

## Light & Wonder Provides Update on *Dragon Train* Litigation

Reaffirms 2025 \$1.4 Billion Targeted Consolidated AEBITDA<sup>(1)</sup> and Targeted Adjusted NPATA Range<sup>(1)</sup> between \$565 million and \$635 million<sup>(2)</sup>

Company to Host Conference Call at 4:30 PM Eastern Time

**LAS VEGAS – April 2, 2025** – [Light & Wonder, Inc.](#) (NASDAQ and ASX: LNW) (together with its subsidiaries, “we,” “Light & Wonder,” “L&W” or the “Company”) today provided an update regarding its ongoing litigation with Aristocrat in the U.S. District Court of Nevada.

On March 14, 2025, Aristocrat filed a second amended complaint with the District Court of Nevada, adding a trade secret misappropriation claim against *Jewel of the Dragon*. The initial claims concerning *Jewel of the Dragon* did not include a claim for trade secret misappropriation. We intend to respond to the second amended complaint by April 11, 2025.

In the latest complaint, Aristocrat has also raised new issues, which we intend to vigorously defend against.

First, Aristocrat asserts that replacement games for *Dragon Train*, including *Dragon Train Grand Central*, a social game we have released, would “reap the benefits” of trade secret misappropriation even if none of the claimed trade secrets are used in such games.

- There are many elements of *Dragon Train* that made it successful and that are not contested by Aristocrat. We have structured development of new games to solve the issue raised by Emma Charles’ use of certain math in the design of *Dragon Train*.
- We have been and will continue to be transparent with the courts and Aristocrat on the process to ensure that new games do not contain any of Aristocrat’s claimed trade secrets or confidential information. We followed that process with our new social game, *Dragon Train Grand Central*. We provided the math to Aristocrat in advance of the launch of the game.
- Aristocrat has made no claim with respect to the *Dragon Train Grand Central* math, and we are confident the same will be true for our *Dragon Train* replacement land-based game that is in development.

Second, Aristocrat’s complaint also refers to emails sent by Emma Charles, the game designer of *Dragon Train*, to other team members at L&W that were provided to Aristocrat as part of the discovery process.

---

(1) Represents a non-GAAP financial measure. Additional information on non-GAAP financial measures presented herein is available at the end of this release.

(2) Targets reaffirmation does not include any contribution from the proposed acquisition of Grover Charitable Gaming business.

- We have investigated the circumstances surrounding these e-mails and have not identified any evidence of similar issues affecting games of other studios related to these e-mails.

Third, Aristocrat references an unreleased game in its latest amended complaint.

- The game in question was part of our pipeline of products. Our internal review processes identified that an early version of this game's math model potentially presented issues relating to Aristocrat. While these issues had been removed in later versions, we took a conservative position and acted promptly prior to this amended complaint to stop further development of the game and will not be releasing it.

Finally, Aristocrat has for the first time made a trade secret misappropriation claim on *Jewel of the Dragon*.

- In light of this claim, we made the decision to voluntarily stop commercializing and offer to replace *Jewel of the Dragon* to minimize any confusion and potential disruption to our customers. We are seeking to ensure our customers are not affected by the ongoing legal process. The success we had in rapidly replacing the *Dragon Train* units, and the strong game performance of our broader portfolio, give us confidence that this is the best course of action for our customers at this point as we continue to build great games. For context, *Jewel of the Dragon's* Premium installed base footprint is less than one percent (1%) of the total Premium installed base in North America, with approximately 150 premium leased units.
- After Aristocrat added the trade secret claim on *Jewel of the Dragon*, we identified certain Aristocrat PAR sheets dated 2015 that appear to have been available to certain members of the *Jewel of the Dragon* development team. PAR sheets are used by suppliers to describe the performance characteristics and settings of a slot machine and contain information about the game's payout structure and odds and some of the mechanics of how the machine operates. These PAR sheets have been historically provided to customers to allow them to meet regulatory requirements and to understand their own exposure as it relates to the likelihood of large but infrequent award amounts. Because PAR sheets have been so widely distributed, it has historically been common for PAR sheets from industry players, including L&W, to end up in the hands of competitors.

- Given our identification of these historical Aristocrat PAR sheets, we are expanding the scope of the review we conducted following the preliminary injunction to include all hold and spin games released before mid-2021. We have no reason to believe that the expanded review covering all hold and spin games released before mid-2021 will identify evidence of similar issues. The scope of our initial review included a number of later versions of games first released before mid-2021. None of those later versions had evidence of similar issues making it unlikely that earlier versions would. Furthermore, all of these games have been on the market for a minimum of three years. Separately, no one has made a claim that any of these games incorporate confidential trade secrets of any other party. We plan to give an update to the market on this review as part of our Q1 2025 results briefing.

We remain steadfast in our commitment to continued R&D investment to further develop our catalog of proven, evergreen franchises. The broad uplift in game performance we've experienced across our portfolio is a testament to the quality of the talent and culture in our organization. We are extremely proud to have a robust and diversified portfolio of the best products in the market that gives us a competitive advantage not tied to any one game or franchise. We are grateful to our customers and stakeholders for their unwavering support as we continue to execute to strategy.

#### *Reaffirms 2025 Financial Targets*

Most importantly, our decision to stop commercializing and offer to remove *Jewel of the Dragon* is not expected to have a material effect on our revenue, nor our commitment to delivering our \$1.4 billion Targeted Consolidated AEBITDA<sup>(1)</sup> and Targeted Adjusted NPATA range<sup>(1)</sup> between \$565 million and \$635 million for 2025 and is not expected to affect our future growth. These financial targets are affirmed without any contribution from the proposed acquisition of Grover Gaming's Charitable business, which we expect to close during Q2 this year. We look forward to sharing new strategic objectives at our upcoming 2025 Investor Day.

#### *Additional Background Regarding the Litigation*

Aristocrat originally made claims with respect to two Light & Wonder games in its complaint filed on February 26, 2024, a trade secret misappropriation claim on *Dragon Train* and trade dress, copyright infringement and related claims on *Jewel of the Dragon*. In its first amended complaint filed in July 2024, Aristocrat added references to trade dress issues relating to *Dragon Unleashed Link*.

---

(1) Represents a non-GAAP financial measure. Additional information on non-GAAP financial measures presented herein is available at the end of this release.

On September 23, 2024, the Nevada court granted a preliminary injunction on *Dragon Train* games. We complied with that order on a global basis, including converting out approximately 95% of the 2,200 units from our North American gaming operations fleet within the 30-day time period for compliance. Following our own internal review, we also found that Emma Charles, the game designer responsible for *Dragon Train*, had breached her employment obligations and we swiftly terminated her employment.

Following the Nevada court preliminary injunction ruling and our internal review, we decided to undertake a broad third-party audit by Mark Nicely, a gaming expert and former game mathematician with deep experience in the industry. He has been involved in design, development and analysis of casino games since 1997. From 2005-2014, he was an employee of IGT working on a wide range of game design and development projects and analysis of IP portfolios. He has been named as a lead or co-inventor on more than 250 issued patents. For the last four years, Mark has worked as a freelance game designer, mathematician and analyst and as an expert witness on matters involving casino game design, gaming IP, casino operations and gaming contracts. Mark earned a Bachelor of Science in Computer and System Engineering from Rensselaer Polytechnic Institute in 1983 and worked in various computer engineering roles until 1997.

That review has not identified any evidence of similar issues for hold and spin games released from mid-2021, when Emma Charles joined Light & Wonder, through to the present.

As previously announced, we are hosting an investor conference call and simultaneous webcast with the event details listed below.

### **Investor Conference Call**

April 2, 2025

4:30 p.m. U.S. Eastern Time / 1:30 p.m. U.S. Pacific Time

April 3, 2025

7:30 a.m. Australian Eastern Daylight Time

**To pre-register**, click here: [Light & Wonder Litigation Update Conference Call](#)

Callers who pre-register will be given a conference passcode and unique PIN to gain immediate access to the call and bypass the live operator. Participants may pre-register at any time, including up to the call start time.

## **Webcast**

To access the live webcast of the call, please visit the Company's website at <https://explore.investors.lnw.com> and click on the webcast link. A replay of the webcast will be available approximately one hour after the webcast and will be archived on the Company's website.

## **Telephone Dial-in**

US Toll Free: +1 (833) 470-1428

Australia: +61 2 7908 3093

International: +1 (404) 975-4839

Access Code: 604986

## **About Light & Wonder**

Light & Wonder, Inc. is the leading cross-platform global games company. Through our three unique, yet highly complementary businesses, we deliver unforgettable experiences by combining the exceptional talents of our 6,500+ member team, with a deep understanding of our customers and players. We create immersive content that forges lasting connections with players, wherever they choose to engage. At Light & Wonder, it's all about the games. The Company is committed to the highest standards of integrity, from promoting player responsibility to implementing sustainable practices. To learn more visit [www.lnw.com](http://www.lnw.com).

You can access our filings with the Securities Exchange Commission ("SEC") through the SEC website at [www.sec.gov](http://www.sec.gov), with the Australian Securities Exchange ("ASX") through the ASX website at [www.asx.com.au](http://www.asx.com.au) 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 [explore.investors.lnw.com](https://explore.investors.lnw.com), and we use our website 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.

The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this document, and shall not be deemed "filed" under the Securities Exchange Act of 1934, as amended.

All ® notices signify marks registered in the United States. © 2025 Light & Wonder, Inc. All Rights Reserved.

## **Company Contacts**

### Media Relations

Andy Fouché +1 206-697-3678

Vice President, Corporate Affairs and Communications

media@lnw.com

### Investor Relations

Nick Zangari +1 702-301-4378

Senior Vice President, Investor Relations and Treasury

ir@lnw.com

## **Forward-Looking Statements**

In this press release, Light & Wonder makes “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements about 2025 financial targets; statements regarding the proposed Grover Charitable Gaming transaction and statements that describe future expectations, plans, results or strategies and can often be identified by the use of terminology such as “will,” “may,” “estimate,” “intend,” “plan,” “continue,” “believe,” “expect,” “anticipate,” “target,” “should,” “could,” “potential,” “opportunity,” “goal,” or similar terminology. These statements are based upon current Company management 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, uncertainties and other factors, including (i) the risk that the conditions to the closing of the proposed Grover Charitable Gaming transaction, including the receipt of regulatory and gaming approvals, may not be satisfied, (ii) the risk that a material adverse change, event or occurrence may affect the Company and Grover Charitable Gaming prior to the closing of the proposed Grover Charitable Gaming transaction and may delay the proposed transaction or cause the companies to abandon the proposed transaction, (iii) the risk that the proposed Grover Charitable Gaming transaction may involve unexpected costs, liabilities or delays, (iv) the risk that the businesses of the companies may suffer as a result of uncertainty surrounding the proposed transaction, (v) the risk that disruptions from the proposed transaction will harm relationships with customers, employees and suppliers or (vi) the risk that the Company may be unable to achieve expected financial, operational and strategic benefits of the proposed transaction and may not be able to successfully integrate Grover Charitable Gaming into the Company’s operation and those factors described in our filings with the Securities and Exchange Commission (the “SEC”) and the Australian Securities Exchange (“ASX”). Additional information regarding risks and uncertainties and factors that could cause results to differ materially from those contemplated in forward-looking statements is included from time to time in our filings with the SEC and ASX, including the

Company's current reports on Form 8-K, quarterly reports on Form 10-Q and its latest annual report on Form 10-K filed with the SEC and ASX for the year ended December 31, 2024 on February 25, 2025 (including under the headings "Forward-Looking Statements" and "Risk Factors"). Forward-looking statements speak only as of the date they are made and, except for our ongoing obligations under the U.S. federal securities laws, we undertake no and expressly disclaim any obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

## **Non-GAAP Financial Measures**

### *Consolidated AEBITDA*

Consolidated AEBITDA, as used herein, is a non-GAAP financial measure that is presented as a supplemental disclosure of the Company's operations and is reconciled to net income as the most directly comparable GAAP measure. Consolidated AEBITDA should not be considered in isolation of, as a substitute for, or superior to, the consolidated financial information prepared in accordance with GAAP, and should be read in conjunction with the Company's financial statements filed with the SEC. Consolidated AEBITDA may differ from similarly titled measures presented by other companies.

Consolidated AEBITDA is reconciled to Net income attributable to L&W and includes the following adjustments, as applicable: (1) Net income attributable to noncontrolling interest; (2) Restructuring and other, which includes charges or expenses attributable to: (i) employee severance; (ii) Management restructuring and related costs; (iii) restructuring and integration (including costs associated with strategic review, rebranding, divestitures, SciPlay acquisition and ongoing separation activities and related activities); (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition- and disposition-related costs and other unusual items; (3) Depreciation, amortization and impairment charges and Goodwill impairments; (4) Loss on debt financing transactions; (5) Change in fair value of investments and Gain on remeasurement of debt and other; (6) Interest expense; (7) Income tax expense (benefit); (8) Stock-based compensation; and (9) Other (income) expense, net, including foreign currency gains or losses and earnings from equity investments.

Consolidated AEBITDA Target denotes a non-GAAP financial measure. We are not providing a forward-looking quantitative reconciliation of targeted Consolidated AEBITDA to the most directly comparable GAAP measure because we are unable to do so without unreasonable efforts or to reasonably estimate the projected outcome of certain significant items. These items are uncertain, depend on various factors out of our control and could have a material impact on the corresponding measures calculated in accordance with GAAP.

### *Adjusted NPATA*

Adjusted NPATA, as used herein, is a non-GAAP financial measure that is presented as a supplemental disclosure of the Company's operations and is reconciled to net income as the most directly comparable GAAP measure. Adjusted NPATA should not be considered in isolation of, as a substitute for, or superior to, the consolidated financial information prepared in accordance with GAAP, and should be read in conjunction with the Company's financial statements filed with the SEC. Adjusted NPATA may differ from similarly titled measures presented by other companies.

Adjusted NPATA is reconciled to Net income attributable to L&W and includes the following adjustments, as applicable: (1) Net income attributable to noncontrolling interest; (2) Amortization of acquired intangible assets; (3) Non-cash asset and goodwill impairments; (4) Restructuring and other, which includes charges or expenses attributable to: (i) employee severance; (ii) Management restructuring and related costs; (iii) restructuring and integration (including costs associated with strategic review, rebranding, divestitures, SciPlay acquisition and ongoing separation activities and related activities); (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition- and disposition-related costs and other unusual items; (5) Loss on debt financing transactions; (6) Change in fair value of investments and Gain on remeasurement of debt and other; (7) Income tax impact on adjustments; and (8) Other expense (income), net, including foreign currency gains or losses and earnings from equity investments.

Adjusted NPATA targeted range for fiscal year 2025 denotes a non-GAAP financial measure. We are not providing a forward-looking quantitative reconciliation of Adjusted NPATA targeted range to the most directly comparable GAAP measure because we are unable to do so without unreasonable efforts or to reasonably estimate the projected outcome of certain significant items. These items are uncertain, depend on various factors out of our control and could have a material impact on the corresponding measures calculated in accordance with GAAP.