

# Scientific Games Purchases Karma Gaming's Portfolio of Interactive Games

Move Further Strengthens Company's Position to Lead Lotteries into the Digital Future



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**Scientific Games Corporation** →

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LAS VEGAS and ATLANTA, Oct. 5, 2016 /PRNewswire/ -- Scientific Games Corporation (NASDAQ: SGMS) ("Scientific Games" or the "Company") today announced the Company has purchased Karma Gaming's portfolio of interactive games, including second-chance games and eInstant games. The purchase, which was completed in June 2016, accelerates Scientific Games' interactive strategy and product roadmap while further strengthening the Company's position to lead lotteries into the digital future.

Jim Kennedy, Executive Vice President and Group Chief Executive of Lottery at Scientific Games, said, "Through continuous R&D, the creation of more innovative games and promotions by our Digital Content Studio, and strategic acquisitions such as this portfolio of games from

Karma Gaming, Scientific Games continues to expand our interactive business with products that help our lottery customers provide unique solutions to lottery players that help them to move seamlessly between the retail and mobile/online lottery entertainment experience."

Karma Gaming's portfolio of high quality interactive games has been used by lotteries such as Italy's Lottomatica and Loto Quebec in Canada, as well as the Minnesota Lottery, Georgia Lottery and Ohio Lottery in the U.S. In conjunction with the acquisition, Scientific Games has hired a number of game developers from Karma Gaming.

"As a trusted business partner, we understand the unique regulatory challenges lotteries have when it comes to mobile and internet offerings, and we know that lotteries have constraints on delivering innovative games and promotions that can continue to entertain and engage their players," said Kennedy. "By providing consumer analytics, creative interactive games and promotions, loyalty programs, mobile apps and secure technology for the sale of eInstants and other games online, Scientific Games remains committed to helping lotteries continue to evolve."

Kennedy said Scientific Games is currently the U.S. leader in interactive lottery solutions with 10 active loyalty programs and 13 mobile apps currently deployed. The company has created more than 600 websites for lotteries. Additionally, Scientific Games creatively enhances interactive games and promotions with more than 200 licensed sports, entertainment and pop culture brands.

"When the biggest lotteries in the U.S. look for interactive content, they look to Scientific Games," said Kennedy, citing recent projects for lotteries in Arizona, Massachusetts, New York and Ohio.

The Company provides games, technology and services to more than 150 lotteries, including nearly every North American Lottery.

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**About Scientific Games**

Scientific Games Corporation (NASDAQ: SGMS) is a leading developer of technology-based products and services and associated content for worldwide gaming, lottery, and interactive markets. The Company's portfolio includes gaming machines, game content and systems; table games products and utilities; instant and draw-based lottery games; server-based lottery and gaming systems; sports betting technology; loyalty and rewards programs; and interactive content and services. For more information, please visit <http://www.scientificgames.com>.

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## **Forward-Looking Statements**

In this press release, Scientific Games makes "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. These statements are based upon management's current expectations, assumptions and estimates and are not guarantees of timing, future results or performance. 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: competition; U.S. and international economic and industry conditions, including declines in or slow growth of gross gaming revenues or lottery retail sales, reductions in or constraints on capital spending by

gaming or lottery operators and bankruptcies of, or credit risk relating to, customers; limited growth from new gaming jurisdictions, declines in the replacement cycle of existing gaming machines and slow addition of casinos in existing jurisdictions; ownership changes and consolidation in the gaming industry, including by casino operators; opposition to legalized gaming or the expansion thereof; inability to adapt to, and offer products that keep pace with, evolving technology; inability to develop successful gaming concepts and content; laws and government regulations, including those relating to gaming licenses and environmental laws; inability to identify and capitalize on trends and changes in the gaming, lottery and interactive industries; dependence upon key providers in our social gaming business; inability to retain or renew, or unfavorable revisions of, existing contracts, and the inability to enter into new contracts; level of our indebtedness, higher interest rates, availability or adequacy of cash flows and liquidity to satisfy indebtedness, other obligations or future cash needs; inability to reduce or refinance our indebtedness; restrictions and covenants in our debt agreements, including those that could result in acceleration of the maturity of our indebtedness; protection of our intellectual property, inability to license third party intellectual property, and the intellectual property rights of others; security and integrity of our software and systems and reliance on or failures in our information technology systems; natural events that disrupt our operations or those of our customers, suppliers or regulators; inability to benefit from, and risks associated with, strategic equity investments and relationships, including (i) the inability of our joint venture to realize the anticipated benefits under its private management agreement with the Illinois lottery or from the disentanglement services performed in connection with the termination thereof, (ii) the inability of our joint venture to meet the net income targets or other requirements under its agreement to provide marketing and sales services to the New Jersey Lottery or otherwise to realize the anticipated benefits under such agreement and (iii) failure to realize the anticipated benefits related to the award to our consortium of an instant lottery game concession in Greece; failure to achieve the intended benefits of the Bally acquisition or the WMS acquisition, other recent acquisitions, or future acquisitions, including due to the inability to successfully integrate such acquisitions or realize synergies in the anticipated amounts or within the contemplated time frames or cost expectations, or at all; disruption of our current plans and operations in connection with our recent acquisitions (including in connection with the integration of Bally and WMS), including departure of key personnel or inability to recruit additional qualified personnel or maintain relationships with customers, suppliers or other third parties; incurrence of employee termination or restructuring costs, and impairment or asset write-down charges; changes in estimates or judgments related to our impairment analysis of goodwill or other intangible assets; implementation of complex revenue recognition standards; fluctuations in our results due to seasonality and other factors;

dependence on suppliers and manufacturers; risks relating to foreign operations, including fluctuations in foreign currency exchange rates (including those fluctuations related to the affirmative vote in the U.K. to withdraw from the EU), restrictions on the payment of dividends from earnings, restrictions on the import of products and financial instability, including the potential impact to our business resulting from the affirmative vote in the U.K. to withdraw from the EU and the potential impact to our instant lottery game concession or VLT lease arrangements resulting from the recent economic and political conditions in Greece; dependence on our key employees; litigation and other liabilities relating to our business, including litigation and liabilities relating to our contracts and licenses, our products and systems, our employees (including labor disputes), intellectual property and our strategic relationships; influence of certain stockholders; and stock price volatility.

Additional information regarding risks, uncertainties and other factors that could cause actual results to differ materially from those contemplated in forward-looking statements is included from time to time in our filings with the SEC, including the Company's current reports on Form 8-K, quarterly reports on Form 10-Q and its latest annual report on Form 10-K filed with the SEC on February 29, 2016 (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 Scientific Games' ongoing obligations under the U.S. federal securities laws, Scientific Games undertakes no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

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