, discouraging or preventing a change of control of Scientific Games Corporation or a potential merger, consolidation, tender offer, takeover or other business combination involving Scientific Games Corporation or us.

We may not achieve some or all of the anticipated benefits of being a standalone public company.

We may not be able to achieve all of the anticipated strategic and financial benefits expected as a result of being a standalone public company, or such benefits may be delayed or not occur at all. These anticipated benefits include the following:

- allowing investors to evaluate the distinct merits, performance and future prospects of our business, independent of Scientific Games Corporation's other businesses;
- improving our strategic and operational flexibility and increasing management focus as we continue to implement our strategic plan and allowing us to respond more effectively to different player needs and the competitive environment for our business;
- allowing us to adopt a capital structure better suited to our financial profile and business needs, without competing for capital with Scientific Games Corporation's other businesses;
- creating an independent equity structure that will facilitate our ability to effect future acquisitions utilizing our capital stock; and
- facilitating incentive compensation arrangements for employees more directly tied to the performance of our business, and enhancing employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives of our business.

We may not achieve the anticipated benefits of being a standalone public company for a variety of reasons, and it could adversely affect our operating results and financial condition.

We rely on our access to Scientific Games Corporation's brands and reputation, some of Scientific Games Corporation's relationships, and the brands and reputations of unaffiliated third parties.

We believe the association with Scientific Games Corporation has contributed to our building relationships with our players due to its recognized brands and products, as well as resources such as Scientific Games Corporation's intellectual property and access to third parties' intellectual property. Any perceived loss of Scientific Games Corporation's scale, capital base and financial strength as a result of the initial public offering, or any actual loss in the future, may prompt business partners to reprice, modify or terminate their relationships with us. In addition, Scientific Games Corporation's reduction of its ownership of our company may cause some of our existing agreements and licenses to be terminated. We cannot predict with certainty the effect that the initial public offering will have on our business.

For more detail regarding our reliance on access to intellectual property owned by Scientific Games Corporation, see "-We rely on the ability to use the intellectual property rights of Scientific Games Corporation and other third parties, including the third-party intellectual property rights licensed to Scientific Games Corporation that we have enjoyed as an

indirect subsidiary of Scientific Games Corporation, and we may lose the benefit of any intellectual property owned by or licensed to Scientific Games Corporation if it ceases to hold certain minimum percentages of the voting power in our company."

In addition, we believe that the success of certain of our games depends on the popularity of intellectual property or brands of third parties that are incorporated into their player experience. For example, the success of our *MONOPOLY Slots* game is based in part on the strength of the *MONOPOLY* brand, which is owned and managed by unaffiliated third parties. We cannot assure the continued popularity of any of the intellectual property or brands that are incorporated into our games, and a loss of such popularity may result in decreased interest in our games.

The services that we receive from Scientific Games Corporation may not be sufficient for us to operate our business, and we would likely incur significant incremental costs if we lost access to Scientific Games Corporation's services.

Because we have not operated as an independent company, we have obtained, and will need to continue to obtain, services from Scientific Games Corporation relating to many important corporate functions under an intercompany services agreement. Our financial statements reflect charges for these services based on the intercompany services agreement we entered into in September 2016. Many of these services are governed by a revised Intercompany Services Agreement with Scientific Games Corporation. Under the Intercompany Services Agreement, we are able to continue to use these Scientific Games services for a fixed term established on a service-by-service basis. We generally have the right to terminate a service before its stated termination date if we give notice to Scientific Games Corporation. Partial reduction in the provision of any service will require Scientific Games Corporation's consent. In addition, either party is able to terminate the Intercompany Services Agreement due to a material breach of the other party, upon prior written notice, subject to limited cure periods. We pay Scientific Games Corporation mutually agreed-upon fees for these services, which is based on Scientific Games Corporation's costs of providing the services.

If we lost access to the services provided to us by Scientific Games Corporation under the Intercompany Services Agreement, we would need to replicate or replace certain functions, systems and infrastructure. We may also need to make investments or hire additional employees to operate without the same access to Scientific Games Corporation's existing operational and administrative infrastructure. These initiatives may be costly to implement. Due to the scope and complexity of the underlying projects relative to these efforts, the amount of total costs could be materially higher than our estimate, and the timing of the incurrence of these costs could be subject to change.

We may not be able to replace these services or enter into appropriate third-party agreements on terms and conditions, including cost, comparable to those that we have received in the past and will continue to receive from Scientific Games Corporation under the Intercompany Services Agreement.

Additionally, if the Intercompany Services Agreement is terminated, we may be unable to sustain the services at the same levels or obtain the same benefits as when we were receiving such services and benefits from Scientific Games Corporation. If we have to operate these functions separately, if we do not have our own adequate systems and business functions in place or if we are unable to obtain them from other providers, we may not be able to operate our business effectively or at comparable costs, and our profitability may decline. In addition, we have historically received informal support from Scientific Games Corporation, which may not be addressed in our Intercompany Services Agreement. The level of this informal support could diminish or be eliminated following the initial public offering.

While we are controlled by Scientific Games Corporation, we may not have the leverage to negotiate amendments to our agreements with Scientific Games Corporation, if required, on terms as favorable to us as those we would negotiate with an unaffiliated third party.

Our historical financial results and pro forma financial information are not necessarily representative of the results we would have achieved as a standalone company and may not be a reliable indicator of our future results.

Our historical financial results included in this Quarterly Report on Form 10-Q do not reflect the financial condition, results of operations or cash flows we would have achieved as a standalone company during the periods presented or those we will achieve in the future. This is primarily the result of the following factors:

- our historical financial results reflect charges for certain support functions that are provided on a centralized

basis within Scientific Games Corporation, such as expenses for business technology, facilities, legal, finance, human resources, business development, public affairs and procurement under a prior intercompany services agreement, and we entered into a new Intercompany Services Agreement in connection with the initial public offering;

- our historical financial results reflect charges for the use of certain proprietary and third-party intellectual property licensed or sublicensed from Scientific Games Corporation under a prior intercompany intellectual property license agreement, and we have entered into a new IP License Agreement in connection with the initial public offering;

- our cost of potential future debt and our capital structure will be different from that reflected in our historical financial statements;

- we have incurred additional ongoing costs as a result of the initial public offering, including costs related to public company reporting, investor relations and compliance with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"); and

- the initial public offering may have a material effect on our relationship with our players and our other business relationships, including supplier relationships.

Our financial condition and future results of operations could be materially different from amounts reflected in our historical financial statements included elsewhere in this Quarterly Report on Form 10-Q, so it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business.

We may have received better terms from unaffiliated third parties than the terms we will receive in our agreements with Scientific Games Corporation.

The agreements that we have entered into with Scientific Games Corporation in connection with the initial public offering, including the Intercompany Services Agreement, the IP License Agreement and the TRA, had been prepared while we were still a wholly owned subsidiary of Scientific Games Corporation. While the covenants in Scientific Games' debt agreements require that those agreements be on terms that are not materially less favorable to Scientific Games Corporation than those that might reasonably have been obtained in comparable transaction at such time on an arm's-length basis from a party that is not its affiliate, the terms of those agreements may not reflect terms that would have resulted if we had negotiated such terms with an unaffiliated third party.

Risks Related to Our Organizational Structure and the TRA

Our sole material asset is our interest in SciPlay Parent LLC, and, accordingly, we depend on distributions from SciPlay Parent LLC to pay our taxes and expenses, including payments under the TRA. SciPlay Parent LLC's ability to make such distributions may be subject to various limitations and restrictions.

We are a holding company and have no material assets other than our ownership of LLC Interests of SciPlay Parent LLC. As such, we have no independent means of generating revenue or cash flow, and our ability to pay our taxes and operating expenses or declare and pay dividends in the future, if any, is dependent upon the financial results and cash flows of SciPlay Parent LLC and its subsidiaries and distributions we receive from SciPlay Parent LLC. We cannot assure that our subsidiaries will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions will permit such distributions.

SciPlay Parent LLC is treated as a partnership for U.S. federal income tax purposes and, as such, generally will not be subject to any entity- level U.S. federal income tax. Instead, taxable income will be allocated to holders of LLC Interests, including us. Accordingly, we will incur income taxes on our allocable share of any net taxable income of SciPlay Parent LLC. Under the terms of the Operating Agreement, SciPlay Parent LLC is obligated to make tax distributions to holders of LLC Interests, including us. In addition to tax expenses, we also incur expenses related to our operations, including payments under the TRA, which we expect to be substantial. We intend, as its sole manager, to cause SciPlay Parent LLC to make cash distributions to the owners of LLC Interests in an amount sufficient to (i) fund all or part of such members' tax obligations in respect of taxable income allocated to such members and (ii) cover our operating

expenses, including ordinary course payments under the TRA. However, SciPlay Parent LLC's ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would either violate any contract or agreement to which SciPlay Parent LLC is then a party, or any applicable law, or that would have the effect of rendering SciPlay Parent LLC insolvent. Moreover, the terms governing the Revolver generally do not permit SciPlay Parent LLC, as a guarantor of the Revolver, to make distributions sufficient to allow us to make early termination payments under the TRA. If we do not have sufficient funds to pay tax or other liabilities or to fund our operations, we may have to borrow funds, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. To the extent that we are unable to make payments under the TRA for any reason, the unpaid amounts will accrue interest until paid. Our failure to make any payment required under the TRA (including any accrued and unpaid interest) within 30 calendar days of the date on which the payment is required to be made will constitute a material breach of a material obligation under the TRA, which will terminate the TRA and accelerate future payments thereunder, unless the applicable payment is not made because (i) we are prohibited from making such payment under the terms of the TRA or the terms governing certain of our secured indebtedness or (ii) we do not have, and cannot use commercially reasonable efforts to obtain, sufficient funds to make such payment. Any late payments will continue to accrue interest at one-month LIBOR plus 500 basis points until such payments are made. It will also constitute a material breach of a material obligation under the TRA if we make a distribution of cash or other property (other than shares of our Class A common stock) to our stockholders or use cash or other property to repurchase any of our capital stock (including our Class A common stock), in each case while any outstanding payments under the TRA are unpaid. In addition, if SciPlay Parent LLC does not have sufficient funds to make distributions, our ability to declare and pay cash dividends will also be restricted or impaired.

The TRA with the SG Members requires us to make cash payments to the SG Members in respect of certain tax benefits to which we may become entitled, and we expect that the payments we will be required to make will be substantial.

We are a party to the TRA with the SG Members and SciPlay Parent LLC. Under the TRA, we are required to make cash payments to the SG Members equal to 85% of the tax benefits, if any, that we actually realize, or in certain circumstances are deemed to realize, as a result of (1) the increases in the tax basis of assets of SciPlay Parent LLC (a) in connection with the initial public offering, including as a result of the Upfront License Payment, or (b) resulting from any redemptions or exchanges of LLC Interests by the SG Members pursuant to the Operating Agreement or (c) resulting from certain distributions (or deemed distributions) by SciPlay Parent LLC and (2) certain other tax benefits related to our making of payments under the TRA. We expect that the amount of the cash payments that we will be required to make under the TRA will be substantial. Any payments made by us to the SG Members under the TRA will generally reduce the amount of cash that might have otherwise been available to us. In addition, we are obligated to use commercially reasonable efforts to avoid entering into any agreements that could be reasonably anticipated to materially delay the timing of the making of any payments under the TRA, which could limit our ability to pursue strategic transactions. Furthermore, our future obligations to make payments under the TRA could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the TRA. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the TRA, we expect that the tax savings associated with the purchase of LLC Interests in connection with the initial public offering, together with future redemptions or exchanges of all remaining LLC Interests not owned by SciPlay pursuant to the Operating Agreement as described above, would aggregate to approximately $519.9 million over 20 years from the date of the initial public offering based on the initial public offering price of $16.00 per share of our Class A common stock. Under such scenario, assuming future payments are made on the date each relevant tax return is due, without extensions, we would be required to pay approximately 85% of such amount, or approximately $441.9 million, over the 20-year period from the date of the initial public offering. Payments under the TRA are not conditioned on the SG Members' continued ownership of LLC Interests or our Class A common stock or Class B common stock.

The actual amount and timing of any payments under the TRA will vary depending upon a number of factors, including the timing of redemptions or exchanges by the SG Members, the amount of gain recognized by the SG Members, the amount and timing of the taxable income we generate in the future, and the tax rates and laws then applicable.

In certain cases, future payments under the TRA to the SG Members may be accelerated or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the TRA.

The TRA provides that if (i) we materially breach any of our material obligations under the TRA, including if we make any distribution of cash or property (other than shares of our Class A common stock) to our stockholders or any

repurchase of our capital stock (including our Class A common stock) before all our payment obligations under the TRA have been satisfied for all prior taxable years, (ii) certain mergers, asset sales, other forms of business combination or other changes of control (including under certain material indebtedness of SciPlay Parent LLC or its subsidiaries) were to occur, or (iii) we elect an early termination of the TRA, then our future obligations, or our successor's future obligations, under the TRA to make payments thereunder would accelerate and become due and payable, based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the TRA, and an assumption that, as of the effective date of the acceleration, any SG Member that has LLC Interests not yet exchanged shall be deemed to have exchanged such LLC Interests on such date, even if we do not receive the corresponding tax benefits until a later date when the LLC Interests are actually exchanged.

As a result of the foregoing, we would be required to make an immediate cash payment equal to the estimated present value of the anticipated future tax benefits that are the subject of the TRA, which payment may be made significantly in advance of the actual realization, if any, of those future tax benefits and, therefore, we could be required to make payments under the TRA that are greater than the specified percentage of the actual tax benefits we ultimately realize. In addition, to the extent that we are unable to make payments under the TRA for any reason, the unpaid amounts will accrue interest until paid. Our failure to make any payment required under the TRA (including any accrued and unpaid interest) within 30 calendar days of the date on which the payment is required to be made will constitute a material breach of a material obligation under the TRA, which will terminate the TRA and accelerate future payments thereunder, unless the applicable payment is not made because (i) we are prohibited from making such payment under the terms of the TRA or the terms governing certain of our secured indebtedness or (ii) we do not have, and cannot use commercially reasonable efforts to obtain, sufficient funds to make such payment. In these situations, our obligations under the TRA could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. We cannot assure that we will be able to fund or finance our obligations under the TRA. If we were to elect to terminate the TRA based on the initial public offering price of $16.00 per share of our Class A common stock, we estimate that we would be required to pay approximately $339.0 million in the aggregate under the TRA.

We will not be reimbursed for any payments made to the SG Members under the TRA in the event that any tax benefits are disallowed.

Payments under the TRA are based on the tax reporting positions that we determine, and the IRS or another tax authority may challenge all or part of the tax basis increases, as well as other related tax positions we take, and a court could sustain any such challenge. Our ability to settle or to forgo contesting such challenges may be restricted by the rights of the SG Members pursuant to the TRA, and such restrictions apply for as long as the TRA remains in effect. In addition, we will not be reimbursed for any cash payments previously made to the SG Members under the TRA in the event that any tax benefits initially claimed by us and for which payment has been made to the SG Members are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by us to the SG Members will be netted against any future cash payments that we might otherwise be required to make to the SG Members under the terms of the TRA. However, we might not determine that we have effectively made an excess cash payment to the SG Members for a number of years following the initial time of such payment. As a result, payments could be made under the TRA in excess of the tax savings that we realize in respect of the tax attributes with respect to the SG Members that are the subject of the TRA.

If we were deemed to be an investment company under the Investment Company Act of 1940 as a result of our ownership of SciPlay Parent LLC, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Under Sections 3(a)(1)(A) and (C) of the Investment Company Act of 1940, as amended (the "1940 Act"), a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if (1) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (2) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an "investment company," as such term is defined in either of those sections of the 1940 Act.

As the sole manager of SciPlay Parent LLC, we control SciPlay Parent LLC. On that basis, we believe that our interest in SciPlay Parent LLC is not an "investment security" as that term is used in the 1940 Act. However, if we were

to cease participation in the management of SciPlay Parent LLC, our interest in SciPlay Parent LLC could be deemed an "investment security" for purposes of the 1940 Act.

We and SciPlay Parent LLC intend to conduct our operations so that we are not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Risks Related to Ownership of Our Class A Common Stock

We are an "emerging growth company," and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we could be an emerging growth company for up to five years following the completion of the initial public offering. For as long as we continue to be an emerging growth company, we may choose to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to: (i) not being required to comply with the auditor attestation requirements of Section 404, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (iii) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an emerging growth company, we are only required to provide two years of audited financial statements and two years of selected financial data in the Prospectus. We currently intend to take advantage of each of the reduced reporting requirements and exemptions described above. We cannot predict if investors will find our shares less attractive as a result of our taking advantage of these exemptions. If some investors find our shares less attractive as a result, there may be a less active trading market for our shares and our stock price may be more volatile.

Our status as an emerging growth company will end as soon as any of the following takes place:

- the last day of the fiscal year in which we have more than $1.07 billion in annual revenue;
- the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates;
- the date on which we have issued, in any three-year period, more than $1.0 billion in non-convertible debt securities; or
- the last day of the fiscal year ending after the fifth anniversary of the completion of our initial public offering.

The dual class structure of our common stock may adversely affect the trading price or liquidity of our Class A common stock.

On matters submitted to a vote of our stockholders, our Class B common stock has ten votes per share (for so long as the number of shares of our common stock beneficially owned by the SG Members and their affiliates represents at least 10% of our outstanding shares of common stock and, thereafter, one vote per share) and our Class A common stock has one vote per share. These differences in voting rights may adversely affect the market price of our Class A common stock to the extent that any current or future investor in our common stock ascribes value to the voting rights associated with the Class B common stock. The existence of dual classes of our common stock could result in less liquidity for any such class than if there were only one class of our capital stock.

In addition, S&P Dow Jones and FTSE Russell have recently announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices that will exclude companies with multiple classes of shares of common stock from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A common stock in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our Class A common stock. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also

adversely affect the value of our Class A common stock.

The requirements of being a public company require significant resources and management attention and affect our ability to attract and retain executive management and qualified board members.

As a public company, we incur legal, accounting and other expenses that we did not previously incur before becoming a public company. We are subject to the Exchange Act, including the reporting requirements thereunder, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the NASDAQ rules and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an "emerging growth company." Further, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain directors' and officers' liability insurance, which could make it more difficult for us to attract and retain qualified members of our board of directors.

Pursuant to Section 404, once we are no longer an emerging growth company, we may be required to furnish an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. When our independent registered public accounting firm is required to undertake an assessment of our internal control over financial reporting, the cost of complying with Section 404 will significantly increase, and management's attention may be diverted from other business concerns, which could adversely affect our business and results of operations. We may need to hire more employees in the future or engage outside consultants to comply with the requirements of Section 404, which will further increase our cost and expense. In addition, enhanced legal and regulatory regimes and heightened standards relating to corporate governance and disclosure for public companies result in increased legal and financial compliance costs and make some activities more time-consuming.

If we fail to put in place appropriate and effective internal control over financial reporting and disclosure controls and procedures, we may suffer harm to our reputation and investor confidence level.

If we fail to implement the requirements of Section 404(b) in the required timeframe once we are no longer an emerging growth company, we may be subject to sanctions or investigations by regulatory authorities, including the SEC and the NASDAQ. Furthermore, if we are unable to conclude that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of shares of our Class A common stock could decline, and we could be subject to sanctions or investigations by regulatory authorities. Failure to implement or maintain effective internal control over financial reporting and disclosure controls and procedures required of public companies could also restrict our future access to the capital markets.

The SG Members have the right to have their LLC Interests redeemed or exchanged into shares of Class A common stock, which, if exercised, will dilute your economic interest in SciPlay.

We have an aggregate of 602,280,000 shares of Class A common stock authorized but unissued, including 103,547,021 shares of Class A common stock issuable upon redemption or exchange of LLC Interests that are held by the SG Members. SciPlay Parent LLC entered into the Operating Agreement and, subject to certain restrictions set forth therein, the SG Members are entitled to have their LLC Interests redeemed or exchanged for shares of our Class A common stock or, at our option, cash.

Shares of our Class B common stock will be cancelled on a one-for-one basis whenever the SG Members' LLC Interests are so redeemed or exchanged. While any redemption or exchange of LLC Interests and corresponding cancellation of our Class B common stock will reduce the SG Members' economic interest in SciPlay Parent LLC and its voting interest in us, the related issuance of our Class A common stock will dilute your economic interest in SciPlay. We cannot predict the timing or size of any future issuances of our Class A common stock resulting from the redemption or exchange of LLC Interests.

Future issuances or resales of Class A common stock by the SG Members or others, or the perception that such issuances or resales may occur, could cause the market price of our Class A common shares to decline.

We entered into the Registration Rights Agreement with the SG Members, pursuant to which the shares of Class A common stock issued to the SG Members upon redemption or exchange of LLC Interests will be eligible for resale, subject to certain limitations set forth therein. Any shares issued under our equity incentive plans pursuant to one or

more effective registration statements will be eligible for sale in the public market, except to the extent that they are restricted by lock-up agreements and subject to compliance with Rule 144 in the case of our affiliates.

We cannot predict the size of future issuances of our Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock, including upon the redemption or exchange of LLC Interests, may have on the market price of our Class A common stock. Sales or distributions of substantial amounts of our Class A common stock, including shares issued in connection with an acquisition, or the perception that such sales or distributions could occur, may cause the market price of our Class A common stock to decline.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the price of our Class A common stock and trading volume could decline.

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If few or no securities or industry analysts cover us, the trading price for our Class A common stock would be negatively impacted. If one or more of the analysts who covers us downgrades our Class A common stock, publishes incorrect or unfavorable research about our business, ceases coverage of our company or fails to publish reports on us regularly, demand for our Class A common stock could decrease, which could cause the price of our Class A common stock or trading volume to decline.

We do not currently intend to pay dividends on our Class A common stock.

We do not intend to pay any dividends to holders of our Class A common stock for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Any determination to pay dividends in the future will be at the discretion of our board of directors and subject to limitations under applicable law. Therefore, you are not likely to receive any dividends on your Class A common stock for the foreseeable future, and the success of an investment in our Class A common stock will depend upon any future appreciation in its value. Moreover, any ability to pay dividends will be restricted by the terms of the Revolver, and may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of us or our subsidiaries. Consequently, investors may need to sell all or part of their holdings of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

Provisions in our articles of incorporation, bylaws and Nevada law may prevent or delay an acquisition of us, which could decrease the trading price of our Class A common stock.

Our articles of incorporation and bylaws contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt an unsolicited bid to acquire our company. These provisions include:

- rules regarding how our stockholders may present proposals or nominate directors for election at stockholder meetings;
- empowering only the board of directors to fill any vacancy on our board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- the absence of cumulative voting rights in the election of directors;
- limiting the ability of stockholders to act by written consent or to call special meetings after Scientific Games Corporation ceases to beneficially own, directly or indirectly, more than 50% of our combined voting power; and
- the right of our board of directors to issue preferred stock without stockholder approval.

These provisions could make it more difficult for a third party to acquire us, even if the third party’s offer may be considered beneficial by many stockholders. Nevada law could also prevent attempts by our stockholders to replace or remove our current management and incumbent directors. As a result, stockholders may be limited in their ability to obtain a premium for their shares or control our management or board.

The provisions of our articles of incorporation and bylaws requiring exclusive forum in the Eighth Judicial District Court of Clark County, Nevada for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our articles of incorporation and bylaws provide that, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Eighth Judicial District Court of Clark County, Nevada, will be the sole and exclusive forum for any actions, suits or proceedings, whether civil, administrative or investigative (i) brought in our name or right or on our behalf, (ii) asserting a claim for breach of any fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) arising or asserting a claim arising pursuant to any provision of Nevada Revised Statutes ("NRS"), Chapters 78 or 92A or any provision of our articles of incorporation or our bylaws, (iv) to interpret, apply, enforce or determine the validity of our articles of incorporation and bylaws or (v) asserting a claim governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction. Our articles of incorporation and bylaws will further provide that, in the event that the Eighth Judicial District Court of Clark County, Nevada does not have jurisdiction over any such action, suit or proceeding, then any other state district court located in the State of Nevada will be the sole and exclusive forum therefor and in the event that no state district court in the State of Nevada has jurisdiction over any such action, suit or proceeding, then a federal court located within the State of Nevada will be the sole and exclusive forum therefor. Although we believe these provisions benefit us by providing increased consistency in the application of Nevada law in the types of lawsuits to which they apply, these provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' articles of incorporation and bylaws has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our articles of incorporation and bylaws to be inapplicable or unenforceable in such action. If a court were to find the choice of forum provisions contained in our articles of incorporation and bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition or results of operations. Limitations on director and officer liability and our indemnification of our directors and officers may discourage stockholders from bringing suit against a director or officer.

Our articles of incorporation and bylaws provide, pursuant to Nevada law, that our directors and officers will not be personally liable to us or our stockholders for damages as a result of any act or failure to act in his or her capacity as a director or officer unless (i) the statutory presumption in his or her favor established by NRS 78.138(3) is rebutted, (ii) the act or failure to act constituted a breach of his or her fiduciary duties as a director or officer, and (iii) the breach involved intentional misconduct, fraud or a knowing violation of law. These provisions may discourage stockholders from bringing suit against a director or officer for breach of fiduciary duty and may reduce the likelihood of derivative litigation brought by stockholders on our behalf against a director or officer. In addition, our articles of incorporation and bylaws require indemnification of directors and officers to the fullest extent permitted by Nevada law.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our articles of incorporation authorize us to issue one or more series of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our Class A common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

We may be subject to securities class action, which may harm our business and operating results.

Companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and damages, and divert management's attention from other business concerns, which could seriously harm our business, results of operations, financial condition or cash flows.

We may also be called on to defend ourselves against lawsuits relating to our business operations. Some of these claims may seek significant damage amounts due to the nature of our business. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of any such proceedings. A future unfavorable outcome in a legal proceeding could have an adverse impact on our business, financial condition and results of operations. In addition, current and future litigation, regardless of its merits, could result in substantial legal fees, settlement or judgment costs and a diversion of management's attention and resources that are needed to successfully run our business.

Item 2. Unregistered Sales of Equity Securities

There was no stock repurchase activity during the three and nine months ended September 30, 2019.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of SciPlay Corporation (incorporated by reference to Exhibit 3.1 to SciPlay Corporation's Current Report on Form 8-K filed on May 8, 2019).
3.2	Amended and Restated Bylaws of SciPlay Corporation (incorporated by reference to Exhibit 3.2 to SciPlay Corporation's Current Report on Form 8-K filed on May 8, 2019).
10.1	Scientific Games Corporation 2003 Incentive Compensation Plan, as amended and restated.(†)*
10.2	SciPlay Corporation Long-Term Incentive Plan (incorporated by reference to Exhibit 4.3 to SciPlay Corporation's Registration Statement on Form S-8 filed on May 3, 2019).(†)
10.3	Employment Agreement, dated as of May 4, 2018, by and between Scientific Games Corporation and Barry Cottle (incorporated by reference to Exhibit 10.10 to SciPlay Corporation's Amendment No. 1 to Registration Statement on Form S-1 filed on April 12, 2019).(†)
10.4	Amendment to Employment Agreement, dated as of May 7, 2019, by and between Scientific Games Corporation and Barry L. Cottle (incorporated by reference to Exhibit 10.11 to SciPlay Corporation's Current Report on Form 8-K filed on May 8, 2019).(†)
10.5	Amended and Restated Employment Agreement, dated as of February 27, 2017, by and between Scientific Games Corporation and Michael Winterscheidt (incorporated by reference to Exhibit 10.15 to SciPlay Corporation's Amendment No. 1 to Registration Statement on Form S-1 filed on April 12, 2019).(†)
10.6	Amendment to Employment Agreement, dated as of February 21, 2019 (effective as of February 25, 2019), by and between Scientific Games Corporation and Michael Winterscheidt (incorporated by reference to Exhibit 10.16 to SciPlay Corporation's Amendment No. 1 to Registration Statement on Form S-1 filed on April 12, 2019).(†)
99.1	Terms and Conditions of Equity Awards to Key Employees under the SciPlay Corporation Long-Term Incentive Plan. (†)*
99.2	Terms and Conditions of Equity Awards to Non-Employee Directors under the SciPlay Corporation Long-Term Incentive Plan. (†)*
31.1	Certification of the Chief Executive Officer of SciPlay Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer of SciPlay Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer of SciPlay Corporation pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of the Chief Financial Officer of SciPlay Corporation pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Label Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

*Filed herewith.
** Furnished herewith.
(†) Management contracts and compensation plans and arrangements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SCIPLAY CORPORATION

(Registrant)

By: /s/ Michael D. Cody

Name: Michael D. Cody

Title: Chief Financial Officer

By: /s/ Michael F. Winterscheidt

Name: Michael F. Winterscheidt

Title: Chief Accounting Officer, Secretary

Dated: November 7, 2019

Exhibit 10.1

SCIENTIFIC GAMES CORPORATION

2003 Incentive Compensation Plan
as Amended and Restated June 12, 2019

1. Purpose. The purpose of this 2003 Incentive Compensation Plan, as amended and restated (the "Plan"), is to assist Scientific Games Corporation, a Nevada corporation (the "Company"), and its subsidiaries in attracting, retaining, motivating and rewarding executives, directors, employees, and other persons who provide services to the Company and/or its subsidiaries, to provide for equitable and competitive compensation opportunities, to encourage long-term service, to recognize individual contributions and reward achievement of Company goals, and promote the creation of long-term value for stockholders by closely aligning the interests of participants with those of stockholders. The Plan authorizes stock-based and cash-based performance incentives for participants, to encourage such persons to expend their maximum efforts in the creation of stockholder value.

2. ***Definitions.*** For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof:

(a) "409A Awards" means Awards that constitute a deferral of compensation under Code Section 409A.

(b) "Award" means any award of Options, SARs, Restricted Stock, Deferred Stock, Stock granted as a bonus or in lieu of another award, Dividend Equivalents, Other Stock-Based Award or Performance Award together with any other right or interest granted to a Participant under the Plan.

(c) "Bally Merger Agreement" means the Agreement and Plan of Merger, dated as of August 1, 2014 by and among the Company, Scientific Games Nevada, Inc., Scientific Games International, Inc. and Bally Technologies, Inc.

(d) "Bally Stock" means shares of common stock of Bally Technologies, Inc., par value $0.10 per share.

(e) "Beneficiary" means the person, persons, trust, or trusts which have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant's death to the extent permitted under Section 10(b) hereof. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the person, persons, trust, or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(f) "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to such Rule.

(g) "Board" means the Company's Board of Directors.

(h) "Change in Control" means Change in Control as defined with related terms in Section 9 hereof.

(i) "Change in Control Price" means the amount calculated in accordance with Section 9(c) hereof.

(j) "Code" means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations, proposed regulations and other applicable guidance or pronouncement of the Department of the Treasury and Internal Revenue Service.

(k) "Committee" means the Compensation Committee of the Board, the composition and governance of which is established in the Committee's Charter as approved from time to time by the Board and other corporate governance documents of the Company, or another committee or subcommittee of the Board as appointed by the Board, the extent permitted by applicable law. No action of the Committee shall be void or deemed to be without authority due to the failure of any member, at the time the action was taken, to meet any qualification standard set forth in the Committee's Charter or the Plan.

(l) "Continuing Company" means the entity resulting from the consummation of a transaction involving the Company, including a corporation or entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries.

(m) "Deferred Stock" means a conditional right, granted to a Participant under Section 6(e) hereof, to receive Stock, at the end of a specified vesting and/or deferral period.

(n) "Dividend Equivalent" means a conditional right, granted to a Participant under Section 6(g) hereof, to receive cash, Stock, other Awards, or other property equal in value to dividends paid with respect to a specified number of shares of Stock.

(o) "Effective Date" means June 23, 2003.

(p) "Effective Time" shall have the meaning set forth in the Bally Merger Agreement.

(q) "Eligible Person" means each executive officer and other officer or employee of the Company or any of its subsidiaries or affiliates, including each such person who may also be a director of the Company, each non-employee director of the Company, each other consultant or adviser who provides substantial services to the Company and/or its subsidiaries or affiliates and who is designated as eligible by the Committee, and any person who has been offered employment by the Company or a subsidiary or affiliate, provided that such prospective employee may not receive any payment or exercise any right relating to an Award until such person has commenced employment with the Company or a subsidiary or affiliate. An employee on leave of absence may be considered as still in the employ of the Company or a subsidiary or affiliate for purposes of eligibility for participation in the Plan.

(r) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(s) "Fair Market Value" means, as of any given date, the fair market value of Stock, Awards, or other property as determined in good faith by the Committee or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of Stock shall be the average of the high and low sales prices of Stock on a given date or, if there are no sales on that date, on the latest previous date on which there were sales, reported for composite transactions in securities listed on the principal trading market on which Stock is then listed. Fair Market Value relating to the exercise price or grant price of any Option or SAR that is intended to be a Non-409A Award shall conform to requirements under Code Section 409A.

(t) "Incentive Stock Option" or "ISO" means any Option intended to be and designated as an incentive stock option within the meaning of Code Section 422 or any successor provision thereto.

(u) "Legacy Bally Awards" means awards of restricted stock units granted under the Legacy Bally Plan prior to the Merger Closing Date, and which remain outstanding as of the Effective Time.

(v) "Legacy Bally Plan" means the Bally Technologies, Inc. 2010 Long-Term Incentive Plan (amended and restated as of October 22, 2013), which was consolidated with and into the Plan and became a sub-plan under the Plan as of the Effective Time.

(w) “Legacy Bally Shares” means Stock equal to the sum of (A) 3,400,000 (which represents that number of shares of Bally Stock from the Legacy Bally Plan, as converted, assumed under the Plan and not related to Legacy Bally Awards) and (B) the product of (i) the number of shares of Bally Stock subject to outstanding Legacy Bally Awards as of the Effective Time and (ii) the quotient of (x) the per share closing price of Bally Stock on the Merger Closing Date (or if such day is not a trading day, the trading day immediately preceding the Merger Closing Date and (y) the per share closing price of Stock on the Merger Closing Date (or if such day is not a trading day, the trading day immediately preceding the Merger Closing Date), with any fractional shares rounded down to a whole number of shares of Stock.

(x) “Legacy WMS Plan” means the Scientific Games Corporation Incentive Plan (2013 Restatement), which was assumed by the Company upon consummation of the merger in which WMS Industries, Inc. became a subsidiary of the Company (on October 18, 2013).

(y) “Merger Closing Date” shall have the meaning set forth in the Bally Merger Agreement.

(z) “Non-409A Awards” means Awards that do not constitute a deferral of compensation under Code Section 409A. Although the Committee retains authority under the Plan to grant Awards on terms that will qualify them as 409A Awards, Awards will be interpreted in a manner such that they will qualify as Non-409A Awards (with conforming terms, as provided in Section 10(h) hereof) unless otherwise expressly specified by the Committee.

(aa) “Option” means a conditional right, granted to a Participant under Section 6(b) hereof, to purchase Stock or other Awards at a specified price during specified time periods.

(bb) “Other Stock-Based Awards” means Awards granted to a Participant under Section 6(h) hereof.

(cc) “Participant” means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(dd) “Performance Award” means a conditional right, granted to a Participant under Section 7 hereof, to receive cash, Stock or other Awards or payments, as determined by the Committee, based upon the achievement of performance criteria specified by the Committee.

(ee) “Performance Goals” means: (1) earnings per share (basic or fully diluted); (2) revenues; (3) earnings, before or after taxes, from operations (generally or specified operations), before or after interest expense, depreciation, amortization, incentives, or extraordinary or special items or other adjustments; (4) cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (5) return on net assets, return on assets, return on investment, return on capital, return on equity; (6) economic value created; (7) operating margin or operating expense; (8) net income; (9) Stock price or total stockholder return; and (10) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion goals, new products, ventures or facilities, cost targets, internal controls, compliance, customer satisfaction and services, human resources management, supervision of litigation and information technology and goals relating to acquisitions or divestitures of subsidiaries, affiliates, joint ventures or facilities, in each case, in absolute terms, as a goal relative to performance in prior periods or as a goal compared to the performance of one or more comparable companies or an index covering multiple companies.

(ff) “Permitted Transferees” means, with respect to any person that is a natural person (and any Permitted Transferee of such person), (i) such person’s immediate family, including his or her spouse, ex-spouse, children, step-children and their respective lineal descendants, (ii) the estate of Ronald O. Perelman and (iii) any other trust or other legal entity the beneficiary of which is such person’s immediate family, including his or her spouse, ex-spouse, children, stepchildren or their respective lineal descendants.

(gg) "Plan Merger Date" means the date on which Company stockholders approved the 2013 amendment and restatement of the Plan, which is the effective date of the merger of the Legacy WMS Plan into the Plan.

(hh) "Plan Consolidation Date" means the date on which the Company stockholders approve the amendment to the Plan, which was approved by the Board on April 24, 2015.

(ii) "Preexisting Plan" mean the Company's 1997 Incentive Compensation Plan, as amended and restated.

(jj) "Restricted Stock" means Stock granted to a Participant under Section 6(d) hereof, that is subject to certain restrictions and to a risk of forfeiture.

(kk) "Rule 16b-3" means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(ll) "Stock" means the Company's Common Stock, $0.001 par value, and such other securities as may be substituted (or resubstituted) for Stock pursuant to Section 10(c) hereof.

(mm) "Stock Appreciation Rights" or "SAR" means a conditional right granted to a Participant under Section 6(c) hereof.

(nn) "Voting Securities" means voting securities of an entity, which in the case of a corporation, shall mean those securities eligible to vote for the election of the corporation's board of directors.

3. ***Administration***.

(a) **Authority of the Committee.** Except as otherwise provided below, the Plan shall be administered by the Committee. The Committee shall have full and final authority, in each case subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number, and other terms and conditions of, and all other matters relating to, Awards, prescribe Award agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award agreements and correct defects, supply omissions, or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. The foregoing notwithstanding, the Board shall perform the functions of the Committee for purposes of granting Awards under the Plan to non-employee directors, and may perform any function of the Committee under the Plan for any purpose (subject to Nasdaq Listing Rule 5635(c)), including for the purpose of ensuring that transactions under the Plan by Participants who are then subject to Section 16 of the Exchange Act in respect of the Company are exempt under Rule 16b-3. In any case in which the Board is performing a function of the Committee under the Plan, each reference to the Committee herein shall be deemed to refer to the Board, except where the context otherwise requires. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its subsidiaries, Participants, Beneficiaries, transferees under Section 10(b) hereof, or other persons claiming rights from or through a Participant, and stockholders.

(b) **Manner of Exercise of Committee Authority.** The Committee may act through subcommittees, including for purposes of perfecting exemptions under Rule 16b-3, in which case the subcommittee shall be subject to and have authority under the charter applicable to the Committee, and the acts of the subcommittee shall be deemed to be acts of the Committee hereunder. The Committee may otherwise act with members of the Committee abstaining or recusing themselves to ensure compliance with regulatory requirements or to promote effective governance, as determined by the Committee. The express

grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company or any subsidiary or affiliate, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions, as the Committee may determine, to the fullest extent permitted under Section 78.200 and other applicable provisions of the Nevada Revised Statutes. The Committee may appoint agents to assist it in administering the Plan.

(c) **Limitation of Liability.** The Committee and each member thereof, and any person acting pursuant to authority delegated by the Committee, shall be entitled, in good faith, to rely or act upon any report or other information furnished by any executive officer, other officer or employee of the Company or a subsidiary or affiliate, the Company's independent auditors, certified public accountants, consultants or any other agents assisting in the administration of the Plan. Members of the Committee, any person acting pursuant to authority delegated by the Committee, and any officer or employee of the Company or a subsidiary or affiliate acting at the direction or on behalf of the Committee or a delegee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination. The foregoing right of indemnification shall not be available to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case not subject to further appeal, determines that the acts or omissions of the person seeking indemnity giving rise to the indemnification claim resulted from such person's bad faith, fraud or willful criminal act or omission. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's organizational documents relating to the creation and governance of the Company or the Committee, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

4. ***Shares Available Under the Plan***.

(a) **Number of Shares Available for Delivery.** Subject to adjustment as provided in Section 10(c) hereof, the total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan, all of which may be granted as ISOs, shall be equal to the sum of (i) 17,000,000 plus the number of shares that, under the Preexisting Plan, were available at the Effective Date or thereafter have or will become available plus, (ii) from and after the Plan Merger Date, the number of shares that, under the Legacy WMS Plan, were available at the Plan Merger Date for delivery in connection with outstanding awards and 0.555 times the number of shares that, under the Legacy WMS Plan, remained available for future grants of equity awards, plus (iii) the Legacy Bally Shares. Any shares of Stock delivered under the Plan shall consist of authorized and unissued shares or treasury shares.

(b) **Share Counting Rules.** Subject to the provisions of this Section 4(b), the Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award. Any shares which are (i) underlying an Option or SAR which is cancelled or terminated without having been exercised, including due to expiration or forfeiture, (ii) subject to an Award (other than an Option or SAR) which is cancelled, terminated or forfeited, (iii) not delivered to a Participant because all or a portion of the Award is settled in cash, (iv) withheld upon exercise of an Option to satisfy the exercise price (including the Option shares equal to the number of shares separately surrendered to pay the exercise price), (v) subject to a SAR but in excess of the number of shares actually delivered to the Participant upon exercise of the SAR, or (vi) withheld in connection with an Award to satisfy tax withholding obligations, shall in each case again be available for Awards under the Plan. Shares repurchased on the open market with the proceeds from the exercise of an Option may not again be made available for Awards under the Plan. For purposes of determining the number of shares that become available under the Preexisting Plan or the Legacy WMS Plan, the share counting rules applicable to outstanding Awards under this Plan shall apply in the same way to outstanding awards originally granted under the Preexisting Plan or the Legacy WMS Plan. The payment of dividends and Dividend Equivalents,

other than in shares of Stock, in conjunction with outstanding Awards shall not be counted against the shares available for Awards under the Plan. In addition, in the case of any Award granted in substitution for an award of a company or business acquired by the Company or a subsidiary or affiliate, shares issued or issuable in connection with such substitute Award shall not be counted against the number of shares reserved under the Plan, but shall be available under the Plan by virtue of the Company's assumption of the plan or arrangement of the acquired company or business except as may be required by reason of Section 422 of the Code. (however, the shares subject to outstanding Awards granted under the Legacy WMS Plan and the Legacy Bally Awards are not subject to this provision as a result of the merger of the Legacy WMS Plan and the Legacy Bally Plan into this Plan). This Section 4(b) shall apply to the number of shares reserved and available for ISOs only to the extent consistent with applicable regulations relating to ISOs under the Code. This Section 4(b) will apply to Awards and awards outstanding, and transactions and events relating to Awards and awards, on and after June 7, 2011; with regard to transactions and events relating to Awards and awards before June 7, 2011, the share counting rules in the 2003 Plan as then in effect applied. Because shares will count against the number reserved in Section 4(a) upon delivery (or later vesting) and subject to the share counting rules under this Section 4(b), the Committee may determine that Awards may be outstanding that relate to more shares than the aggregate remaining available under the Plan, so long as Awards will not result in delivery and vesting of shares in excess of the number then available under the Plan.

5. ***Eligibility; Per-Person Award Limitations***.

(a) **Grants to Eligible Persons.** Awards may be granted under the Plan only to Eligible Persons.

(b) **Annual Per-Person Award Limitations.** In each calendar year during any part of which the Plan is in effect, an Eligible Person may be granted Awards under each of Sections 6(b), 6(c), 6(d), 6(e), 6(f), 6(g), and 6(h) (including Performance Awards under Section 7 based on Awards authorized by each referenced subsection) relating to a number of shares of Stock up to his or her Annual Limit. A Participant's Annual Limit, in any year during any part of which the Participant is then eligible under the Plan, shall equal 1,500,000 shares plus the amount of the Participant's unused Annual Limit relating to the same type of Award as of the close of the previous year, subject to adjustment as provided in Section 10(c). In the case of a cash-denominated Award for which the limitation set forth in the preceding sentence would not operate as an effective limitation (including a cash Performance Award under Section 7), an Eligible Person may not be granted Awards authorizing the earning during any calendar year of an amount that exceeds the Participant's Annual Limit, which for this purpose shall equal $3,000,000 plus the amount of the Participant's unused cash Annual Limit as of the close of the previous year (this limitation is separate and not affected by the number of Awards granted during such calendar year subject to the limitation in the preceding sentence). For this purpose, (i) "earning" means satisfying performance conditions so that an amount becomes payable, without regard to whether it is to be paid currently or on a deferred basis or continues to be subject to any service requirement or other non-performance condition, and (ii) a Participant's Annual Limit is used to the extent a cash amount or number of shares may be potentially earned or paid under an Award, regardless of whether such amount or shares are in fact earned or paid.

(c) **Non-Employee Director Limits.** Notwithstanding the foregoing, in each calendar year during any part of which the Plan is in effect, the maximum aggregate amount of cash and other property (valued at its Fair Market Value at grant), including Awards, that may be paid or delivered to any one non-employee director shall be equal to $750,000. For the avoidance of doubt, the Board may award compensation in excess of this limit for individual non-employee directors in consideration for additional services provided to the Company (e.g., consulting services), as the Board may determine in its discretion.

6. ***Specific Terms of Awards***.

(a) **General.** Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Sections 10(e) and 10(h) hereof), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of employment by the Participant and terms permitting a Participant to make elections relating to his or her Award. The Committee shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan, subject to Section 10(h) hereof. The Committee shall require the payment of lawful consideration for an Award to the extent necessary to satisfy the requirements of the Nevada Revised Statutes, and may otherwise require payment of consideration for an Award except as limited by the Plan.

(b) **Options.** The Committee is authorized to grant Options to Participants on the following terms and conditions:

(i) Exercise Price. The exercise price per share of Stock purchasable under an Option shall be determined by the Committee, provided that such exercise price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such Option except that, in connection with a merger, consolidation or reorganization of the Company or any of its subsidiaries, the Committee may grant Options with an exercise price per share less than the market value of the Common Stock on the date of grant if such Options are granted in exchange for, or upon conversion of, options to purchase capital stock of any other entity which is a party to such merger, consolidation or reorganization, and such Option so granted does not enlarge the aggregate in-the-money value of the original award at the acquisition date.

(ii) Time and Method of Exercise. The Committee shall determine the term of the Option, subject to Section 8(b) hereof, and the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), whether or not the Option will be a 409A Award or Non-409A Award, the methods by which such exercise price may be paid or deemed to be paid, the form of such payment (subject to Sections 10(h) and (i) hereof), including, without limitation, cash, Stock (including Stock deliverable upon exercise, other Awards or awards granted under other plans of the Company or any subsidiary or affiliate, or other property (including through broker-assisted “cashless exercise” arrangements, to the extent permitted by applicable law), and the methods by or forms in which Stock will be delivered or deemed to be delivered in satisfaction of Options to Participants (including, to the extent permitted under Code Section 409A, deferred delivery of shares as mandated by the Committee, with such deferred shares subject to any vesting, forfeiture or other terms as the Committee may specify).

(iii) ISOs. The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Code Section 422. ISOs may be granted only to employees of the Company or any of its subsidiaries. To the extent that the aggregate Fair Market Value (determined as of the time the Option is granted) of the Stock with respect to which ISOs granted under this Plan and all other plans of the Company and any subsidiary are first exercisable by any employee during any calendar year shall exceed the maximum limit (currently, $100,000), if any, imposed from time to time under Code Section 422, such Options shall be treated as Options that are not ISOs.

(c) **Stock Appreciation Rights.** The Committee is authorized to grant SARs to Participants on the following terms and conditions:

(i) Right to Payment. A SAR shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the grant price per share of the SAR as determined by the

Committee, which grant price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such SAR.

(ii) Other Terms. The Committee shall determine, at the date of grant or thereafter, the term of each SAR, subject to Section 8(b) hereof, the time or times at which and the circumstances under which an SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Stock will be delivered or deemed to be delivered to Participants, whether or not the SAR will be a 409A Award or Non-409A Award, and any other terms and conditions of any SAR. The Committee may require that an outstanding Option be exchanged for a SAR exercisable for Stock having vesting, expiration, and other terms substantially the same as the Option.

(d) **Restricted Stock.** The Committee is authorized to grant Restricted Stock to Participants on the following terms and conditions:

(i) Grant and Restrictions. Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award agreement relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a stockholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the restricted period applicable to the Restricted Stock, subject to Section 10(b) hereof, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined, or otherwise encumbered by the Participant.

(ii) Forfeiture. Except as otherwise determined by the Committee, upon termination of employment during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Company; provided that the Committee may provide, by rule or regulation or in any Award agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Restricted Stock.

(iii) Certificates for Stock. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and/or that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) Dividends and Splits. As a condition to the grant of an Award of Restricted Stock, the Committee may require that any cash dividends paid on a share of Restricted Stock be automatically reinvested in additional shares of Restricted Stock or applied to the purchase of additional Awards under the Plan. Stock distributed in connection with a Stock split or Stock dividend, and cash or other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Stock, cash or other property has been distributed.

(e) **Deferred Stock.** The Committee is authorized to grant Deferred Stock to Participants, which are rights to receive Stock at the end of a specified vesting and/or deferral period, subject to the following terms and conditions:

(i) Award and Restrictions. Settlement of an Award of Deferred Stock shall occur upon satisfaction of the vesting criteria and/or expiration of the deferral period specified for such Deferred Stock by the Committee (or, if permitted by the Committee, as elected by the Participant). Deferred Stock shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine.

(ii) Forfeiture. Except as otherwise determined by the Committee, upon termination of employment during the applicable vesting and/or deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award agreement evidencing the Deferred Stock), all Deferred Stock that is at that time subject to vesting and/or deferral (other than a deferral at the election of the Participant) shall be forfeited; provided that the Committee may provide, by rule or regulation or in any Award agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Deferred Stock shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Deferred Stock. Deferred Stock subject to a risk of forfeiture may be called “restricted stock units” or otherwise designated by the Committee.

(iii) Dividend Equivalents. Unless otherwise determined by the Committee at date of grant, Dividend Equivalents on the specified number of shares of Stock covered by an Award of Deferred Stock shall be awarded. Such Dividend Equivalents shall either accrue with respect to such Deferred Stock at the dividend payment date in cash or in shares of Stock or additional Awards of Deferred Stock having a Fair Market Value equal to the amount of such dividends, in each case, subject to the same vesting and/or deferral conditions as the underlying Award of Deferred Stock to which such Dividend Equivalents relate. Dividend Equivalents accrued in cash may be deemed invested in such investment vehicles as the Committee shall determine or permit the Participant to elect.

(f) **Bonus Stock and Awards in Lieu of Obligations.** The Committee is authorized to grant Stock as a bonus, or to grant Stock or other Awards in lieu of obligations of the Company or a subsidiary or affiliate to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Committee.

(g) **Dividend Equivalents.** The Committee is authorized to grant Dividend Equivalents to a Participant, entitling the Participant to receive cash, Stock, other Awards, or other property equivalent to all or a portion of the dividends paid with respect to a specified number of shares of Stock. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Stock, Awards, or other investment vehicles, and subject to restrictions on transferability, risks of forfeiture and such other terms as the Committee may specify. The foregoing notwithstanding, (i) dividends and dividend equivalents will not be credited or payable with respect to an Option or SAR, except that this provision will not limit adjustments authorized under Section 10(c) hereof; and (ii) in the event Dividend Equivalents are awarded in connection with another Award, the Participant shall receive such Dividend Equivalents only to the extent that the applicable vesting criteria for such Award have been satisfied and, in the case of Dividend Equivalents relating to a Performance Award, such Dividend Equivalents shall be forfeitable to the extent the related Performance Award remains forfeitable upon failure to achieve the specified performance conditions.

(h) **Other Stock-Based Awards.** The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Stock, as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Stock, purchase rights for Stock, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the book value of Stock or the value of securities of or the performance of specified subsidiaries or affiliates. The Committee shall determine the terms and conditions of such Awards. Stock delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Stock, other Awards, or other property, as the Committee shall determine.

7. ***Performance Awards*****.** The Committee is authorized to grant Performance Awards on the terms and conditions specified in this Section 7. Performance Awards may be denominated as a cash amount, number of shares of Stock, or specified number of other Awards (or a combination) which may be earned upon achievement or satisfaction of performance conditions specified by the Committee. In addition, the Committee may specify that any other Award shall constitute a Performance Award by conditioning the right of a Participant to exercise the Award or have it settled, or the timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Committee, including any Performance Goals; provided that, in the case of non-employee directors, the Committee may grant cash retainers or other fees that are not subject to performance conditions. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions, except in the case of any Performance Award denominated in shares at the grant date (i.e., an Award classified as equity under Financial Accounting Standards Board (FASB) Accounting Standards Codification 718 ("FASB ASC Topic 718")), no discretion to increase the amounts payable (except as provided under Section 10(c) hereof) shall be reserved unless such reservation of discretion is expressly stated by the Committee at the time it acts to authorize or approve the grant of such Performance Award.

8. ***Certain Provisions Applicable to Awards***.

(a) **Substitute Awards.** Subject to the restrictions on "repricing" set forth in Section 10(e) hereof, Awards granted under the Plan may, in the discretion of the Committee, be granted in substitution or exchange for, any other Award or any award granted under another plan of the Company, any subsidiary or affiliate, or any business entity to be acquired by the Company or a subsidiary or affiliate, or any other right of a Participant to receive payment from the Company or any subsidiary or affiliate.

(b) **Term of Awards.** The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or SAR exceed a period of ten years (or, in the case of an ISO, such shorter term as may be required under Code Section 422).

(c) **Form and Timing of Payment under Awards; Deferrals.** Subject to the terms of the Plan (including Sections 10(h) and (i) hereof) and any applicable Award agreement, payments to be made by the Company or a subsidiary upon the exercise of an Option or other Award or settlement of an Award may be made in cash, Stock, other Awards, or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The settlement of any Award may be accelerated in the discretion of the Committee or upon occurrence of one or more specified events (in addition to a Change in Control, subject to Sections 10(h) and (i) hereof). Installment or deferred payments may be required by the Committee (subject to Sections 10(e) and 10(h) hereof, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or

deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Stock. Any payment deferred pursuant to this Section 8(c) shall represent only an unfunded, unsecured promise by the Company to pay the amount credited thereto to the Participant in the future. In the case of any 409A Award that is vested and no longer subject to a risk of forfeiture (within the meaning of Code Section 83) and deferred at the election of the Participant, such Award will be distributed to the Participant, upon application of the Participant, if the Participant has had an unforeseeable emergency within the meaning of Code Sections 409A(a)(2)(A)(vi) and 409A(a)(2)(B)(ii), in accordance with Code Section 409A(a)(2)(B)(ii).

(d) **Additional Award Forfeiture Provisions.** The Committee may condition a Participant's right to receive a grant of an Award, to exercise the Award, to retain Stock acquired in connection with an Award, or to retain the profit or gain realized by a Participant in connection with an Award, including cash received upon sale of Stock acquired in connection with an Award, upon compliance by the Participant with specified conditions relating to non-competition, confidentiality of information relating to the Company, non-solicitation of customers, suppliers, and employees of the Company, cooperation in litigation, non-disparagement of the Company and its officers, directors and affiliates, the absence of a restatement of the Company's financial statements, and other restrictions upon, or covenants of, the Participant, including during specified periods following termination of employment or service to the Company.

(e) **Exemptions from Section 16(b) Liability.** With respect to a Participant who is then subject to the reporting requirements of Section 16(a) of the Exchange Act in respect of the Company, the Committee shall implement transactions under the Plan and administer the Plan in a manner intended to cause each transaction with respect to such Participant to be exempt from liability under Rule 16b-3 or otherwise not subject to liability under Section 16(b), except that this provision shall not limit sales by such a Participant, and such a Participant may elect to engage in other non-exempt transactions under the Plan. The Committee may authorize the Company to repurchase any Award or shares of Stock deliverable or delivered in connection with any Award (subject to Section 10(i)) in order to avoid a Participant who is subject to Section 16 of the Exchange Act incurring liability under Section 16(b). Unless otherwise specified by the Participant, equity securities or derivative securities acquired under the Plan which are disposed of by a Participant shall be deemed to be disposed of in the order acquired by the Participant.

(f) **Prohibition on Loans.** No term of an Award shall provide for a personal loan to a Participant.

(g) **Forfeiture and Clawback Provisions.** Each Award (including any proceeds, gains or other economic benefit actually or constructively received by a Participant upon any receipt or exercise of such Award or upon the receipt or resale of any shares of Stock, cash or other property underlying such Award) shall be subject to the provisions of any clawback policy implemented by the Company, whether or not such clawback policy was in place at the time of grant of such Award, to the extent set forth in such clawback policy and/or in the agreement evidencing such Award.

9. ***Change in Control***.

(a) **Effect of "Change in Control."** In the event of a "Change in Control," the following provisions shall apply unless otherwise provided in the Award agreement:

(i) Any Award carrying a right to exercise that was not previously exercisable and vested shall become fully exercisable and vested as of the time of the Change in Control; except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 10(a) hereof;

(ii) The restrictions, deferral of settlement, and forfeiture conditions applicable to any other Award granted under the Plan shall lapse, such Awards shall be deemed fully vested as of the time of the Change in Control and, except as otherwise provided in an award agreement or

in the Plan, consideration in respect of such awards shall be payable within 60 days following the time of the Change in Control, in each case, except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 10(a) hereof; and

(iii) With respect to any outstanding Award subject to achievement of performance goals and conditions under the Plan, such performance goals and other conditions will be deemed to be met if and to the extent so provided by the Committee.

The foregoing notwithstanding, any benefit or right provided under this Section 9 in the case of any Non-409A Award shall be limited to those benefits and rights permitted under Code Section 409A, and any benefit or right provided under this Section 9 that would result in a distribution of a 409A Award at a time or in a manner not permitted by Code Section 409A shall be limited to the extent necessary so that the distribution is permitted under Code Section 409A. For this purpose, the distribution of a 409A Award (i) triggered by a Change in Control will occur within 60 days following a Change in Control if the Change in Control also constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, in each case, within the meaning of Code Section 409A(a)(2)(A)(v) and the applicable regulations thereunder, otherwise distribution will occur at the earliest time permitted under Code Section 409A without incurring additional taxes or penalties; and (ii) triggered by a termination of employment with or service to the Company or a subsidiary following a Change in Control by a specified employee, within the meaning of Code Section 409A(a)(2)(B)(i), will not occur until the first business day following the date that is six months after such termination.

(b) **Definition of "Change in Control."** A "Change in Control" shall mean the occurrence of any of the following:

(i) when any "person" as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act, directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of at least 40% of the Company's Voting Securities; or

(ii) the consummation of a transaction requiring stockholder approval for the acquisition of the Company by an entity (e.g., a statutory merger in which the Company's securities are canceled) or for the purchase by an entity of substantially all of the assets of the Company.

For purposes of the foregoing, neither "person" nor entity shall include the Company, any subsidiary, Mafco or any benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee). "Mafco" means each of (t) MacAndrews & Forbes Incorporated, its successors and its direct and indirect subsidiaries and affiliates, (w) Ronald O. Perelman, (x) The ROP Revocable Trust dated 1/9/2018, (y) any of the directors or executive officers of MacAndrews & Forbes Incorporated or its successors or (z) any of their respective Permitted Transferees. Furthermore, a transaction, or acquisition pursuant to such transaction, shall not constitute a "Change in Control" if immediately following such transaction:

(A) substantially all of the "persons" who were "beneficial owners" of the Company's Voting Securities immediately prior to the consummation of the transaction continue to beneficially own, directly or indirectly, more than 50% of the Voting Securities of the Continuing Company in substantially the same proportions as their ownership immediately prior to such consummation of the Voting Securities; and

(B) a majority of the directors of the Continuing Company were members of the Board immediately prior to the consummation of the transaction.

10. ***General Provisions***.

(a) **Compliance with Legal and Other Requirements.** The Company may, to the extent deemed necessary or advisable by the Committee and subject to Section 10(h) hereof, postpone the issuance or delivery of Stock or payment of other benefits under any Award until completion of such registration or qualification of such Stock or other required action under any federal or state law, rule, or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Stock or other securities of the Company are listed or quoted, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Stock or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations. The foregoing notwithstanding, in connection with a Change in Control, the Company shall take or cause to be taken no action, and shall undertake or permit to arise no legal or contractual obligation, that results or would result in any postponement of the issuance or delivery of Stock or payment of benefits under any Award or the imposition of any other conditions on such issuance, delivery or payment, to the extent that such postponement or other condition would represent a greater burden on a Participant than existed on the 90th day preceding the Change in Control.

(b) **Limits on Transferability; Beneficiaries.** No Award or other right or interest of a Participant under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party, or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights may be transferred for estate planning purposes to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee pursuant to the express terms of an Award agreement (subject to any term and conditions which the Committee may impose thereon). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) **Adjustments.** In the event that any large and non-recurring dividend or other distribution (whether in the form of cash or property other than Stock), recapitalization, forward or reverse split, Stock dividend, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Stock such that an adjustment is determined by the Committee to be appropriate or, in the case of any outstanding Award, necessary in order to prevent dilution or enlargement of the rights of the Participant, then the Committee shall, in such equitable manner as it may determine, adjust any or all of (i) the number and kind of shares of Stock which may be delivered in connection with Awards granted thereafter, (ii) the number and kind of shares of Stock by which annual per-person Award limitations are measured under Section 5(b) hereof, (iii) the number and kind of shares of Stock subject to or deliverable in respect of outstanding Awards and (iv) the exercise price, grant price or purchase price relating to any Award or, if deemed appropriate, the Committee may make provision for a payment of cash or property to the holder of an outstanding Option (subject to Sections 10(h) and (i) hereof). In furtherance of the foregoing, a Participant who has a legally binding right to compensation under an outstanding Award shall have a legal right to an adjustment to such Award if the Award constitutes a “share-based payment arrangement” and there occurs an “equity restructuring” as such terms are defined under FASB ASC Topic 718. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards and performance goals) in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence, as well as acquisitions and dispositions of businesses and assets, including, without limitation, a Change in Control) affecting the

Company, any subsidiary or affiliate or other business unit, or the financial statements of the Company or any subsidiary or affiliate, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any subsidiary or affiliate or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that adjustments to Non-409A Awards will be made only to the extent permitted under Code Section 409A. Furthermore, in the event of the occurrence of any transaction or event as described in the preceding sentence, the Committee, in its sole discretion, and on such terms and conditions as it deems appropriate, may: (A) provide for the termination of any Award in exchange for an amount of cash and/or other property with an aggregate value equal to the value of such Award, as determined by the Committee in its sole discretion; (B) provide that an Award shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Committee; or (C) replace such Award with other rights or property selected by the Committee.

(d) **Taxes.** The Company and any subsidiary or affiliate is authorized to withhold from any Award granted, or require a Participant to remit, any payment relating to an Award, including from a distribution of Stock, or any other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection therewith, and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Stock or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis, in the discretion of the Committee, or in satisfaction of other tax obligations if such withholding will not result in additional accounting expense to the Company. Other provisions of the Plan notwithstanding, only the minimum amount of Stock deliverable in connection with an Award necessary to satisfy statutory withholding requirements will be withheld, unless withholding of any additional amount of Stock will not result in additional accounting expense to the Company.

(e) **Changes to the Plan and Awards.** The Board may amend, alter, suspend, discontinue, or terminate the Plan or the Committee's authority to grant Awards under the Plan without the consent of stockholders or Participants, except that any amendment or alteration to the Plan shall be subject to the approval of the Company's stockholders not later than the annual meeting the record date for which is at or following the date of such Board action if such stockholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Stock may then be listed or quoted, and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to stockholders for approval; provided that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. (For this purpose, actions that alter the timing of federal income taxation of a Participant will not be deemed material unless such action results in an income tax penalty on the Participant.) The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue, or terminate any Award theretofore granted and any Award agreement relating thereto; provided that the Committee shall have no authority to waive or modify any Award term after the Award has been granted to the extent the waived or modified term would be mandatory under the Plan for any Award newly granted at the date of the waiver or modification; and provided further, that, without the consent of an affected Participant, no such Committee action may materially and adversely affect the rights of such Participant under such Award. Without the prior approval of stockholders, the Committee will not amend or replace previously granted Options in a transaction that constitutes a "repricing." For this purpose, a "repricing" means: (i) amending the terms of an Option or SAR after it is granted to lower its exercise price, except pursuant to Section 10(c) hereof; (ii) any other action that is treated as a repricing under generally accepted accounting principles; and (iii) repurchasing for cash or canceling an Option or SAR at a time when its exercise or grant price is equal to or greater than the fair market value of the

underlying Stock, in exchange for another Option, Restricted Stock, or other equity, unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction. A cancellation and exchange described in clause (iii) of the preceding sentence will be considered a repricing regardless of whether the Option, Restricted Stock or other equity is delivered simultaneously with the cancellation, regardless of whether it is treated as a repricing under generally accepted accounting principles, and regardless of whether it is voluntary on the part of the Option holder.

(f) **Limitation on Rights Conferred under Plan.** Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a subsidiary or affiliate, (ii) interfering in any way with the right of the Company or a subsidiary or affiliate to terminate any Eligible Person's or Participant's employment or service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and employees, or (iv) conferring on a Participant any of the rights of a stockholder of the Company unless and until the Participant is duly issued or transferred shares of Stock in accordance with the terms of an Award.

(g) **Unfunded Status of Awards; Creation of Trusts.** The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Stock pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, Stock, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify and in accordance with applicable law.

(h) **Certain Limitations on Awards to Ensure Compliance with Code Section 409A .** For purposes of the Plan, references to an Award term or event (including any authority or right of the Company or a Participant) being "permitted" under Code Section 409A mean, for a 409A Award, that the term or event will not cause the Participant to be liable for payment of interest or a tax penalty under Code Section 409A and, for a Non-409A Award, that the term or event will not cause the Award to be treated as subject to Code Section 409A. Other provisions of the Plan notwithstanding, the terms of any 409A Award and any Non-409A Award, including any authority of the Company and rights of the Participant with respect to the Award, shall be limited to those terms permitted under Code Section 409A, and any terms not permitted under Code Section 409A shall be automatically modified and limited to the extent necessary to conform with Code Section 409A. For this purpose, other provisions of the Plan notwithstanding, the Company shall have no authority to accelerate distributions relating to 409A Awards in excess of the authority permitted under Code Section 409A, any distribution subject to Code Section 409A(a)(2)(A)(i) (separation from service) and the applicable regulations thereunder to a "specified employee" as defined under Code Section 409A(a)(2)(B)(i), shall not occur earlier than the earliest time permitted under Code Section 409A(a)(2)(B)(i) and the applicable regulations thereunder, and any authorization of payment of cash to settle a Non-409A Award shall apply only to the extent permitted under Code Section 409A for such Award. Non-409A Awards that are "grandfathered" under Section 409A and that, but for such grandfathered status, would be deemed 409A Awards shall be subject to the terms and conditions of the Plan as amended and restated as of May 5, 2005 other than Sections 6(b)(ii) and 6(c)(ii), provided that if any provision adopted by amendment to the Plan or an Award Agreement after October 3, 2004, would constitute a material modification of a grandfathered Non-409A Award, such provision will not be effective as to such Award unless so stated by the Committee in writing with specific reference to this provision of Section 10(h). To further ensure compliance with the requirements of Code Section 409A, Awards other than grandfathered Awards shall be subject to the Company's Section 409A Compliance Rules, if any. The Company makes no representations or warranties as to the tax treatment of any Award under Code Section 409A or otherwise. The Company shall have no obligation under this Section 10(h) or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under

Code Section 409A with respect to any Award and shall have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Code Section 409A.

(i) **Nonexclusivity of the Plan.** Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.

(j) **Payments in the Event of Forfeitures; Fractional Shares.** Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(k) **Awards to Participants Outside the United States.** The Committee may modify the terms of any Award under the Plan made to or held by a Participant who is then resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant's residence or employment abroad shall be comparable to the value of such an Award to a Participant who is resident or primarily employed in the United States. An Award may be modified under this Section 10(1) in a manner that is inconsistent with the express terms of the Plan, so long as such modifications will not contravene any applicable law or regulation or result in actual liability under Section 16(b) of the Exchange Act for the Participant whose Award is modified.

(l) **Governing Law.** The validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award agreement shall be determined in accordance with the Nevada Revised Statutes, the contract and other laws of the State of Nevada without giving effect to principles of conflicts of laws, and applicable federal law.

(m) **Preexisting Plan**. Upon stockholder approval of the Plan as of the Effective Date, no further grants of Awards will be made under the Preexisting Plan

(n) **Authorization of Option Exchange.** At June 7, 2011, the Company's stockholders approved the authorization of a "value-for-value" exchange of certain outstanding Options for Deferred Stock. Such approval met the requirements of Section 10(e) of the Plan (relating to "repricing" transactions). Any Option exchange implemented under this authorization must be commenced prior to the Company's Annual Meeting of Stockholders in 2012, and must conform to the terms of the option exchange as described in the Company's Proxy Statement dated April 25, 2011 (subject to any permitted modifications as described in such Proxy Statement). For purposes of Sections 4(a) and (b), any shares deliverable or delivered in connection with Deferred Stock granted in exchange for Options in such option exchange shall not be counted against the limitation on shares available for delivery in connection with Full-Value Awards, but will be counted against the aggregate limit on shares available for delivery under the Plan.

(o) **Plan Merger.** At the Plan Merger Date, the Legacy WMS Plan was merged with the Plan. The effects of this merger are:

(i) shares reserved and available under the Legacy WMS Plan are incorporated into the reserved Shares under this Plan and available for Awards, as provided in Section 4 above;

(ii) the authorization for further grants under the Legacy WMS Plan (as a separate plan) is terminated; and

(iii) outstanding awards under the Legacy WMS Plan are deemed to be Awards under the Plan; provided, however, that the terms and conditions of such Awards are not modified as a result of the merger of the Legacy WMS Plan into the Plan. In order that the terms and conditions of such Awards are not changed, the Legacy WMS Plan (subject to Section 10(p)(ii) above) shall be deemed to be a sub-plan under the Plan for so long as any Award originally granted under the Legacy WMS Plan remains outstanding, and any agreement evidencing or governing such an Award shall be deemed to be an agreement under this Plan. If a term or condition specified in other provisions of this Plan is inconsistent with a term or condition of such an outstanding Award as in effect immediately before the Plan Merger Date, the term or condition of such outstanding Award shall govern, unless the Award is modified by the Committee by action specifically referencing the modified Award and taken on or after the Plan Merger Date.

(p) **Legacy Bally Plan.** As of the Plan Consolidation Date, the Legacy Bally Shares was consolidated with and subjected to the same terms as the other reserved Shares under this Plan. The effects of this consolidation are:

(i) the Legacy Bally Shares are available for Awards to Eligible Participants, as provided in Section 5 above, and are subject to Section 4 of the Plan; and

(ii) Legacy Bally Awards and other awards granted in respect of Legacy Bally Shares prior to the Plan Consolidation Date (collectively, "Bally Plan Awards") will continue to be Awards under the Plan, and the terms and conditions of such Awards are not modified as a result of the consolidation. In order that the terms and conditions of such Awards are not changed, the Legacy Bally Plan shall be deemed to be a sub-plan under the Plan for so long as any Bally Plan Award remains outstanding, and any agreement evidencing or governing such an Award shall be deemed to be an agreement under this Plan;

provided that, as of the Effective Time, no further grants of equity awards will be made under the Legacy Bally Plan. If a term or condition specified in other provisions of this Plan is inconsistent with a term or condition of such an outstanding Award as in effect immediately before the Plan Consolidation Date, the term or condition of such outstanding Award shall govern, unless the Award is modified by the Committee by action specifically referencing the modified Award and taken on or after the Plan Consolidation Date.

(q) **Plan Effective Date and Termination.** The Plan was adopted by the Board of Directors on April 24, 2003 and became effective upon its approval by the Company's stockholders on the Effective Date. The Plan was amended and restated upon its approval by the Company's stockholders on each of June 14, 2005, June 10, 2008, June 17, 2009, June 7, 2011, June 11, 2014, and June 10, 2015, and further amended, effective January 10, 2018, in connection with the Company's reincorporation. Unless earlier terminated by action of the Board of Directors, the Plan will remain in effect until such time as no Stock remains available for delivery under the Plan and the Company has no further rights or obligations under the Plan with respect to outstanding Awards under the Plan; provided, however, that no new Awards may be granted more than ten years after the date of the latest approval of the Plan by stockholders of the Company.

Exhibit 31.1

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

I, Joshua J. Wilson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SciPlay Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019

/s/ Joshua J. Wilson

Joshua J. Wilson

Chief Executive Officer

Exhibit 31.2

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

I, Michael D. Cody, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SciPlay Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019

/s/ Michael D. Cody

Michael D. Cody

Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of SciPlay Corporation (the "Company") on Form 10-Q for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joshua J. Wilson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

/s/ Joshua J. Wilson

Joshua J. Wilson
Chief Executive Officer
November 7, 2019

Exhibit 32.2

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

In connection with the Quarterly Report of SciPlay Corporation (the "Company") on Form 10-Q for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael D. Cody, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

/s/ Michael D. Cody

Michael D. Cody
Chief Financial Officer
November 7, 2019

SCIPLAY CORPORATION
LONG-TERM INCENTIVE PLAN

TERMS AND CONDITIONS OF EQUITY AWARDS TO KEY EMPLOYEES

THIS AGREEMENT, made as of the [DAY] day of [MONTH], 20[YEAR], between SCIPLAY CORPORATION (the "Company") and [PARTICIPANT NAME] (the "Participant").

WHEREAS, the Compensation Committee (the "Committee") administers the SciPlay Corporation Long-Term Incentive Plan, as amended from time to time (the "Plan");

WHEREAS, the Participant is eligible to receive awards under the Plan in connection with the Participant's employment with the Company (or any of its applicable affiliates) ("Employment"); and

WHEREAS, the Committee may from time to time approve awards for the Participant in such amounts and at such times as the Committee may determine in its sole discretion, which awards shall be subject to the terms and conditions of the Plan and this Agreement, as such terms and conditions may be amended or supplemented from time to time by the Committee.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grants. Pursuant and subject to the terms and conditions set forth herein and in the Plan, the Participant may be granted the following types of awards ("Awards") with respect to the Company's Class A Common Stock ("Common Stock"), pursuant to an Award notice, which will state the type of Award, the number of shares subject to the Award and any other terms determined by the Committee in its sole discretion:

(a) *Stock Options* ("Options") -- representing a right to purchase shares of Common Stock at an exercise price per share that is equal to or greater than the fair market value of a share of Common Stock on the date of grant. The Committee will generally set the exercise price of Options and "Performance Options" (as defined below) at the fair market value of the Common Stock on the date of grant. The Options and Performance Options do not become exercisable until satisfaction of an applicable vesting period. The Options and Performance Options are "Non-Qualified Stock Options" (*i.e.*, they do not constitute "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended ("Code")).

(b) *Restricted Stock Units* ("Units") -- representing a right to receive shares of Common Stock following satisfaction of an applicable vesting period subject to the conditions, restrictions and limitations set forth in Section 6(e) of the Plan, this Agreement and the Award notice.

(c) *Performance Conditioned Restricted Stock Units* ("Performance Units") *or Stock Options* ("Performance Options")—representing (i) with respect to Performance Units, a right to receive shares of Common Stock and (ii) with respect to Performance Options, a right to purchase shares of Common Stock at an exercise price per share that is equal to or greater than the fair market value of a share of Common Stock on the date of grant, in both cases, following satisfaction of an applicable vesting period and subject to performance requirements established by the Committee at the time of grant, which may be based on Company or individual performance criteria for an annual or other applicable performance period, and subject to such other conditions, restrictions and limitations set forth in Section 7 of the Plan, this Agreement and the Award notice.

2. Incorporation of Plan by Reference. All terms, conditions and restrictions of the Plan are incorporated in, and made a part of, this Agreement as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan, as interpreted by the Committee, shall govern. Except as otherwise provided herein, all capitalized terms used in this Agreement shall have the meaning given to such terms

in the Plan. In addition, if there is any conflict between this Agreement and the terms of any written employment contract between the Participant and the Company (or any of its applicable affiliates), the terms of the written employment contract will govern (except to the extent the terms set forth in this Agreement or the Award notice expressly apply notwithstanding anything to the contrary set forth in such employment contract), subject to the mandatory terms of the Plan.

3. Restriction on Transfer of Awards. Awards under the Plan may not be sold, assigned, transferred, pledged, hypothecated, margined, or otherwise encumbered or disposed of by the Participant, except for transfers upon the death of the Participant.

4. Vesting Schedule for Awards. Unless otherwise set forth in the applicable Award notice, an Award under the Plan will be granted with a four-year ratable vesting schedule such that 25% of the total Award will vest on each of the first four anniversaries of the grant date. In the case of Performance Units and Performance Options, vesting will also be conditioned on satisfaction of performance criteria established by the Committee. With respect to such Performance Units and Performance Options, where the applicable performance criteria is not solely based on the Company's achievement of a specified stock price or average stock price value of the Common Stock, the Committee will determine whether the performance criteria applicable to an Award have been satisfied within 90 days following the end of the applicable performance period(s) (but not later than the March 15 following the year in which the performance period ended). Notwithstanding anything contained to the contrary in this Agreement (or in any prior award agreement), in any Award notice or in any other document (including any employment contract), in the event that the Participant's Employment is terminated prior to the Committee's determination as to the satisfaction of any performance criteria to which any Award of Performance Units or Performance Options is subject, such Performance Units or Performance Options, as applicable, will neither vest nor accelerate unless and until a determination is or has been made by the Committee that such criteria have been satisfied, at which time such Performance Units or Performance Options may vest or accelerate to the extent provided in, and in accordance with, any applicable contract and the Plan (it being understood and agreed that nothing in this Agreement shall grant any right to any such acceleration or vesting upon any such termination). For the avoidance of doubt, in the event that the criteria are determined not to have been satisfied, such Award shall immediately lapse and be forfeited.

5. Method of Exercise of Vested Options and Performance Options. Awards of Options and Performance Options, to the extent vested, shall be exercisable in whole or in part by the Participant delivering notice to the Plan Administrator (as defined below) in accordance with the terms of the Award. Payment for shares of Common Stock purchased upon the exercise of an Option or Performance Option, and any applicable withholding taxes, shall be made on the effective date of such exercise through any of the following means: (i) in cash, by certified check, bank cashier's check or wire transfer; (ii) through a brokered exercise with the Plan Administrator under which a portion of the proceeds from a sale are withheld for such exercise price and applicable taxes; or (iii) if permitted by the Company at the time of exercise, by surrendering shares of Common Stock. The notification to the Plan Administrator shall be made in accordance with its procedures. The shares of Common Stock purchased upon the exercise of an Option or Performance Option shall be delivered as soon as practicable following exercise in accordance with the procedures established by the Company or the Plan Administrator from time to time. Options and Performance Options may only be exercised by the Participant or, if the Participant is incapacitated, by the Participant's guardian or legal representative; provided that an exercise by a guardian or legal representative shall not be effective unless and until the Company has received evidence satisfactory to it as to the authority of such guardian or legal representative.

6. Distribution of Vested Units and Performance Units. As soon as administratively practicable after each applicable vesting date of an Award of Units or Performance Units (generally within three business days and in no event more than 15 business days), the Company will deliver to the Participant a number of shares of Common Stock equal to the number of Units or Performance Units that vested as of an applicable vesting date less the number of shares, if any, withheld in satisfaction of applicable withholding taxes as discussed in Section 7(b).

7. Taxes. To the extent required by applicable federal, state, local or foreign law, the Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise with respect to an Award. The Company shall not be required to issue shares until such obligations are satisfied. The methods permitted by the Company for the payment of taxes are as follows:

(a) *Options and Performance Options*. In the case of Options and Performance Options, the acceptable methods for making payment for taxes shall be the same as those for payment of the exercise price for Options and Performance Options as discussed in Section 5 above. If shares of Common Stock are used to satisfy the applicable taxes, the taxes must be calculated at the Participant's minimum applicable tax rates.

(b) *Units and Performance Units*. In the case of Units and Performance Units, unless otherwise determined by the Committee, the Company will withhold from any shares deliverable upon the vesting of Units or Performance Units a number of shares sufficient to satisfy the minimum applicable withholding taxes; provided, however, that, unless otherwise determined by the Committee, the Participant will be permitted to elect, in accordance with procedures adopted from time to time by the Company, to pay the tax withholding amount in cash, in which case no shares will be withheld and the Participant will be required to pay the amount of the taxes in full by the vesting date, in cash, by certified check, bank cashier's check or wire transfer.

8. Expiration of Awards; Effect of Termination.

(a) *Units and Performance Units*. Subject to the provisions of the Plan and this Agreement, except to the extent otherwise specifically provided under the terms of any Award notice with respect to Units or Performance Units (as the case may be):

(i) in the event the Employment of the Participant terminates for any reason (other than by reason of death or Disability (as defined below)), all unvested Units and Performance Units shall be immediately forfeited; or

(ii) in the event the Employment of the Participant terminates by reason of death or Disability, all unvested Units or Performance Units shall fully vest and become non-forfeitable as of the date of death or the date of such termination, as the case may be, and, in all other respects, all such Units or Performance Units shall be governed by the plans and programs and the agreements and other documents pursuant to which such Units or Performance Units were granted.

(b) *Options and Performance Options*. The Options and Performance Options granted by the Company will expire at a date specified in the Award notice, which shall be not later than the tenth anniversary of the grant date (the "Scheduled Expiration Date"). Subject to the provisions of the Plan and this Agreement, except to the extent otherwise specifically provided under the terms of any Award notice with respect to Options or Performance Options (as the case may be):

(i) in the event the Employment of the Participant terminates for any reason (other than by reason of death or Disability), (A) all unvested Options and Performance Options shall immediately expire on the date of termination and (B) the portion of any Options and Performance Options that vested prior to such termination (other than a termination for "Cause" (as defined below), in which event all such vested Options and Performance Options shall be immediately forfeited) shall remain exercisable until the earlier of three (3) months after such termination and the Scheduled Expiration Date and, in all other respects, shall be governed by the plans and programs and the agreements and other documents pursuant to which such Options or Performance Options, as applicable, were granted; or

(ii) in the event the Employment of the Participant terminates by reason of death or Disability, all unvested Options and Performance Options shall fully vest and become non-forfeitable as of the date of death or the date of such termination, as the case may be, and such Options and Performance Options (together with the portion of any Options or Performance Options that vested prior to such death or termination) shall remain exercisable by the Participant (or, in the case of death, Participant's executor or administrator or

"Beneficiary" (as defined below)) until the earlier of (A) the first anniversary of such death or termination and (B) the Scheduled Expiration Date and, in all other respects, all such Options or Performance Options shall be governed by the plans and programs and the agreements and other documents pursuant to which such Options or Performance Options were granted.

For purposes of this Agreement, "Cause" shall have the meaning provided in any employment contract entered into between the Company and the Participant or, if not defined therein or no such contract exists, shall mean any of the following: (i) the Participant's breach of the terms of any employment or other agreement with any of the Company and its subsidiaries and affiliates (collectively, "SP"); (ii) the Participant's failure substantially to perform his or her duties; (iii) the Participant's material act or omission that is or may be injurious to SP, monetarily or otherwise; (iv) the Participant's material violation of SP's policies, including the Code of Conduct; and (v) the Participant's commission of a felony, any other crime involving moral turpitude or any act involving dishonesty or fraud. Any rights SP may have hereunder in respect of the events giving rise to Cause shall be in addition to the rights SP may have under any other agreement with the Participant or at law or in equity. Any determination of whether the Participant is (or is deemed to have been) terminated for Cause shall be made by the Committee in its discretion. The Participant's termination for Cause shall be effective as of the date of the occurrence of the event giving rise to Cause, regardless of when the determination of Cause is made.

For purposes of this Agreement, "Beneficiary" means the person, persons, trust, or trusts which have been designated by a Participant in his or her most recent written beneficiary designation filed with the Company to receive the benefits specified under the Plan upon such Participant's death. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means a person, persons, trust, or trusts entitled by will or the laws of descent and distribution to receive such benefits. A Beneficiary or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award agreement applicable to such Participant and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) *Definition of Disability*. For purposes of this Agreement, "Disability" shall mean the Participant's becoming eligible to receive benefits under any SP-sponsored long-term disability program under which the Participant is eligible for coverage, determined in accordance with Section 409A of the Code.

(d) *Last Day to Exercise an Option or Performance Option*. If an Option's or Performance Option's expiration date determined under this Section 8 falls on a day which is not a business day, then the last day to exercise the Option or Performance Option shall be the last business day before such date.

9. Other Terms.

(a) *No Shareholder Rights*. Until shares of Common Stock covered by an Award are issued to the Participant in connection with the exercise of an Option or Performance Option or the vesting of Units or Performance Units, the Participant shall have no voting, dividend or other rights as a stockholder of the Company for any purpose.

(b) *Consideration for Grant*. Participant shall not be required to pay any cash consideration for the grant of an Award. In the case of grants of Units and Performance Units, as to which cash consideration at the time of grant or vesting shall not be required, the Participant's Employment from the grant date to the date of vesting shall be deemed to be consideration for the grant, which services have a value at least equal to the aggregate par value of the shares being newly issued in connection with the grant. The foregoing notwithstanding, an Award may be granted in exchange for the Participant's surrender of another Award or other right to compensation, if and to the extent permitted by the Committee.

(c) *Insider Trading Policy Applicable.* Participant acknowledges that sales of shares received with respect to Awards will be subject to SP's policies regulating trading by employees.

10. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party hereto, upon any breach or default of any party under this Agreement, shall impair any such right, power or remedy

of such party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in a writing signed by such party and shall be effective only to the extent specifically set forth in such writing.

11. Integration. This Agreement, the Plan and the other documents, including without limitation, the Award notice, which form a part of this Agreement, and any employment contract between the Participant and the Company contain the entire understanding of the parties with respect to the subject matter herein. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof (except for any other agreement related to non-competition, non-solicitation, proprietary or confidential information, inventions or similar agreements) other than those expressly set forth herein. This Agreement, including, without limitation, the Plan, supersedes all prior agreements and understandings (except for any employment contract between the Participant and the Company and any other agreement related to non-competition, non-solicitation, proprietary or confidential information, inventions or similar agreements) between the parties with respect to its subject matter. The obligations under this Agreement shall supplement and be in addition to (and not replace or otherwise modify or affect) any restrictive covenant or other obligations set forth in any employment agreement, non-competition, non-solicitation, proprietary or confidential information, inventions or similar agreement and this Agreement shall remain in full force and effect even if any employment agreement, non-competition, non-solicitation, proprietary or confidential information, inventions or similar agreement, or any section thereof, is determined to be void, illegal, or otherwise unenforceable. If, notwithstanding the foregoing, obligations related to non-competition, non-solicitation, proprietary or confidential information and inventions in another agreement with Participant are deemed to conflict with provisions in this Agreement, then the obligation that provides the greatest protection to the Company's legitimate protectable interests shall be the controlling obligation irrespective of the sequence in which the obligations were entered into by Participant.

12. Governing Law; Venue/Forum. In order to promote uniformity and predictability of treatment concerning matters related to the Awards by the Company, the laws of the State of Nevada where the Company is incorporated will govern the Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties, regardless of any conflicts of law principles of Nevada or any other state. Any legal action arising from or related to this Agreement shall be litigated in a state or federal court of competent jurisdiction located in Las Vegas, Nevada. The parties expressly consent to the personal jurisdiction of the aforementioned courts over them and waive any all objections to the foregoing venue/forum selection (including, without limitation, any objection based on amount of contact with the selected venue, or the cost, convenience or location of relevant persons).

13. Restrictive Covenants Condition. The Participant hereby acknowledges and agrees that the receipt of Awards, including any right to exercise an Option or Performance Option, receive the shares of Common Stock following a vesting date or to retain the profit from the sale of shares of Common Stock subject to an Award, is conditioned upon Participant's compliance with the restrictive covenants in Section 14-17 of this Agreement.

14. Noncompetition; Non-solicitation.

(a) Participant acknowledges the highly competitive nature of the business of SP and that Participant's access to SP's confidential records and proprietary information renders Participant special and unique within SP's industries. Participant hereby agrees that during his or her Employment, and during the Covered Time (as defined below), Participant, alone or with others, will not, directly or indirectly, engage (as owner, investor, partner, stockholder, employer, employee, consultant, advisor, director or otherwise) in any Competing Business. For purposes of this Section 14, "Competing Business" shall mean any business or operations: (i)(A) involving the design, development, production, sale, lease, license, provision, operation or management (as the case may be) of (1) any mobile or online gaming games or game content, including social games or game content, whether accessed through websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies), (2) any mobile or online wagering products, including sports betting, whether accessed through websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies), or (3) any systems, applications, platforms, marketing programs, distribution

channels, websites, proprietary or licensed content (including themes, entertainment and brands), loyalty and customer relationship management programs, or other products or services related to any of the foregoing under sub-clauses (1) or (2); or (B) in which SP is then or was within the previous 12 months engaged, or in which SP, to Participant's knowledge, contemplates to engage in during Participant's Employment or the Covered Time; (ii) in which Participant is or was engaged or involved (whether in a supervisory capacity or otherwise) on behalf of SP or with respect to which Participant has obtained proprietary or confidential information; and (iii) which were conducted anywhere in the United States or in any other geographic area in which such business was conducted or contemplated to be conducted by SP. Notwithstanding anything to the contrary in the foregoing, the holding of up to one percent (1%) of the outstanding equity in a publicly traded entity for passive investment purposes shall not, in and of itself, be construed as engaging in a Competing Business.

(b) Participant hereby agrees that, during his or her Employment and for twelve months after the date of Participant's termination from Employment, whether voluntary or involuntary and regardless of the reason for termination (the "Termination Date"), Participant shall not, directly or indirectly: (i) solicit or attempt to induce any of the employees, agents, consultants or representatives of SP to terminate his, her, or its relationship with SP; (ii) solicit or attempt to induce any of the employees, agents, consultants or representatives of SP to become employees, agents, consultants or representatives of any other person or entity; or (iii) hire any person who, to Participant's actual knowledge, is, or was within 180 days prior to such hiring, an employee of SP.

(c) Participant hereby agrees that, during his or her Employment and for twelve months after Participant's Termination Date, Participant shall not, without SP's prior written consent, directly or indirectly, whether for Participant's own account or for the account of any other person, firm, corporation or business organization, solicit or perform services of a type offered by SP, for any customer, partner, vendor, distributor, with whom Participant worked with on behalf of SP or about which Participant received confidential information during his or her Employment. Participant shall also not solicit or provide services of a type offered by SP to any prospective customer, partner, vendor, or distributor to whom SP made a proposal within the last 12 months prior to the Termination Date in which the Participant participated or about which the Participant received confidential information. Participant further agrees not to solicit or attempt to induce any partner, customer, vendor or distributor of SP to curtail or cancel any business with SP. Participant acknowledges and agrees that the restrictions contained in this subsection 14(c) are reasonable and necessary to protect SP's legitimate interests in its customer, partner, vendor, and distributor relationships, goodwill, and confidential information.

(d) Participant hereby agrees that, during his or her Employment and for twelve months after Participant's Termination Date, upon the earlier of Participant (i) negotiating with any Competitor (as defined below) concerning possible employment with the Competitor, (ii) responding to (other than for the purpose of declining) an offer of employment from a Competitor, or (iii) becoming employed by a Competitor, (A) Participant will provide copies of this Agreement to the Competitor, and (B) in the case of any circumstance described in clause (iii) of this section occurring during the Covered Time, and in the case of any circumstance described in clauses (i), (ii) or (iii) above occurring during Participant's Employment or during the twelve months after Participant's Termination Date, Participant will promptly provide notice to the Company of such circumstances. Participant further agrees that the Company may provide notice to a Competitor of Participant's obligations under this Agreement. For purposes of this Agreement, "Competitor" shall mean any person or entity (other than SP) that engages, directly or indirectly, in the United States or any other geographic area in any Competing Business; provided, however, the parties agree that an entity that is a Competitor solely on the basis that it is a distributor, general platform or licensor shall not be deemed to be engaged in a Competing Business.

(e) Participant understands that the restrictions in this Section 14 may limit Participant's ability to earn a livelihood in a business similar to the business of SP but nevertheless agrees and acknowledges that Participant willingly entered into this Agreement and agreed that the consideration provided under this Agreement is sufficient to justify such restrictions and that Participant agreed to be bound by these restrictions in exchange for such consideration. In consideration thereof and in light of Participant's education, skills and abilities, Participant hereby agrees that Participant will not assert in any forum that such restrictions prevent Participant from earning a living or otherwise should be held void or unenforceable.

(f) For purposes of this Section 14, "Covered Time" shall mean six months immediately following the Participant's Termination Date and, if the Company in its sole discretion elects, for up to an additional six months if the Company, in its sole discretion, to pay Participant on regular paydays an amount equal to Participant's base rate of pay at the time of termination, less standard withholdings, during this additional period of non-competition. The Company shall give Participant written notice of the election to extend the non-competition period at least thirty days before the expiration of the initial six-month term. The written notice of election shall be mailed to the last address the Company had on record for the Participant.

(g) In the event that a court of competent jurisdiction or arbitrator(s), as the case may be, determine that the provisions of this Section 14 are unenforceable for any reason, the parties acknowledge and agree that the court or arbitrator(s) is expressly empowered to reform any provision of this Section so as to make them enforceable.

Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit Participant from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by SP of any reporting described in clause (i). Participant understands that activities protected by Sections 15 and 16 may include disclosure of trade secret or confidential information within the limitations permitted by the Defend Trade Secrets Act ("DTSA"). And, in this regard, Participant acknowledges notification that under the DTSA no individual will be held criminally or civilly liable under federal or state trade secret law for disclosure of a trade secret (as defined in the Economic Espionage Act) that is: (A) made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or, (B) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public. And, an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

15. Proprietary Information; Inventions.

(a) Participant hereby acknowledges that, during the course of his or her Employment, Participant necessarily will have (and during any affiliation with SP prior to his or her Employment Participant may have had) access to and make use of proprietary information and confidential records of SP. Participant covenants that Participant shall not during his or her Employment or at any time thereafter, directly or indirectly, use for his or her own purpose or for the benefit of any person or entity other than SP, nor otherwise disclose to any person or entity, any such proprietary information, unless and to the extent such disclosure has been authorized in writing by the Company or is otherwise required by law. The term "proprietary information" means: (i) the software products, programs, applications, and processes utilized by SP; (ii) the name or address of any customer or vendor of SP or any information concerning the transactions or relations of any customer or vendor of SP or with SP; (iii) any information concerning any product, technology, or procedure employed by SP but not generally known to its customers or vendors or competitors, or under development by or being tested by SP but not at the time offered generally to customers or vendors; (iv) any information relating to SP's computer software, computer systems, pricing or marketing methods, sales margins, cost of goods, cost of material, capital structure, operating results, borrowing arrangements or business plans; (v) any information identified as confidential or proprietary in any line of business engaged in by SP; (vi) any information that, to Participant's actual knowledge, SP ordinarily maintains as confidential or proprietary; (vii) any business plans, budgets, advertising or marketing plans; (viii) any information contained in any of SP's written or oral policies and procedures or manuals; (ix) any information belonging to customers, vendors or any other person or entity which SP, to Participant's actual knowledge, has agreed to hold in confidence; and (x) all written, graphic, electronic data and other material containing any of the foregoing. Participant acknowledges that information that is not novel or copyrighted or patented may nonetheless be proprietary information. The term "proprietary information" shall not include information generally known or available to the public or information that becomes available to Participant on an unrestricted, non-confidential basis from a source other than SP or any of its directors, officers, employees, agents or other representatives (without breach of any obligation of confidentiality of which Participant has knowledge, after reasonable inquiry, at the time of

the relevant disclosure by Participant), or general internet-based or mobile wagering or social gaming industry information to the extent not particularly related or proprietary to SP that was already known to Participant at the time Participant commences his employment by SP that is not subject to nondisclosure by virtue of Participant's prior employment or otherwise. Notwithstanding the foregoing and Section 16, Participant may disclose or use proprietary information or confidential records solely to the extent (A) such disclosure or use may be required or appropriate in the performance of Participant's Employment, (B) required to do so by a court of law, by any governmental agency having supervisory authority over the business of SP or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order Participant to divulge, disclose or make accessible such information (provided that in such case Participant shall first give the Company prompt written notice of any such legal requirement, disclose no more information than is so required and cooperate fully with all efforts by SP to obtain a protective order or similar confidentiality treatment for such information), (C) such information or records becomes generally known to the public without Participant's violation of this Agreement, or (D) disclosed to Participant's spouse, attorney or personal tax and financial advisors to the extent reasonably necessary to advance Participant's tax, financial and other personal planning (each an "Exempt Person"); provided, however, that any disclosure or use of any proprietary information or confidential records by an Exempt Person shall be deemed to be a breach of this Section 15 or Section 16 by Participant.

(b) Participant hereby agrees that all processes, technologies and inventions (collectively, "Inventions"), including new contributions, improvements, ideas and discoveries, whether patentable or not, conceived, developed, invented or made by Participant during his or her Employment (and during any affiliation with SP prior to Participant's Employment) shall belong to SP, provided that such Inventions grew out of Participant's work with SP, are related in any manner to the business (commercial or experimental) of SP or are conceived or made on SP's time or with the use of SP's facilities or materials. Participant further agrees to: (i) promptly disclose such Inventions to the Company; (ii) assign to SP, without additional compensation, all patent and other rights to such Inventions for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of Participant's Inventions. If any Invention is described in a patent application or is disclosed to third parties, directly or indirectly, by Participant within two (2) years after the termination of Participant's Employment, it is to be presumed that the Invention was conceived or made during Participant's Employment. Participant agrees that Participant will not assert any rights to any Invention as having been made or acquired by him or her prior to the date of this Agreement, except for Inventions, if any, disclosed by Participant in writing in connection with his or her execution of this Agreement.

16. Confidentiality and Surrender of Records. Participant hereby agrees that Participant shall not, during his or her Employment or at any time thereafter (irrespective of the circumstances under which his or her Employment terminates), except to the extent required by law, directly or indirectly publish, make known or in any fashion disclose or retain any confidential records to, or permit any inspection or copying of confidential records by, any person or entity other than in the course of such person's or entity's employment or retention by SP, and Participant further agrees to deliver promptly to the Company, any of the same following termination of his or her Employment for any reason or upon request by SP. For purposes hereof, "confidential records" means those portions of correspondence, memoranda, files, manuals, books, lists, financial, operating or marketing records, magnetic tape, or electronic or other media or equipment of any kind in Participant's possession or under Participant's control or accessible to Participant which contain any proprietary information. All confidential records shall be and remain the sole property of the Company during Participant's Employment and thereafter.

17. Non-disparagement. Participant hereby agrees that Participant shall not, during his or her Employment and thereafter, disparage in any material respect SP, any of their respective businesses, any of their respective officers, directors or employees, or the reputation of any of the foregoing persons or entities, whether orally, in writing, or otherwise, directly or by implication in communication with any person, including, but not limited to, customers, partners, vendors, distributors, or independent contractors of SP or agents with whom SP does business. Notwithstanding the foregoing, nothing in this Agreement shall preclude Participant from making truthful statements that are required by applicable law, regulation or legal process.

18. No Other Obligations. Participant hereby represents that Participant is not precluded or limited in his or her ability to undertake or perform his or her Employment by any contract, agreement or restrictive covenant. Participant covenants that Participant shall not employ the trade secrets or proprietary information of any other person in connection with his or her Employment without such person's authorization.

19. Forfeiture of Outstanding Equity Awards; "Clawback" Policies. For the avoidance of doubt, Section 8(g) of the Plan shall apply with respect to Awards the Participant may receive.

20. Enforcement. Participant acknowledges and agrees that, by virtue of his or her position, Employment and access to and use of confidential records and proprietary information, any violation by Participant of any of the obligations contained in this Agreement would cause SP immediate, substantial and irreparable injury for which it has no adequate remedy at law. Accordingly, Participant hereby agrees and consents to the entry of an injunction or other equitable relief by a court of competent jurisdiction restraining any violation or threatened violation of any obligation contained in this Agreement in addition to any other remedies. Participant waives posting of any bond otherwise necessary to secure such injunction or other equitable relief or to the extent such a bond is required by law it shall be limited to an amount of $1,000. Rights and remedies provided for in this Agreement, including but not limited to injunctive relief, monetary damages, and all remedies contemplated by the Plan (including but not limited to termination or forfeiture of Awards), are cumulative and shall be in addition to rights and remedies otherwise available to the parties hereunder or under any other agreement or applicable law.

21. Data Privacy. For Participants in certain jurisdictions, the data privacy laws of such jurisdictions may require the Participant's consent to the use, disclosure and transfer to the Company and its Plan Administrator (as defined below) in the United States of certain personal information necessary to administer the Plan and any Awards the Participants may receive. Accordingly, if applicable, the Participant hereby acknowledges and agrees that the Participant's receipt of any Awards, including any right to exercise an Option or Performance Option, receive the shares of Common Stock following vesting of an award of Units or Performance Units or retain the profit from the sale of shares of Common Stock subject to an Award, is conditioned upon Participant's consent to the use, disclosure and transfer to the Company and its Plan Administrator in the United States of such personal information.

22. Plan Administrator. The Company has retained Fidelity Stock Plan Services, LLC ("Fidelity") as a third-party administrator to assist in the administration and management of the Plan (the "Plan Administrator"). A listing of all Awards may be viewed through the Plan Administrator's website at www.NetBenefits.com once the Participant has established an account with the Plan Administrator. The Plan Administrator shall handle the processing of Option and Performance Option exercises and vesting and settlement of Units and Performance Units. The Company reserves the right to replace Fidelity as the Plan Administrator at any time in the Company's sole discretion.

23. Participant Acknowledgment. The Participant hereby acknowledges receipt of a copy of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Committee in respect of the Plan, this Agreement and the Awards shall be final and conclusive.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

25. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the Award may be transferred by will or the laws of descent or distribution.

26. Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its duly authorized officer, and the Participant has signed this Agreement on his or her own behalf, thereby representing that he or she has carefully read and understands this Agreement and the Plan as of the day and year first written above.

SCIPLAY CORPORATION

By: _____

PARTICIPANT:

_____

[PARTICIPANT NAME]

SCIPLAY CORPORATION
LONG-TERM INCENTIVE PLAN
TERMS AND CONDITIONS OF
EQUITY AWARDS TO NON-EMPLOYEE DIRECTORS

THIS AGREEMENT, made as of the [•] day of [•], 20[•], between SCIPLAY CORPORATION (the "Company") and [•] (the "Participant").

WHEREAS, the Compensation Committee (the "Committee") administers the SciPlay Corporation Long-Term Incentive Plan, as amended from time to time (the "Plan");

WHEREAS, the Committee has determined that the Participant is eligible to receive awards under the Plan by virtue of the Participant's provision of substantial services to the Company (or any of its applicable affiliates) ("Services"); and

WHEREAS, the Committee may from time to time approve awards for the Participant in such amounts and at such times as the Committee may determine in its sole discretion, which awards shall be subject to the terms and conditions of the Plan and this Agreement and the Award notice, as such terms and conditions may be amended or supplemented from time to time by the Committee.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grants. Pursuant and subject to the terms and conditions set forth herein and in the Plan, the Participant may be granted the following types of awards ("Awards") with respect to the Company's Class A Common Stock ("Common Stock"), pursuant to an Award notice, which will state the type of Award, the number of shares subject to the Award and any other terms determined by the Committee in its sole discretion:

(a) *Stock Options* ("Options") -- representing a right to purchase shares of Common Stock at an exercise price per share that is equal to or greater than the fair market value of a share of Common Stock on the date of grant. The Committee will generally set the exercise price of Options and "Performance Options" (as defined below) at the fair market value of the Common Stock on the date of grant. The Options and Performance Options do not become exercisable until satisfaction of an applicable vesting period. The Options and Performance Options are "Non-Qualified Stock Options" (*i.e.*, they do not constitute "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended).

(b) *Restricted Stock Units* ("Units") -- representing a right to receive shares of Common Stock following satisfaction of an applicable vesting period subject to the conditions, restrictions and limitations set forth in Section 6(e) of the Plan, this Agreement and the Award notice.

(c) *Performance Conditioned Restricted Stock Units* ("Performance Units") *or Stock Options* ("Performance Options") -- representing (i) with respect to Performance Units, a right to receive shares of Common Stock and (ii) with respect to Performance Options, a right to purchase shares of Common Stock at an exercise price per share that is equal to or greater than the fair market value of a share of Common Stock on the date of grant, in both cases, following satisfaction of an applicable vesting period and subject to performance requirements established by the Committee at the time of grant, based on Company performance criteria for an annual or other applicable performance period, and subject to such other conditions, restrictions and limitations set forth in Section 7 of the Plan, this Agreement and the Award notice.

2. Incorporation of Plan by Reference. All terms, conditions and restrictions of the Plan are incorporated in, and made a part of, this Agreement as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan, as interpreted by the Committee, shall govern. Except

as otherwise provided herein, all capitalized terms used in this Agreement shall have the meaning given to such terms in the Plan.

3. Restriction on Transfer of Awards. Awards under the Plan may not be sold, assigned, transferred, pledged, hypothecated, margined, or otherwise encumbered or disposed of by the Participant, except for transfers upon the death of the Participant.

4. Vesting Schedule for Awards. Unless otherwise set forth in the applicable Award notice, an Award under the Plan will be granted with a four-year ratable vesting schedule such that 25% of the total Award will vest on each of the first four anniversaries of the grant date. In the case of Performance Units and Performance Options, vesting will also be conditioned on satisfaction of performance criteria established by the Committee. With respect to such Performance Units and Performance Options, where the applicable performance criteria is not solely based on the Company's achievement of a specified stock price or average stock price value of the Common Stock, the Committee will determine whether the performance criteria applicable to an Award have been satisfied within 90 days following the end of the applicable performance period(s) (but not later than the March 15 following the year in which the performance period ended). Notwithstanding anything contained to the contrary in this Agreement (or in any prior award agreement), in any Award notice or in any other document, in the event that the Participant's provision of Services is terminated other than as a result of death or "Disability" (as defined below) prior to the Committee's determination as to the satisfaction of any performance criteria to which any Award of Performance Units or Performance Options is subject, such Performance Units or Performance Options, as applicable, will neither vest nor accelerate unless and until a determination is or has been made by the Committee that such criteria have been satisfied, at which time such Performance Units or Performance Options may vest or accelerate to the extent provided in, and in accordance with, any applicable contract and the Plan (it being understood and agreed that nothing in this Agreement shall grant any right to any such acceleration or vesting upon any such termination). For the avoidance of doubt, in the event that the criteria are determined not to have been satisfied, such Award shall immediately lapse and be forfeited.

5. Method of Exercise of Vested Options and Performance Options. Awards of Options and Performance Options, to the extent vested, shall be exercisable in whole or in part by the Participant delivering notice to the Plan Administrator (as defined below) in accordance with the terms of the Award. Payment for shares of Common Stock purchased upon the exercise of an Option or Performance Option shall be made on the effective date of such exercise through any of the following means: (i) in cash, by certified check, bank cashier's check or wire transfer; (ii) through a brokered exercise with the Plan Administrator under which a portion of the proceeds from a sale are withheld for such exercise price; or (iii) if permitted by the Company at the time of exercise, by surrendering shares of Common Stock. The notification to the Plan Administrator shall be made in accordance with its procedures. The shares of Common Stock purchased upon the exercise of an Option or Performance Option shall be delivered as soon as practicable following exercise in accordance with the procedures established by the Company or the Plan Administrator from time to time. Options and Performance Options may only be exercised by the Participant or, if the Participant is incapacitated, by the Participant's guardian or legal representative; provided that an exercise by a guardian or legal representative shall not be effective unless and until the Company has received evidence satisfactory to it as to the authority of such guardian or legal representative.

6. Distribution of Vested Units and Performance Units. As soon as administratively practicable after each applicable vesting date of an Award of Units or Performance Units (generally within three business days and in no event more than 15 business days), the Company will deliver to the Participant a number of shares of Common Stock equal to the number of Units or Performance Units that vested as of an applicable vesting date.

7. Taxes. The Participant shall be solely responsible for taxes under applicable federal, state, local or foreign law.

8. Expiration of Awards; Effect of Termination.

(a) *Units and Performance Units*. Subject to the provisions of the Plan and this Agreement, except to the extent otherwise specifically provided under the terms of any Award notice with respect to Units or Performance Units (as the case may be):

(i) in the event the provision of Services by the Participant terminates for any reason (other than by reason of death or "Disability" (as defined below)), all unvested Units and Performance Units shall be immediately forfeited; or

(ii) in the event the provision of Services by the Participant terminates by reason of death or Disability, all unvested Units or Performance Units shall fully vest and become non-forfeitable as of the date of death or the date of such termination, as the case may be, and, in all other respects, all such Units or Performance Units shall be governed by the plans and programs and the agreements and other documents pursuant to which such Units or Performance Units were granted.

(b) *Options and Performance Options*. The Options and Performance Options granted by the Company will expire at a date specified in the Award notice, which shall be not later than the tenth anniversary of the grant date (the "Scheduled Expiration Date"). Subject to the provisions of the Plan and this Agreement, except to the extent otherwise specifically provided under the terms of any Award notice with respect to Options or Performance Options (as the case may be):

(i) in the event the provision of Services by the Participant terminates for any reason (other than by reason of death or Disability), (A) all unvested Options shall immediately expire on the date of termination and (B) the portion of any Options and Performance Options that vested prior to such termination (other than a termination by reason of removal from the Board of Directors of the Company for cause, in which event all such vested Options and Performance Options shall be immediately forfeited) shall remain exercisable until the earlier of three (3) months after such termination and the Scheduled Expiration Date and, in all other respects, shall be governed by the plans and programs and the agreements and other documents pursuant to which such Options or Performance Options, as applicable, were granted; or

(ii) in the event the provision of Services by the Participant terminates by reason of death or Disability, all unvested Options and Performance Options shall fully vest and become non-forfeitable as of the date of death or the date of such termination, as the case may be, and such Options and Performance Options (together with the portion of any Options or Performance Options that vested prior to such death or termination) shall remain exercisable by the Participant (or, in the case of death, Participant's executor or administrator or "Beneficiary" (as defined below)) until the earlier of (A) the first anniversary of such death or termination and (B) the Scheduled Expiration Date and, in all other respects, all such Options or Performance Options shall be governed by the plans and programs and the agreements and other documents pursuant to which such Options or Performance Options were granted.

For purposes of this Agreement, "Beneficiary" means the person, persons, trust, or trusts which have been designated by a Participant in his or her most recent written beneficiary designation filed with the Company to receive the benefits specified under the Plan upon such Participant's death. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means a person, persons, trust, or trusts entitled by will or the laws of descent and distribution to receive such benefits. A Beneficiary or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award agreement applicable to such Participant and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) *Definition of Disability*. For purposes of this Agreement, "Disability" shall mean the Participant's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(d) *Last Day to Exercise an Option or Performance Option*. If an Option's or Performance Option's expiration date determined under this Section 8 falls on a day which is not a business day, then the last day to exercise the Option or Performance Option shall be the last business day before such date.

9. Other Terms.

(a) *No Shareholder Rights*. Until shares of Common Stock covered by an Award are issued to the Participant in connection with the exercise of an Option or Performance Option or the vesting of Units or Performance Units, the Participant shall have no voting, dividend or other rights as a stockholder of the Company for any purpose.

(b) *Consideration for Grant*. Participant shall not be required to pay any cash consideration for the grant of an Award. In the case of grants of Units and Performance Units, as to which cash consideration at the time of grant or vesting shall not be required, the Participant's performance of Services from the grant date to the date of vesting shall be deemed to be consideration for the grant, which Services have a value at least equal to the aggregate par value of the shares being newly issued in connection with the grant. The foregoing notwithstanding, an Award may be granted in exchange for the Participant's surrender of another Award or other right to compensation, if and to the extent permitted by the Committee.

(c) *Insider Trading Policy Applicable*. Participant acknowledges that sales of shares received with respect to Awards will be subject to the policies regulating trading by directors of the Company

10. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party hereto, upon any breach or default of any party under this Agreement, shall impair any such right, power or remedy of such party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in a writing signed by such party and shall be effective only to the extent specifically set forth in such writing.

11. Integration. This Agreement, the Plan, and the other documents, including, without limitation, the Award notice, which form a part of this Agreement, contain the entire understanding of the parties with respect to the subject matter herein. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein. This Agreement, including, without limitation, the Plan, supersedes all prior agreements and understandings between the parties with respect to its subject matter.

12. Governing Law; Venue/Forum. In order to promote uniformity and predictability of treatment concerning matters related to the Awards by the Company, the laws of the State of Nevada where the Company is incorporated will govern the Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties, regardless of any conflicts of law principles of Nevada or any other state. Any legal action arising from or related to this Agreement shall be litigated in a state or federal court of competent jurisdiction located in Las Vegas, Nevada. The parties expressly consent to the personal jurisdiction of the aforementioned courts over them and waive any all objections to the foregoing venue/forum selection (including, without limitation, any objection based on amount of contact with the selected venue, or the cost, convenience or location of relevant persons).

13. Restrictive Covenants Condition. The Participant hereby acknowledges and agrees that the receipt of Awards, including any right to exercise an Option or Performance Option, receive the shares of Common Stock following a vesting date or to retain the profit from the sale of shares of Common Stock subject to an Award, is conditioned upon Participant's compliance with the restrictive covenants in Sections 14-19 of this Agreement.

14. Proprietary Information. Participant hereby acknowledges that, during the period of providing Services, Participant necessarily will have (and during any affiliation with any of the Company and its subsidiaries and affiliates (collectively, ("SP")) SP prior to Participant's Service, Participant may have had) access to and make use of

proprietary information and confidential records of SP. Participant covenants that Participant shall not during Participant's provision of Services or at any time thereafter, directly or indirectly, use for Participant's own purpose or for the benefit of any person or entity other than SP, nor otherwise disclose to any person or entity, any such proprietary information, unless and to the extent such disclosure has been authorized in writing by the Company or is otherwise required by law. The term "proprietary information" means: (i) the software products, programs, applications, and processes utilized by SP; (ii) the name or address of any customer or vendor of SP or any information concerning the transactions or relations of any customer or vendor of SP or with SP; (iii) any information concerning any product, technology, or procedure employed by SP but not generally known to its customers or vendors or competitors, or under development by or being tested by SP but not at the time offered generally to customers or vendors; (iv) any information relating to SP's computer software, computer systems, pricing or marketing methods, sales margins, cost of goods, cost of material, capital structure, operating results, borrowing arrangements or business plans; (v) any information identified as confidential or proprietary in any line of business engaged in by SP; (vi) any information that, to Participant's actual knowledge, SP ordinarily maintains as confidential or proprietary; (vii) any business plans, budgets, advertising or marketing plans; (viii) any information contained in any of SP's written or oral policies and procedures or manuals; (ix) any information belonging to customers, vendors or any other person or entity which SP, to Participant's actual knowledge, has agreed to hold in confidence; and (x) all written, graphic, electronic data and other material containing any of the foregoing. Participant acknowledges that information that is not novel or copyrighted or patented may nonetheless be proprietary information. The term "proprietary information" shall not include information generally known or available to the public or information that becomes available to Participant on an unrestricted, non-confidential basis from a source other than SP or any of its directors, officers, employees, agents or other representatives (without breach of any obligation of confidentiality of which Participant has knowledge, after reasonable inquiry, at the time of the relevant disclosure by Participant). Notwithstanding the foregoing, Participant may disclose or use proprietary information or confidential records solely to the extent (A) such disclosure or use may be required or appropriate in connection with the provision of Services by the Participant, (B) required to do so by a court of law, by any governmental agency having supervisory authority over the business of SP or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order Participant to divulge, disclose or make accessible such information (provided that in such case Participant shall first give the Company prompt written notice of any such legal requirement, disclose no more information than is so required and cooperate fully with all efforts by SP to obtain a protective order or similar confidentiality treatment for such information), (C) such information or records becomes generally known to the public without Participant's violation of this Agreement, or (D) disclosed to Participant's spouse, attorney or Participant's personal tax and financial advisors to the extent reasonably necessary to advance Participant's tax, financial and other personal planning (each an "Exempt Person"); provided, however, that any disclosure or use of any proprietary information or confidential records by an Exempt Person shall be deemed to be a breach of this Section 14 or Section 15 by Participant.

15. Confidentiality and Surrender of Records. Participant hereby agrees that Participant shall not, during the period of providing Services or at any time thereafter (irrespective of the circumstances under which the provision of Services terminates), except to the extent required by law, directly or indirectly publish, make known or in any fashion disclose or retain any confidential records to, or permit any inspection or copying of confidential records by, any person or entity other than in the course of such person's or entity's employment or retention by SP, and Participant further agrees to deliver promptly to the Company, any of the same following termination of the provision of Services for any reason or upon request by SP. For purposes hereof, "confidential records" means those portions of correspondence, memoranda, files, manuals, books, lists, financial, operating or marketing records, magnetic tape, or electronic or other media or equipment of any kind in Participant's possession or under Participant's control or accessible to Participant which contain any proprietary information. All confidential records shall be and remain the sole property of the Company during the provision of Services by the Participant and thereafter.

Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit Participant from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by SP of any reporting described in clause (i). Participant understands that activities protected by Sections 15 and 16 may include disclosure of trade secret or confidential information within the limitations permitted by the Defend Trade Secrets Act ("DTSA"). And, in this regard, Participant

acknowledges notification that under the DTSA no individual will be held criminally or civilly liable under federal or state trade secret law for disclosure of a trade secret (as defined in the Economic Espionage Act) that is: (A) made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or, (B) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public. And, an individual who pursues a lawsuit for retaliation by a service recipient for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

16. Non-disparagement. Participant hereby agrees that Participant shall not, during the period of providing and thereafter, disparage in any material respect SP, any of their respective businesses, any of their respective officers, directors or employees, or the reputation of any of the foregoing persons or entities. Notwithstanding the foregoing, nothing in this Agreement shall preclude Participant from making truthful statements that are required by applicable law, regulation or legal process.

17. No Other Obligations. Participant hereby represents that Participant is not precluded or limited in Participant's ability to undertake or perform Services by any contract, agreement or restrictive covenant. Participant covenants that Participant shall not employ the trade secrets or proprietary information of any other person in connection with the provision of Services by the Participant without such person's authorization.

18. Forfeiture of Outstanding Equity Awards; "Clawback" Policies. The other provisions of this Agreement notwithstanding, if Participant willfully and materially fails to comply with Section 14, 15, 16 or 17, all Awards (whether prior to, contemporaneous with, or subsequent to the date hereof) and held by Participant or a transferee of Participant shall be immediately forfeited and cancelled. Participant acknowledges and agrees that, notwithstanding anything contained in this Agreement or any other agreement, plan or program, any Awards shall be subject to recovery by the Company under any compensation recovery or "clawback" policy, applicable to Participant, that the Company may adopt from time to time, including any policy which the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Company's common stock may be listed.

19. Enforcement. Participant acknowledges and agrees that, by virtue of Participant's position, provision of the Services and access to and use of confidential records and proprietary information, any violation by Participant of any of the undertakings contained in this Agreement would cause SP immediate, substantial and irreparable injury for which it has no adequate remedy at law. Accordingly, Participant hereby agrees and consents to the entry of an injunction or other equitable relief by a court of competent jurisdiction restraining any violation or threatened violation of any undertaking contained in this Agreement. Participant waives posting of any bond otherwise necessary to secure such injunction or other equitable relief. Rights and remedies provided for in this Agreement are cumulative and shall be in addition to rights and remedies otherwise available to the parties hereunder or under any other agreement or applicable law.

20. Data Privacy. For Participants in certain jurisdictions, the data privacy laws of such jurisdictions may require the Participant's consent to the use, disclosure and transfer to the Company and its Plan Administrator (as defined below) in the United States of certain personal information necessary to administer the Plan and any Awards the Participants may receive. Accordingly, if applicable, the Participant hereby acknowledges and agrees that the Participant's receipt of any Awards, including any right to exercise an Option or Performance Option, receive the shares of Common Stock following vesting of an award of Units or Performance Units or retain the profit from the sale of shares of Common Stock subject to an Award, is conditioned upon Participant's consent to the use, disclosure and transfer to the Company and its Plan Administrator in the United States of such personal information.

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has established an account with the Plan Administrator. The Plan Administrator shall handle the processing of Option and Performance Option exercises and vesting and settlement of Units and Performance Units. The Company reserves the right to replace Fidelity as the Plan Administrator at any time in the Company's sole discretion.

22. Participant Acknowledgment. The Participant hereby acknowledges receipt of a copy of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Committee in respect of the Plan, this Agreement and the Awards shall be final and conclusive.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

24. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Director and the Director's beneficiaries, executors, administrators and the person(s) to whom the Award may be transferred by will or the laws of descent or distribution.

25. Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its duly authorized officer, and the Participant has signed this Agreement on his or her own behalf, thereby representing that he or she has carefully read and understands this Agreement and the Plan as of the day and year first written above.

SCIPLAY CORPORATION

By:

_____

[●]

[●]

PARTICIPANT:

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