UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

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: 001-32622

EVERI HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-0723270**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
7250 S. Tenaya Way, Suite 100 **Las Vegas** **Nevada**	**89113**
(Address of principal executive offices)	**(Zip Code)**

(800) 833-7110
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	**EVRI**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

As of June 30, 2023, the aggregate market value of the registrant's common stock held by non-affiliates was approximately $1.2 billion based on the closing sale price as reported on the New York Stock Exchange.

There were 83,778,581 shares of the registrant's common stock issued and outstanding as of the close of business on February 23, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's Definitive Proxy Statement for its 2024 Annual Meeting of Stockholders (which is expected to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant’s 2023 fiscal year) are incorporated by reference into Part III of this Annual Report on Form 10-K. Except as expressly incorporated by reference, the registrant’s Proxy Statement shall not be deemed to be a part of this Annual Report on Form 10-K.

EVERI HOLDINGS INC.

ANNUAL REPORT ON FORM 10-K
FOR FISCAL YEAR ENDED December 31, 2023

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In this filing, we refer to: (i) our audited consolidated financial statements and notes thereto as our "Financial Statements," (ii) our audited Consolidated Statements of Operations and Comprehensive Income as our "Statements of Operations," (iii) our audited Consolidated Balance Sheets as our "Balance Sheets," (iv) our audited Consolidated Statements of Cash Flows as our "Statements of Cash Flows," and (v) Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations as our "Results of Operations."

CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Everi Holdings Inc. ("Everi Holdings" or "Everi") is a holding company, the assets of which are the issued and outstanding shares of capital stock of each of Everi Payments Inc. ("Everi FinTech" or "FinTech") and Everi Games Holding Inc., which owns all of the issued and outstanding shares of capital stock of Everi Games Inc. ("Everi Games" or "Games"). Unless otherwise indicated, the terms the "Company," "we," "us," and "our" refer to Everi Holdings together with its consolidated subsidiaries.

This Annual Report on Form 10-K ("Annual Report") contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995, as do other materials or oral statements we release to the public. Forward-looking statements are neither historical facts nor assurances of future performance, but instead are based only on our current beliefs, expectations, and assumptions regarding the future of our business, plans and strategies, projections, anticipated events and trends, the economy, and other future conditions, as of the date on which this report is filed. Forward-looking statements often, but do not always, contain words such as "expect," "anticipate," "aim to," "designed to," "intend," "plan," "believe," "goal," "target," "future," "assume," "estimate," "indication," "seek," "project," "may," "can," "could," "should," "favorably positioned," or "will" and other words and terms of similar meaning. Readers are cautioned not to place undue reliance on the forward-looking statements contained herein, which are based only on information currently available to us and only as of the date hereof.

Forward-looking statements are subject to inherent risks, uncertainties, and changes in circumstances that are often difficult to predict and many of which are beyond our control, including, but not limited to, statements regarding trends, developments, and uncertainties impacting our business, including our ability to withstand: macro-economic impacts on consumer discretionary spending, interest rates and interest expense; global supply chain disruption; inflationary impact on supply chain costs; inflationary impact on labor costs and retention; equity incentive activity and compensation expense; our ability to maintain revenue, earnings, and cash flow momentum or lack thereof; changes in global market, business and regulatory conditions whether as a result of a pandemic, or other economic or geopolitical developments around the world, including availability of discretionary spending income of casino patrons as well as expectations for the closing or re-opening of casinos; product and technological innovations that address customer needs in a new and evolving operating environment or disrupt the industry, such as generative artificial intelligence; to enhance shareholder value in the long-term; trends in gaming operator and patron usage of our products; benefits realized by using our products and services; benefits and/or costs associated with mergers, acquisitions, and/or strategic alliances; product development, including the benefits from the release of new products, new product features, product enhancements, or product extensions; regulatory approvals and changes; gaming, financial regulatory, legal, card association, and statutory compliance and changes; the implementation of new or amended card association and payment network rules or interpretations; consumer collection activities; competition (including consolidations); tax liabilities; borrowings and debt repayments; goodwill impairment charges; international expansion or lack thereof; resolution of litigation or government investigations; our share repurchase and dividend policy; new customer contracts and contract renewals or lack thereof; and financial performance and results of operations (including revenue, expenses, margins, earnings, cash flow, and capital expenditures).

Our actual results and financial condition may differ materially from those indicated in forward-looking statements, and important factors that could cause them to do so include, but are not limited to, the following:

- our ability to generate profits in the future and to create incremental value for shareholders;

- our ability to withstand economic slowdowns, inflationary and other economic factors that pressure discretionary consumer spending;
- our ability to execute on mergers, acquisitions, and/or strategic alliances, including our ability to integrate and operate such acquisitions or alliances consistent with our forecasts in order to achieve future growth;
- our ability to execute on key initiatives and deliver ongoing improvements;
- expectations regarding growth for the Company's installed base and daily win per unit;
- expectations regarding placement fee agreements;
- inaccuracies in underlying operating assumptions;
- our ability to withstand direct and indirect impacts of a pandemic outbreak, or other public health crises of uncertain duration on our business and the businesses of our customers and suppliers, including as a result of actions taken in response to governments, regulators, markets and individual consumers;
- changes in global market, business, and regulatory conditions arising as a result of economic, geopolitical and other developments around the world, including a global pandemic, increased conflict and political turmoil, capital market disruptions and instability of financial institutions, climate change or currently unexpected crises or natural disasters;
- our leverage and the related covenants that restrict our operations;
- our ability to comply with our debt covenants and our ability to generate sufficient cash to service all of our indebtedness, fund working capital, and capital expenditures;
- our ability to withstand the loss of revenue during the closure of our customers' facilities;
- our ability to maintain our current customers;
- our ability to replace revenue associated with terminated contracts or margin degradation from contract renewals;
- expectations regarding customers' preferences and demands for future product and service offerings;
- our ability to successfully introduce new products and services, including third-party licensed content;
- gaming operator and patron preferences;
- failure to control product development costs and create successful new products;
- the overall growth or contraction of the gaming industry;
- anticipated sales performance;
- our ability to prevent, mitigate, or timely recover from cybersecurity breaches, attacks, compromises and other security vulnerabilities;
- national and international economic and industry conditions, including the prospect of a shutdown of the U.S. federal government;
- changes in gaming regulatory, financial regulatory, legal, card association, and statutory requirements;
- the impact of evolving legal and regulatory requirements, including emerging environmental, social and governance requirements;
- regulatory and licensing difficulties, competitive pressures and changes in the competitive environment;
- operational limitations;

- changes to tax laws;
- uncertainty of litigation outcomes;
- interest rate fluctuations;
- business prospects;
- unanticipated expenses or capital needs;
- technological obsolescence and our ability to adapt to evolving technologies, including generative artificial intelligence;
- employee hiring, turnover and retention;
- our ability to comply with regulatory requirements under the Payment Card Industry ("PCI") Data Security Standards and maintain our certified status; and
- those other risks and uncertainties discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 1A. Risk Factors" of this Annual Report.

We undertake no obligation to update or publicly revise any forward-looking statements as a result of new information, future developments or otherwise. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this section. You are advised, however, to consult any further disclosures we make on related subjects in our reports and other filings with the Securities and Exchange Commission (the "SEC").

PART I

Item 1. Business.

Overview

Everi develops and offers products and services that provide gaming entertainment, improve our customers' patron engagement, and help our casino customers operate their businesses more efficiently. We develop and supply entertaining game content, gaming machines and gaming systems and services for land-based and iGaming operators. Everi is a provider of financial technology solutions that power casino floors, improve operational efficiencies, and fulfill regulatory requirements. The Company also develops and supplies player loyalty tools and mobile-first applications that enhance patron engagement for our customers and venues in the casino, sports, entertainment, and hospitality industries.

Everi reports its financial performance, and organizes and manages its operations, across the following two business segments: (i) Games and (ii) Financial Technology Solutions ("FinTech").

Everi Games provides gaming operators with gaming technology and entertainment products and services, including: (i) gaming machines, primarily comprising Class II, Class III and Historic Horse Racing ("HHR") slot machines placed under participation and fixed-fee lease arrangements or sold to casino customers; (ii) providing and maintaining the central determinant systems for the video lottery terminals ("VLTs") installed in the State of New York and similar technology in certain tribal jurisdictions; (iii) business-to-business ("B2B") digital online gaming activities; and (iv) bingo solutions through consoles, integrated electronic gaming tablets and related systems.

Everi FinTech provides gaming operators with financial technology products and services, including: (i) financial access and related services supporting digital, cashless and physical cash options across mobile, assisted and self-service channels; (ii) loyalty and marketing software and tools, regulatory and compliance ("RegTech") software solutions, other information-related products and services, and hardware maintenance services; and (iii) associated casino patron self-service hardware that utilizes our financial access, software and other services. We also develop and offer mobile-first applications aimed at enhancing patron engagement for customers in the casino, sports, entertainment, and hospitality industries. Our solutions are secured using an end-to-end security suite to protect against cyber-related attacks allowing us to maintain appropriate levels of security. These solutions include: access to cash and cashless funding at gaming facilities via Automated Teller Machine ("ATM") debit withdrawals, credit card financial access transactions, and point of sale ("POS") debit card purchases at casino cages, kiosk and mobile POS devices; accounts for the CashClub Wallet, check warranty services, self-service loyalty and fully integrated kiosk maintenance services; self-service loyalty tools and promotion management software; compliance, audit, and data software; casino credit data and reporting services; marketing and promotional offering subscription-based services; and other ancillary offerings.

Macro-Economic Volatility and Global Instability, Employment Constraints and Supply Chain Disruptions

We have experienced an impact from macro-economic volatility as a result of inflation, interest rate movements and global instability, particularly as it relates to our supply chain, both from an upstream and downstream perspective, which impacts the delivery of our products; and we continue to evaluate the effects of interest rate movements on our variable rate debt and pricing pressures on our business.

We have experienced an impact from employment constraints as a result of inflation that has significantly increased over prior years. This has placed pressure on competitive wages, which has led to increases in wages and other related costs.

We have experienced an impact from supply chain disruptions that have resulted in additional costs incurred to develop, produce, and ship our products.

For additional information on our segments and the revenues generated by our products and services see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations" and "Note 19 — Segment Information" included elsewhere in this Annual Report.

Our Products and Services

Everi Games

Our products and services include electronic gaming devices, such as Native American Class II offerings and other electronic bingo products, Class III slot machines and HHR gaming machines placed under participation or fixed-fee lease arrangements, or sold to casino customers, B2B digital online gaming activities, accounting and central determinant systems, and other back-office systems. We conduct our Games segment business based on results generated from the following major revenue streams: (i) Gaming Operations; and (ii) Gaming Equipment and Systems.

Gaming Operations

With respect to our Gaming operations revenue stream, we primarily provide: (i) leased gaming equipment, Class II, Class III and HHR offerings, on a revenue participation or a daily fixed-fee basis, including standard games and hardware and premium games and hardware, which include local-area progressive jackpot offerings and wide-area progressive ("WAP") jackpot offerings; (ii) accounting and central determinant systems; (iii) digital online gaming activities; and (iv) bingo solutions through consoles, integrated electronic gaming tablets and related systems.

In connection with our leased gaming equipment, we retain ownership of the machines installed at customer facilities. We receive recurring revenue based on a percentage of the daily win per unit (i.e., cash/coin-in less patron win and jackpots paid) generated by the leased gaming equipment, a percentage of the total cash/coin-in, a daily fixed-fee based upon the number of gaming machines placed or a combination of these methods. We expect to continue to (i) increase our investment in research and development to innovate and introduce new gaming hardware and theme content; (ii) expand our offering of new standard and premium game hardware and theme content; and (iii) extend and expand our game placements into new gaming markets and additional jurisdictions. From our historical focus on game placements in the Oklahoma tribal market, Everi Games has diversified its installed base in recent years with entry into additional commercial and tribal markets. As of December 31, 2023, approximately 10,758 units, or 61.4% of the total installed base, were outside of the Oklahoma tribal market. Additionally, Everi Games maintained its premium game installations, with this portion of games representing approximately 48.6% of our total installed base as of December 31, 2023.

In connection with our WAP offering, machines placed under such arrangements fall into the premium leased gaming equipment category and we retain ownership of such machines. Currently spanning multiple product lines, our WAP is offered to customers on the *Player Classic*, *Player Classic Reserve, Player Classic Skyline, Player Classic Revolve, Core HDX Renegade, Empire 5527, Empire MPX, Empire Flex* and *Empire DCX* cabinets.

Gaming operations also include revenues generated under our arrangement to provide the New York State Gaming Commission with a central determinant, monitoring, and accounting system for the VLTs in operation at licensed State of New York gaming facilities. In November 2019, an agreement between Everi Games and the New York State Gaming Commission was approved and became effective on January 1, 2020. Under this agreement, Everi Games will provide and maintain the central determinant system for the New York Lottery through December 2029. As of December 31, 2023, there were approximately 17,400 VLTs connected to our central determinant system for the New York Lottery. Pursuant to our agreement with the New York State Gaming Commission, we receive a portion of the network-wide net win (generally, credits played less free pay allowances and prizes paid to patrons per day) in exchange for provision and maintenance of the central determinant system. We also provide the central determinant system technology to Native American tribes in other licensed jurisdictions, for which we receive a portion of the revenue generated from the VLTs that are connected to the system.

In connection with our digital online gaming activities, Everi provides our games to business customers, including both regulated real money and social casinos, which offer the games to consumers through their online gaming platforms. Everi has developed its own remote gaming server ("RGS") that allows us to deliver a selection of games from our extensive library of land-based and internally developed content to our digital customers in a manner that allows for the game play features and functionality to operate in a manner similar to how these games were designed for our land-based customers. This RGS library contains casino-themed games available for real money gaming ("RMG") that are offered to regulated online casinos that operate in the RMG regulated markets, and social games that are offered to our business customers that operate play-for-fun social casinos on their mobile apps and websites. We enter into revenue share agreements with these online business customers.

Gaming operations also include revenues generated by bingo solutions through consoles, integrated electronic gaming tablets and related systems.

Gaming Equipment and Systems

Gaming equipment and systems revenues are derived from the sale of some combination of: (i) gaming equipment and player terminals; (ii) game content; (iii) license fees; and (iv) ancillary equipment, such as signage and lighting packages.

Games Products

Our Games products include mechanical and video reel games in Class II, Class III and HHR configurations and are offered in a variety of differentiated cabinets:

Classic Mechanical Reel Games. Our full range of classic mechanical reel games provides players with a traditional, high denomination slot gaming experience.

- *Player Classic Signature.* The *Player Classic Signature* was launched in 2022 and is an update to the successful *Player Classic* cabinet. The cabinet has newer components and technology with more on-screen merchandising capabilities.
- *Player Classic Reserve.* The *Player Classic Reserve launched in 2023* is a high-profile three-reel mechanical cabinet with an extensive top box that can incorporate a variety of premium content and secondary bonusing.
- Player Classic: These games leverage our long-standing experience in building enduring brands, such as *Black Diamond*® and *Wild Wild Gems*®, and feature a unique perspective on traditional slot games with eye-catching features, such as *Cash Machine*™, a three-reel, one-line mechanical slot game that offers "win what you see" gameplay.
- Player Classic Skyline: These games utilize common recognizable light sequencing in the top box in sync with specific game themes such as Double Jackpot Gems and Triple Double Patriot along with licensed game themes such as Casper and Smokin' Hot Stuff.
- Player Classic Revolve: Our premium linked products such as Cash Machine Jackpots and Gold Standard Jackpots builds upon the skyline cabinet and also includes a mechanical wheel top box and merchandising options for casino operators that can include overhead signage, and wedge kits.

Video Reel Games. We offer a growing range of video reel games that provide entertaining slot gaming experience. Below is a list of our video gaming cabinets and select games on these platforms.

- *Dynasty Vue. Dynasty Vue* is our unique "square-like" low-profile portrait screen, released in March of 2023 with themes such as *Octopus Gold* and *High Rollin Gems*.
- *Dynasty Sol. Dynasty Sol* is our newest 49-inch portrait screen, released in December of 2023 with games such as *Dynamite Pop* and *Destiny Link*.
- *Empire Flex.* The *Empire Flex* cabinet, released in December 2019, is part of the Empire Cabinet Series. The cabinet features a 49-inch flexed monitor capable of supporting 4K content, an enlarged glass button deck, and curved LED light bars that are available in standard or extended options. The cabinet officially launched with two games that are part of the *Wicked Wheel*™ Series.

- *Empire DCX.* The *Empire DCX* is a premium video cabinet that features dual curved 43-inch displays that support 4K content with integrated edge lighting, premium 4.1 surround sound, and enhanced game-controlled lighting. The cabinet is available exclusively with licensed brand game themes having launched with Little Shop of Horrors Director's Cut™ slot game.

Everi FinTech

Our FinTech products and services include solutions that we offer to gaming operators to provide their patrons with financial access and funds-based services supporting digital, cashless and physical cash options across mobile, assisted and self-service channels along with related loyalty and marketing tools, and other information-related products and services. We also develop and offer mobile-first applications aimed at enhancing patron engagement for customers in the casino, sports, entertainment, and hospitality industries. These solutions include:

- access to cash at gaming facilities via ATM debit withdrawals, credit card financial access transactions, and POS debit card purchase at casino cages, kiosk and mobile POS devices;
- access to cashless funding through the CashClub Wallet® and QuikTicket;
- check warranty services;
- self-service fully integrated kiosks and related maintenance services;
- self-service loyalty tools, promotion management software and loyalty kiosks and related maintenance services;
- compliance, audit, and data software;
- a credit bureau focused on casino credit with data and reporting services;
- marketing and promotional based services; and
- other ancillary offerings.

We conduct our FinTech segment business based on results generated from the following major revenue streams: (i) Financial Access Services; (ii) Software and Other; and (iii) Hardware.

Financial Access Services

In connection with our Financial Access Services, we offer the following:

Funds Dispensed. Funds dispensed transactions represent the largest category of electronic payment transactions that we process, as measured by dollars processed and transaction volume. In a funds dispensed transaction, a patron directly accesses funds from either a standalone ATM or a device enabled with our funds dispensing service by using a debit card to withdraw funds from the patron's demand deposit account, using a credit card to access the patron's line of credit, or disbursing funds authorized by a third party through direct application programming interface integration. In any event, the patron must use the personal identification number ("PIN") associated with such card or other accepted authentication method. Our system then routes the transaction request through an electronic funds transfer ("EFT") network to the patron's bank or card issuer, or through a third party system, as applicable.

Depending on several factors, including the patron's account balance, their credit limit and/or the daily withdrawal limits (which limits are often set by the card issuer), the card issuer will either authorize or decline the transaction. If the transaction is authorized, then the funds dispensing-enabled device dispenses the cash to the patron. For a transaction using a debit card, the patron's demand deposit account is debited by the amount of cash disbursed plus a service fee that we assess the patron for the use of the funds dispensing service. For a transaction using a credit card with a PIN, the patron's credit card account is charged by the amount of the cash disbursed plus service fees assessed by the Company and by the card issuer for the use of the funds dispensing service. In both cases, our service fee is currently a fixed dollar amount and not a percentage of the transaction size. We also receive a fee from the card issuer, which we refer to as the interchange reimbursement fee, for accommodating the card issuer's customer (the patron). In most circumstances, we pay a percentage of the service fee received from the patron and, in many circumstances, a portion of the interchange reimbursement fees received from the card issuer, as a commission to our gaming operator customers for the right to operate on their premises.

Funds Transmitted. Everi products are also able to transmit funds to a patron's external bank account or other approved account from physical devices such as our kiosks or via the CashClub Wallet. These funds may be sent via ACH, the debit card networks, or direct connections with third parties. In all cases, Everi will either charge a fee to the casino operator or share in revenue from the patron where fees are presented to them for the service.

Credit Card Financial Access Transactions and POS Debit Card Financial Access Transactions. Patrons can perform credit card financial access transactions and POS debit card financial access transactions using many of our enabled devices. A patron's credit card financial access limit is usually a sub-limit of the total credit line and is set by the card issuer, not Everi. These limits vary significantly and can be larger or smaller than the POS debit financial access limit. A credit card financial access transaction obligates the patron to repay the card issuer over time on terms that are preset by the cardholder agreement. A patron's POS debit card allows the patron to make cash withdrawals at the POS-enabled device in an amount equal to the lesser of the amount of funds in the account, or a daily limit that is generally five to ten times as large as the patron's daily ATM limit.

When a patron requests either a credit card or POS debit card financial access transaction, our processor routes the transaction request through one of the card associations, or EFT networks, to the card issuer. Depending upon several factors, such as the available credit or bank account balance, the transaction is either authorized or declined by the card issuer. If authorized, the patron's bank account is debited or the patron's credit card balance is increased, in both cases, by an amount equal to the funds requested plus our service fee. Our service fee is a fixed dollar amount, a percentage of the transaction size, or a combination of a fixed dollar amount and percentage of the transaction size. If the transaction is authorized, the device informs the patron that the transaction has been approved. The device then further instructs the patron to proceed to the gaming operator's cashier cage ("financial services center"), to complete the transaction, because both credit card and POS debit card financial access transactions must, in most circumstances, be completed in a face-to-face environment and a unique signature received in order to comply with rules of the card associations. We receive the transaction amount and the service fee from the card issuer, and we reimburse the gaming operator for the cash amount that it provided to the patron, and in addition, will pay the gaming operator a portion of the service fee we collected as a commission for the right to operate on its premises. We are also obligated to pay interchange fees to the card issuer and processing costs related to the electronic payment transaction to card associations.

Check Warranty Services. Everi provides a check warranty service that allows gaming operators to accept personal and/or payroll checks without the risk of default. When a patron presents a check to the cashier at a gaming operator, the check and patron information is sent through Everi's system to our third-party partner. The partner evaluates the information and returns to the cashier a warranty limit that a check or multiple checks can be cashed for on that business day. The partner may also return a decline code telling the cashier not to accept the check.

For a gaming operator that subscribes to the check warranty service, Everi will warranty any dishonored check that was approved, eliminating any risk of loss on check acceptance for the gaming operator. Everi's partner facilitates and manages the check processing, deposits, redeposits, and collections for any checks.

On our behalf, our third-party provider charges our customers a fee for the check warranty services, which is typically a percentage of the face amount of the check being warranted. In such circumstances, we receive the check warranty revenue associated with the fees we charge our customers for the initial check warranty services. We are exposed to risk for the losses associated with warranted checks that cannot be collected from patrons issuing the items. Warranty expenses are defined as any amounts paid by the third-party provider to gaming operators to purchase dishonored checks that will not be collectible from patrons. We also pay certain fees and expenses to our third-party provider in connection with the provision of such services.

CashClub® is a software payments platform that provides gaming operators with a personal computer workstation software user interface and point-of-sale terminal that streamlines credit and debit card financial access transaction processing and check warranty transactions for casino patrons. It allows for electronic signature capture and dynamic currency conversion. Several mobile versions, such as CashClub Concierge, are also available that enable operators to serve their patrons when, where, and how they are needed. It also interfaces with our Everi Compliance solutions (defined below) to assist casino operators with meeting regulatory requirements under Title 31 of the Bank Secrecy Act.

CashClub Wallet® is a digital payments platform for gaming operators to offer their patrons a digital cashless method to fund their entertainment experience, including funding at the gaming device, payments at point of sale for retail, online, hotel and food/beverage, igaming, and sports wagering. The wallet allows patrons various funding options including credit card financial access transactions and POS debit card financial access transactions, Automated Clearing House, and E-Check check warranty. It also interfaces with our Everi Compliance solutions (defined below) to assist casino operators with meeting regulatory requirements under Title 31 of the Bank Secrecy Act. The wallet also has capabilities to integrate with our Loyalty platform including our Enrollment and Promotional kiosks.

Software and Other

JackpotXpress is a full-featured jackpot payout and tax form management and filing platform that allows casino personnel to work through the complex jackpot process using a mobile tablet or kiosk. *JackpotXpress* allows gaming operators to reduce jackpot payout wait times, increase slot play, eliminate manually filling out cumbersome paper documents, and perform Know Your Customer ("KYC") checks. It is fully integrated with our *Everi Compliance*, *CageConnect*, and *JackpotXchange* products. In addition to making jackpot operations more efficient, *JackpotXpress* also helps operators increase customer engagement which leads to improved loyalty and service.

Loyalty Platform provides a software platform that enables gaming operators to adopt and deliver new promotional strategies to attract, engage, reward, and retain their patrons. Gaming operators utilize the platform to deliver content and promotions on kiosks, tablets, and mobile devices. The software platform integrates with other casino applications to engage with patrons in a more relevant and personalized fashion. We provide the operators with a control panel to assist with the planning, personalization, and optimization of delivering messages and content via interactions within our platform depending on how much value the casino places on the patron. This allows our customers to unify the patron experience across all touchpoints within the casino and replaces outdated promotional and enrollment tactics by utilizing our content for promotions, drawings, targeted alerts, card signups, reprints, and geo-fencing. By providing a comprehensive set of integrated applications within our platform, we offer gaming operators the ease of use and simplicity to interact with their patrons. Additionally, our loyalty platform is integrated with other Everi applications for financial access and compliance tools.

Maintenance provides various levels of support and maintenance services for our fully integrated kiosks, loyalty kiosks, and related equipment. Our support operations, field service, and customer engagement teams provide quarterly and annual preventative maintenance on these products and software systems to help maximize the efficiency of our products.

Everi Compliance is a leading Anti-money Laundering ("AML") management tool for the gaming industry. Everi Compliance encompasses many elements including filing Suspicious Activity Reports ("SARs") and Currency Transaction Reports ("CTRs"), and assisting our customers in performing KYC activities. Everi Compliance automates much of the manual processes gaming operators employ to be compliant with those requirements, thus saving time, improving accuracy, and allowing operators to manage their compliance programs much more efficiently. In addition, Everi Compliance gives operators the ability to enter Multiple Transaction Log and Negotiable Instrument Log transactions, file Financial Crimes Enforcement Network ("FinCEN") reports electronically, conduct transaction analysis, complete compliance audits, and review reports.

Central Credit is our gaming patron credit bureau service which, on a subscription basis, allows gaming operators to improve their credit-granting decisions by obtaining access to a database containing credit information and transaction data on millions of gaming patrons. Our gaming credit reports comprise information recorded from patron credit histories at hundreds of gaming operators. We provide such information to gaming operators that subscribe to the service. These operators then use that data, among other things, to determine how much credit, if any, they will grant to a gaming patron. We typically charge our customers for access to gaming patron credit reports on a monthly basis and our fees are generally comprised of a fixed minimum amount plus per-transaction charges for certain requests.

Mobile-first Applications is centered around the *BeOn™ Mobile* platform. Fortified by the 2022 asset acquisition of Venuetize, Inc., a leading mobile platform provider in the sports, entertainment, and hospitality industries, we now have products and services formulated for casino operators, sports teams and other venues going through their mobile digital transformation. By offering turn-key solutions that simplify the entire process of the customer journey, digital offerings like our marketing technology associated with it, a mobile app now becomes a powerful tool for any casino operator or venue owner.

Hardware

Fully Integrated Kiosks are a complete line of products that provide multiple functions to gaming operators on their casino floors. This includes financial access functionality that enables funds dispensed cash withdrawals, POS debit card and credit card financial access transactions directly or by using our patented "Seamless Transition" technology, which is the Europay, MasterCard, and Visa global standard for cards equipped with security chip technology ("EMV"). The kiosks also provide functionality to perform check cashing transactions, slot machine ticket redemption, bill breaking, slot ticket purchase from a debit card, and loyalty program access, as well as integration with mobile and wallet technology. The availability of our financial access platform on these slot ticket redemption devices provides us with additional points of contact with gaming patrons at locations that are typically closer to gaming devices than traditional financial access devices that are generally located on the periphery of the gaming area and provides gaming patrons with more opportunities to access their cash with less cashier involvement.

Other Integrated Kiosk Solutions provide casinos with more efficient and streamlined methods for cash handling and transaction processing. These products are designed to be integrated with our financial access products and cage compliance software ensuring compliance with anti-money laundering regulations, and provide an automated way to process common tax forms, such as the Internal Revenue Service Form W-2G or Form 1042-S. In addition, we offer hardware in the form of standalone, non-funds dispensing terminals that perform authorizations for credit card financial access and POS debit card financial access transactions. Our kiosk solutions include the following products:

- *JackpotXchange* family of kiosks, *JXC 4.0*, and *JXC-L*, enable casino personnel to efficiently access funds to pay winning slot machine jackpots to their patrons. These kiosks are integrated with all major slot accounting systems to offer jackpot processing and payout in a combination of cash or slot tickets. These kiosks offer gaming operators the ability to reduce workload for cage operations and slot personnel.

- *CageConnect* is a cash dispensing device that helps streamline casino cage operations. With *CageConnect*, cash is securely vaulted, creating increased security while also reducing cash shrinkage and helping to improve cashier accuracy. Additional efficiencies are achieved from accelerating the process of cage cashiers obtaining money from the vault. *CageConnect* is integrated with *CashClub®* to create an efficient transaction for casino patrons.

- Our *Cash Recycling Solutions* allow casinos to fully automate the check in and check out process of money, saving time and expense. As gaming operators vary in size and complexity, these *Cash Recycling Solutions* support a number of diverse operations such as retail, food and beverage, entertainment, and gaming operations.

Loyalty Kiosk and Related Equipment provide gaming operators with self-service loyalty enrollment, player card issuance, and marketing equipment that manages and delivers a gaming operator's marketing programs through the patron interfaces. This loyalty-related equipment allows the customer to utilize and interact with the loyalty platform as the central hub for all the marketing offerings.

- *Enrollment Kiosk* is a self-service kiosk that allows casino patrons to either sign up for an initial loyalty card or print a replacement card. These kiosks provide an enhanced level of customer service when the club desk is busy or closed by creating patron self-service locations throughout the casino floor without costly infrastructure or additional overhead costs. Such kiosks also assist with updating contact information of card holders and to verify email or phone contact with a two-step verification process.

- *Promotional Kiosk* is a kiosk that engages casino patrons with the casino's loyalty programs, unifying patron service functions into a simple self-service solution. With a range of promotions and offers, the kiosk enables the customer to better manage their marketing efforts. A flexible interface and control panel functionality enable the kiosk to be responsive to customers' changing business conditions or plans. With the drawings feature, multiple point to entry conversion ratios can be controlled by the hour, as well as scheduled prize earnings. Customized content is shared throughout the solution with property amenities that include menus, photos, and video content. With a graphic-rich, statistically-optimized, and exciting promotions catalog library of more than 300 games, critical assets for instant win, episodic board games, and earn and wins, customers' patrons can easily access differentiated content.

Sales

As of December 31, 2023, we served more than 2,800 casinos and other gaming properties primarily in the United States, Canada and Australia, with additional customers in the United Kingdom, Europe, the Caribbean, Central America, and Asia.

In our Games and FinTech businesses, we sell and market our products and services primarily through direct sales force, which targets regulated gaming operators in the United States, Canada, and in certain international markets. Our sales and marketing efforts are directed by a team of customer service executives, each of whom has business development responsibility for gaming operators in specified geographic regions. These customer service executives direct their efforts at various gaming operator personnel, including: senior executives, finance professionals, marketing staff, slot directors, and cashiers, and seek to educate them on the benefits of our products and services. In some cases, our customer service executives are supported by field service and customer engagement teams, who provide on-site customer service. In other cases, our sales executives directly maintain the customer relationships. These customer service executives and field service and customer engagement teams generally reside in the vicinity of the specific gaming operators they support to provide a prompt response to the needs of those gaming operators. In some situations, we also have joint sales efforts with several strategic partners, including independent sales organizations, which allow us to market our products and services to gaming operators through channels other than our direct sales force.

Markets

Development Activities

We conduct research and development activities for both our Gaming and FinTech lines of business.

Our Games research and development activities are primarily to develop gaming systems, game engines, casino data management systems, central determination and other electronic bingo-outcome determination systems, video lottery outcome determination systems, gaming platforms and gaming content, and to enhance our existing product lines.

Our FinTech research and development activities are primarily to develop: (i) payments products, systems, and related capabilities including security, encryption, and business rule engines that deliver differentiated patron experiences and integrate with our other products; (ii) compliance products that increase efficiencies, profitability, enhance employee/patron relationships, and meet regulatory reporting requirements; and (iii) loyalty products, systems, and features that attract, engage, and retain patrons in more intuitive and contextual ways than our competition.

We believe our ability to deliver differentiated, appealing products and services to the marketplace is based on our research and development investments, and we expect to continue to make such investments in the future. Research and development costs consist primarily of salaries and benefits, consulting fees, certification, and testing fees. Once the technological feasibility has been established, the project is capitalized until it becomes available for general release.

Competitive Conditions

With respect to our Games business, we compete across different gaming markets with a variety of gaming technology and equipment suppliers. Competition is generally based upon the: (i) amount of revenue our products generate for our customers relative to the amount of revenue generated by our competitors' products, which correlate directly to the appeal of these products to gaming patrons and (ii) prices and fees we and our competitors charge for products and services offered. To improve product attractiveness and drive customer demand, we work to develop a consistent pipeline of new game themes, game platforms, hardware cabinets, and systems that are expected to appeal to gaming patrons; obtain appropriate gaming regulatory approvals for such products; and offer these new products to the marketplace in a timely manner.

With respect to our FinTech business, we compete with other providers of financial access services to the gaming industry. Some of these other providers have established cooperative relationships with each other to expand their service offerings. We also face competition from: (i) other manufacturers that provide similar goods and services; (ii) independent sales organizations, which provide basic services often at aggressive pricing; and (iii) traditional transaction processors that have entered the gaming patron financial access services market. This competition amongst these various providers can result in pricing pressure and margin erosion with respect to our core financial access products and services. In addition to competing with various providers of financial access services, FinTech experiences competition from either those same providers or standalone providers of AML compliance products and self-service kiosks for ticket and jackpot redemption.

Resources

Manufacturing

We have assembly facilities in Las Vegas, Nevada and Sydney, Australia, where we assemble gaming machines and kiosk products, which comprise a variety of components, including cabinet hardware, computer assemblies, LCD screens, printers, bill validators and acceptors, power transformer and wiring harnesses.

We had assembly facilities in Austin, Texas until we transitioned to our new assembly facility in Las Vegas, Nevada during the fourth quarter of 2023.

We believe that our sources of supply of component parts and raw materials for our products are generally adequate. We utilize contract manufacturers to produce the cabinet hardware that make up our gaming machines, kiosk products, and certain other sub-assemblies.

Intellectual Property

We believe the ability to introduce and respond to technological innovation in the gaming industry will be an increasingly important qualification for the future success of any provider of financial access and gaming-related products and services. Our continued competitiveness will depend on: (i) the pace of our new product development; (ii) our patent, copyright, trademark, and trade secret protection; and (iii) our relationships with customers. Our business development personnel work with gaming operators, our technology and other strategic partners, and the suppliers of the financial services upon which our financial access services rely, to design and develop innovative products and services that appeal to gaming patrons.

We rely on a combination of patents, trademarks, copyrights, trade secrets, and contractual restrictions to protect our intellectual property. The expiration dates of these patents vary and are based on their filing and issuances dates. We intend to continue to actively file for patent protection, when such filings are commercially reasonable, within and outside the United States. We also seek trademark protection for our names and products and have registered hundreds of trademarks in the United States and various foreign countries. Under permission or license agreements with third parties, we also sell gaming products covered by independently filed copyrights, trademarks, or patents. Typically, these contracts require us to pay royalties to the licensing party. Royalty expenses are included in the cost of gaming equipment and systems in our Financial Statements included elsewhere in this Annual Report on Form 10-K. In addition to our patents, trademarks, and copyrights, we also rely on a broader scope of intellectual property including trade secrets, in-house know-how, and innovation.

Human Capital

Composition of our Workforce

As of December 31, 2023, Everi employed approximately 2,200 people, a vast majority of whom work in the United States. Approximately 1,000 people are employed within the Games segment and approximately 1,200 people are employed within the FinTech segment. None of our employees are party to a collective bargaining agreement and we have had no labor-related work stoppages.

Culture of our Workplace

In 2023, we reaffirmed our mission statement and continued to focus on our employees' collective imagination, talent, and innovation with our Company's objectives. At Everi, we are guided by our values of collaboration, integrity, inclusion, excellence, and fun. We (i) Harness the power of collaboration; (ii) Act with integrity; (iii) Value Everi-One; (iv) Exceed expectations and be bold. When we deliver on these values consistently, we H.A.V.E. (v) Fun! We live these values by investing in programs and implementing standards to promote ethical business conduct, diversity, sustainability, giving and volunteerism, and responsible gaming. These programs support our long-term business success while also empowering our team members.

Inspired by Author Simon Sinek's concept of the Golden Circle and the importance of identifying the "WHY" behind your business, Everi has established a company "WHY" statement. As part of our continued growth and our desire to define and share our Company "WHY" statement more broadly, we apply the Company "WHY" that puts our employees and their success front and center:

Elevate the Success of:
- Everi Employee
- Everi Customer
- Everi Day!

Diversity and Inclusion

At Everi, one of our fundamental values is inclusion, a principle we actively embrace and embody in our daily operations. We firmly believe that our strength lies in the diversity of our employees, customers, and the communities we serve. This belief drives our commitment to being an equal opportunity employer dedicated to fostering a diverse and inclusive work environment.

We work to uphold a workplace where every employee is treated with dignity and respect, free from any form of harassment or discrimination. Our policies and practices are designed to support a safe and supportive environment for all, regardless of race, color, age, gender, disability, sexual orientation, or any other protected characteristic. By steadfastly adhering to these principles, we not only honor our commitment to diversity and inclusion but also enhance our ability to innovate, understand our customers, and succeed as a company.

The Company activates its commitment to diversity and inclusion by employing a multi-pronged strategy: (i) promoting a fun, friendly, and supportive environment; (ii) valuing inclusion as a top priority and expectation; (iii) focusing resources on recruiting and retaining qualified employees from diverse backgrounds; and (iv) continuing to build awareness of the importance and benefits that diversity and inclusion provides to our Company and employees. In addition, our Compensation Committee and Nominating and Governance Committee oversee initiatives and metrics concerning human capital management, including corporate culture, diversity, acceptance, inclusion, and attracting and retaining talent.

Our commitment to fostering a diverse and inclusive workplace is reinforced through mandatory company-wide training. This program is designed to address key challenges in advancing inclusion and supporting diversity, with a focus on understanding and mitigating unconscious bias and micro-inequities. Recognizing the pivotal role of hiring managers in promoting diversity, we have implemented specialized training for them. This training is aimed at building a foundational awareness of how biases influence decision-making, examining their effects on the selection process, and highlighting the advantages of bias-free hiring practices. Leadership by example is crucial in these efforts. Our executive leadership team leads the way, having participated in training focused on inclusive leadership. We take this top-down approach so that our commitment to diversity and inclusion is not only preached but also practiced at every level of our organization.

Everi is also working to increase the representation of women in our workforce. In 2017, the Company launched The Women's Leadership Initiative (WLI), which seeks to develop and advance gender diversity and create new opportunities and a clearer path for advancement. The WLI is committed to promoting and advocating gender diversity at all levels of leadership through awareness, training, development, and inspiration. Participants in the WLI engage and connect with other WLI members, Company employees and leaders, and diverse stakeholders in the gaming industry. WLI members also participate in educational programs such as "lunch and learn" events with internal business leaders and training opportunities with experts outside the industry. The WLI leads the Company's mentorship program for U.S. employees, providing the benefit of advice and insights from Everi mentors to all mentees. As a result of the success of the WLI initiative, we have expanded the program company wide and rebranded it as the Everi Leadership Initiative.

At Everi, we place great importance on recognizing and celebrating the rich and diverse heritage of our employees, customers, and the communities we serve. Throughout the year, we dedicate ourselves to various heritage celebrations, holidays, and commemorative events. Our approach includes engaging our employees through educational webinars and guest lectures, which are designed to build awareness and foster a deeper understanding of different cultures and traditions.

In addition to internal initiatives, our commitment extends to the communities around us. We actively support local charitable organizations that provide essential services and support. These donations are a vital part of our engagement, reflecting our dedication to not only acknowledging diversity but also contributing positively to the communities where we operate. Through these efforts, Everi strives to create an inclusive environment that values and celebrates the unique backgrounds and experiences of all individuals connected to our company.

Employee Engagement

At Everi, our core values of Inclusion and Collaboration, are at the forefront of our efforts to foster ongoing dialogue with our employees. Recognizing that over 70% of our workforce operates outside of an office, we understand the critical importance of maintaining robust employee engagement and providing avenues for employee input. To achieve this, we employ a variety of feedback mechanisms. These include annual employee surveys, regular company-wide email communications and periodic town hall meetings. These platforms serve a dual purpose: they not only disseminate crucial company updates from our leadership but also provide opportunities for active employee participation and involvement.

Our leadership team takes a hands-on approach to addressing the feedback received through these channels. This practice is a testament to our commitment to not just listen, but to act on employee input, working to foster a culture where every voice is valued and can lead to tangible, positive changes. This approach has been met with success, as evidenced by a notable increase in our employee satisfaction scores in 2023 compared to 2022.

In 2023, Everi proudly continued its recognition as an exemplary employer through various prestigious programs. Participating in both the 'Top Workplaces' and 'Great Place to Work' initiatives, we benchmark our employee experience against thousands of organizations nationwide. This year, the Company was honored with seven distinct national awards, underscoring our employees' confidence in our leadership, employee well-being, and innovation among others. Notably, we maintained our status as a Nevada Top Workplace and again secured the Greater Austin Top Workplace title. Our overseas Technology Development Centers also continued their streak as a Great Place to Work in India. This marks the third consecutive year of Everi being recognized as both a Top Workplace and a Great Place to Work, a testament to our unwavering commitment to fostering an exceptional work environment.

Employee Development and Training

Everi is dedicated to fostering the growth and development of our employees through a multifaceted training program. We provide specialized leadership training and development courses for newly hired or promoted leaders, equipping them with the skills necessary for their new roles. Additionally, our online learning platform offers an extensive catalog of courses accessible to all employees. This catalog covers a broad spectrum of topics, essential for both leadership and professional development. Key areas include conflict management, effective delegation, understanding unconscious bias, recognizing team achievements, and techniques for coaching and delivering constructive feedback.

Recognizing the importance of holistic development, our program also includes training in vital soft skills. Courses on emotional intelligence, email etiquette, and developing a professional presence are designed to support each employee's personal and professional journey. We believe that investing in such diverse training opportunities not only enhances individual capabilities but also contributes significantly to the overall success and culture of our organization.

Talent Acquisition and Diverse Recruiting

The Recruitment Team at Everi is dedicated to sourcing talent from a wide array of channels, particularly recognizing the increasing prevalence of remote work. By leveraging advanced tools and systems, we minimize geographic limitations, thereby broadening our talent pool. This approach is especially beneficial in today's competitive job market, allowing us to fill a variety of roles, including those requiring specific, in-demand skills. We are regularly enhancing our recruitment strategies to identify and attract new, untapped talent, supporting the growth and diversification of our business.

At Everi, we understand that creativity and innovation are the fruits of diverse backgrounds and perspectives. To foster a more diverse workplace, we employ a blind resume screening process for initial applicants. This method focuses on evaluating talent, experience, and qualifications without the influence of certain demographic information to help provide a fair and unbiased selection process. Additionally, we are proactive in expanding our reach to new candidates. A dedicated member of our Recruitment Team actively collaborates with various educational institutions, professional associations and student organizations. This collaboration not only provides support and information to diverse groups of students and job seekers but also helps us discover potential candidates for our open positions. Through these efforts, we are committed to nurturing an inclusive and dynamic workforce that reflects the diverse world in which we operate.

Employee Health and Wellness

Everi considers the health and safety of our employees to be of paramount importance. We have policies in place to monitor the working conditions of our employees and implement measures to protect their health, safety, and well-being.

At Everi, we seek to recognize the diverse needs of our workforce and have tailored our benefits program accordingly. We aim to provide competitive and comprehensive options that are both valuable and accessible to our employees. Our benefits package encompasses a wide range of offerings. These include extensive medical, dental and wellness programs, flexible time-off plans and paid holidays, flexible spending accounts, and a 401(k) retirement plan complimented by a company match on employee contributions. Additionally, we offer financial wellness services to support our employees' overall financial health.

To align our benefits with our employees' needs, we conduct an annual employee benefits survey. This survey serves as a crucial tool for gathering feedback directly from our employees. We actively use this input to refine and enhance our benefits offerings, demonstrating our commitment to regularly improving the work-life balance and overall satisfaction of our workforce.

Everi strives to be steadfast in its commitment to adhering to relevant laws and regulations concerning workplace health and safety, as well as emergency and disaster recovery protocols. Our approach is proactive and informed, as we consistently draw upon the expertise of leading national health organizations. This strategy is integral to our operations, particularly in navigating the macroenvironment and its challenges. Our primary objective is safeguarding our employees, protecting them from potential harm. By staying abreast of and responsive to the latest guidance and best practices, we strive to maintain a safe and secure working environment for all.

Seasonality

Our revenues and cash flows may fluctuate throughout the year driven by seasonality, among other factors. Historically, we have generally experienced higher operating income during the first half of a year and lower operating results during the second half of a year; however, such fluctuations do not have a material impact on our revenues and cash flow.

Government Regulation

General

We are subject to a number of gaming and financial institution laws and regulations and believe that we are in substantial compliance with these laws and regulations. We have designed a diligent internal compliance program governing our business activities, as well as legal requirements generally applicable to publicly traded companies. The compliance program is directed on a day-to-day basis by our Chief Legal Officer, who also serves as Chief Compliance Officer. Legal advice is provided by attorneys from the Company's legal department and outside experts. The compliance program is overseen by the Corporate Compliance Committee, which includes an independent member. While complying with these regulations can require significant time and resources, we do not believe it results in costs that materially impact our earnings, capital expenditures, or competitive position. Despite our compliance efforts, we can give no assurance that our business activities or the activities of our customers in the gaming industry will not be subject to any regulatory or legal enforcement proceedings in the future.

Gaming Regulation

The gaming industry is highly regulated under legal systems that frequently evolve and change based on governmental public policies. Various aspects of our business are subject to comprehensive laws, regulations, and ordinances applicable to the ownership, management, and operation of gambling operators, the manufacture and distribution of gaming devices, as well as certain financial services conducted at such operators. The stated policies and other purposes behind such laws, regulations, and ordinances are generally to: (i) secure the public's trust and confidence in legalized gambling through a system of mandated regulation, internal controls, accounting practices, and operating procedures; and (ii) promote economic activity for the state, county, and local governments through revenue opportunities emanating from taxes, licensing fees, and other economic benefits arising out of gambling and related activities.

A description of the material regulations to which we are subject is set forth below.

Gaming Authorities. We are regulated by various city, county, state, provincial, federal, tribal, and foreign government agencies (collectively, "Gaming Authorities") in the jurisdictions where we conduct business as either a: (i) manufacturer of gaming devices, in those jurisdictions where we manufacture gaming devices and systems; (ii) distributor of gaming devices, in those jurisdictions where we distribute gaming devices and systems; (iii) supplier of "associated equipment," in those jurisdictions where we sell and service fully integrated kiosks and other integrated kiosk solutions; and (iv) non-gaming supplier or vendor, in those jurisdictions where we provide financial access and Central Credit services only. We must maintain those licenses, registrations, or other approvals in good standing to continue our business. Gaming Authorities have broad discretion in determining whether to grant a license, registration, or other approval. Subject to complying with certain procedural requirements, Gaming Authorities may deny any application, or limit, condition, restrict, revoke, or suspend any license, registration, finding of suitability, qualification, or other approval for any cause deemed reasonable to them.

Approvals, Licensing, and Suitability

The process of obtaining necessary licenses, registrations, or other approvals often involves substantial disclosure of confidential or proprietary information about us and our officers, directors, key personnel and, in certain instances, beneficial owners of our debt or equity securities, and requires a determination by the regulators as to our suitability as a manufacturer, distributor, supplier, or vendor to gaming operators. Authorities have broad discretion and may require any beneficial holder of our securities, regardless of the number of shares of common stock or amount of debt securities owned, to file an application, make personal or confidential disclosures, be investigated, and be subject to a determination of suitability. Many jurisdictions require any person who acquires beneficial ownership of more than a certain percentage (most commonly 5%) of voting securities of a publicly-traded gaming company and, in some jurisdictions, non-voting securities, to report the acquisition to Gaming Authorities, and Gaming Authorities may require such holders to apply for qualification or a finding of suitability, subject to limited exceptions for "institutional investors" that hold a company's voting securities for investment purposes only.

Product Approvals

Our gaming devices and certain other products and technologies must be certified or approved by Gaming Authorities in many jurisdictions where we conduct business. These Gaming Authorities test the gaming devices, systems, and related equipment directly or through an independent testing laboratory and may also require a field trial under the regulator's technical standards before allowing us to sell the product. Although we collaborate closely with the Gaming Authorities and independent testing laboratories, we cannot control whether our products will be approved or the length of time it will take to review our products for sale to third parties. Moreover, there are no guarantees that we will be successful in obtaining and maintaining all necessary licenses, permits, and approvals; or in continuing to hold other necessary gaming licenses, permits, and approvals to conduct our businesses either as currently being conducted by us or to expand our businesses.

Our Native American customers are regulated by the National Indian Gaming Commission ("NIGC"), which was established by the Indian Gaming Regulatory Act of 1988 ("IGRA"). The NIGC has regulatory authority over certain aspects of Native American gaming and defines the boundaries of our dealings with the Native American marketplace and the level of regulatory authority to which these games are subject. IGRA establishes three classes of gaming, each with a different regulatory framework:

Class	Type of Games	Regulatory Oversight
I	Social gaming for minimal prizes and traditional Native American gaming.	Exclusive regulation and oversight by tribal governments.
II	Bingo (both in traditional and electronic form).	Regulation by tribal governments with NIGC oversight.
III	Casino style games (including slot machines, blackjack, craps, and roulette).	Must be permitted by the state in which the tribe is located. The state and the tribe must have negotiated a compact approved by NIGC, and the tribe must have adopted a gaming ordinance approved by the NIGC.

We provide our gaming devices and systems in both Class II and Class III markets.

Class III gaming on Native American tribal lands is usually subject to the negotiation of a compact between the tribe and the proximate state attendant to where the tribe intends to operate a gaming facility. These tribal-state compacts typically include provisions entitling the state to receive significant sums of money in exchange for the tribe's operation of Class III gaming. While tribal-state compacts are intended to document the agreement between the state and a tribe, these tribal-state compacts can be subject to disputes relative to permitted Class III gaming operations.

The Johnson Act. The Johnson Act, as amended by the federal Gambling Devices Act of 1962 (the "Johnson Act"), requires that we register annually with the Criminal Division of the United States Department of Justice, and requires a wide variety of record keeping and equipment identification efforts on our part. Registration is required for us to sell, distribute, manufacture, transport, or receive gaming equipment, machines, or components across state lines. If we fail to comply with the requirements set forth under the Johnson Act, we could become subject to a variety of penalties, including, but not limited to, the seizure and forfeiture of equipment.

Internet and Online Gaming Regulation. Several states have passed legislation and regulations to allow certain intra-state, wager-based, online casino, or lottery games, such as online poker, online lottery, lottery ticket purchases, or lottery ticket subscriptions. To date, several states have authorized some form of Internet or online gaming or lottery activities. However, the legislative and regulatory framework governing these activities may continue to evolve in the future.

Financial Services Regulation

Our FinTech business is also subject to several financial services regulations:

Durbin Amendment. Rules promulgated by the Board of Governors of the Federal Reserve System, required as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), including the so-called Durbin Amendment (the "Durbin Amendment"), establish, among other things, standards for assessing whether debit card interchange fees received by certain debit card issuers are reasonable and proportional to the costs incurred by issuers for electronic debit transactions. Debit card interchange fees are established by payment card networks and ultimately paid by merchants to debit card issuers for each debit transaction.

Anti-Money Laundering and Sanctions. The USA PATRIOT Act of 2001, other federal statutes, generally referred to as the Bank Secrecy Act, and implementing federal regulations require us to establish and maintain an anti-money laundering program. Our anti-money laundering program includes the following: internal policies, procedures, and controls designed to identify and report money laundering, a designated compliance officer, ongoing employee training programs, an independent audit function to test the program, and customer due diligence. In addition, the financial access services we provide are subject to record keeping and reporting obligations under the Bank Secrecy Act. Our gaming operator customers are required to file a SAR with the U.S. Treasury Department's Financial Crimes Enforcement Network to report any suspicious transactions relevant to a possible violation of law or regulation. We are also required to file a SAR in certain circumstances where we provide our financial access services directly to patrons. To be reportable, such a transaction must meet criteria that are designed to identify the hiding or disguising of funds derived from illegal activities. Our gaming operator customers, in situations where our financial access services are provided through gaming operator cashier personnel, and we, in situations where we provide our financial access services, are required to file a CTR of each deposit, withdrawal, exchange of currency, or other payment or transfer by, through, or to us which involves a transaction in currency of more than $10,000 in a single day. Our CashClub® product can assist in identifying transactions that give rise to reporting obligations.

We also have a program designed to comply with applicable economic and trade sanctions programs, including those administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"). These sanctions are usually targeted against foreign countries, terrorists, international narcotics traffickers, and those believed to be involved in the proliferation of weapons of mass destruction. Regulations generally require either the blocking of accounts or other property of specified entities or individuals, but they may also require the rejection of certain transactions involving specified entities or individuals. We maintain policies, procedures and other internal controls designed to comply with these sanctions programs.

Fund Transfers. Our POS debit card financial access transactions, credit card financial access transactions, and funds dispensing services are subject to the Electronic Fund Transfer Act, which provides cardholders with rights with respect to electronic fund transfers, including the right to dispute unauthorized charges, charges that list the wrong date or amount, charges for goods and services that are not accepted or delivered as agreed, math errors, and charges for which a cardholder asks for an explanation or written proof of transaction along with a claimed error or request for clarification. We believe the necessary policies and procedures have been implemented throughout our organization to comply with the regulatory requirements for fund transfers.

State Money Transmission Laws. Many states where we complete credit card financial access and POS debit card financial access transactions or offer our online payment processing solution require us to have a money transmitter license, typically issued by the state's Financial Institutions Division. These state laws subject us to, among other requirements, examinations by state regulatory agencies, reporting requirements, net worth and bonding requirements, and consumer disclosure requirements.

Check Cashing. In jurisdictions in which we may provide check cashing services, we are required to be licensed by the applicable state banking regulator at the appropriate level for the services we deliver. Some states also impose restrictions on this activity, such as limits on the amounts of service fees that may be imposed on the cashing of certain types of checks, requirements as to records that must be kept with respect to dishonored checks, and requirements as to the contents of receipts that must be delivered to gaming patrons at the time a check is cashed.

Credit Reporting. Our Central Credit gaming patron credit bureau services and check verification and warranty services are subject to the Fair Credit Reporting Act (the "FCRA") and the Fair and Accurate Credit Transactions Act of 2003 (the "FACTA") and their implementing rules, which require consumer credit bureaus, such as Central Credit, to provide credit report information to businesses only for certain purposes and to otherwise safeguard credit report information, to disclose to consumers their credit report on request, and to permit consumers to dispute and correct inaccurate or incomplete information in their credit report. These laws and rules also govern the information that may be contained in a consumer credit report. We continue to implement policies and procedures as well as adapt our business practices in order to comply with these laws and regulations. In addition to federal regulations, our Central Credit gaming patron credit bureau services are subject to the state credit reporting regulations that impose similar requirements to the FCRA and the FACTA.

Debt Collection. We currently outsource most of our debt collection efforts to third parties. However, we may engage in debt collection to collect on chargebacks on our financial access products and unpaid balances for services performed for our check services, Central Credit services, compliance services, receivables relating to the sale and service of our fully integrated kiosks and other integrated kiosk solutions, and other amounts owing to us in connection with performing various services for our customers. All such collection practices may be subject to the Fair Debt Collection Practices Act (the "FDCPA"), which prohibits unfair, deceptive, or abusive debt collection practices, as well as consumer-debt-collection laws and regulations adopted by the various states.

Consumer Financial Services. The Consumer Financial Protection Bureau and other federal, state, and local law enforcement and regulatory agencies have the authority to regulate consumer financial products. These agencies have broad statutory powers, including to promulgate rules, issue interpretations, and take enforcement actions that may affect our business.

Privacy Regulations. Our collection of information from patrons who use our financial products and services, such as our financial access services, are subject to the financial information privacy protection provisions of the Gramm-Leach-Bliley Act of 1999 (the "GLBA") and its implementing federal regulations. We gather, as permitted by law, non-public, personally-identifiable financial information from patrons who use our financial access services, such as names, addresses, telephone numbers, bank and credit card account numbers, and transaction information. The GLBA requires us to safeguard and protect the privacy of such non-public personal information and requires us to make disclosures to patrons regarding our privacy and information sharing policies and give patrons the opportunity to direct us not to disclose information about them to unaffiliated third parties in certain situations. We are also subject to state privacy regulations which, in some cases, may be even stricter than federal law, including without limitation, the California Consumer Privacy Act which became effective as of January 1, 2020. We continue to implement policies and programs as well as adapt our business practices to comply with federal and state privacy laws and regulations. In addition, we are subject to foreign data protection and privacy laws including, but not limited to, the European Union General Data Protection Regulation, which became effective in May 2018 and requires companies to meet certain requirements regarding data privacy and security.

Funds Dispensed Operations. The Electronic Fund Transfer Act requires us to disclose certain notices regarding the fees that we charge for performing a funds dispensed transaction as well as to incorporate such notices on the ATM screens to notify patrons of such fees prior to completing a funds dispensed transaction. Our funds dispensed services are also subject to applicable state banking regulations in each jurisdiction in which we operate ATMs which require, among other things, that we register with the state banking regulators as an operator of ATMs, that we provide gaming patrons with notices of the transaction fees assessed upon use of our ATMs, that our transaction fees do not exceed designated maximums, that we offer gaming patrons a means of resolving disputes with us, and that we comply with prescribed safety and security requirements. In addition, the ATMs we operate are subject to requirements of the Americans with Disabilities Act, which in general require that ATMs be accessible to individuals with disabilities, such as visually-impaired persons.

Network and Card Association Regulations. In addition to the governmental regulations described above, some of our services are also subject to rules promulgated by various payment networks, EFT networks, and card associations. For example, we must comply with the PCI Data Security Standard. We have been designated as a compliant service provider under the PCI Data Security Standard. We must be certified to maintain our status as a compliant service provider on an annual basis.

The Europay, MasterCard, and Visa global standard for cards equipped with security chip technology ("EMV") is designed to deter fraudulent card transactions related to identity theft, counterfeit cards, and the misuse of lost or stolen cards via enhanced card authentication, transaction authorization, and cardholder verification using chip-based smart-cards. EMV has been adopted in many regions of the world as the global standard for fraud deterrence in chip-based smart-card payments. Merchants whose devices are not capable of processing chip-based smart-card EMV transactions are responsible for chargebacks due to fraudulent transactions on such cards.

As a merchant of financial access transactions processed through MasterCard, Visa, Discover, and American Express, all who have adopted the EMV standard, and as an operator of ATMs, our POS, fully-integrated kiosk, and ATM devices are subject to the EMV standard. This requires us to maintain our fleet of U.S.-based POS, fully-integrated kiosk, and ATM devices to support the EMV standard.

International Regulation

We are also subject to a variety of gaming and financial services regulations and other laws, including the Foreign Corrupt Practices Act, in the international markets in which we operate. We expect to become subject to additional gaming and financial services regulations and other laws in the jurisdictions into which we expand our operations. Our expansion into new markets is dependent upon our ability to comply with the regulatory regimes adopted by such jurisdictions.

In addition, refer to "Item 1A. Risk Factors — Risks Related to the Regulation of Our Industry" for more information regarding industry, state, and federal regulations impacting our business and related risks and uncertainties.

Available Information

Our website address is www.everi.com. We make available, free of charge, on our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed, or furnished, pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. In addition, our earnings conference calls are webcast live via our website. The information on our website is not part of this Annual Report or our other filings with the SEC. In addition to visiting our website, you may read documents we file with the SEC at www.sec.gov.

Item 1A. Risk Factors.

The following section describes material risks and uncertainties that make an investment in our securities risky and may adversely affect our business, financial condition, results of operations, or the market price of our stock. These risk factors do not identify all risks that we face; our operations could also be affected by factors, events, or uncertainties that are not presently known to us or that we currently do not consider to present significant risks to our operations. This section should be read in conjunction with our Financial Statements and Results of Operations included elsewhere in this Annual Report on Form 10-K.

Risks Related to Our Business

Overall

- **Our operations are dependent upon business and consumer demand for gaming and overall economic trends specific to the gaming industry. Economic downturns or a decline in the popularity of gaming could reduce the number of patrons who use our products and services or the amounts of cash that they access using our services.**

  We provide our gaming-related and financial access products and services almost exclusively to regulated gaming operators. As a result, our business depends on consumer demand for gaming. Gaming is a discretionary leisure activity, participation in which has in the past and may in the future decline during periods of (i) economic growth, due to changes in consumers' spending preferences; (ii) economic downturns, or periods of high inflation, due to decreases in our consumers' disposable income or general tourism activities; and (iii) declining consumer confidence, due to general economic conditions, domestic- and geo-political concerns, or other factors. Gaming competes with other leisure activities as a form of consumer entertainment and may lose popularity as new leisure activities arise or as other leisure activities become more popular. The popularity and acceptance of gaming is also influenced by the prevailing social mores and changes in social mores, including changes driven by social responsibility organizations that are dedicated to addressing responsible gaming, which could result in reduced acceptance of gaming as a leisure activity or litigation or lobbying efforts focused on limiting gaming activities. To the extent that the popularity or availability of gaming in the establishments of regulated gaming operators declines as a result of any of these factors, the demand for our financial access and gaming-related products and services, or the willingness of our customers to spend new capital on acquiring gaming equipment or utilize revenue share agreements, may decline and our business may be harmed.

- **If we are unable to develop and protect our intellectual property adequately or obtain intellectual property rights and agreements, we may lose valuable competitive advantages, be forced to incur costly litigation to protect our rights or be restricted in our ability to provide various products in our markets.**

  Our success depends, in part, on developing and protecting our intellectual property. We rely on a combination of patents, trademarks, copyrights, trade secrets, and contractual restrictions to protect our intellectual property. We also rely on other confidentiality and contractual agreements and arrangements with our employees, affiliates, business partners, contractors and customers to establish and protect our intellectual property and similar proprietary rights. We cannot assure you that we will be successful in protecting these rights and, despite our efforts, our trade secrets and proprietary know-how could become known to, or independently developed by, competitors through malfeasance by employees, contractors or other insiders who may have access to our intellectual property; industrial, corporate or other espionage events; or unauthorized intrusions into our networks or those of our third-party vendors. Any litigation relating to the defense of our intellectual property, whether successful or unsuccessful, could result in substantial costs to us and potentially cause a diversion of our resources.

  In addition, we rely on intellectual property licenses from one or more competitors, the loss of which could materially and adversely affect our business and the sale or placement of our products. Various third-party gaming manufacturers with which we compete are much larger than us and have substantially larger intellectual property asset portfolios. The gaming manufacturer industry is very competitive and litigious, and a lawsuit brought by one of our larger competitors, regardless of whether or not well-founded, may have a material adverse effect on our business, financial condition, operations, or cash flows and our ability to sell or place our products.

In addition, we have faced and may again face claims of infringement that could interfere with our ability to use technology or other intellectual property rights that are material to our business operations. In the event a claim of infringement against us is successful, we may be required to pay royalties to use technology or other intellectual property rights that we had been using, or we may be required to enter into a license agreement and pay license fees, or we may be required to stop using the technology or other intellectual property rights that we had been using. We may be unable to obtain necessary licenses from third parties at a reasonable cost or within a reasonable amount of time. Any litigation of this type, whether successful or unsuccessful, could result in substantial costs to us and potentially cause a diversion of our resources.

We rely on technology provided by third-party vendors, the loss of which could materially and adversely affect our business, increase our costs, and delay deployment or suspend development of our financial services products, gaming systems and player terminals.

We have entered into license agreements with third parties for the exclusive use of their technology and intellectual property rights in the gaming industry, such as our license to use portions of the software infrastructure upon which our financial access systems operate, and we also rely on third-party manufacturers to manufacture our gaming devices, fully integrated kiosks, and other integrated kiosk solutions. We rely on these other parties to maintain and protect this technology and the related intellectual property rights. If our licensors fail to protect their intellectual property rights in material that we license and we are unable to protect such intellectual property rights, the value of our licenses may diminish significantly, and our business could be significantly harmed. In addition, if these agreements expire and we are unable to renew them, or if this software or hardware, or functional equivalents of this software or hardware, were either no longer available to us or no longer offered to us on commercially reasonable terms, we may lose a valuable competitive advantage and our business could be harmed.

We have in the past and may again experience various difficulties related to our supply chain, particularly with respect to international third-party suppliers of our components, that could cause significant production delays. If we are unable to obtain these components from our established third-party vendors, we could be required to either redesign our products to function with alternate third-party products or to develop or manufacture these components ourselves, which would result in increased costs and could result in delays in the deployment of our financial service products, gaming systems and player terminals. Furthermore, we might be forced to limit the features available in our current or future offerings.

Our net operating losses and other tax credit carry-forwards are subject to limitations that could potentially reduce these tax assets.

As of December 31, 2023, we had tax effected state net operating loss (“NOL”) carry-forwards of approximately $4.1 million, federal research and development credit carry-forwards of approximately $17.1 million, federal solar tax credit carry-forwards of approximately $0.5 million, and Australia NOL carry-forwards of approximately $1.1 million.

Our state NOL carry-forwards will expire between 2025 and 2041. Our federal research and development credits are limited to a 20 year carry-forward period and will begin to expire in varying amounts in 2037, if not utilized. Our federal solar tax credit is limited to a 22 year carry-forward period and will expire in 2045, if not utilized, at which time one-half of any unused credit can be deducted. Our Australia NOL carry-forwards can be carried forward indefinitely.

Based on the weight of available evidence, including both positive and negative indicators, if it is more likely than not that a portion, or all, of the deferred tax assets will not be realized, we must consider recording a valuation allowance. Greater weight is given to evidence that is objectively verifiable, most notably historical results. As of December 31, 2023, we placed a full valuation allowance on the Australia net deferred tax assets of $1.1 million, among other foreign items, as we evaluated negative evidence noting a three-year cumulative loss in Australia. As of December 31, 2023, approximately $0.6 million of our valuation allowance relates to certain state NOL carry-forwards that we estimate are not more likely than not to be realized.

As of December 31, 2021, our U.S. operations emerged from a three-year cumulative loss position. Based on our analysis as of December 31, 2021, we removed the full valuation allowance in the federal and certain state jurisdictions, contributing to a $67.9 million reduction in our valuation allowance in 2021. Our ability to utilize these NOL and other tax credit carry-forwards to reduce taxable income in future years may be limited, including the possibility that projected future taxable income is insufficient to realize the benefit of these NOL carry-forwards prior to their expiration. To the extent our results of operations decline, we may not have the ability to meet the more likely than not accounting standard which would require us to record an additional valuation allowance in the future.

In addition, our ability to use these tax assets could be adversely affected by the limitations of Sections 382, 383 and 384 of the Internal Revenue Code. In addition, a portion of our NOL's include amortization of goodwill for tax purposes associated with a restructuring that occurred in 2004, which is subject to audit by the IRS and thus may have an adverse effect on our NOL carry-forwards.

We operate our business in regions subject to natural disasters, public health issues, political instability and other potentially catastrophic events. Any interruption to our business resulting from such an event will adversely affect our revenues and results of operations.

In the event of a natural or human-caused disaster or other catastrophic event, the operations of gaming operators could be negatively impacted or consumer demand for gaming could decline, or both, and as a result, our business could be interrupted, which could materially and adversely affect our revenues and results of operations. Adverse weather conditions, particularly flooding, hurricanes, tornadoes, heavy snowfall, and other extreme weather conditions often deter our customer's patrons from traveling to or make it difficult for them to frequent the sites where our games and FinTech equipment are installed. Similarly, public health crises, such as the outbreak of communicable diseases like COVID-19, often deter patrons from visiting our customer's gaming operators. If any of those sites, where a significant number of our games and FinTech equipment is installed, either individually or simultaneously experienced adverse weather conditions or other catastrophic events, our results of business, financial condition, and operations could be materially and adversely affected. From time to time, the impact of weather-related natural disasters has resulted in business disruption at certain of our locations as well as our customers' facilities and may do so in the future.

Similarly, many of the international third-party suppliers we rely on for the manufacture of our gaming and FinTech equipment are located in areas that are subject to natural disasters, public health issues, political instability and other potentially catastrophic events. When these events occur, our suppliers may not be able to fulfill their obligations to us, which has in the past resulted in uncertainty in our supply chain and could in the future result in disruptions to our supply chain that adversely affect our results of business, financial condition, and operations.

The global COVID-19 pandemic had, and may in the future have, a material adverse impact on our operations and financial performance, as well as on the operations and financial performance of the customers and suppliers in the gaming industry that we serve.

The COVID-19 pandemic negatively impacted the global economy, with particular impact to the gaming industry, disrupted global supply chains, temporarily lowered equity market valuations, created significant volatility and disruption in the financial markets, and increased unemployment levels. Consequently, demand for our products and services could be impacted in the future as a result of decreases in gaming activity, whether resulting from the COVID-19 pandemic or other public health crises, uncertainty in the economy or industry, supply chain disruptions, or other for reasons. The extent to which the COVID-19 pandemic further impacts our business, results of operations, and financial condition, as well as our capital and liquidity ratios, will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, the resurgence of its variants, and actions taken by governmental authorities and other third parties in response to the pandemic. The COVID-19 pandemic may also exacerbate the risks disclosed in this section of our Annual Report.

- **The emergence of generative artificial intelligence ("GenAI") may have material adverse impacts on our operations and financial performance, the gaming industry that we serve, our customers, and gaming patrons.**

GenAI is likely to have a variety of unforeseeable impacts, the nature of which are highly uncertain and cannot be predicted, on our business and the gaming industry. Existing and new competitors using GenAI may bring new gaming products to the market, increasing competition and choices for our customers and patrons, resulting in a decrease in demand for our products. New GenAI-based or GenAI-created non-gaming products and services may emerge and compete for consumers' leisure and entertainment spending, resulting in a decrease in spending on our gaming products and services. GenAI can be used to create false and misleading information, impersonate people, and increase the effectiveness of fraudulent activities and cyberattacks, leading to increased costs of fraud and cybersecurity detection and remediation, as well as a loss in operational efficiency, reputation and revenues. GenAI can create art, music and literature with little or no human intervention, leading to disruption in the gaming industry and job displacement among our employees, customers and patrons, and affecting spending on gaming-related leisure activities. The use of GenAI tools and content in the creation of intellectual property, games and content by our employees and suppliers, whether authorized or unauthorized, may lead to third-party claims related to that intellectual property or our inability to maintain full ownership over our intellectual property, resulting in litigation, damages and license fees, or the requirement that we withdraw certain content from the marketplace, leading to loss of revenue. The recent emergence and fast growth of GenAI technology means that the full range of impacts on the Company are unknowable at this time.

Games Business

- **Most of our leased gaming device contracts with our customers are short-term, and if we are unable to maintain our current customers on terms that are favorable to us, our business, financial condition, operations, or cash flows may suffer a material adverse effect.**

Most of our leased gaming device contracts with our customers are generally short-term, except for customers with whom we have entered into development and placement fee agreements. We do not rely upon the stated term of our gaming device contracts to retain the business of our customers. We rely instead upon providing competitive player terminals, games, and systems to give our customers the incentive to continue doing business with us. At any point in time, a significant portion of our gaming device business is subject to non-renewal, which may materially and adversely affect our earnings, financial condition, and cash flows. To renew or extend any of our customer contracts, generally, we may be required to accept financial and other terms that are less favorable to us than the terms of the expired contracts. In addition, we may not succeed in renewing customer contracts when they expire. If we are required to agree to other less favorable terms to retain our customers or we are not able to renew our relationships with our customers upon the expiration of our contracts, our business, financial condition, operations, or cash flows could suffer a material adverse effect.

- **Tribal gaming customers who have historically operated large numbers of Class II gaming units may negotiate arrangements with state governments or renegotiate existing gaming compacts that could impact the number of Class II gaming devices currently supplied by the Company, to the extent there is a desire to change to Class III gaming units. If we are unable to maintain our existing placement of units, then our business, financial condition, operations, or cash flows may suffer an adverse effect.**

As of December 31, 2023, we operated more than 10,558 Class II gaming units under lease or daily fixed-fee arrangements with our customers. Customers who enter into compacts with state governments may desire to change from Class II gaming units to Class III gaming units, as Class III units generally perform better than Class II units. This may result in the loss of placements under lease or daily fixed-fee arrangements as customers purchase or lease Class III units from other equipment suppliers to replace our existing Class II units. If we are unable to replace these lost units with our proprietary Class III units, our business, financial condition, operations, or cash flows could be negatively impacted.

- **Tribal gaming customers that operate Class III gaming units do so under compacts with state governments. If these tribal gaming customers are unable to maintain or renew these existing gaming compacts, then our business, financial condition, operations, or cash flows may suffer an adverse effect.**

As of December 31, 2023, we operated approximately 3,584 Class III gaming units under lease or daily fixed-fee arrangements with our tribal gaming customers. As Class III units generally perform better than Class II units, the loss of these Class III placements under lease or daily fixed-fee arrangements, if these customers are unable to renew their Class III gaming compacts and we are unable to replace these lost units with our proprietary Class II units, may negatively impact our business, financial condition, operations, or cash flows.

- **We derive a significant portion of our revenue from tribal customers, and our ability to effectively operate in tribal gaming markets is vulnerable to legal and regulatory uncertainties, including the ability to enforce contractual rights on tribal land.**

We derive a significant percentage of our revenue from the provision of financial access and gaming-related products and services to gaming facilities operated on tribal lands. Tribes that are federally-recognized are considered "domestic dependent nations" with certain sovereign rights and, in the absence of a specific grant of authority by Congress to a state or a specific compact or agreement between a tribal entity and a state that would allow the state to regulate activities taking place on tribal lands, such tribes can enact their own laws and regulate gaming operations and contracts. In this capacity, tribes generally enjoy a degree of sovereign immunity, which, among other things, recognizes a tribe's inherent authority of self-determination and self-governance, immunizes the tribe from certain lawsuits outside of tribal jurisdiction, and generally authorizes a tribe's powers of taxation and spending over its federally-recognized nation. Accordingly, before we can seek to enforce contract rights with a tribe, or an agency or instrumentality of a tribe, we must obtain from the tribe a general or limited waiver of its sovereign immunity with respect to the matter in dispute, which we are not always able to do. Without a general or limited waiver of sovereign immunity, or if such waiver is held to be ineffective, we could be precluded from judicially enforcing any rights or remedies against a tribe, including the right to enter lands to retrieve our property in the event of a breach of contract by the tribal party to that contract. Governing law and venue provisions in our contracts with tribal customers vary widely and may not be enforceable.

Government enforcement, regulatory action, judicial decisions, and proposed legislative action have in the past affected, and will likely continue to affect our business, financial condition, operations, cash flows, and prospects in tribal lands. The legal and regulatory uncertainties surrounding our tribal agreements could result in a significant and immediate material adverse effect on our business, financial condition, operations, or cash flows. For example, certain of our agreements with tribes are subject to review by regulatory authorities. Additionally, such uncertainties could increase our cost of doing business and could take management's attention away from operations. Regulatory action against our customers or equipment in these or other markets could result in machine seizures and significant revenue disruptions, among other adverse consequences. Moreover, tribal policies and procedures, as well as tribal selection of gaming vendors, are subject to the political and governance environment within each tribe. Changes in tribal leadership or tribal political pressure can affect our business relationships within markets.

- **We may not realize sufficient returns or be successful in renewing our existing or future placement and development fee agreements with casino operators to expand or develop gaming facilities.**

In our gaming business, we have entered into placement fee agreements with several customers to secure long-term revenue share arrangements which include a fixed number of player terminal placements in the gaming facility. These placement fee agreements sometimes provide for the removal of our player terminal placements in the event of poor game performance with no further obligation from the gaming customer.

FinTech Business

- **An unexpectedly high level of chargebacks, as a result of fraud or otherwise, could materially and adversely affect our Financial Access business.**

  When patrons use our financial access services, we either dispense cash or produce a negotiable instrument that can be exchanged for cash. If a completed financial access transaction is subsequently disputed, and if we are unsuccessful in establishing the validity of the transaction, we may not be able to collect payment for such transaction and such transaction becomes a chargeback. If we incur chargebacks in excess of specified levels, we could lose our sponsorship into the card associations or be censured by the card associations by way of fines or otherwise. Our failure to adequately manage our chargebacks could have a material adverse effect on our business, financial condition, operations, or cash flows.

- **Changes in consumers' willingness to pay a convenience fee to access their funds could reduce the demand for our Financial Access products and services.**

  Our financial access business depends upon the willingness of patrons to pay a convenience fee to access their own funds on the premises of a gaming operator. In most retail environments, consumers typically do not pay an additional fee for using non-cash payment methods such as credit cards, POS debit cards, or checks. Gaming patrons could bring more cash with them to the establishments of gaming operators or access cash outside of gaming operators without paying a fee for the convenience of not having to leave the establishment. To the extent that gaming patrons become unwilling to pay these convenience fees or lower cost financial access alternatives become available, the demand for financial access services within the establishments of gaming operators may decline and our business could suffer.

- **We maintain a significant amount of cash within our ATMs, which is subject to potential loss due to theft or other events, including natural disasters.**

  A loss of cash from the ATMs we own and for which we provide the cash to operate from our vault cash arrangements is generally our responsibility. The insurance we typically require our service providers, who either transport the cash or otherwise have access to the ATM safe, to maintain in the event cash losses occur as a result of theft, misconduct or negligence on the part of such providers may be insufficient. Cash losses at the ATM could occur in a variety of ways, such as natural disasters, fires, vandalism, and theft. Our insurance policies may not cover losses that may occur to the equipment, and any losses to the cash contained in those devices would be borne by us. An increase in the frequency and/or amounts of theft and other losses could lead to a material loss of cash and negatively impact our operating results.

Risks Related to Our Capital Structure

- **The leverage restrictions on our outstanding debt could have significant adverse effects on our business, financial condition and results of operations.**

  As of December 31, 2023, our total indebtedness was approximately $1.0 billion, which included the senior secured term loan and senior secured revolving credit facility ("Credit Facilities") and the senior unsecured notes due 2029 (the "2021 Unsecured Notes"), (as discussed in "Note 13 - Long Term Debt"), each of which contain restrictive covenants. Our existing borrowings could impact our ability to raise additional capital to fund our operations, limit our ability to react to changes in our industry or the economy, expose us to interest rate risk on our variable rate debt, and prevent us from meeting our obligations with respect to our indebtedness, any of which could have significant adverse effects on our business, financial condition and results of operations.

- **We may not be able to generate sufficient cash to service all of our indebtedness, including the Credit Facilities and the 2021 Unsecured Notes, and fund our working capital and capital expenditures, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.**

Our ability to make scheduled payments on our indebtedness will depend upon our future operating performance and on our ability to generate cash flow in the future, which is subject to general economic, financial, business, competitive, legislative, regulatory, and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings, including those under the Credit Facilities, will be available to us in an amount sufficient to pay our indebtedness or to fund other liquidity needs.

- **The agreements and instruments governing our debt impose restrictions that may limit our operating and financial flexibility.**

The Credit Facilities and the indenture governing the 2021 Unsecured Notes contain a number of significant restrictions and covenants that limit our ability, among other considerations, to: incur additional indebtedness; sell assets, or consolidate, or merge with or into other companies; pay dividends, or repurchase or redeem capital stock; make certain investments; issue capital stock of our subsidiaries; incur liens; prepay, redeem or repurchase subordinated debt; and enter into certain types of transactions with our affiliates. These covenants could have the effect of limiting our flexibility in planning for or reacting to changes in our business and the markets in which we compete.

In addition, to the extent we are found in default and if our indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms, on terms that are acceptable to us, or at all. If our debt is in default for any reason, our business, financial condition, and results of operations could be materially and adversely affected. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions.

A material increase in market interest rates could adversely affect our business and results of operations.

As of December 31, 2023, all of our indebtedness under our Senior Credit Facilities is at variable interest rates tied to the Secured Overnight Financing Rate (“SOFR”). Any material increases to SOFR could increase the amount of interest we are required to pay under the Senior Credit Facilities and adversely affect our business and results of operations.

In addition, we have commercial arrangements with third-party vendors to provide cash for certain of our fund dispensing devices. For the use of these funds, we pay a usage fee on either the average daily balance of funds utilized multiplied by a contractually defined usage rate or the amounts supplied multiplied by a contractually defined usage rate. Assuming no change in the amount of cash used to supply our ATMs, an increase in SOFR would result in higher monthly fees that we must pay to obtain this supply of cash, thereby increasing our ATM operating costs. Any increase in the amount of cash required to supply our ATMs would magnify the impact of an increase in SOFR and our business could be adversely affected.

Risks Related to Our Information Technology

- **We have experienced in the past and may experience in the future network or system failures, or service interruptions, including cybersecurity attacks, or other technology and privacy risks. Our inability to protect our systems and data against such risks could harm our business and reputation.**

Our ability to provide uninterrupted and high levels of services depends upon the performance of our internal network, systems and related infrastructure, and those of our third-party vendors. Any significant interruptions in, or degradation of, the quality of the services, including infrastructure storage and support, that these third parties provide to us could severely harm our business and reputation and lead to the loss of customers and revenue. Our internal network, systems, and related infrastructure, in addition to the networks, systems, and related infrastructure of our third-party technology vendors, may be vulnerable to computer viruses and other malware that infiltrate such systems and networks, as well as physical or electronic security breaches, natural disasters, and similar disruptions. They have been and may continue to be the target of attempts to identify and exploit network and system vulnerabilities, penetrate or bypass security measures to interrupt or degrade the quality of the services we receive or provide, or otherwise gain unauthorized access to our networks and systems or those of our third-party vendors. These vulnerabilities or other attempts at access may result from, or be caused by, human error or technological failures, however, they may also be the product of malicious actions by third parties intending to harm our business. The methods that may be used by these third parties to cause service interruptions or failures or to obtain unauthorized access to information change frequently, are difficult to detect, evolve rapidly, and are increasingly sophisticated and hard to defend against. Our investment in security measures and other defensive measures, and those employed by our third-party vendors, may not be sufficient to defend against all such current and future methods.

Our careful vetting of third parties to provide technology services and the contractual requirements related to the security that we impose on our third-party vendors who have access to this data may not be sufficient to protect us from network or system failures or service interruptions.

Any actual or perceived security breach, whether experienced by us or a third-party vendor; the reporting or announcement of such an event, or reports of perceived security vulnerabilities of our systems or the systems of our third-party service providers whether accurate or not; or our failure or perceived failure to respond or remediate an event or make adequate or timely disclosures to the public, Gaming Authorities, regulatory or law enforcement agencies following any such event may be material and lead to harm to our financial condition, business reputation, and prospects of future business due to, among other factors: loss of customer confidence arising from interruptions or outages of our services, delays, failure to meet contractual obligations, and loss of data or public release of confidential data; increased regulatory scrutiny on us; compromised trade secret and intellectual property; exposure to costly uninsured liabilities such as material fines, penalties, liquidated damages, and overall margin compression due to renegotiation of contracts on less favorable terms or loss of business; liability for claims relating to misuse of personal information in violation of contractual obligations or data privacy laws; and potential theft of our intellectual property.

A security breach could occur and persist for an extended period of time without detection. We expect that any investigation of a security breach could take a substantial amount of time, and during such time we may not necessarily know the extent of the harm or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remediated, all of which could further increase the costs and consequences of such a breach. Further, detecting and remediating such incidents may require specialized expertise and there can be no assurance that we will be able to retain or hire individuals who possess, or otherwise internally develop, such expertise. Our remediation efforts therefore may not be successful. The inability to implement, maintain, and upgrade adequate safeguards could have a material and adverse impact on our business, financial condition and results of operations. Moreover, there could be public announcements regarding any data security-related incidents and any steps we take to respond to or remediate such incidents.

The occurrence of any such failure may also subject us to costly lawsuits and claims for contractual indemnities and may negatively impact the status of our gaming regulatory licenses up to and including revocation, as well as divert valuable management, engineering, information technology, and marketing resources toward addressing these issues and delay our ability to achieve our strategic initiatives. In the event our EGMs or financial access products, systems, or networks are compromised, gaming operators may require us to remediate any abnormality, downtime, loss of use, or suspicious activity, or require us to indemnify casino operators for lost business and, potentially, their patrons. In addition, we gather, as permitted by law, non-public, personally-identifiable financial information from patrons who use our financial access services, such as names, addresses, telephone numbers, bank and credit card account numbers and financial transaction information, and the compromise of such data, which may subject us to fines and other related costs of remediation.

Our insurance coverage may be insufficient to protect us against all losses and costs stemming from security breaches, cyberattacks and other types of unlawful activity, or any resulting disruptions from such events. We cannot be certain that cyber insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material and adverse effect on our business, financial condition and results of operations.

Risks Related to Competition

The gaming industry is intensely competitive, and if we are unable to compete effectively, our business could be negatively impacted.

The market for gaming devices, financial access products, and related services is highly competitive, and we expect competition to increase and intensify in the future. In both our Games and FinTech businesses, some of our competitors and potential competitors have significant advantages over us, including greater name recognition; longer operating histories; pre-existing relationships with current or potential customers; greater financial, research, design, development, marketing, technological, and other resources; and more ready access to capital resources, which allow them to respond more quickly to new or changing opportunities, be in a better position to compete and, in respect of our financial access business, to pay higher commissions or other incentives to gaming operators in order to gain new customers. In our FinTech business, we compete with other established providers of financial access products and services, including third-party transaction processors, financial institutions, and other regional and local banks that operate ATMs on the premises of gaming operators. To the extent that we lose customers to these competitors, or competitive pressures force us to offer incentives or less favorable pricing terms for us to establish or maintain relationships with gaming operators, our business, financial condition, operations, or cash flows could be materially and adversely affected.

Consolidation among our customers or competitors could have a material adverse effect on our revenues and profitability.

We often execute contracts with customers pursuant to which we provide products and services at the establishments of multiple gaming operators. Accordingly, the expiration or termination of a single key contract can mean the loss of multiple gaming facilities at which many of our products and services are used. Consolidation among operators of gaming establishments may also result in the loss of customers, if one of our customers is acquired by a business that utilizes one of our competitors, or significant margin compression, if rates vary between acquiring and acquired customers. Consolidation among our competitors in either the Games or FinTech sectors will only increase advantages these competitors may have over us as we compete for these customers, including even greater financial, research, design, development, marketing, technological, and other resources, and the ability to offer customers more favorable rates and prices due to lower operating costs resulting from efficiencies of scale and varying margins of a larger product portfolio, among other factors.

Our business depends on our ability to introduce new, commercially viable games, products and services in a timely manner.

Our success is dependent on our ability to develop and sell new games, products, and services that are attractive not only to our customers, but also to their customers, the gaming patrons. If our games, products, and services do not appeal to gaming operators and patrons, or do not meet or sustain revenue and profitability of contractual obligations and expectations, we may lose business to our competitors. Additionally, we may be unable to enhance existing games, products, and services in a timely manner in response to changing regulatory or legal requirements, market conditions, or customer requirements, or preferences, or new games, products and services may not achieve market acceptance in new or existing markets. Delay in regulatory approvals of new gaming devices and equipment may adversely impact new product deployment. If we are unable to keep pace with rapid innovations in new technologies or product design and deployment or if we are unable to quickly adapt our development, manufacturing or sales processes to compete, our business, financial condition, operations or cash flows could suffer a material adverse effect.

Risks Related to the Regulation of Our Business

- **Unauthorized disclosure of cardholder and patron data or similar violations of applicable data privacy laws, whether through a security breach of our computer systems, our third-party processor's computer systems or otherwise, or through our unauthorized use or transmission of such data could subjects us to costly fines, penalties, and legal claims.**

We collect and store personally identifiable information about cardholders and patrons, who perform certain financial access and Central Credit transactions, including names, addresses, social security numbers, driver's license numbers, and account numbers, and we maintain a database of cardholder and patron data, including account numbers, to process our financial access and Central Credit transactions. We also rely on our third-party processor and certain other technology partners to process and store cardholder and patron data relating to our financial access and Central Credit transactions. As a result, we, as well as our third-party processor, certain of our other technology providers, and some of our gaming operator customers, are required to comply with various foreign, federal, and state privacy statutes and regulations and the PCI Data Security Standard. Compliance with these regulations and requirements, which are subject to change at any time, is often difficult and costly, and our failure, or the failure of these other third parties, to comply may result in significant fines or civil penalties, regulatory enforcement action, liability to our sponsor bank, and termination of our agreements with our gaming operator customers, each of which could have a material adverse effect on our business, financial condition, operations, or cash flows. If our computer systems or those of our third-party processor or other technology providers suffer a security breach, we may be subject to liability, including claims for unauthorized transactions with misappropriated bank card information, impersonation, or similar fraud claims, as well as for any failure to comply with laws governing required notifications of such a breach, and these claims could result in protracted and costly litigation, penalties, or sanctions from the card associations and EFT payment networks, and damage to our reputation, which could reduce and limit our ability to provide financial access and related services to our gaming operator customers.

The personally identifiable information we collect also includes our patrons' transaction behavioral data and credit history data, which we may use to provide marketing and data intelligence services to gaming operators. This information is increasingly subject to federal, state, and card association laws and regulations, as well as laws and regulations in numerous jurisdictions around the world. Governmental regulations are typically intended to protect the privacy and security of such data and information as well as to regulate the collection, storage, transmission, transfer, use, and distribution of such data and information. We could be materially and adversely affected if domestic or international laws or regulations are expanded to require changes in our business practices, or if governing jurisdictions interpret or implement their laws or regulations in ways that negatively affect our business or even prohibit us from offering certain marketing and data intelligence or other services. Similarly, if we are required to allocate significant resources to modify our internal operating systems and procedures to enable enhanced protection of patron data that we transmit, store, and use, our business results could be adversely affected. In addition, we may face requirements that pose compliance challenges in new international markets that we seek to enter as various foreign jurisdictions have different laws and regulations concerning the storage, transmission, and use of gaming patron data. Such variation could subject us to costs, liabilities, or negative publicity that could impair our ability to expand our operations into some countries; therefore, it could limit our future growth.

We are subject to extensive governmental gaming regulation, which may harm our business.

Our ability to conduct both our gaming and financial access businesses, expand operations, develop and distribute new games, products and systems, and expand into new gaming markets is also subject to significant federal, state, local, tribal, and foreign regulations, which vary from jurisdiction to jurisdiction. In the United States and many other countries, gaming must be expressly authorized by law. Once authorized, such activities are subject to extensive and evolving governmental regulation. The gaming laws, regulations, and ordinances generally concern the antecedents, acumen, financial stability, and character of our owners, officers, and directors, as well as those persons financially interested or involved in our companies; dictate the technical standards and regulations of our electronic player terminals, gaming systems, and certain other products; and set forth the process and manner by which the Gaming Authorities issue such licenses, findings of suitability, and product approvals. In addition, the suspension, revocation, non-renewal or limitation of any of our licenses or product approvals, or the inability to obtain or maintain requisite license or product approvals could have a material adverse effect on our business operations, financial condition, results of operations, and our ability to retain key employees. The Gaming Authorities may deny, limit, condition, suspend, or revoke a gaming license or related approval for violations of applicable gaming laws and regulations, and may impose substantial fines and take other actions, any one of which could have a significant adverse effect on our business, financial condition, and results of operations.

Further, changes in existing gaming laws or regulations, or new interpretations of existing gaming laws, may hinder or prevent us from continuing to operate in those jurisdictions where we currently do business, which could harm our operating results. In particular, the enactment of unfavorable legislation or government efforts affecting or directed at gaming manufacturers or gaming operators, such as referendums to increase gaming taxes, or requirements to use local distributors, or uncertainty as to the means and manner in which existing gaming laws may be interpreted and applied, either singly or together, could have a negative impact on our operations.

Moreover, in addition to the risk of enforcement action, we are also at risk of loss of business reputation in the event of any potential legal or regulatory investigation, regardless of whether we are ultimately accused of or found to have committed any violation. For a summary of gaming regulations that could affect our business, see "Item 1. Business — Regulation."

Many of the financial services that we provide are subject to extensive rules and regulations, which may harm our business.

Our Central Credit gaming patron credit bureau and warranty services are subject to the FCRA, the FACTA, and similar state laws. The collection practices that are used by our third-party providers and us may be subject to the FDCPA and applicable state laws relating to debt collection. All of our financial access services and patron marketing services are subject to the privacy provisions of state and federal law, including the Gramm-Leach-Bliley Act. Our POS debit card financial access transactions and funds dispensed withdrawal services are subject to the Electronic Fund Transfer Act. Our funds dispensed services are subject to the applicable state banking regulations in each jurisdiction in which we operate ATMs. Our funds dispensed services may also be subject to state and local regulations relating to the imposition of daily limits on the amounts that may be withdrawn from ATMs, the location of ATMs, our ability to surcharge cardholders who use our ATMs, and the form and type of notices that must be disclosed regarding the provision of our funds dispensed services. The financial access services we provide are subject to record keeping and reporting obligations under the Bank Secrecy Act and the USA PATRIOT Act of 2001, including as relates to our federally-mandated internal anti-money laundering program. We are required to file SARs with respect to transactions completed at all gaming operators' establishments where we provide our financial access services through a gaming operator's cashier or financial services center. If we are found to be noncompliant with these laws, we could be subject to substantial civil and criminal penalties. In jurisdictions in which we serve as a check casher, we are subject to the applicable state licensing requirements and regulations governing check cashing activities. We are also subject to various state licensing requirements and regulations governing money transmitters. We may be required to obtain additional licenses from federal or state financial authorities in connection with our products and services. There can be no assurance that we will be able to obtain any such licenses, and, even if we were able to do so, there could be substantial costs and potential product changes involved in maintaining such licenses, which could have a material and adverse effect on our business.

We are subject to formal or informal audits, inquiries, examinations, or reviews from time to time by the regulatory authorities that enforce these financial services rules and regulations. In the event that any regulatory authority determines that the manner in which we provide financial access, patron marketing, or gaming patron credit bureau services is not in compliance with existing rules and regulations, or the regulatory authorities adopt new rules or regulations that prohibit or restrict the manner in which we provide financial access, patron marketing, or gaming patron credit bureau services, then these regulatory authorities may force us to modify the manner in which we operate or force us to stop processing certain types of financial access transactions or providing patron marketing or gaming patron credit bureau services altogether. We may also be required to pay substantial penalties and fines if we fail to comply with applicable rules and regulations. In addition, our failure to comply with applicable rules and regulations could subject us to private litigation.

Gaming and financial services laws and regulations are subject to change and uncertain application.

Gaming and financial services laws and regulations are subject to change and evolving interpretations and application, including through legislative amendments, new and proposed regulations, executive orders, and agency interpretations, and it can be difficult to predict how they may be applied to our business. We may not be able to respond quickly or effectively to regulatory, legislative, and other developments, and these changes may in turn impair our ability to offer our existing or proposed products and services and/or increase our expenses in providing these products and services.

We are subject to extensive rules and regulations of card associations, including VISA, MasterCard, and EFT networks, that are always subject to change, which may harm our business.

Our financial access business is subject to the extensive rules and regulations of the leading card associations, including VISA, MasterCard and EFT Networks. The failure by any such providers to comply with such standards could result in our being fined or being prohibited from processing transactions through VISA, MasterCard, and other card and payment networks. We also process transactions involving the use of the proprietary credit cards such as those offered by Discover Card and American Express, as well as other regional cards issued in certain international markets. The rules and regulations of the proprietary credit card networks that service these cards present risks to us that are similar to those posed by the rules and regulations of VISA, MasterCard, and other payment networks.

The card associations' and payment networks' rules and regulations are always subject to change, and the card associations or payment networks may modify their rules and regulations from time to time. Our inability to anticipate changes in rules and regulations, or the interpretation or application thereof, may result in substantial disruption to our business. In the event that the card associations, payment networks or our sponsoring banks determine that the manner in which we process certain types of card transactions is not in compliance with existing rules and regulations, or if the card associations or payment networks adopt new rules or regulations that prohibit or restrict the manner in which we process certain types of card transactions, we may be forced to pay a fine, modify the manner in which we operate our business, or stop processing certain types of financial access transactions altogether, any of which could have a material adverse effect on our business, financial condition, operations, or cash flows.

Card association and EFT network changes to interchange reimbursement rates or network operating fees or fees associated with the processing and settlement of our financial access transactions or other changes to their operating rules and regulations may affect our revenues, cost of revenues (exclusive of depreciation and amortization), net income, and our business generally.

We receive income from issuers of ATM, credit, and debit cards for certain transactions performed on our ATMs related to cash dispensing or certain other transactions. The EFT networks may also charge certain fees related to the performance of these transactions. We refer to the net of this income and fees as interchange reimbursement fees. The amount of this interchange reimbursement fee income is determined by the card associations and EFT networks, and this income is subject to decrease at their discretion.

We pay interchange and other network fees for services to the credit card associations and EFT networks that they provide in settling transactions routed through their networks. Collectively, we call these charges interchange fees. Subject to the limitations imposed by federal regulations such as the Durbin Amendment or other regulations that may be enacted, the amounts of these interchange fees are determined at the sole discretion of the card associations and EFT networks and are subject to increase at any time. We have been seeing such card association interchange fee increases with higher frequency in recent years and with disproportionate negative impact upon transaction categories into which our financial access transactions typically fall. Competitive pressures might prevent us from passing all or some of these fees through to our customers in the future. To the extent that we are unable to pass through to our customers all or any portion of any increase in interchange or other network processing fees, our cost of revenues (exclusive of depreciation and amortization) would increase and our net income would decrease, assuming no change in transaction volumes. Any such decrease in net income could have a material adverse effect on our business, financial condition, operations, or cash flows. In addition, proposed changes to the Dodd-Frank Act, such as the repeal of the Durbin Amendment, if adopted, or other regulation that could be implemented to limit the amount of surcharge or service fees charged for our financial access transactions could have a negative impact on revenue and gross margins (exclusive of depreciation and amortization) as a result of reduced service fee revenue and potential increases in interchange rates merchants pay for debit card transactions.

The card associations and EFT networks may also elect to impose new membership or other fees, or implement new rules and regulations with respect to processing transactions through their networks, and any such new fees, rules, or regulations could have a material adverse effect on our business, financial condition, operations, or cash flows.

The provision of our credit card access, POS debit, and funds dispensed services are dependent upon our continued sponsorship into the VISA and MasterCard card associations, and the suspension or termination of our sponsorship could result in a material adverse effect on our business, financial condition, operations, or cash flows.

We process virtually all of our credit card financial access, POS debit, and funds dispensed service transactions through the VISA and MasterCard card associations, both domestically and internationally, and virtually all of the revenue that we derive from our credit card financial access, POS debit, and funds dispensed services is dependent upon our continued sponsorship into the VISA and MasterCard associations. We cannot provide these services without sponsorship into the VISA and MasterCard associations by a member financial institution. Our failure to maintain our current sponsorship arrangements or secure alternative sponsorship arrangements into the VISA and MasterCard associations could have a material adverse effect on our business, financial condition, operations, or cash flows.

Our funds dispensed service business is subject to extensive rules and regulations, which may harm our business.

Our funds dispensed services are subject to the applicable federal, state, and local banking regulations in each jurisdiction in which we operate ATMs, which regulations relate to the imposition of daily limits on the amounts that may be withdrawn from ATMs, the location of ATMs, our ability to surcharge cardholders who use our ATMs, and the form and type of notices that must be disclosed with respect to the fees we charge to patrons in connection with our funds dispensed services. ATMs are also subject to requirements of the Americans with Disabilities Act, which in general require that ATMs be accessible to individuals with disabilities, such as visually-impaired persons. These laws and regulations may impose significant burdens on our ability to operate ATMs profitably in some locations, or at all, and our business, financial condition, operations, or cash flows could be materially adversely affected. Moreover, because these regulations are subject to change, we may be forced to modify our funds dispensed operations in a manner inconsistent with the assumptions upon which we relied when entering contracts to provide funds dispensed services at gaming operators' establishments. If federal, state, local, or foreign authorities adopt new laws or regulations, or raise enforcement levels on existing laws and regulations that make it more difficult for us to operate our funds dispensed business, then our revenues and earnings may be negatively affected. If legislation or regulations are enacted in the future that adversely impact our funds dispensed business, we may be forced to modify our operations in a manner inconsistent with the assumptions upon which we relied when entering contracts to provide ATMs at gaming operators' establishments and our business, financial condition, operations, or cash flows could suffer a material adverse effect.

- **Changes to consumer privacy laws may require us to change our business practices or spend significant amounts on compliance with such laws.**

Certain of our products and services depend on the ability to collect and use non-public personal, financial transaction, and other information relating to patrons. To the extent that we collect, control, or process such information, federal, state, and foreign privacy laws and regulations, including, without limitation, California Consumer Privacy Act and General Data Protection Regulation, require us to make disclosures regarding our privacy and information sharing practices, safeguard and protect the privacy of such information, and, in some cases, provide patrons the opportunity to "opt out" of the use of their information for certain purposes. We must comply with federal, state, and foreign requirements regarding notice and consent to obtain, use, share, transmit and store such information.

Consumer protection and data privacy laws are rapidly evolving due to recent high-profile thefts and losses of sensitive consumer information from protected databases. Such laws may broaden the scope of protected information; impose new and/or stricter standards concerning the collection, control, use, sharing, and protection of consumer information; and/or require patrons to "opt-in" to the use of their information for specific purposes. Our compliance with any or all of such laws may be costly and challenging to operationalize across the uneven requirements of the numerous domestic and international jurisdictions in which we do business.

Changes in consumer protection and data privacy laws may require us to narrow or limit the data we collect; limit how, or how long, we may use it; or require us to purge data from our systems in response to consumer requests, which may hamper the provision of certain of our data-related services or diminish the value of such services to our customers and result in loss of business. To the extent that patrons exercise their right to "opt out," or are required to "opt in," our ability to leverage existing and future databases of information may be curtailed. Further, to continue to provide such products and services, we may be required to make material modifications to the products and services we offer in order to meet the changing standards, which may result in significant redesign and redeployment costs to us.

To the extent that we fail to comply with applicable consumer protection and data privacy laws, we may become subject to actions by individuals or regulatory authorities, which may result in the payment of fines or the imposition of other monetary or non-monetary penalties.

The failure or circumvention of how we safeguard and protect the privacy of information we gather may result in the dissemination of non-public personal information, which may harm our reputation and may expose us to liability to the affected individuals and regulatory enforcement proceedings or fines.

General Risk Factors

- **We are impacted by increasing stakeholder interest in and legislative or regulatory requirements regarding public company performance, disclosure, and goal-setting with respect to environmental, social and governance ("ESG") matters.**

In response to growing customer, investor, employee, governmental and other stakeholder interest in our ESG practices, including our procedures, standards, performance metrics, and goals, we have increased reporting of our ESG programs and performance and have established goals and other objectives related to ESG matters. These goal statements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our ability to achieve any goal or objective, including with respect to ESG initiatives, is subject to numerous risks, many of which are outside of our control. Examples of such risks include, but are not limited to: (i) the availability and cost of low-energy sources and technologies; (ii) evolving regulatory requirements affecting ESG standards or disclosures; (iii) the availability of suppliers that can meet our sustainability, diversity and other standards; (iv) our ability to recruit, develop, and retain diverse talent in our labor markets; and (v) the impact of our organic growth and acquisitions of businesses or operations. In addition, frameworks for tracking and reporting on ESG matters have not been standardized and continue to evolve. Our processes and controls for reporting of ESG matters may not always comply with evolving and disparate standards for identifying, measuring, and reporting ESG metrics, our interpretation of reporting standards may differ from those of others, and such standards may change over time, any of which could result in significant revisions to our performance metrics, goals or reported progress in achieving such goals. In addition, certain of our products and services may be unattractive to certain investors and may cause us to be increasingly subject to ESG-driven investment practices that preclude investment in our debt and equity securities.

To the extent our ESG practices do not meet, or viewed as not meeting, evolving investor or other stakeholder expectations, then our reputation, our ability to attract or retain employees and our attractiveness as a gaming supplier, business partner or acquirer could be negatively impacted. Our failure, or perceived failure, to pursue or fulfill our goals, targets and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could have similar negative impacts and expose us to government enforcement actions and private litigation.

We may not generate profits in the future.

As a result of the interest payments on our indebtedness, amortization of intangible assets incurred in connection with our acquisitions, other related acquisition and financing costs, asset impairment charges, depreciation, and other amortization, we have experienced periods in which we were not profitable, and we may not always be able to generate profits in the future. Our ability to continue to generate net profits in the future depends, in part, on our ability to: establish strategic business relationships with new and existing customers; retain our existing customers and expand our relationships with existing customers; provide our products and services in new markets and to new customers in existing markets; develop new games or license third-party content in our Games business and develop new products and services in our FinTech business; effectively manage a larger and more diverse workforce and business; react to changes, including technological, security and regulatory changes, in the markets we target or operate in; respond to competitive developments and challenges; and attract and retain experienced and talented personnel.

We may not be able to do any of these successfully, and our failure to do so could have a material adverse effect on our business, financial condition, operations, or cash flows, which could, among other things, affect our ability to make payments under our debt agreements.

The price of our common stock may continue to fluctuate significantly.

The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control, including, but not limited to, those described above in previous risk factor sub-captions.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

Risk Management and Strategy

Everi recognizes the critical importance of developing, implementing, and maintaining the appropriate cybersecurity measures to safeguard our information systems and protect the confidentiality, integrity, and availability of our data and that of our customers or patrons. Everi has strategically integrated cybersecurity risk management into our broader risk management framework to establish a robust process for the monitoring and evaluation of cybersecurity risks in our business to promote a company-wide culture of cybersecurity risk management. This integration supports our efforts to assess and incorporate cybersecurity considerations into our decision-making processes.

Everi's Security department, Chief Information Security Officer (CISO), and Chief Information Officer (CIO), with oversight from the CEO, lead the cybersecurity detection and risk reduction and mitigation efforts for the Company. These efforts include, but are not limited to the following:

- Monitoring logs and alerts for security issues, events, and breaches;
- Preparing and regularly testing Everi's preparedness for attacks, incidents, and breaches, including the use of table-top exercises of simulated cyber incidents with the executive team;
- Developing policies and procedures to identify, classify, and define protection and management objectives, and define acceptable use of Company information assets;
- Deploying monitoring and data collection tools to monitor the security of devices and processes;
- Monitoring and reviewing physical and logical access to Everi data and properties to meet applicable security and regulatory requirements;
- Developing and maintaining a vulnerability identification and management program;
- Developing and maintaining a security awareness and training program; and
- Obtaining System and Organizational Controls Two certifications for products

Given the complexity and evolving nature of cybersecurity threats, Everi engages with a range of external experts, including cybersecurity assessors, consultants, and auditors in evaluating and testing our risk management systems. These partnerships enable us to leverage specialized knowledge and insights to maintain and enhance our cybersecurity strategies and processes. Our collaboration with these third-parties includes regular audits, threat assessments, and consultation on security enhancements.

We perform due diligence on select third-party vendors by collecting and reviewing certifications when available for our vendors. Certifications and reviews of third parties' security practices are no guarantee and of little assurance that a vendor will not suffer a breach or loss of Everi data. Along with due diligence efforts, we review vendor contracts for contractual controls, and to seek that legal recourse is available in cases of a breach and or data loss.

As of the date of this Annual Report, we have not experienced a cybersecurity incident that has or is reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. While we have not experienced any material cybersecurity incidents, there can be no guarantee that we will not be the subject of future successful attacks, threats or incidents. Additional information on cybersecurity risks we face can be found in *Part I, Item 1A "Risk Factors" of this Annual Report on Form 10-K under the heading "Risks Related to Our Information Technology,"* which should be read in conjunction with the foregoing information.

Governance

The Board of Directors is primarily responsible for overseeing, and is regularly updated on the nature of, the Company's efforts to manage risks associated with cybersecurity threats.

The CISO and the CIO have significant experience in information technology and cybersecurity, including over 20 years of experience each in information security and compliance, multiple security certifications, and experience building vulnerability management, application security, and security operations groups. Additionally, their experience includes payments fraud prevention and enhancing the organization's ability to safeguard against financial cyber threats, among other intrusions. Our CIO and CISO combine leadership, familiarity with and resolution of various cyber-related perils, to help mitigate these types of risks for the Company. Due to their experience in the field, they play a pivotal role in informing the Board on cybersecurity risks. They provide briefings to the Board on a quarterly basis. These briefings encompass a broad range of topics, including:

- The current cybersecurity landscape and emerging threats;
- The status of ongoing cybersecurity initiatives and strategies;
- Incident reports and learnings from any cybersecurity events; and
- The Company's compliance with regulatory requirements and industry standards

Cybersecurity Risk, Data Risk, and Technology Infrastructure Risk are among the risks assessed by the Company's Enterprise Risk Management Program with the oversight of an executive-level Enterprise Risk Management Committee. Information Technology, Information Security, product development, and Internal Audit managers update the CISO, CIO and CEO on technology, cybersecurity, and privacy threats, risk mitigation efforts, penetration testing, and control testing at a regular Enterprise Security Meeting.

In addition to scheduled meetings, the CISO, CIO, and CEO maintain a regular dialogue regarding emerging or potential cybersecurity risks. Together, they receive updates on significant developments in the cybersecurity domain, as needed, but no less than quarterly, supporting the Board's proactive and responsive oversight of cybersecurity-related risks. This engagement also supports the consideration and integration of cybersecurity matters into the broader strategic objectives.

Item 2. Properties.

We occupy real estate properties mostly in the United States and, to a lesser degree, internationally that are under lease agreements. We believe that these facilities are adequate for our business needs as presently conducted.

We primarily occupy the following leased real estate properties:

Location	Sq. Ft	Purpose	Segment
Las Vegas, Nevada [(1)]	244,832	Corporate Headquarters and Operations	FinTech and Games
Austin, Texas [(1)]	51,000	Office	Games

(1) We had assembly facilities in Austin, Texas until we transitioned to our new assembly facility in Las Vegas, Nevada during the fourth quarter of 2023.

In addition, we lease additional less significant real estate properties that are used to support our products and services.

Item 3. Legal Proceedings.

A discussion of our legal proceedings is contained in "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 14 — Commitments and Contingencies" of this Annual Report on Form 10-K and incorporated here by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed for trading on the New York Stock Exchange under the symbol "EVRI." On February 23, 2024, there were 9 holders of record of our common stock. Many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, which results in a significantly larger number of beneficial stockholders represented by these holders of record.

Dividends

We have not declared or paid any cash dividends on our capital stock as we intend to retain our earnings and utilize them for the repayment of outstanding debt and to finance the growth and development of our business. Any future change in our dividend policy will be made at the discretion of our Board of Directors, and will depend on our contractual restrictions, results of operations, earnings, capital requirements, and other factors considered relevant by our Board of Directors. In addition, the Credit Facilities and the indenture governing the 2021 Unsecured Notes limit our ability to declare and pay cash dividends.

Common Stock Repurchases

On May 3, 2023, our Board of Directors authorized and approved a new share repurchase program in an amount not to exceed $180.0 million pursuant to which we may purchase outstanding Company common stock in open market or privately negotiated transactions over a period of eighteen (18) months through November 3, 2024, in accordance with Company and regulatory policies and trading plans established in accordance with Rules 10b5-1 and 10b-18 of the Securities Exchange Act of 1934. The actual number of shares to be purchased will depend upon market conditions and is subject to available liquidity, general market and economic conditions, alternative uses for capital and other factors. All shares purchased will be held in the Company's treasury for possible future use. There is no minimum number of shares that the Company is required to repurchase, and the program may be suspended or discontinued at any time without prior notice. This new repurchase program supersedes and replaces, in its entirety, the previous share repurchase program.

There were approximately 7.5 million and 5.0 million shares repurchased at an average price of $13.40 and $16.93 per share for an aggregate amount of $100.0 million and $84.3 million during the years ended December 31, 2023 and 2022, respectively. The remaining availability under the May 3, 2023 $180.0 million share repurchase program was $80.0 million as of December 31, 2023. There were no share repurchases during the year ended December 31, 2021.

Issuer Purchases and Withholding of Equity Securities

The following table includes the monthly repurchases or withholdings of our common stock during the fourth quarter ended December 31, 2023:

	Total Number of Shares Purchased or Withheld (in thousands)	Average Price Purchased or Withheld per Share [3]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [4] (in thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [4] (in thousands)
Share Repurchases				
10/1/23 - 10/31/23	471.3 [1]	$ 12.86	471.3	$ 100,000.0
11/1/23 - 11/30/23	881.5 [1]	$ 11.01	881.5	90,295.9
12/1/23 - 12/31/23	963.9 [1]	$ 10.68	963.9	80,000.0
Sub-total	2,316.7	$ 11.25	2,316.7	$ 80,000.0
Tax Withholdings				
10/1/23 - 10/31/23	2.1 [2]	$ 10.76	—	$ —
11/1/23 - 11/30/23	—	$ —	—	—
12/1/23 - 12/31/23	—	$ —	—	—
Sub-total	2.1	$ 10.76	—	$ —
Total	2,318.8	$ 11.25	2,316.7	$ 80,000.0

(1) Represents the number of shares repurchased during the three months ended December 31, 2023 pursuant to the share repurchase program that our Board of Directors authorized and approved on May 3, 2023, giving us the authority to repurchase up to $180 million of our outstanding common stock over an eighteen (18) months period through November 3, 2024, which commenced in the second quarter of 2023. This share repurchase program supersedes all prior share repurchase programs. Refer to "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 15 — Shareholders' Equity" for additional details.

(2) Represents the shares of common stock that were withheld from restricted stock awards and the net settlement of stock option exercises to satisfy the applicable tax withholding obligations incident to the vesting of such restricted stock awards and the exercise of such stock options. There are no limitations on the number of shares of common stock that may be withheld from restricted stock awards or stock options to satisfy the tax withholding obligations incident to the vesting of restricted stock awards or exercise of stock options. We withheld approximately 0.6 million, 0.7 million, and 0.5 million shares of our common stock at an aggregate purchase price of approximately $9.2 million, $12.0 million and $9.4 million for the years ended December 31, 2023, 2022 and 2021, respectively, to satisfy the minimum applicable tax withholding obligations incident to the vesting of such restricted stock awards and stock option exercises.

(3) Represents the average price per share of common stock purchased or withheld on the date of withholding.

(4) There were 2.3 million and 2.1 million shares repurchased at an average price of $11.25 and $17.00 per share for an aggregate amount of $26.1 million and $35.0 million during the three months ended December 31, 2023 and 2022, respectively. The remaining availability under the May 3, 2023 $180.0 million share repurchase program was $80.0 million as of December 31, 2023. There were no share repurchases during the three months ended December 31, 2021.

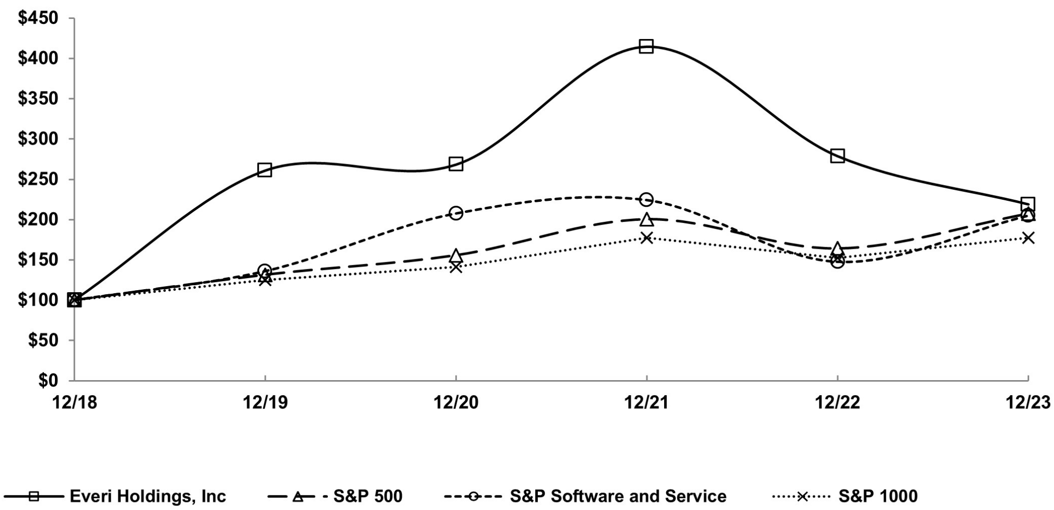
Stock Performance Graph

The line graph below compares the cumulative total stockholder return on our common stock with the cumulative total return of the Standard & Poor's ("S&P") 500 Index, the S&P 1000 Index and the S&P Software and Service Index during the five-year period ended December 31, 2023. We included the S&P Software and Service Index in the Stock Performance Graph as we believe it is a more comparable metric that includes small and mid-capitalization stocks, which are similar in capitalization to our Company.

The graph assumes that $100 was invested on December 31, 2018 in our common stock, in the S&P 500 Index, the S&P 1000 Index and the S&P Software and Service Index, and that all dividends were reinvested. Research Data Group, Inc. furnished this data; and the cumulative total stockholder returns are based on the calendar month end closing prices. The comparisons in the graph are required by the SEC and are not intended to forecast or be indicative of possible future performance of our common stock.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Everi Holdings, Inc, the S&P 500 Index, S&P 1000 Index
and the S&P Software and Service Index



*$100 invested on 12/31/18 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

The performance graph and the related chart and text are being furnished solely to accompany this Annual Report on Form 10-K pursuant to Item 201(e) of Regulation S-K, and are not being filed for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference in any filing by us under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Item 6. Reserved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of financial condition and results of operations should be read in conjunction with "Item 1. Business" and our Financial Statements included elsewhere in this Annual Report on Form 10-K and the information included in our other filings with the SEC.

Overview

Everi develops and offers products and services that provide gaming entertainment, improve our customers' patron engagement, and help our casino customers operate their businesses more efficiently. We develop and supply entertaining game content, gaming machines and gaming systems and services for land-based and iGaming operators. Everi is a leading innovator and provider of trusted financial technology solutions that power casino floors, improve operational efficiencies, and fulfill regulatory requirements. The Company also develops and supplies player loyalty tools and mobile-first applications that enhance patron engagement for our customers and venues in the casino, sports, entertainment, and hospitality industries.

Everi reports its financial performance, and organizes and manages its operations, across the following two business segments: (i) Games and (ii) Financial Technology Solutions ("FinTech").

Everi Games provides gaming operators with gaming technology and entertainment products and services, including: (i) gaming machines, primarily comprising Class II, Class III and Historic Horse Racing ("HHR") slot machines placed under participation and fixed-fee lease arrangements or sold to casino customers; (ii) providing and maintaining the central determinant systems for the video lottery terminals ("VLTs") installed in the State of New York and similar technology in certain tribal jurisdictions; (iii) business-to-business ("B2B") digital online gaming activities; and (iv) bingo solutions through consoles, integrated electronic gaming tablets and related systems.

Everi FinTech provides gaming operators with financial technology products and services, including: (i) financial access and related services supporting digital, cashless and physical cash options across mobile, assisted and self-service channels; (ii) loyalty and marketing software and tools, regulatory and compliance ("RegTech") software solutions, other information-related products and services, and hardware maintenance services; and (iii) associated casino patron self-service hardware that utilizes our financial access, software and other services. We also develop and offer mobile-first applications aimed at enhancing patron engagement for customers in the casino, sports, entertainment, and hospitality industries. Our solutions are secured using an end-to-end security suite to protect against cyber-related attacks allowing us to maintain appropriate levels of security. These solutions include: access to cash and cashless funding at gaming facilities via Automated Teller Machine ("ATM") debit withdrawals, credit card financial access transactions, and point of sale ("POS") debit card purchases at casino cages, kiosk and mobile POS devices; accounts for the CashClub Wallet, check warranty services, self-service loyalty and fully integrated kiosk maintenance services; self-service loyalty tools and promotion management software; compliance, audit, and data software; casino credit data and reporting services; marketing and promotional offering subscription-based services; and other ancillary offerings.

Impact of Macro-Economic Volatility and Global Instability, Employment Constraints and Supply Chain Disruptions

We have experienced an impact from macro-economic volatility as a result of inflation, interest rate movements and global instability, particularly as it relates to our supply chain, both from an upstream and downstream perspective, which impacts the delivery of our products; and we continue to evaluate the effects of interest rate movements on our variable rate debt and pricing pressures on our business.

We have experienced an impact from employment constraints as a result of inflation that has significantly increased over prior years. This has placed pressure on competitive wages, which has led to increases in wages and other related costs.

We have experienced an impact from supply chain disruptions that have resulted in additional costs incurred to develop, produce, and ship our products.

Additional Items Impacting Comparability of Results of Operations and Financial Condition

Our Financial Statements included in this report reflect the following additional items impacting the comparability of results of operations:

- During the year 2023, we acquired certain strategic assets of VKGS LLC ("Video King"), a privately owned provider of integrated electronic bingo gaming tablets, video gaming content, instant win games and systems. Under the terms of the purchase agreement, we paid the seller approximately $61.0 million, inclusive of a net working capital payment during the second quarter of 2023. We also made an additional net working capital payment of $0.3 million post-closing, early in the third quarter of 2023. In addition, we expect to pay approximately $0.2 million related to an indemnity holdback, which is scheduled for release on the eighteen-month anniversary of the acquisition date. The acquisition did not have a significant impact on our financial condition or results of operations as of and for the period ended December 31, 2023.

- During the fourth quarter of 2023, we recorded a partial write-down of the definite-lived customer relationships intangible asset associated with the Intuicode Gaming Corporation ("Intuicode") acquisition, reflected in our Games segment. The impairment loss of approximately $11.7 million was included within Operating Expenses of our Statements of Operations. The customer relationships intangible asset had a revised cost basis of $0.5 million and a remaining life of five years at December 31, 2023. In connection with this impairment recorded during the fourth quarter of 2023, we also recorded an adjustment of $1.7 million based on our revised estimate of the second earn-out payment related to the Intuicode acquisition reflected within Operating Expenses of our Statements of Operations.

- During the year 2023, we incurred an increase in interest expense, net of interest income, of $21.9 million as a result of rising interest rates in the macroeconomic environment that impacted our variable rate debt.

- During the second quarter of 2023, our Board of Directors authorized and approved a new share repurchase program in an amount not to exceed $180.0 million pursuant to which we may purchase outstanding Company common stock in open market or privately negotiated transactions over a period of eighteen (18) months through November 3, 2024. There were 7.5 million shares repurchased during the year ended December 31, 2023 at an average price of $13.40 per share for an aggregate amount of $100.0 million. The remaining availability under the May 2023 $180.0 million share repurchase program was $80.0 million as of December 31, 2023. This new repurchase program supersedes and replaces, in its entirety, the previous share repurchase program.

- During the year 2022, we acquired the stock of eCash Holdings Pty Limited and wholly-owned subsidiaries (collectively "eCash"), Intuicode, and certain strategic assets of Venuetize, Inc. ("Venuetize") and made an initial cash payment of $15.0 million, $12.5 million and $18.2 million at the closing of each transaction, respectively. The acquisitions did not have a significant impact on our financial condition or results of operations as of and for the period ended December 31, 2023.

As a result of these events, together with macro-economic volatility and global instability, our employment constraints and supply chain disruptions, our results of operations and earnings per share in the periods covered by our Financial Statements may not be directly comparable.

Trends and Developments Impacting our Business

Our strategic planning and forecasting processes include the consideration of economic and industry-wide trends that may impact our Games and FinTech businesses. Below we have identified a number of trends that could have a material impact on our business:

- Casino gaming is dependent upon discretionary consumer spending, which is typically the first type of spending that is restrained by consumers when they are uncertain about their jobs and income. Global economic uncertainty in the marketplace may have an impact on casino gaming, gaming operator capital budgets, and ultimately the demand for new gaming equipment, which impacts both of our segments.

- We face continued macro-economic volatility, global instability, inflationary pricing pressures and interest rate movements, which impacts both our segments.

- Disruption of global supply chains related to macro-economic volatility, including inflation and interest rate movements, and global instability may negatively impact the anticipated increase in sales of gaming equipment in 2024.

- We face continued competition from competitors in the gaming financial access market, as well as from larger gaming equipment manufacturers and systems providers. This competition continues to contribute to ongoing pricing pressure for both our Games and FinTech businesses.

- We continue to remain competitive in the gaming supplier space by launching new cabinet form factors and game theme software titles, which may be either delayed or not received well by casino operators that could negatively impact our outlook of sales in 2024.

- Transaction processing and related fees have increased in recent years. We expect the financial services and payments industry to respond to these changes, including in ways that could negatively impact our FinTech business in the future.

- We derive a significant portion of our revenue from Native American tribal customers, and our ability to effectively operate in Native American gaming markets is vulnerable to legal and regulatory uncertainties, including the ability to enforce contractual rights on Native American land.

- Casino operators continue to broaden their appeal by focusing on investments in non-gaming amenities for their facilities, which could impact casino operator's capital allocations for games and payment solution products and services that impact both of our operating segments.

Operating Segments

We report our financial performance within two operating segments: (i) Games; and (ii) FinTech. For additional information on our segments see "Item 1. Business" and "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 19 — Segment Information" included in this Annual Report on Form 10-K.

Results of Operations

Year ended December 31, 2023 compared to the year ended December 31, 2022

The following table presents our Results of Operations as reported for the year ended December 31, 2023 compared to the year ended December 31, 2022 (amounts in thousands)*:

	Year Ended					
	December 31, 2023		December 31, 2022		2023 vs 2022	
	$	%	$	%	$	%
Revenues						
Games revenues						
Gaming operations	$ 304,132	38 %	$ 292,873	37 %	$ 11,259	4 %
Gaming equipment and systems	125,022	15 %	143,553	18 %	(18,531)	(13)%
Games total revenues	429,154	53 %	436,426	56 %	(7,272)	(2)%
FinTech revenues						
Financial access services	225,054	28 %	206,860	26 %	18,194	9 %
Software and other	99,490	12 %	80,232	10 %	19,258	24 %
Hardware	54,123	7 %	59,001	8 %	(4,878)	(8)%
FinTech total revenues	378,667	47 %	346,093	44 %	32,574	9 %
Total revenues	807,821	100 %	782,519	100 %	25,302	3 %
Costs and expenses						
Games cost of revenues (1)						
Gaming operations	35,205	4 %	25,153	3 %	10,052	40 %
Gaming equipment and systems	72,191	9 %	86,638	11 %	(14,447)	(17)%
Games total cost of revenues	107,396	13 %	111,791	14 %	(4,395)	(4)%
FinTech cost of revenues (1)						
Financial access services	11,064	1 %	10,186	1 %	878	9 %
Software and other	6,159	1 %	4,125	1 %	2,034	49 %
Hardware	36,621	5 %	39,220	5 %	(2,599)	(7)%
FinTech total cost of revenues	53,844	7 %	53,531	7 %	313	1 %
Operating expenses	260,931	32 %	216,959	28 %	43,972	20 %
Research and development	67,633	8 %	60,527	8 %	7,106	12 %
Depreciation	78,691	10 %	66,801	9 %	11,890	18 %
Amortization	60,042	7 %	59,558	8 %	484	1 %
Total costs and expenses	628,537	78 %	569,167	73 %	59,370	10 %
Operating income	179,284	22 %	213,352	27 %	(34,068)	(16)%

* Rounding may cause variances.

(1) Exclusive of depreciation and amortization.

	Year Ended					
	December 31, 2023		December 31, 2022		2023 vs 2022	
	$	%	$	%	$	%
Other expenses						
Interest expense, net of interest income	77,693	10 %	55,752	7 %	21,941	39 %
Total other expenses	77,693	10 %	55,752	7 %	21,941	39 %
Income before income tax	101,591	13 %	157,600	20 %	(56,009)	(36)%
Income tax provision	17,594	2 %	37,111	5 %	(19,517)	(53)%
Net income	$ 83,997	10 %	$ 120,489	15 %	$ (36,492)	(30)%

* Rounding may cause variances.

Total Revenues

Total revenues increased by approximately $25.3 million, or 3%, to approximately $807.8 million for the year ended December 31, 2023, as compared to the prior year. This was primarily due to lower Games revenues, partially offset by the higher FinTech revenues described below.

Games revenues decreased by approximately $7.3 million, or 2%, to approximately $429.2 million for the year ended December 31, 2023, as compared to the prior year. This change was primarily due to a decrease in the number of electronic gaming machines sold, partially offset by over a $600 higher average selling price per unit and continued results from our HHR and bingo solutions reflected in our gaming equipment and systems revenues. The decrease in Games revenues was also partially offset by the contribution from our bingo solutions and growth in our interactive and digital offerings reflected in our gaming operations revenues.

FinTech revenues increased by approximately $32.6 million, or 9%, to approximately $378.7 million for the year ended December 31, 2023, as compared to the prior year. This change was primarily due to an increase in both transaction and dollar volumes reflected in our financial access services revenues associated with continued strength in the gaming industry. In addition, we had continued results from software sales and support related services attributable to our kiosk, loyalty and compliance solutions and from acquired businesses reflected in our software and other revenues. The increase in FinTech revenues was partially offset by fewer kiosks unit sales, tempered by more loyalty unit sales with higher average selling prices reflected in our hardware revenues.

Costs and Expenses

Total costs and expenses increased by approximately $59.4 million, or 10%, to approximately $628.5 million for the year ended December 31, 2023, as compared to the prior year. This was primarily due to the movements in costs and expenses described below.

Games cost of revenues decreased by approximately $4.4 million, or 4%, to approximately $107.4 million for the year ended December 31, 2023, as compared to the prior year. This change was primarily due to the reduced variable costs associated with the lower unit sales reflected in our gaming equipment systems cost of revenues. The decrease in Games cost of revenues was partially offset by the additional costs related to our installed base of leased machines and the variable costs from our bingo integrated electronic gaming tablets reflected in our gaming operations cost of revenues.

FinTech cost of revenues increased by approximately $0.3 million, or 1%, to approximately $53.8 million for the year ended December 31, 2023, as compared to the prior year. This change was primarily due to the increased variable costs related to software from our kiosk and loyalty solutions, hardware from our loyalty unit sales, and financial access services from our check warranty offering. The increase in FinTech cost of revenues was partially offset by the reduced variable costs of hardware associated with the lower kiosk unit sales.

Operating expenses increased by approximately $44.0 million, or 20%, to approximately $260.9 million for the year ended December 31, 2023, as compared to the prior year. This was due in large part to an impairment charge of $11.7 million with respect to a partial write-down of the definite-lived customer relationships intangible asset related to our Intuicode acquisition, partially offset by an adjustment recorded in connection with our second earn-out payment related to the same transaction, each of which were reflected in our Games segment. In addition, the increase in operating expenses was related to increases in inventory and occupancy costs mostly associated with the move to our new manufacturing facility in Las Vegas, Nevada during the fourth quarter of 2023 in an effort to consolidate our warehousing operations, which impacted both our Games and FinTech segments. We also incurred higher payroll and related expenses to support the growth of our existing operations and new employees from acquisitions in our FinTech and Games segments. We also incurred higher expenses for software licensing and additional employee travel and related costs in our Games and FinTech segments. The increase in operating expenses was partially offset by lower legal costs due to higher costs incurred in the prior period due to litigation activities from existing proceedings in our Games and FinTech segments.

Research and development expense increased by approximately $7.1 million, or 12%, to approximately $67.6 million for the year ended December 31, 2023, as compared to the prior year. This was primarily due to the growth in our operations and expenses from our acquired businesses in our Games and FinTech segments.

Depreciation expense increased by approximately $11.9 million, or 18%, to approximately $78.7 million for the year ended December 31, 2023, as compared to the prior year. This was primarily associated with the shortening of estimated remaining useful lives that were no longer supportable for certain fixed assets and an increase in capital spending related to acquired businesses in our Games segment.

Amortization expense was relatively consistent at $60.0 million for the year ended December 31, 2023, as compared to the prior year.

Primarily as a result of the factors described above, our operating income decreased by approximately $34.1 million, or 16%, and resulted in an operating income of approximately $179.3 million for the year ended December 31, 2023, as compared to the prior year. The operating income margin was 22% for the year ended December 31, 2023 compared to an operating income margin of 27% for the prior year.

Interest expense, net of interest income, increased by approximately $21.9 million, or 39%, to approximately $77.7 million for the year ended December 31, 2023, as compared to the prior year. This was primarily due to higher interest rates on our variable debt and our vault cash as a result of inflationary pressures in the macro-economic environment and global instability. This was partially offset by interest earned of approximately $12.1 million on our cash balances due to rising interest rates throughout the year.

Income tax provision decreased by $19.5 million to approximately $17.6 million for the year ended December 31, 2023, as compared to the prior year. The income tax provision for the year ended December 31, 2023 reflected an effective income tax rate of 17.3%, which was less than the statutory federal rate of 21.0%, primarily due to a research credit and the benefit from equity award activities, partially offset by state taxes, compensation deduction limitations and a net operating loss limitation. The income tax provision of $37.1 million for the year ended December 31, 2022 reflected an effective income tax rate of 23.5%, which was greater than the statutory federal rate of 21.0%, primarily due to state taxes, compensation deduction limitations, a net operating loss limitation and an accrual for a foreign withholding tax, partially offset by both a research credit and the benefit from equity award activities. For additional information, refer to "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 18 — Income Taxes".

Primarily as a result of the factors described above, we had net income of approximately $84.0 million for the year ended December 31, 2023, as compared to a prior year net income of approximately $120.5 million.

Year ended December 31, 2022 compared to year ended December 31, 2021:

The following table presents our Results of Operations as reported for the year ended December 31, 2022 compared to the year ended December 31, 2021 (amounts in thousands)*:

	Year Ended					
	December 31, 2022		December 31, 2021		2022 vs 2021	
	$	%	$	%	$	%
Revenues						
Games revenues						
Gaming operations	$ 292,873	37 %	$ 272,885	41 %	$ 19,988	7 %
Gaming equipment and systems	143,553	18 %	103,844	16 %	39,709	38 %
Games total revenues	436,426	56 %	376,729	57 %	59,697	16 %
FinTech revenues						
Financial access services	206,860	26 %	178,019	28 %	28,841	16 %
Software and other	80,232	10 %	67,797	10 %	12,435	18 %
Hardware	59,001	8 %	37,840	6 %	21,161	56 %
FinTech total revenues	346,093	44 %	283,656	43 %	62,437	22 %
Total revenues	782,519	100 %	660,385	100 %	122,134	18 %
Costs and expenses						
Games cost of revenues (1)						
Gaming operations	25,153	3 %	21,663	3 %	3,490	16 %
Gaming equipment and systems	86,638	11 %	60,093	9 %	26,545	44 %
Games total cost of revenues	111,791	14 %	81,756	12 %	30,035	37 %
FinTech cost of revenues (1)						
Financial access services	10,186	1 %	6,779	1 %	3,407	50 %
Software and other	4,125	1 %	4,129	— %	(4)	— %
Hardware	39,220	5 %	22,785	3 %	16,435	72 %
FinTech total cost of revenues	53,531	7 %	33,693	5 %	19,838	59 %
Operating expenses	216,959	28 %	188,900	29 %	28,059	15 %
Research and development	60,527	8 %	39,051	6 %	21,476	55 %
Depreciation	66,801	9 %	61,487	9 %	5,314	9 %
Amortization	59,558	8 %	57,987	9 %	1,571	3 %
Total costs and expenses	569,167	73 %	462,874	70 %	106,293	23 %
Operating income	213,352	27 %	197,511	30 %	15,841	8 %

* Rounding may cause variances.

(1) Exclusive of depreciation and amortization.

	Year Ended					
	December 31, 2022		December 31, 2021		2022 vs 2021	
	$	%	$	%	$	%
Other expenses						
Interest expense, net of interest income	55,752	7 %	62,097	9 %	(6,345)	(10)%
Loss on extinguishment of debt	—	— %	34,389	5 %	(34,389)	(100)%
Total other expenses	55,752	7 %	96,486	15 %	(40,734)	(42)%
Income before income tax	157,600	20 %	101,025	15 %	56,575	56 %
Income tax provision (benefit)	37,111	5 %	(51,900)	(8)%	89,011	172 %
Net income	$ 120,489	15 %	$ 152,925	23 %	$ (32,436)	(21)%

* Rounding may cause variances.

Total Revenues

Total revenues increased by approximately $122.1 million, or 18%, to approximately $782.5 million for the year ended December 31, 2022, as compared to the prior year. This was primarily due to the higher Games and FinTech revenues described below.

Games revenues increased by approximately $59.7 million, or 16%, to approximately $436.4 million for the year ended December 31, 2022, as compared to the prior year. This was primarily due to: (i) an increase of 1,785 gaming machines sold (including those from the acquired HHR development company, Intuicode), with $779 higher average selling price per unit, which resulted in additional gaming equipment revenues; (ii) a 1,072 unit increase in the number of units in our installed base from our gaming operations revenues; (iii) the recurring, participation revenue contributions from Intuicode, which is in our gaming operations revenues, and also in our gaming equipment revenues; and (iv) an $8.7 million increase in our online digital and interactive solutions as a result of growth in the customer base and expansion of our product with existing customers, which were reflected in our gaming operations revenues.

FinTech revenues increased by approximately $62.4 million, or 22%, to approximately $346.1 million for the year ended December 31, 2022, as compared to the prior year. This was primarily due to contributions that included: (i) an increase in both transaction and dollar volumes attributable to more normalized operations in the gaming industry and new and renewed business from our financial access services revenues; (ii) contributions from acquired businesses, reflected mostly in our hardware revenues and software and financial access services revenues; and (iii) an increase in unit sales of our kiosks reflected in our hardware revenues.

Costs and Expenses

Total costs and expenses increased by approximately $106.3 million, or 23%, to approximately $569.2 million for the year ended December 31, 2022, as compared to the prior year. This was primarily due to higher Games and FinTech costs and expenses described below.

Games cost of revenues increased by approximately $30.0 million, or 37%, to approximately $111.8 million for the year ended December 31, 2022, as compared to the prior year. This was primarily due to the additional variable costs associated with the higher unit sales from our gaming equipment and systems activities, increased freight and delivery costs, and increased supply chain related costs. There were also additional costs associated with our installed base from our gaming operations activities, primarily from increased payroll related costs.

FinTech cost of revenues increased by approximately $19.8 million, or 59%, to approximately $53.5 million for the year ended December 31, 2022, as compared to the prior year. This was primarily due to additional variable costs associated with the higher unit sales from our hardware revenue, increased supply chain related costs, increased freight and delivery costs, and an additional $3.4 million in check warranty expenses. Check warranty losses have been increasing in 2022 as declining or eliminated governmental stimulus efforts have been greatly reduced or ceased and nationwide patrons' cash balances have been declining. These check warranty losses are reported within our financial access services activities.

Operating expenses increased by approximately $28.1 million, or 15%, to approximately $217.0 million for the year ended December 31, 2022, as compared to the prior year. This was primarily due to higher payroll and related expenses to support the growth of our existing operations and new employees from acquisitions completed during the year in our Games and FinTech segments. We also incurred higher employee travel and related costs resulting from more normalized operations of our customers in our Games and FinTech segments. In addition, the increase was attributable to rising expenses for software licensing and information technology hardware support. The prior year operating expenses were partially offset by the recovery of a settlement from a dispute with an insurance carrier for a payment associated with the Fair and Accurate Credit Transactions Act legal matter of approximately $1.9 million in our FinTech segment.

Research and development expense increased by approximately $21.5 million, or 55%, to approximately $60.5 million for the year ended December 31, 2022, as compared to the prior year. This increase was primarily the result of the growth in our operations, expense from our recently completed acquisitions and the continued investment in new products in our Games and FinTech segments.

Depreciation expense increased by approximately $5.3 million, or 9%, to approximately $66.8 million for the year ended December 31, 2022, as compared to the prior year, and was primarily associated with an increase in capital spending resulting in a higher asset base in our Games and FinTech segments.

Amortization expense increased by approximately $1.6 million, or 3%, to approximately $59.6 million for the year ended December 31, 2022, as compared to the prior year, and was primarily associated with an increase in intangible assets acquired in 2022 for our Games and FinTech segments.

Primarily as a result of the factors described above, our operating income increased by approximately $15.8 million, or 8%, and resulted in an operating income of approximately $213.4 million for the year ended December 31, 2022, as compared to the prior year. The operating income margin was 27% for the year ended December 31, 2022 compared to an operating income margin of 30% for the prior year.

Interest expense, net of interest income, decreased by approximately $6.3 million, or 10%, to approximately $55.8 million for the year ended December 31, 2022, as compared to the prior year. This was primarily due to interest savings achieved from a refinancing of our prior credit facilities and unsecured notes in the third quarter of 2021 that resulted in a lower amount of principal outstanding. This was partially offset by higher interest rates on our variable debt and our vault cash as a result of inflationary pressures in the macro-economic environment and global instability. Partially offsetting interest expense was approximately $3.9 million in interest earned on our cash balances due to rising interest rates throughout the year and on certain customer receivables.

There was no loss on extinguishment of debt for the year ended December 31, 2022, as compared to $34.4 million in the prior year resulting from a refinancing of our prior credit facilities and unsecured notes in the third quarter of 2021.

Income tax benefit increased by $89.0 million to approximately $37.1 million for the year ended December 31, 2022, as compared to the prior year. The income tax provision for the year ended December 31, 2022 reflected an effective income tax rate of 23.5%, which was greater than the statutory federal rate of 21.0%, primarily due to state taxes, compensation deduction limitations, a net operating loss limitation and an accrual for a foreign withholding tax, partially offset by both a research credit and the benefit from equity award activities. The income tax benefit of $51.9 million for the year ended December 31, 2021 reflected an effective income tax rate of negative 51.4%, which was less than the statutory federal rate of 21.0%, primarily due to a decrease in our valuation allowance as we removed the full valuation allowance on our federal and certain states deferred tax assets. For additional information, refer to "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 18 — Income Taxes".

Primarily as a result of the factors described above, we had net income of approximately $120.5 million for the year ended December 31, 2022, as compared to a prior year net income of approximately $152.9 million.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires us to make estimates and assumptions that affect our reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in our Financial Statements. The SEC has defined critical accounting estimates as those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations of the registrant. Based on this definition, we have identified our critical accounting policies and estimates as those addressed below. We also have other key accounting policies that involve the use of estimates, judgments, and assumptions. Refer to "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 2 — Basis of Presentation and Summary of Significant Accounting Policies" included elsewhere in this Annual Report on Form 10-K for a summary of these policies. We believe that our estimates and assumptions are reasonable, based upon information presently available; however, actual results may differ from these estimates under different assumptions or conditions.

Business Combinations

We completed an acquisition for purchase consideration of approximately $61.5 million during the year ended December 31, 2023, specifically the acquisition of VKGS LLC. This acquisition resulted in us recording a significant amount of identified intangible assets and goodwill.

The determination of fair values of the assets acquired and liabilities assumed for our acquisitions requires the use of various assumptions, estimates or judgments in the valuation process, such as: the methodology, the estimated future cash flows and the discount rate used to present value such cash flows and benchmarking rates, as applicable. We utilize the assistance of third-party specialists in connection with the valuation process, as applicable.

Our estimates of fair values require significant judgment and are based on assumptions we determined to be reasonable; however, they are unpredictable and inherently uncertain, including, but not limited to: estimates of future growth rates, operating margins, results of operations and financial condition.

Management performs its forecasting process, which, among other factors, includes reviewing recent historical results, company-specific variables and industry trends, among other considerations. This process is generally fluid throughout each year and considered in conjunction with the acquisition activities that occur during any given year. Changes in forecasted operations can significantly impact these estimates, which could materially affect our results of operations.

There can be no assurance that our estimates and assumptions made in our determination of fair values of the assets acquired and liabilities assumed from our acquisitions will prove to be accurate predictions of the future. To the extent our assumptions regarding business plans, competitive environments, anticipated growth rates, or expectations of results of operations and financial condition are not correct, we may be required to record adjustments in future periods, whether to goodwill during the measurement period or to the Statements of Operations upon the expiration of the measurement period, in the event items are present that were either known or knowable at the respective acquisition dates.

Goodwill

We had approximately $737.8 million of goodwill, of which approximately $484.4 million was related to our Games reporting unit, on our Balance Sheets at December 31, 2023 resulting from acquisitions of other businesses. We test for impairment annually on a reporting unit basis, at the beginning of our fourth fiscal quarter, or more often under certain circumstances. Our reporting units are identified as operating segments or one level below and we evaluate our reporting units at least annually. Refer to "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 11 — Goodwill and Other Intangible Assets" included elsewhere in this Annual Report on Form 10-K for a further discussion.

The annual evaluation of goodwill requires the use of different assumptions, estimates, or judgments in the goodwill impairment testing process, such as: the methodology, the estimated future cash flows of our reporting units, the discount rate used to present value such cash flows, and the market multiples of comparable companies. Management performs its annual forecasting process, which, among other factors, includes reviewing recent historical results, company-specific variables, and industry trends. This process is generally fluid throughout each year and considered in conjunction with the annual goodwill impairment evaluation. Changes in forecasted operations can significantly impact these estimates, which could materially affect our results of operations. Our estimates of fair value require significant judgment and are based on assumptions we determined to be reasonable; however, they are unpredictable and inherently uncertain, including: estimates of future growth rates, operating margins, results of operations and financial condition, and assumptions about the overall economic climate as well as the competitive environment for our reporting units.

There can be no assurance that our estimates and assumptions made for purposes of our goodwill testing as of the time of testing will prove to be accurate predictions of the future. If our assumptions regarding business plans, competitive environments, anticipated growth rates, or expectations of results of operations and financial condition are not correct, we may be required to record goodwill impairment charges in future periods, whether in connection with our next annual impairment testing process, or earlier, in the event an indicator of impairment is present at such time during the year.

Recent Accounting Guidance

For a description of our recently adopted accounting guidance and recent accounting guidance not yet adopted, see "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 2 — Basis of Presentation and Summary of Significant Accounting Policies — Recent Accounting Guidance" included elsewhere in this Annual Report on Form 10-K.

Liquidity and Capital Resources

Overview

The following table presents selected information about our financial position (in thousands):

	At December 31,	
	2023	2022
Balance sheet data		
Total assets	$ 2,123,870	$ 1,918,243
Total borrowings	974,465	977,995
Total stockholders' equity	226,142	217,641
Cash available		
Cash and cash equivalents	$ 267,215	$ 293,394
Settlement receivables	441,852	263,745
Settlement liabilities	(662,967)	(467,903)
Net cash position (1)	46,100	89,236
Undrawn revolving credit facility	125,000	125,000
Net cash available (1)	$ 171,100	$ 214,236

(1) Non-GAAP financial measure. In order to enhance investor understanding of our cash balance, we are providing in this Annual Report on Form 10-K our Net Cash Position and Net Cash Available, which are not measures of financial position under GAAP. Accordingly, these measures should not be considered in isolation or as a substitute for GAAP measures, and should be read in conjunction with our balance sheets prepared in accordance with GAAP. We define our (i) Net Cash Position as cash and cash equivalents plus settlement receivables less settlement liabilities; and (ii) Net Cash Available as Net Cash Position plus undrawn amounts available under our Revolving Credit Facility. Our Net Cash Position and Net Cash Available change substantially based upon the timing of our receipt of funds for settlement receivables and payments we make to customers for our settlement liabilities. We present these non-GAAP measures as we monitor these amounts in connection with forecasting of cash flows and future cash requirements, both on a short-term and long-term basis.

Cash Resources

As of December 31, 2023, our cash balance, cash flows, and line of credit are expected to be sufficient to meet our recurring operating commitments and to fund our planned capital expenditures on both a short- and long-term basis. Cash and cash equivalents at December 31, 2023 included cash in non-U.S. jurisdictions of approximately $22.0 million. Generally, these funds are available for operating and investment purposes within the jurisdiction in which they reside, and we may from time to time consider repatriating these foreign funds to the United States, subject to potential withholding tax obligations, based on operating requirements.

We expect that cash provided by operating activities will also be sufficient for our operating and debt servicing needs during the foreseeable future on both a short- and long-term basis. In addition, we have sufficient borrowings available under our senior secured revolving credit facility to meet further funding requirements. We monitor the financial strength of our lenders on an ongoing basis using publicly available information. Based upon available information, we believe our lenders should be able to honor their commitments under the Amended Credit Agreement (defined in “Note 13 — Long-Term Debt”).

Cash Flows

The following table presents a summary of our cash flow activity for the years ended December 31, 2023, 2022 and 2021 (in thousands):

	Year Ended December 31,			$ Change	
	2023	2022	2021	2023 vs 2022	2022 vs 2021
		As adjusted	As adjusted		As adjusted
Cash flow activities					
Net cash provided by operating activities	$ 292,230	$ 272,094	$ 360,165	$ 20,136	$ (88,071)
Net cash used in investing activities	(204,307)	(178,791)	(120,447)	(25,516)	(58,344)
Net cash used in financing activities	(110,941)	(100,568)	(188,359)	(10,373)	87,791
Effect of exchange rates on cash and cash equivalents	461	(1,398)	18	(1,859)	(1,416)
Cash and cash equivalents and restricted cash					
Net (decrease) increase for the period	(22,557)	(8,663)	51,377	(13,894)	(60,040)
Balance, beginning of the period	295,063	303,726	252,349	(8,663)	51,377
Balance, end of the period	$ 272,506	$ 295,063	$ 303,726	$ (22,557)	$ (8,663)

Cash flows provided by operating activities increased by approximately $20.1 million for the year ended December 31, 2023, as compared to the prior year. This was primarily attributable to changes in operating assets and liabilities, mostly associated with settlement activities from our FinTech segment. These receivables and liabilities are generally highly liquid in nature, with settlement receivables collected within one to three days of the financial access transaction performed by the patron and settlement liabilities repaid to our casino customers within three to five days of the original transaction date. As a result of the timing of weekends and holidays in relation to the close of an accounting period, the amount of uncollected settlement receivables and unpaid settlement liabilities can vary greatly. In addition, the changes in other operating assets and liabilities were related to cash receipts and disbursements in the normal course of business in both the Games and FinTech segments. Cash flows provided by operating activities decreased by approximately $88.1 million for the year ended December 31, 2022, as compared to the prior year. This was primarily attributable to changes in operating assets and liabilities, mostly associated with settlement activities from our FinTech segment and reduced placement fees from our Games segment. In addition, the changes in other operating assets and liabilities were related to cash receipts and disbursements in the normal course of business in both the Games and FinTech segments.

Cash flows used in investing activities increased by approximately $25.5 million for the year ended December 31, 2023, as compared to the prior year. This was primarily attributable to our acquisition activities and an increase in capital expenditures in our Games segment, partially offset by reduced capital expenditures in our FinTech segment. Cash flows used in investing activities increased by approximately $58.3 million for the year ended December 31, 2022, as compared to the prior year. This was primarily attributable to our acquisition activities and an increase in capital expenditures in our Games and FinTech segments.

Cash flows used in financing activities increased by approximately $10.4 million for the year ended December 31, 2023, as compared to the prior year. This was primarily attributable to share repurchase activities, together with payments of contingent consideration from our Games and FinTech segments, partially offset by proceeds from option exercise activities. Cash flows used in financing activities decreased by approximately $87.8 million for the year ended December 31, 2022, as compared to the prior year. This was primarily attributable to the debt refinancing activities in the prior year, together with payments of contingent consideration from our FinTech segment, partially offset by increased share repurchase activities and reduced option exercise activities.

For additional information regarding the as adjusted prior year cash flow activities see "Reclassification of Balances" in "Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 2 — Basis of Presentation and Summary of Significant Accounting Policies" and "Item 8 —

Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 20 — Error Correction of an Immaterial Prior Year Misstatement."

Capital Expenditures

For the year ended December 31, 2023, cash paid for capital expenditures totaled $145.1 million, of which $117.0 million and $28.1 million were related to our Games and FinTech segments, respectively. For the year ended December 31, 2022, cash paid for capital expenditures totaled $127.6 million, of which $96.0 million and $31.6 million, were related to our Games and FinTech segments, respectively.

Long-Term Debt

At December 31, 2023, we had approximately $587 million of borrowings outstanding under the Term Loan and there were no borrowings outstanding under the Revolver. We had $125 million of additional borrowing availability under the Revolver as of December 31, 2023. At December 31, 2023, we had $400 million outstanding under our 2021 Unsecured Notes.

For additional information regarding our credit agreement and other debt as well as interest rate risk see "Contractual Obligations" in this Item 7 below, "Part II, Item 7A Quantitative and Qualitative Disclosures About Market Risk," and "Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 13 — Long-Term Debt."

Contractual Obligations

Our contractual obligations are summarized below as of December 31, 2023 (in thousands):

	Total	2024	2025	2026	2027	2028	Thereafter
Contractual obligations							
Debt obligations (1)	$ 986,500	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 562,500	$ 400,000
Estimated interest obligations (2)	268,487	63,483	55,849	54,351	54,343	20,461	20,000
Lease obligations (3)	42,901	8,575	8,551	5,012	3,083	2,864	14,816
Purchase obligations (4)	149,191	113,944	24,418	5,266	4,438	1,125	—
Acquisition related obligations (5)	9,225	8,475	750	—	—	—	—
Total contractual obligations	$ 1,456,304	$ 200,477	$ 95,568	$ 70,629	$ 67,864	$ 586,950	$ 434,816

(1) In connection with the Term Loan, we are required to make quarterly principal payments with the remaining principal being due on the maturity date. The 2021 Unsecured Notes do not require a quarterly principal payment with the final principal repayment installment being due on the maturity date. For additional information see Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 13 — Long-Term Debt"

(2) Estimated interest payments were computed using the interest rate in effect at December 31, 2023 multiplied by the principal balance outstanding.

(3) Our lease obligations primarily consist of real estate arrangements we enter into with third parties. During the fourth quarter of 2023, the Company commenced a real estate lease with a term of ten years and future minimum lease payments of approximately $27.3 million. For additional information see "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 4 — Leases."

(4) The Company is a party to certain purchase obligations, which primarily include purchases of raw materials, capital expenditures, and other indirect purchases in connection with conducting our business. The purchase obligations represent open purchase orders with our suppliers that have not yet been received as these agreements generally allow us the option to cancel, reschedule and adjust terms based on our business needs prior to the delivery of goods or performance of services.

(5) Represents our obligations under the purchase agreements, including eCash, Intuicode, Venuetize and Video King. For additional information see "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 5 — Business Combinations."

Other Liquidity Needs and Resources

We need cash to support our foreign operations. Depending on the jurisdiction and the treaty between different foreign jurisdictions, our applicable withholding tax rates could vary significantly. If we expand our business into new foreign jurisdictions, we will rely on treaty-favored cross-border transfers of funds, the cash generated by our operations in those foreign jurisdictions or alternate sources of working capital.

Off-Balance Sheet Arrangements

In the normal course of business, we have commercial arrangements with third-party vendors to provide cash for certain of our ATMs. For the use of these funds, we pay a usage fee on either the average daily balance of funds utilized multiplied by a contractually defined usage rate or the amounts supplied multiplied by a contractually defined usage rate. These usage fees, reflected as interest expense within the Consolidated Statements of Operations, were approximately $20.4 million, $9.3 million, and $4.0 million for the years ended December 31, 2023, 2022, and 2021, respectively. The usage fees increased in the current year as compared to the prior year as a result of elevated funds dispensing volumes at our customer locations and higher interest rates as a result of macro-economic conditions.

We are exposed to interest rate risk to the extent that the applicable federal funds rate increases. Under these agreements, the currency supplied by third-party vendors remains their sole property until the funds are dispensed. As these funds are not our assets, supplied cash is not reflected on our Balance Sheets.

Our primary commercial arrangement, the Contract Cash Solutions Agreement, as amended, is with Wells Fargo, N.A. ("Wells Fargo"). Wells Fargo provides us with cash up to $450 million with the ability to increase the amount permitted by the vault cash provider. The term of the agreement expires on December 1, 2026 and will automatically renew for additional one-year periods unless either party provides a ninety-day written notice of its intent not to renew. The outstanding balances of funds provided in connection with this arrangement were approximately $388.5 million and $444.6 million as of December 31, 2023 and 2022, respectively.

For additional information see "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 6 — Funding Agreements."

We are responsible for any losses of cash in the fund dispensing devices under this agreement and we self-insure for this risk. We incurred no material losses related to this self-insurance for the years ended December 31, 2023, 2022, and 2021.

Effects of Inflation

Our monetary assets that primarily consist of cash, receivables, inventory, as well as our non-monetary assets that are mostly comprised of goodwill and other intangible assets, are not significantly affected by inflation. We believe that replacement costs of equipment, furniture, and leasehold improvements will not materially affect our operations. However, the rate of inflation affects our operating expenses, such as those for salaries and benefits, armored carrier expenses, telecommunications expenses, and equipment repair and maintenance services, which may not be readily recoverable in the financial terms under which we provide our Games and FinTech products and services to gaming operators.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

In the normal course of business, we are exposed to foreign currency exchange risk. We operate and conduct business in foreign countries and, as a result, are exposed to movements in foreign currency exchange rates. Our exposure to foreign currency exchange risk related to our foreign operations is not material to our results of operations, cash flows, or financial condition. At present, we do not hedge this exposure; however, we continue to evaluate such foreign currency exchange risk.

In the normal course of business, we have commercial arrangements with third-party vendors to provide cash for certain of our fund dispensing devices. Under the terms of these agreements, we pay a monthly fund usage fee that is generally based upon the target federal funds rate. We are, therefore, exposed to interest rate risk to the extent that the target federal funds rate increases. The outstanding balance of funds provided by our primary third-party vendor was approximately $388.5 million as of December 31, 2023; therefore, each 100 basis points increase in the target federal funds rate would have approximately a $3.9 million impact on income before tax over a 12-month period.

The senior secured term loan and senior secured revolving credit facility ("Credit Facilities") bear interest at rates that can vary over time. We have the option of paying interest on the outstanding amounts under the Credit Facilities using a base rate or a benchmark rate, the secured overnight financing rate ("SOFR"). We have historically elected to pay interest based on the benchmark rate, and we expect to continue to do so for various maturities.

The weighted average interest rate on the Term Loan, which includes a 50 basis point floor, was 7.59% for the year ended December 31, 2023. Based upon the outstanding balance of the Term Loan of $586.5 million as of December 31, 2023, each 100 basis points increase in the applicable SOFR would have a combined impact of approximately $5.9 million on interest expense over a 12-month period.

The interest rate is fixed at 5.00% for the 2021 Unsecured Notes due 2029; therefore, changing interest rates have no impact on the related interest expense.

At present, we do not hedge the risk related to the changes in the interest rate; however, we continue to evaluate such interest rate exposure.

Item 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Everi Holdings Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Everi Holdings Inc. and subsidiaries (the Company) as of December 31, 2023, the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, and the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 29, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Acquisition of Video King

Description of the Matter

On May 1, 2023, the Company completed its acquisition of VKGS LLC ("Video King") for net consideration of $61.5 million, as disclosed in Note 5 to the consolidated financial statements. The transaction was accounted for as a business combination, which requires that the assets acquired and liabilities assumed be recognized at their acquisition date fair values.

Auditing the Company's accounting for its acquisition of Video King was complex due to the estimation in the Company's determination of the fair value of identified intangible assets of $25.8 million, which principally consisted of developed technology and customer relationships. The Company used a discounted cash flow model to measure the developed technology and customer relationship intangible assets. The assumptions used to estimate the value of the intangible assets included discount rates and revenue growth rate, which are forward looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the Company's controls over its accounting for the Video King acquisition. For example, we tested controls over the valuation process supporting the recognition and measurement of consideration transferred, developed technology and customer-related intangible assets. We also tested management's review of assumptions used in the valuation models.

To test the estimated fair value of the developed technology and customer-related intangible assets, we performed audit procedures that included, among others, evaluating the Company's selection of the valuation methodology, evaluating the methods and assumptions used by the Company's valuation specialist, and evaluating the completeness and accuracy of the underlying data supporting the assumptions and estimates. We involved our valuation specialists to assist in the evaluation of the methodology and significant assumptions included in the fair value estimates. We also compared the significant assumptions used to third-party industry projections for the specific gaming market in which Video King operates.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2023.

Las Vegas, Nevada
February 29, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors
Everi Holdings Inc. and Subsidiaries
Las Vegas, NV

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Everi Holdings Inc. and subsidiaries (the "Company") as of December 31, 2022, the related consolidated statements of operations and comprehensive income (loss), stockholders' equity (deficit), and cash flows for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022**,** in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We served as the Company's auditor from 2015 to 2023.

/s/ BDO USA, LLP

Las Vegas, Nevada
February 28, 2023

EVERI HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In thousands, except earnings per share amounts)

	Year Ended December 31,		
	2023	2022	2021
Revenues			
Games revenues			
Gaming operations	$ 304,132	$ 292,873	$ 272,885
Gaming equipment and systems	125,022	143,553	103,844
Games total revenues	429,154	436,426	376,729
FinTech revenues			
Financial access services	225,054	206,860	178,019
Software and other	99,490	80,232	67,797
Hardware	54,123	59,001	37,840
FinTech total revenues	378,667	346,093	283,656
Total revenues	807,821	782,519	660,385
Costs and expenses			
Games cost of revenues (1)			
Gaming operations	35,205	25,153	21,663
Gaming equipment and systems	72,191	86,638	60,093
Games total cost of revenues	107,396	111,791	81,756
FinTech cost of revenues (1)			
Financial access services	11,064	10,186	6,779
Software and other	6,159	4,125	4,129
Hardware	36,621	39,220	22,785
FinTech total cost of revenues	53,844	53,531	33,693
Operating expenses	260,931	216,959	188,900
Research and development	67,633	60,527	39,051
Depreciation	78,691	66,801	61,487
Amortization	60,042	59,558	57,987
Total costs and expenses	628,537	569,167	462,874
Operating income	179,284	213,352	197,511
Other expenses			
Interest expense, net of interest income	77,693	55,752	62,097
Loss on extinguishment of debt	—	—	34,389
Total other expenses	77,693	55,752	96,486
Income before income tax	101,591	157,600	101,025
Income tax provision (benefit)	17,594	37,111	(51,900)
Net income	83,997	120,489	152,925
Foreign currency translation gain (loss)	730	(2,742)	(264)
Comprehensive income	$ 84,727	$ 117,747	$ 152,661

(1) Exclusive of depreciation and amortization.

EVERI HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In thousands, except earnings per share amounts)

	Year Ended December 31,		
	2023	**2022**	**2021**
Earnings per share			
Basic	$ 0.96	$ 1.33	$ 1.71
Diluted	$ 0.91	$ 1.24	$ 1.53
Weighted average common shares outstanding			
Basic	87,176	90,494	89,284
Diluted	91,985	97,507	99,967

See notes to consolidated financial statements.

EVERI HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value amounts)

	At December 31,	
	2023	**2022**
ASSETS		
Current assets		
Cash and cash equivalents	$ 267,215	$ 293,394
Settlement receivables	441,852	263,745
Trade and other receivables, net of allowances for credit losses of $5,210 and $4,855 at December 31, 2023 and December 31, 2022, respectively	107,933	118,895
Inventory	70,624	58,350
Prepaid expenses and other current assets	43,906	38,822
Total current assets	931,530	773,206
Non-current assets		
Property and equipment, net	152,704	133,645
Goodwill	737,804	715,870
Other intangible assets, net	234,138	238,275
Other receivables	29,015	27,757
Deferred tax assets, net	598	1,584
Other assets	38,081	27,906
Total non-current assets	1,192,340	1,145,037
Total assets	$ 2,123,870	$ 1,918,243
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Settlement liabilities	$ 662,967	$ 467,903
Accounts payable and accrued expenses	215,530	217,424
Current portion of long-term debt	6,000	6,000
Total current liabilities	884,497	691,327
Non-current liabilities		
Deferred tax liabilities, net	13,762	5,994
Long-term debt, less current portion	968,465	971,995
Other accrued expenses and liabilities	31,004	31,286
Total non-current liabilities	1,013,231	1,009,275
Total liabilities	1,897,728	1,700,602
Commitments and contingencies (Note 14)		
Stockholders' equity		
Convertible preferred stock, $0.001 par value, 50,000 shares authorized and no shares outstanding at December 31, 2023 and December 31, 2022, respectively	—	—
Common stock, $0.001 par value, 500,000 shares authorized and 123,179 and 83,738 shares issued and outstanding at December 31, 2023, respectively, and 119,390 and 88,036 shares issued and outstanding at December 31, 2022, respectively	123	119
Additional paid-in capital	560,945	527,465
Retained earnings (accumulated deficit)	62,731	(21,266)
Accumulated other comprehensive loss	(3,467)	(4,197)
Treasury stock, at cost, 39,441 and 31,353 shares at December 31, 2023 and December 31, 2022, respectively	(394,190)	(284,480)
Total stockholders' equity	226,142	217,641
Total liabilities and stockholders' equity	$ 2,123,870	$ 1,918,243

See notes to consolidated financial statements.

EVERI HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31, 2023	2022	2021
Cash flows from operating activities			
Net income	$ 83,997	$ 120,489	$ 152,925
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	78,691	66,801	61,487
Amortization	60,042	59,558	57,987
Non-cash lease expense	6,096	4,847	4,401
Amortization of financing costs and discounts	2,854	2,854	3,937
Loss on sale or disposal of assets	1,467	591	1,658
Accretion of contract rights	9,340	9,578	9,318
Provision for credit losses	11,623	10,115	7,540
Deferred income taxes	8,754	32,618	(52,077)
Reserve for inventory obsolescence	1,220	792	2,275
Write-down of assets	13,629	—	—
Loss on extinguishment of debt	—	—	34,389
Stock-based compensation	18,711	19,789	20,900
Adjustment to acquisition contingent consideration	(1,766)	—	—
Other non-cash items	—	—	53
Changes in operating assets and liabilities:			
Settlement receivables	(177,947)	(174,604)	(28,624)
Trade and other receivables	91	(30,974)	(37,617)
Inventory	(11,954)	(26,314)	(3,755)
Prepaid expenses and other assets	374	(25,717)	(10,219)
Settlement liabilities	194,878	176,274	118,651
Accounts payable and accrued expenses	(7,870)	25,944	48,401
Placement fee agreements	—	(547)	(31,465)
Net cash provided by operating activities	292,230	272,094	360,165
Cash flows from investing activities			
Capital expenditures	(145,108)	(127,568)	(104,708)
Acquisitions, net of cash acquired	(59,405)	(51,450)	(16,000)
Proceeds from sale of property and equipment	206	227	261
Net cash used in investing activities	(204,307)	(178,791)	(120,447)

EVERI HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31, 2023	2022	2021
Cash flows from financing activities			
Proceeds from term loan	—	—	600,000
Repayments of term loan	(6,000)	(6,000)	(1,500)
Repayments of prior term loan	—	—	(735,500)
Repayment of prior incremental term loan	—	—	(124,375)
Proceeds from 2021 unsecured notes	—	—	400,000
Repayments of 2017 unsecured notes	—	—	(285,381)
Fees associated with debt transactions — new debt	—	—	(19,797)
Fees associated with debt transactions — prior debt	—	—	(20,828)
Proceeds from exercise of stock options	13,739	1,921	18,251
Treasury stock - equity award activities, net of shares withheld	(8,151)	(11,969)	(9,354)
Treasury stock - repurchase of shares	(100,000)	(84,347)	—

Payment of acquisition contingent consideration	(10,529)	(173)	(9,875)
Net cash used in financing activities	(110,941)	(100,568)	(188,359)
Effect of exchange rates on cash and cash equivalents	461	(1,398)	18
Cash, cash equivalents and restricted cash			
Net (decrease) increase for the period	(22,557)	(8,663)	51,377
Balance, beginning of the period	295,063	303,726	252,349
Balance, end of the period	$ 272,506	$ 295,063	$ 303,726

	Year Ended December 31,		
	2023	**2022**	**2021**
Supplemental cash disclosures			
Cash paid for interest	$ 86,528	$ 54,749	$ 51,224
Cash paid for income tax, net of refunds	5,481	4,522	1,062
Supplemental non-cash disclosures			
Accrued and unpaid capital expenditures	$ 4,408	$ 3,222	$ 3,690
Transfer of leased gaming equipment to inventory	6,719	9,588	8,782

See notes to consolidated financial statements.

EVERI HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock—Series A Number of Shares	Common Stock—Series A Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity
Balance, January 1, 2021	111,872	$ 112	$ 466,614	$ (294,620)	$ (1,191)	$ (178,813)	$ (7,898)
Net income	—	—	—	152,925	—	—	152,925
Dissolution adjustment	—	—	—	(60)	—	—	(60)
Foreign currency translation	—	—	—	—	(264)	—	(264)
Stock-based compensation expense	—	—	20,900	—	—	—	20,900
Exercise of warrants	378	—	—	—	—	—	—
Exercise of options	3,180	3	18,248	—	—	—	18,251
Restricted stock vesting, net of shares withheld	1,566	2	(5)	—	—	(9,351)	(9,354)
Balance, December 31, 2021	116,996	$ 117	$ 505,757	$ (141,755)	$ (1,455)	$ (188,164)	$ 174,500
Net income	—	—	—	120,489	—	—	120,489
Foreign currency translation	—	—	—	—	(2,742)	—	(2,742)
Stock-based compensation expense	—	—	19,789	—	—	—	19,789
Exercise of options	333	—	1,921	—	—	—	1,921
Restricted stock vesting, net of shares withheld	2,061	2	(2)	—	—	(11,969)	(11,969)
Repurchase of shares	—	—	—		—	(84,347)	(84,347)
Balance, December 31, 2022	119,390	$ 119	$ 527,465	$ (21,266)	$ (4,197)	$ (284,480)	$ 217,641
Net income	—	—	—	83,997	—	—	83,997
Foreign currency translation	—	—	—	—	730	—	730
Stock-based compensation expense	—	—	18,711	—	—	—	18,711
Exercise of options, net of shares withheld	2,061	2	14,773	—	—	(1,056)	13,719
Restricted stock vesting, net of shares withheld	1,728	2	(4)	—	—	(8,149)	(8,151)
Repurchase of shares	—	—	—	—	—	(100,505)	(100,505)
Balance, December 31, 2023	123,179	$ 123	$ 560,945	$ 62,731	$ (3,467)	$ (394,190)	$ 226,142

See notes to consolidated financial statements.

EVERI HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In this filing, we refer to: (i) our audited consolidated financial statements and notes thereto as our "Financial Statements"; (ii) our audited Consolidated Statements of Operations and Comprehensive Income as our "Statements of Operations"; (iii) our audited Consolidated Balance Sheets as our "Balance Sheets"; and (iv) our audited Consolidated Statements of Cash Flows as our "Statements of Cash Flows."

1. BUSINESS

Everi Holdings Inc. ("Everi Holdings," or "Everi") is a holding company, the assets of which are the issued and outstanding shares of capital stock of each of Everi Payments Inc. ("Everi FinTech" or "FinTech") and Everi Games Holding Inc., which owns all of the issued and outstanding shares of capital stock of Everi Games Inc. ("Everi Games" or "Games"). Unless otherwise indicated, the terms the "Company," "we," "us," and "our" refer to Everi Holdings together with its consolidated subsidiaries.

Everi develops and offers products and services that provide gaming entertainment, improve our customers' patron engagement, and help our casino customers operate their businesses more efficiently. We develop and supply entertaining game content, gaming machines and gaming systems and services for land-based and iGaming operators. Everi is a provider of financial technology solutions that power casino floors, provide operational efficiencies, and help fulfill regulatory requirements. The Company also develops and supplies player loyalty tools and mobile-first applications that enhance patron engagement for our customers and venues in the casino, sports, entertainment and hospitality industries. In addition, the Company provides bingo solutions through its consoles, electronic gaming tablets and related systems.

Everi reports its financial performance, and organizes and manages its operations, across the following two business segments: (i) Games and (ii) Financial Technology Solutions ("FinTech").

Everi Games provides gaming operators with gaming technology and entertainment products and services, including: (i) gaming machines, primarily comprising Class II, Class III and Historic Horse Racing ("HHR") slot machines placed under participation and fixed-fee lease arrangements or sold to casino customers; (ii) providing and maintaining the central determinant systems for the video lottery terminals ("VLTs") installed in the State of New York and similar technology in certain tribal jurisdictions; (iii) business-to-business ("B2B") digital online gaming activities; and (iv) bingo solutions through consoles, integrated electronic gaming tablets and related systems.

Everi FinTech provides gaming operators with financial technology products and services, including: (i) financial access and related services supporting digital, cashless and physical cash options across mobile, assisted and self-service channels; (ii) loyalty and marketing software and tools, regulatory and compliance ("RegTech") software solutions, other information-related products and services, and hardware maintenance services; and (iii) associated casino patron self-service hardware that utilizes our financial access, software and other services. We also develop and offer mobile-first applications aimed at enhancing patron engagement for customers in the casino, sports, entertainment, and hospitality industries. Our solutions are secured using an end-to-end security suite to protect against cyber-related attacks allowing us to maintain appropriate levels of security. These solutions include: access to cash and cashless funding at gaming facilities via Automated Teller Machine ("ATM") debit withdrawals, credit card financial access transactions, and point of sale ("POS") debit card purchases at casino cages, kiosk and mobile POS devices; accounts for the CashClub Wallet, check warranty services, self-service loyalty and fully integrated kiosk maintenance services; self-service loyalty tools and promotion management software; compliance, audit, and data software; casino credit data and reporting services; marketing and promotional offering subscription-based services; and other ancillary offerings.

Macro-Economic Volatility and Global Instability, Employment Constraints and Supply Chain Disruptions

We have experienced an impact from macro-economic volatility as a result of inflation, interest rate movements and global instability, particularly as it relates to our supply chain, both from an upstream and downstream perspective, which impacts the delivery of our products; and we continue to evaluate the effects of interest rate movements on our variable rate debt and pricing pressures on our business.

We have experienced an impact from employment constraints as a result of inflation that has significantly increased over prior years. This has placed pressure on competitive wages, which has led to increases in wages and other related costs.

We have experienced an impact from supply chain disruptions that have resulted in additional costs incurred to develop, produce, and ship our products.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements are prepared under U.S. Generally Accepted Accounting Principles (GAAP) and include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Business Combinations

When we acquire a business, we recognize the assets acquired and the liabilities assumed, at their acquisition date fair values. Goodwill is measured and recognized as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. Significant estimates and assumptions are required to value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable. These estimates are preliminary and typically include the calculation of an appropriate discount rate and projection of the cash flows associated with each acquired asset over its estimated useful life. As a result, up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill (referred to as the measurement period). In addition, deferred tax assets, deferred tax liabilities, uncertain tax positions, and tax related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. We reevaluate these items quarterly based upon facts and circumstances that existed as of the acquisition date and any adjustments to preliminary estimates are recorded to goodwill, in the period of identification, if identified within the measurement period. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the Statements of Operations.

Cash and Cash Equivalents

Cash and cash equivalents include cash and balances on deposit in banks and financial institutions. We consider highly liquid investments with maturities of three months or less at the time of purchase to be cash and cash equivalents. Such balances generally exceed the federal insurance limits; however, we periodically evaluate the creditworthiness of these institutions to minimize risk.

ATM Funding Agreements

We obtain all of the cash required to operate our ATMs through various ATM Funding Agreements. Some gaming operators provide the cash utilized within the ATM ("Site-Funded"). The Site-Funded receivables generated for cash dispensed from transactions performed at our ATMs are owned by us and we are liable to the gaming operator for the face amount of the cash dispensed. In our Balance Sheets, the amount of the receivable for transactions processed on these funds dispensed transactions is included within settlement receivables and the amount due to the gaming operator for the face amount of dispensing transactions is included within settlement liabilities.

For the non-Site-Funded locations, we enter into commercial arrangements with third party vendors to provide us the currency needed for normal operating requirements for our ATMs. For the use of these funds, we pay a cash usage fee based upon the target federal funds rate. Under these agreements, the currency supplied by the third-party vendors remains the sole property of these suppliers until funds are dispensed, at which time the third-party vendors obtain an interest in the corresponding settlement receivable. As the cash is an asset of these suppliers, it is therefore not reflected on our Balance Sheets. The usage fee for the cash supplied in these ATMs is included as interest expense in the Statements of Operations. Our rationale to record cash usage fees as interest expense is primarily due to the similar operational characteristics to a revolving line of credit, the fact that the fees are calculated on a financial index, and the fees are paid for access to a capital resource.

Settlement Receivables and Settlement Liabilities

We provide cash settlement services to gaming operators related to our financial access services, which involve the movement of funds between various parties involved in these types of transactions. We receive reimbursement from the patron's credit or debit card issuing financial institution for the amount owed to the gaming operator plus the fee charged to the patron. These activities result in amounts due to us at the end of each business day that we generally recover over the next few business days, which are classified as settlement receivables on our Balance Sheets. In addition, cash settlement services result in amounts due to gaming operators for the cash disbursed to patrons through the issuance of a negotiable instrument or through electronic settlement for the face amount provided to patrons that we generally remit over the next few business days, which are classified as settlement liabilities on our Balance Sheets.

Warranty Receivables

If a gaming operator chooses to have a check warranted, it sends a request to our third-party check warranty service provider, asking whether it would be willing to accept the risk of cashing the check. If the check warranty provider accepts the risk and warrants the check, the gaming operator negotiates the patron's check by providing cash for the face amount of the check. If the check is dishonored by the patron's bank upon presentment, the gaming operator invokes the warranty, and the check warranty service provider purchases the check from the gaming operator for the full check amount and then pursues collection activities on its own. In our Central Credit Check Warranty product under our agreement with the third-party service provider, we receive all of the check warranty revenue. We are exposed to risk for losses associated with any warranted items that cannot be collected from patrons issuing the items.

The warranty receivables amount is recorded in trade and other receivables, net on our Balance Sheets. On a monthly basis, the Company evaluates the collectability of the outstanding balances and establishes a reserve for the face amount of the expected losses on these receivables. The warranty expense associated with this reserve is included within cost of revenues (exclusive of depreciation and amortization) on our Statements of Operations.

Allowance for Credit Losses

We continually evaluate the collectability of outstanding balances and maintain an allowance for credit losses related to our trade and other receivables and notes receivable that have been determined to have a high risk of uncollectability, which represents our best estimates of the current expected credit losses to be incurred in the future. To derive our estimates, we analyze historical collection trends and changes in our customer payment patterns, current and expected conditions and market trends along with our operating forecasts, concentration, and creditworthiness when evaluating the adequacy of our allowance for credit losses. In addition, with respect to our check warranty receivables, we are exposed to risk for the losses associated with warranted items that cannot be collected from patrons issuing these items. We evaluate the collectability of the outstanding balances and establish a reserve for the face amount of the current expected credit losses related to these receivables. Account balances are charged against the provision when the Company believes it is probable the receivable will not be recovered. The provision for doubtful accounts receivable is included within operating expenses and the check warranty loss reserves are included within financial access services cost of revenues in the Statements of Operations.

Inventory

Our inventory primarily consists of component parts as well as finished goods and work-in-progress. The cost of inventory includes cost of materials, labor, overhead and freight. The inventory is stated at the lower of cost or net realizable value and accounted for using the first in, first out method ("FIFO").

Restricted Cash

Our restricted cash primarily consists of: (i) funds held in connection with certain customer agreements; (ii) funds held in connection with a sponsorship agreement; (iii) wide-area progressive ("WAP")-related restricted funds; and (iv) financial access activities related to cashless balances held on behalf of patrons. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Balance Sheets that sum to the total of the same such amounts shown in the Statements of Cash Flows for the years ended December 31, 2023, 2022, and 2021, respectively (in thousands).

		Year Ended December 31,		
	Classification on our Balance Sheets	**2023**	**2022**	**2021**
Cash and cash equivalents	Cash and cash equivalents	$ 267,215	$ 293,394	$ 302,009
Restricted cash — current	Prepaid expenses and other current assets	5,190	1,568	1,616
Restricted cash — non-current	Other assets	101	101	101
Total		$ 272,506	$ 295,063	$ 303,726

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation, and are computed using the straight-line method over the estimated life of the assets, generally one to five years. Assets leased to customers are included within property and equipment are stated at cost, less accumulated depreciation, and are computed using the straight-line method over the estimated life of the assets, generally two to five years. Player terminals and related components and equipment are included in our rental pool. The rental pool can be further delineated as "rental pool – deployed," which generally consists of assets deployed at customer sites under participation or fixed fee arrangements, and "rental pool – undeployed," which consists of assets held by us that are available for customer use. Rental pool – undeployed also consists of previously deployed units currently back with us to be refurbished awaiting re-deployment. Routine maintenance of property, equipment and leased gaming equipment is expensed in the period incurred, while major component upgrades are capitalized and depreciated over the estimated remaining useful life of the component. Sales and retirements of depreciable property are recorded by removing the related cost and accumulated depreciation from the accounts. Gains or losses on sales and retirements of property are reflected in our Statements of Operations. Property, equipment and leased assets are reviewed for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. Impairment is indicated when future cash flows, on an undiscounted basis, do not exceed the carrying value of the asset.

Placement Fee Agreements

Periodically, we enter into long-term agreements with certain gaming establishments to secure the placement of our electronic gaming machines ("EGMs") on casino floors. Under the terms of these placement fee agreements that we generally pay in full at the start of the term, the Company has the ability to install EGMs on the gaming floor for an extended period of time (i.e., generally multi-year agreements, with our largest agreement covering 83 months) under right to use arrangements. The gaming operations revenues generated as a result of these agreements are reduced by the accretion of contract rights, which represents the related amortization of the contract rights recorded in connection with such agreements. To the extent payments are made for these placement fee agreements to certain gaming establishments, we classify the amounts as cash outflows from operating activities in our Statements of Cash Flows.

Goodwill

Goodwill represents the excess of the purchase price over the identifiable tangible and intangible assets acquired plus liabilities assumed arising from business combinations. We test for impairment annually on a reporting unit basis, at the beginning of our fourth fiscal quarter and between annual tests if events and circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The annual impairment test is completed using either: a qualitative "Step 0" assessment based on reviewing relevant events and circumstances; or a quantitative "Step 1" assessment, which determines the fair value of the reporting unit, using both an income approach that discounts future cash flows based on the estimated future results of our reporting units and a market approach that compares market multiples of comparable companies to determine whether or not any impairment exists. To the extent the carrying amount of a reporting unit is less than its estimated fair value, an impairment charge is recorded.

The evaluation of impairment of goodwill requires the use of estimates about future operating results. Changes in forecasted operations can materially affect these estimates, which could materially affect our results of operations and financial condition. The estimates of expected future cash flows require significant judgment and are based on assumptions we determined to be reasonable; however, they are unpredictable and inherently uncertain, including, estimates of future growth rates, operating margins, and assumptions about the overall economic climate as well as the competitive environment within which we operate. There can be no assurance that our estimates and assumptions made for purposes of our impairment assessments as of the time of evaluation will prove to be accurate predictions of the future. If our assumptions regarding business plans, competitive environments or anticipated growth rates are not correct, we may be required to record non-cash impairment charges in future periods, whether in connection with our normal review procedures periodically, or earlier, if an indicator of an impairment is present prior to such evaluation.

Our reporting units are identified as operating segments or one level below. Reporting units must: (i) engage in business activities from which they earn revenues and incur expenses; (ii) have operating results that are regularly reviewed by our segment management to ascertain the resources to be allocated to the segment and assess its performance; and (iii) have discrete financial information available. As of December 31, 2023, our reporting units included: (i) Games; (ii) Financial Access Services; (iii) Kiosk Sales and Services; (iv) Central Credit Services; (v) Compliance Sales and Services; (vi) Loyalty Sales and Services, and (vii) Mobile Technologies.

Other Intangible Assets

Other intangible assets are stated at cost, less accumulated amortization, and are amortized primarily using the straight-line method. Other intangible assets consist primarily of customer relationships (rights to provide Games and FinTech services to gaming operator customers), developed technology, including capitalized software development costs, trade names and trademarks, acquired through business combinations and contract rights. Customer relationships require us to make renewal assumptions, which impact the estimated useful lives of such assets. Capitalized software development costs require us to make certain judgments as to the stages of development and costs eligible for capitalization. Capitalized software costs placed in service are amortized over their useful lives, generally not to exceed six years. We review intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such events or circumstances include, but are not limited to, a significant decrease in the fair value of the underlying business or market price of the asset, a significant adverse change in legal factors or business climate that could affect the value of an asset, or a current period operating or cash flow loss combined with a history of operating or cash flow losses. We group intangible assets for impairment analysis at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of definite lived intangible assets is measured by a comparison of the carrying amount of the asset to future net cash flows expected to be generated by the asset, on an undiscounted basis and without interest or taxes. Any impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Debt Issuance Costs

Debt issuance costs incurred in connection with long-term borrowings are capitalized and amortized to interest expense based upon the related debt agreements using the straight-line method, which approximates the effective interest method. Debt issuance costs related to line-of-credit arrangements are included in other assets, non-current, on our Balance Sheets. All other debt issuance costs are included as contra-liabilities in long-term debt.

Cost of Revenues (Exclusive of Depreciation and Amortization)

The cost of revenues (exclusive of depreciation and amortization) represents the direct costs required to perform revenue generating transactions, and are comprised primarily of inventory and related costs associated with the sale of our financial access and loyalty kiosks and software, electronic gaming machines and system sale, check cashing warranties, field service, and network operations personnel.

Advertising, Marketing, and Promotional Costs

We expense advertising, marketing, and promotional costs as incurred. Total advertising, marketing, and promotional costs, included in operating expenses in the Statements of Operations, were $4.0 million, $3.5 million, and $2.6 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Research and Development Costs

We conduct research and development activities for both our Games and FinTech segments. Our Gaming research and development activities are primarily to develop gaming systems, game engines, casino data management systems, central determination and other electronic bingo-outcome determination systems, video lottery outcome determination systems, gaming platforms and gaming content, and to enhance our existing product lines. Our FinTech research and development activities are primarily to develop: (i) payments products, systems, and related capabilities such as security, encryption and business rule engines that deliver differentiated patron experiences and integrate with our other products; (ii) compliance products that increase efficiencies, profitability, enhance employee/patron relationships, and meet regulatory reporting requirements; (iii) loyalty products, systems, and features that attract, engage, and retain patrons in more intuitive and contextual ways than our competition; (iv) cashless alternatives, such as the CashClub Wallet; and (v) mobile-first applications aimed at enhancing patron engagement for customers in the casino, sports, entertainment, and hospitality industries.

Research and development costs consist primarily of salaries and benefits, consulting fees, certification and testing fees. Once the technological feasibility has been established, the project is capitalized until it becomes available for general release.

Research and development costs were $67.6 million, $60.5 million, and $39.1 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Income Taxes

We are subject to income taxes in the United States as well as various states and foreign jurisdictions in which we operate. We account for income taxes in accordance with accounting guidance whereby deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based upon differences between financial statement carrying amounts of existing assets and their respective tax bases using enacted tax rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on the income tax provision and deferred tax assets and liabilities generally is recognized in the results of operations in the period that includes the enactment date. We evaluate the realization of our deferred tax assets based on all available evidence and establish a valuation allowance to reduce deferred tax assets when it is more likely than not that they will not be realized. This assessment considers all available positive and negative evidence, including our past operating results, forecasts of future earnings, the scheduled reversal of deferred tax liabilities, the duration of statutory carryforward periods and tax planning strategies.

We recognize tax benefits from an uncertain position only if it is more likely than not that the position will be sustained upon examination by taxing authorities based on the technical merits of the issue. The amount recognized is the largest benefit that we believe has greater than a 50% likelihood of being realized upon settlement.

Although we believe our assumptions, judgments and estimates are reasonable, changes in tax laws, and their interpretation, as well as the examination of our tax returns by taxing authorities, could significantly impact the amounts provided for income taxes in our consolidated financial statements. Our effective tax rate is affected by a number of factors including the actual results of operations, changes in our stock price for shares issued as employee compensation, changes in the valuation of our deferred tax assets or liabilities and changes in tax laws or rates for income taxes and other non-income taxes in various jurisdictions. The Organization for Economic Cooperation and Development's ("OECD") Base Erosion and Profit Shifting project involving negotiations among over 140 countries has the potential to substantially affect international tax policies, including the implementation of a minimum global effective tax rate of 15%. We are not currently subject to these rules as they are only applicable to multinational companies with global revenue of at least EUR 750 million. We will continue to monitor developments in the OECD's project and policy changes in the countries in which we operate, as our effective tax rate and cash tax payments could increase when we become subject to these rules in future years.

Employee Benefits Plan

The Company provides a 401(k) Plan that allows employees to defer up to the lesser of the Internal Revenue Code prescribed maximum amount or 75% of their income on a pre-tax basis through contributions to the plan. As a benefit to employees, the Company matches a percentage of these employee contributions (as defined in the plan document). Expenses related to the matching portion of the contributions to the 401(k) Plan were $6.3 million, $4.6 million, and $2.6 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Fair Values of Financial Instruments

The fair value of a financial instrument represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value estimates are made at a specific point in time, based upon relevant market information about the financial instrument.

The carrying amount of cash and cash equivalents, restricted cash, settlement receivables, short-term trade and other receivables, settlement liabilities, accounts payable, and accrued expenses approximate fair value due to the short-term maturities of these instruments. The fair value of the long-term trade and loans receivable is estimated by discounting expected future cash flows using current interest rates at which similar loans would be made to borrowers with similar credit ratings and remaining maturities. The fair value of long-term accounts payable is estimated by discounting the total obligation. As of December 31, 2023 and 2022, the fair value of trade and loan receivable approximated the carrying value due to contractual terms generally being slightly over 12 months. The fair value of our borrowings is estimated based on various inputs to determine a market price, such as: market demand and supply, size of tranche, maturity, and similar instruments trading in more active markets.

The estimated fair value and outstanding balances of our borrowings are as follows (dollars in thousands):

	Level of Hierarchy	Fair Value	Outstanding Balance
December 31, 2023			
$600 million Term Loan	2	$ 589,433	$ 586,500
$400 million 2021 Unsecured Notes	2	$ 365,000	$ 400,000
December 31, 2022			
$600 million Term Loan	2	$ 588,560	$ 592,500
$400 million 2021 Unsecured Notes	2	$ 346,000	$ 400,000

The fair values of our borrowings were determined using Level 2 inputs based on quoted market prices for these securities.

Foreign Currency Translation

Foreign currency denominated assets and liabilities for those foreign entities for which the local currency is the functional currency are translated into U.S. dollars based on exchange rates prevailing at the end of each year. Revenues and expenses are translated at average exchange rates during the year. The effects of foreign exchange gains and losses arising from these translations are included as a component of other comprehensive income (loss) in the Statements of Operations. Translation adjustments on intercompany balances of a long-term investment nature are recorded as a component of accumulated other comprehensive loss in our Balance Sheets.

Use of Estimates

We have made estimates and judgments affecting the amounts reported in these financial statements and the accompanying notes in conformity with GAAP. The actual results may materially differ from these estimates.

Earnings Applicable to Common Stock

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the effect of potential common stock resulting from assumed stock option exercises and vesting of restricted stock unless it is anti-dilutive. To the extent we report a net loss from continuing operations in a particular period, no potential dilution from the application of the treasury stock method would be applicable.

Stock-Based Compensation

Stock-based compensation results in a cost that is measured at fair value on the grant date of an award. Generally, we issue grants that are classified as equity awards. To the extent we issue grants that are considered liability awards, they are remeasured at fair value at the end of each reporting period until settlement with changes being recognized as stock-based compensation cost with a corresponding adjustment recorded to the liability, either immediately or during the remaining service period depending on the vested status of the award. Generally, with respect to stock option awards granted under our plans, they expire 10 years from the date of grant with the exercise price based on the closing market price of our common stock on the date of the grant.

Our restricted stock awards, restricted stock units, and performance-based stock units, are measured at fair value based on the closing stock price on the grant date, except for certain awards with a share-based payment arrangements priced in relation to similar indexed securities, which are valued using a lattice model. Our time-based stock option awards are measured at fair value on the grant date using the Black Scholes model. The stock-based compensation cost is recognized on a straight-line basis over the vesting period of the awards.

Forfeiture amounts are estimated at the grant date for stock awards and are updated periodically based on actual results, to the extent they differ from the estimates.

Acquisition-Related Costs

We expense acquisition-related costs as incurred. Acquisition-related costs include, but are not limited to: financial advisory, legal and debt fees; accounting, consulting and professional fees associated with due diligence, valuation and integration; severance; and other related costs and adjustments.

Reclassification of Balances

Certain amounts in the accompanying consolidated financial statements and accompanying notes have been reclassified to be consistent with the current year presentation. These reclassifications had no effect on net income for the prior periods.

The Company determined that the placement fee arrangements were previously misclassified in its Statements of Cash Flows. Previously, these placement fee arrangements were reported as cash flows from investing activities, and they should have been presented as cash flows from operating activities for the fiscal years ended December 31, 2022 and 2021. The error has been corrected by adjusting each of the affected financial statement categories for these prior periods. The changes in the prior periods were made to conform to the current period presentation. For additional information, refer to "Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 20 — Error Correction of an Immaterial Prior Year Misstatement."

Recent Accounting Guidance

Recently Adopted Accounting Guidance

None.

Recent Accounting Guidance Not Yet Adopted

Standard	Description	Date of Planned Adoption	Effect on Financial Statements
Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	The amendments in this update require enhanced reportable segment disclosures, primarily concerning significant segment expenses.	January 1, 2024	We are currently evaluating the impact of adopting this ASU on our Financial Statements and our disclosures; however, we do not expect the impact to be material.
ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosure	The amendments in this Update require enhanced income tax disclosures, primarily concerning the rate reconciliation and income taxes paid information.	January 1, 2025	We are currently evaluating the effect of adopting this ASU on our Financial Statement disclosures.

As of December 31, 2023, other than what has been described above, we do not anticipate recently issued accounting guidance to have a significant impact on our consolidated financial statements.

3. Revenues

Revenue Recognition

Overview

We evaluate the recognition of revenue based on the criteria set forth in Accounting Standards Codification ("ASC") 606 — Revenue from Contracts with Customers and ASC 842 — Leases, as appropriate. We recognize revenue upon transferring control of goods or services to our customers in an amount that reflects the consideration we expect to receive in exchange for those goods or services. We enter into contracts with customers that include various performance obligations consisting of goods, services, or combinations of goods and services. Timing of the transfer of control varies based on the nature of the contract. We recognize revenue net of any sales and other taxes collected from customers, which are subsequently remitted to governmental authorities and are not included in revenues or operating expenses. We measure revenue based on the consideration specified in a contract with a customer and adjusted, as necessary.

Collectability

To assess collectability, we determine whether it is probable that we will collect substantially all of the consideration to which we are entitled in exchange for the goods and services transferred to the customer in accordance with the terms and conditions of the contract. In connection with these procedures, we evaluate the customer using internal and external information available, including, but not limited to, research and analysis of our credit history with the customer. Based on the nature of our transactions and historical trends, we determine whether our customers have the ability and intention to pay the amounts of consideration when they become due to identify potentially significant credit risk exposure.

Contract Combinations - Multiple Promised Goods and Services

Our contracts may include various performance obligations for promises to transfer multiple goods and services to a customer, especially since our Games and FinTech businesses may enter into multiple agreements with the same customer that meet the criteria to be combined for accounting purposes under ASC 606. When this occurs, a Stand-Alone Selling Price ("SSP") will be determined for each performance obligation in the combined arrangement, and the consideration will be allocated between the respective performance obligations. The SSP of our goods and services is generally determined based on observable prices, an adjusted market assessment approach, or an expected cost-plus margin approach. We utilize a residual approach only when the SSP for performance obligations with observable prices has been established and the remaining performance obligation in the contract with a customer does not have an observable price as it is uncertain or highly variable and, therefore, is not discernible. We use our judgment to analyze the nature of the promises made and determine whether each is distinct or should be combined with other promises in the contract based on the level of integration and interdependency between the individual deliverables.

Disaggregation of Revenues

We disaggregate revenues based on the nature and timing of the cash flows generated by such revenues as presented in "Note 19 — Segment Information."

Outbound Freight Costs, Installation and Training

Upon transferring control of goods to a customer, the shipping and handling costs in connection with sale transactions are generally accounted for as fulfillment costs and included in cost of revenues.

Our performance of installation and training services relating to the sales of gaming equipment and systems and FinTech equipment does not modify the software or hardware in those equipment and systems. Such installation and training services are generally immaterial in the context of the contract; and therefore, such items do not represent a separate performance obligation.

Costs to Acquire a Contract with a Customer

We typically incur incremental costs to acquire customer contracts in the form of sales commissions; however, because the expected benefit from these contracts is one year or less, we expense these amounts as incurred.

Contract Balances

Since our contracts may include multiple performance obligations, there is often a timing difference between cash collections and the satisfaction of such performance obligations and revenue recognition. Such arrangements are evaluated to determine whether contract assets and liabilities exist. We generally record contract assets when the timing of billing differs from when revenue is recognized due to contracts containing specific performance obligations that are required to be met prior to a customer being invoiced. We generally record contract liabilities when cash is collected in advance of us satisfying performance obligations, including those that are satisfied over a period of time. Balances of our contract assets and contract liabilities may fluctuate due to timing of cash collections.

The following table summarizes our contract assets and contract liabilities arising from contracts with customers (in thousands):

	2023	2022
Contract assets[1]		
Balance, beginning of period	$ 22,417	$ 15,221
Balance, end of period	26,635	22,417
Increase	$ 4,218	$ 7,196
Contract liabilities[2]		
Balance, beginning of period	$ 53,419	$ 36,615
Balance, end of period	51,799	53,419
(Decrease) increase	$ (1,620)	$ 16,804

(1) Contract assets are included within trade and other receivables, net and other receivables in our Balance Sheets.

(2) Contract liabilities are included within accounts payable and accrued expenses and other accrued expenses and liabilities in our Balance Sheets.

We recognized approximately $36.0 million and $27.5 million in revenue that was included in the beginning contract liability balance during 2023 and 2022, respectively.

Games Revenues

Our products and services include electronic gaming devices, such as Native American Class II offerings and other electronic bingo products, Class III slot machine offerings, HHR offerings, integrated electronic bingo gaming tablets, VLTs installed in the State of New York and similar technology in certain tribal jurisdictions, B2B digital online gaming activities, accounting and central determinant systems, and other back-office systems. We conduct our Games segment business based on results generated from the following major revenue streams: (i) Gaming Operations; and (ii) Gaming Equipment and Systems.

Gaming Operations

We primarily provide: (i) leased gaming equipment, both Class II and Class III offerings, and HHR on a participation and a daily fixed-fee basis, including standard games and hardware and premium games and hardware, inclusive of local-area progressive, and WAP; (ii) accounting and central determinant systems; (iii) digital online gaming activities; and (iv) bingo solutions through consoles, integrated electronic gaming tablets and related systems. We evaluate the recognition of lease revenues based on criteria set forth in ASC 842. Under these arrangements, we retain ownership of the machines installed at customer facilities. We recognize recurring rental income over time based on a percentage of the net win per day generated by the leased gaming equipment or a daily fixed fee based on the timing services are provided. Such revenues are generated daily and are limited to the lesser of the net win per day generated by the leased gaming equipment and the fixed daily fee and the lease payments that have been collected from the lessee.

Gaming operations revenues generated by leased gaming equipment deployed at sites under placement fee agreements for dedicated floor space. The gaming operations revenues generated by these agreements are reduced by the accretion of contract rights, which represents the related amortization recorded in connection with such agreements.

Gaming operations lease revenues accounted for under ASC 842 are generally short-term in nature with payment terms ranging from 30 to 90 days. We recognized $201.9 million, $197.9 million, and $189.8 million in lease revenues for the years ended December 31, 2023, 2022, and 2021, respectively.

Gaming operations revenues include amounts generated by WAP systems, which are recognized under ASC 606. WAP consists of linked slot machines located in multiple casino properties that are connected to a central system. WAP-based gaming machines have a progressive jackpot administered by us that increases with every wager until a player wins the top award combination. Casino operators pay us a percentage of the coin-in (the total amount wagered), a percentage of net win, or a combination of both for services related to the design, assembly, installation, operation, maintenance, administration, and marketing of the WAP offering. The gaming operations revenues with respect to WAP machines represent a separate performance obligation and we transfer control and recognize revenue over time based on a percentage of the coin-in, a percentage of net win, or a combination of both, based on the timing services are provided. These arrangements are generally short-term in nature with a majority of invoices payable within 30 to 90 days. Such revenues are presented in the Statements of Operations, net of the jackpot expense, which are composed of incremental amounts funded by a portion of coin-in from the players. At the time a jackpot is won by a player, an additional jackpot expense is recorded in connection with the base seed amount required to fund the minimum level as set forth in the WAP arrangements with the casino operators.

In addition, gaming operations include revenues generated under our arrangement to provide the New York State Gaming Commission (the “NYSGC”) with a central determinant monitoring and accounting system for the VLTs in operation at licensed State of New York gaming facilities. Pursuant to our agreement with the NYSGC, we receive a portion of the network-wide net win (generally, cash-in less prizes paid) per day in exchange for provision and maintenance of the central determinant system and recognize revenue over time, based on the timing services are provided. We also provide the central determinant system technology to Native American tribes in other licensed jurisdictions, for which we receive a portion of the revenue generated from the VLTs connected to the system. These arrangements are generally short-term in nature with payments due monthly.

Gaming operations also include revenues generated by our digital solutions comprised of B2B activities. Our B2B operations provide games to our business customers, including both regulated real money and social casinos, which offer the games to consumers on their apps. Our B2B arrangements primarily provide access to our game content, and revenue is recognized over time as the control transfers upon our business partners’ daily access to such content based on either a flat fee or revenue share arrangements with the social and regulated real money casinos, based on the timing services are provided.

Gaming operations also include revenues generated by bingo solutions through consoles, integrated electronic gaming tablets and related systems.

Gaming operations also include other revenues that are generated from fees paid by casino customers that participate in our TournEvent of Champions® national slot tournament or who contract with us to provide certain service functions on games that are owned by the customer.

Gaming Equipment and Systems

Gaming equipment and systems revenues are derived from the sale of some combination of: (i) gaming equipment and player terminals; (ii) game content; (iii) license fees; and (iv) ancillary equipment, such as signage and lighting packages. Such arrangements are predominately short-term in nature with payment terms ranging from 30 to 180 days, and with certain agreements providing for extended payment terms up to 39 months. Each contract containing extended payment terms over a period of 12 months is evaluated for the presence of a financing component; however, our contracts generally do not contain a financing component that has been determined to be significant to the contract. Distinct and thus, separately identifiable performance obligations for gaming equipment and systems arrangements include gaming equipment, player terminals, content, system software, license fees, ancillary equipment, or various combinations thereof. Gaming equipment and systems revenues are recognized at a point in time when control of the promised goods and services transfers to the customer, which is generally upon shipment or delivery pursuant to the terms of the contract. The performance obligations are generally satisfied at the same time or within a short period of time.

FinTech Revenues

Financial Access Services

Financial Access Services revenues are generally comprised of the following distinct performance obligations: funds advanced, funds dispensed, and check services. We do not control the funds advanced and funds dispensed services provided to a customer and, therefore, we are acting as an agent whose performance obligation is to arrange for the provision of these services. Our financial access services involve the movement of funds between the various parties associated with financial access transactions and give rise to settlement receivables and settlement liabilities, both of which are settled in days following the transaction.

Funds advance revenues are primarily comprised of transaction fees assessed to gaming patrons in connection with credit card financial access and POS debit card financial access transactions. Such fees are primarily based on a combination of a fixed amount plus a percentage of the face amount of the credit card financial access or POS debit card financial access transaction amount. In connection with these types of transactions, we report certain direct costs incurred as reductions to revenues on a net basis, which generally include: (i) commission expenses payable to casino operators; (ii) interchange fees payable to the network associations; and (iii) processing and related costs payable to other third-party partners.

Funds dispensed revenues are primarily comprised of transaction fees in the form of cardholder surcharges assessed to gaming patrons in connection with funds dispensed cash withdrawals at the time the transactions are authorized and interchange reimbursement fees paid to us by the patrons' issuing banks. The cardholder surcharges assessed to gaming patrons in connection with funds dispensed cash withdrawals are currently a fixed dollar amount and not a percentage of the transaction amount. In connection with these types of transactions, we report certain direct costs incurred as reductions to revenues on a net basis, which generally include: (i) commission expenses payable to casino operators; (ii) interchange fees payable to the network associations; and (iii) processing and related costs payable to other third-party partners.

Funds transmitted revenues are primarily comprised of transaction fees assessed to gaming patrons in connection with funds transmitted to a patron's external bank account or other approved account from a physical device such as our kiosks, or via the CashClub Wallet. In connection with these types of transactions, we report certain direct costs incurred as reductions to revenues on a net basis.

Check services revenues are principally comprised of check warranty revenues and are generally based upon a percentage of the face amount of checks warranted. These fees are paid to us by gaming operators. We report certain direct costs incurred as reductions to revenues on a net basis, which include: (i) warranty expenses, defined as amounts paid by the third-party check warranty service provider to gaming operators to purchase dishonored checks; and (ii) service fees, defined as amounts paid to the third-party check warranty service provider for its assistance.

For financial access services arrangements, since the customer simultaneously receives and consumes the benefits as the performance obligations occur, we recognize revenues as earned over a period of time using an output method depicting the transfer of control to the customer based on variable consideration, such as volume of transactions processed with variability generally resolved in the reporting period.

Software and Other

Software and other revenues include amounts derived from our financial access, loyalty kiosk, compliance, and loyalty related revenue streams from the sale of: (i) software licenses, software subscriptions, professional services, and certain other ancillary fees; (ii) service-related fees associated with the sale, installation, training, and maintenance of equipment directly to our customers under contracts, which are generally short-term in nature with payment terms ranging from 30 to 90 days, secured by the related equipment; (iii) credit worthiness-related software subscription services that are based upon either a flat monthly unlimited usage fee or a variable fee structure driven by the volume of patron credit histories generated; and (iv) ancillary marketing and database services. Software license revenues are recognized at a point in time; software subscriptions are recognized over the term of the contract.

Hardware

Hardware revenues are derived from the sale of our financial access and loyalty kiosks and related equipment and are accounted for under ASC 606, unless such transactions meet definition of a sales type or direct financing lease which are accounted for under ASC 842. Revenues are recognized at a point in time when control of the promised goods and services transfers to the customer generally upon shipment or delivery pursuant to the terms of the contract. The sales contracts are generally short-term in nature with payment terms ranging from 30 to 90 days, while certain agreements provide for extended payment terms of up to 60 months. Each contract containing extended payment terms over a period of 12 months is evaluated for the presence of a financing component; however, our contracts generally do not contain a financing component that has been determined to be significant to the contract.

4. LEASES

We determine if a contract is, or contains, a lease at the inception, or modification, of a contract based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of an asset is predicated upon the notion that a lessee has both the right to (i) obtain substantially all of the economic benefit from the use of the asset; and (ii) direct the use of the asset.

Operating lease right-of-use ("ROU") assets and liabilities are recognized based on the present value of minimum lease payments over the expected lease term at commencement date. Lease expense is recognized on a straight-line basis over the expected lease term. Our lease arrangements have both lease and non-lease components, and we have elected the practical expedient to account for the lease and non-lease elements as a single lease.

Certain of our lease arrangements contain options to renew with terms that generally have the ability to extend the lease term to a range of approximately one to ten years. The exercise of lease renewal options is generally at our sole discretion. The expected lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise such option. The depreciable life of leased assets and leasehold improvements are limited by the expected term of such assets, unless there is a transfer of title or purchase option reasonably certain to be exercised.

Lessee

We enter into operating lease agreements for real estate purposes that generally consist of buildings for office space and warehouses for manufacturing purposes. Certain of our lease agreements consist of rental payments that are periodically adjusted for inflation. Our lease agreements do not contain material residual value guarantees or material restrictive covenants. Our lease agreements do not generally provide explicit rates of interest; therefore, we use our incremental collateralized borrowing rate, which is based on a fully collateralized and fully amortizing loan with a maturity date the same as the length of the lease that is based on the information available at the commencement date to determine the present value of lease payments. Leases with an initial expected term of 12 months or less (short-term) are not accounted for on our Balance Sheets. As of December 31, 2023 and December 31, 2022, our finance leases were not material.

Supplemental balance sheet information related to our operating leases is as follows (in thousands):

	Classification on our Balance Sheets	At December 31, 2023	At December 31, 2022
Assets			
Operating lease ROU assets	Other assets, non-current	$ 27,489	$ 17,169
Liabilities			
Current operating lease liabilities	Accounts payable and accrued expenses	$ 7,079	$ 6,507
Non-current operating lease liabilities	Other accrued expenses and liabilities	$ 26,930	$ 14,738

During the fourth quarter of 2023, the Company commenced a real estate lease with a term of ten years and future minimum lease payments of approximately $27.3 million, which are reflected in the balances above.

Supplemental cash flow information related to leases is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cash paid for:			
Long-term operating leases	$ 7,413	$ 6,885	$ 6,675
Short-term operating leases	$ 2,090	$ 1,660	$ 1,622
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases(1)	$ 17,690	$ 7,502	$ 1,362

(1) The amounts are presented net of current year terminations and exclude amortization for the period.

Other information related to lease terms and discount rates is as follows:

	At December 31, 2023	At December 31, 2022
Weighted Average Remaining Lease Term (in years):		
Operating leases	6.71	3.37
Weighted Average Discount Rate:		
Operating leases	6.08 %	4.72 %

Components of lease expense are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Operating Lease Cost:			
Operating lease cost (1)	$ 6,786	$ 6,008	$ 5,474
Variable lease cost	$ 1,461	$ 1,164	$ 1,267

(1) The amount includes approximately $6.1 million, $4.8 million and $4.4 million in non-cash lease expense attributable to amortization of ROU assets for the years ended December 31, 2023, 2022 and 2021, respectively.

Maturities of lease liabilities are summarized as follows as of December 31, 2023 (in thousands):

Year ending December 31,		Amount
2024	$	8,575
2025		8,551
2026		5,012
2027		3,083
2028		2,864
Thereafter		14,816
Total future minimum lease payments	$	42,901
Amount representing interest		8,892
Present value of future minimum lease payments	$	34,009
Current operating lease obligations		7,079
Long-term lease obligations	$	26,930

Lessor

We generate lease revenues primarily from our gaming operations activities, and the majority of our leases are month-to-month leases. Under these arrangements, we retain ownership of the electronic gaming machines ("EGMs") installed at customer facilities. We receive recurring revenues based on a percentage of the net win per day generated by the leased gaming equipment or a fixed daily fee. Such revenues are generated daily and are limited to the lesser of the net win per day generated by the leased gaming equipment or the fixed daily fee and the lease payments that have been collected from the lessee. Certain of our leases have terms and conditions with options for a lessee to purchase the underlying assets. Refer to "Note 3 — Revenues" for further discussion of lease revenues. We did not have material sales transactions that qualified for sales-type lease accounting treatment during the years ended December 31, 2023 and December 31, 2022.

Supplemental balance sheet information related to our sales-type leases is as follows (in thousands):

	Classification on our Balance Sheets	At December 31, 2023	At December 31, 2022
Assets			
Net investment in sales-type leases — current	Trade and other receivables, net	$ 810	$ 54

5. BUSINESS COMBINATIONS

We account for business combinations in accordance with ASC 805 — Business Combinations, which requires that the identifiable assets acquired and liabilities assumed be recorded at their estimated fair values on the acquisition date separately from goodwill, which is the excess of the fair value of the purchase price over the fair values of these identifiable assets and liabilities. We include the results of operations of an acquired business starting from the acquisition date.

eCash Holdings Pty Limited

On March 1, 2022 (the "eCash Closing Date"), the Company acquired the stock of eCash Holdings Pty Limited ("eCash"). Under the terms of the stock purchase agreement, we paid the seller AUD$20 million (approximately USD$15 million) on the eCash Closing Date and we paid the seller additional consideration of AUD$5.0 million (USD$3.4 million) approximately one year following the eCash Closing Date, with a final expected payment of AUD$6.5 million to be paid approximately two years following the eCash Closing Date. In addition, we paid approximately AUD$8.7 million (USD$6.0 million) for the excess net working capital during the second quarter of 2022. We finalized our measurement period adjustments and recorded approximately $2.3 million primarily related to deferred taxes during the quarter ending March 31, 2023. The acquisition did not have a significant impact on our results of operations or financial condition.

Intuicode Gaming Corporation

On April 30, 2022 (the "Intuicode Closing Date"), the Company acquired the stock of Intuicode Gaming Corporation ("Intuicode"), a privately owned game development and engineering firm focused on HHR games. Under the terms of the stock purchase agreement, we paid the seller $12.5 million on the Intuicode Closing Date of the transaction, a net working capital payment of $1.6 million during the second quarter of 2022 and $6.4 million based on the achievement of a certain revenue target one year following the Intuicode Closing Date. In addition, we expect to make a final payment of $2.6 million based on the achievement of a certain revenue target two years following the Intuicode Closing Date. We finalized our measurement period adjustments and recorded approximately $1.3 million primarily related to the final payment and deferred taxes during the quarter ended June 30, 2023.

During the fourth quarter of 2023, we revised our final payment estimate to reflect our current expectation of future operating results, which were negatively impacted by a certain large customer being acquired. As a result, we recorded an adjustment of approximately $1.7 million, which was included within Operating Expenses of our Statements of Operations. The acquisition did not have a significant impact on our results of operations or financial condition.

The fair value of the contingent consideration was based on Level 3 inputs utilizing a discounted cash flow methodology. The estimates and assumptions included projected future revenues of the acquired business and a discount rate of approximately 5%. Contingent consideration to be paid is comprised of a short-term component that is recorded in accounts payable and accrued expenses in our Balance Sheets.

Venuetize, Inc.

On October 14, 2022 (the "Venuetize Closing Date"), the Company acquired certain strategic assets of Venuetize, Inc. ("Venuetize"), a privately owned innovator of mobile-first technologies that provide an advanced guest engagement and m-commerce platform for the sports, entertainment and hospitality industries. Under the terms of the asset purchase agreement, we paid the seller $18.2 million on the Venuetize Closing Date of the transaction and an immaterial amount twelve-months following the Venuetize Closing Date that was netted against a net working capital receivable of approximately $1.0 million. In addition, we expect to pay approximately $1.8 million in contingent consideration based upon the achievement of certain revenue targets on the twenty-four month and thirty-month anniversaries of the Venuetize Closing Date. We finalized our measurement period adjustments and recorded approximately $1.2 million primarily related to the net working capital receivable and deferred taxes during the quarter ended December 31, 2023. The acquisition did not have a significant impact on our results of operations or financial condition.

The fair value of the contingent consideration was based on Level 3 inputs utilizing a discounted cash flow methodology. The estimates and assumptions included projected future revenues of the acquired business and a discount rate of approximately 7%. Contingent consideration to be paid is comprised of a short-term component that is recorded in accounts payable and accrued expenses and a long-term component payable within two years recorded in other accrued expenses and liabilities in our Balance Sheets. The change in fair value of the contingent consideration between the acquisition date and year ended December 31, 2023 was not material.

VKGS LLC

On May 1, 2023 (the “Video King Closing Date”), the Company acquired certain strategic assets of VKGS LLC (“Video King”), a privately owned leading provider of integrated electronic bingo gaming tablets, video gaming content, instant win games and systems within our Games segment. Under the terms of the purchase agreement, we paid the seller approximately $61.0 million, inclusive of a net working capital payment on the Video King Closing Date. We also made an additional net working capital payment of $0.3 million post-closing, early in the third quarter of 2023. In addition, we expect to pay approximately $0.2 million related to an indemnity holdback, which is scheduled for release on the eighteen-month anniversary of the Video King Closing Date. The acquisition did not have a significant impact on our results of operations or financial condition.

The total preliminary purchase consideration for Video King was as follows (in thousands, at fair value):

		Amount
Purchase consideration		
Cash consideration paid at closing[(1)]	$	61,013
Cash consideration to be paid post-closing		466
Total purchase consideration	$	61,479

(1) Current assets acquired included approximately $1.9 million in cash.

The transaction was accounted for using the acquisition method of accounting, which requires, among other things, the assets acquired and liabilities assumed be recognized at their respective fair values as of the acquisition date. The excess of the purchase price over those fair values was recorded as goodwill, which will be amortized for tax purposes. The goodwill recognized is primarily attributable to the income potential from the expansion of our footprint in the gaming space by accelerating our entry into and growth in the electronic bingo market and business line, and assembled workforce, among other strategic benefits.

The estimates and assumptions used include the projected timing and amount of future cash flows and discount rates reflecting risk inherent in the future cash flows. The estimated fair values of assets acquired and liabilities assumed and resulting goodwill are subject to adjustment as the Company finalizes its purchase price accounting. The items for which a final fair value has not been determined include, but are not limited to the valuation of intangible assets and deferred income taxes. We do not expect our fair value determinations to materially change; however, there may be differences between the amounts recorded at the Video King Closing Date and the final fair value analysis, which we expect to complete no later than the second quarter of 2024.

The information below reflects the preliminary amounts of identifiable assets acquired and liabilities assumed as of the closing date of the transaction (in thousands):

		Amount
Current assets	$	7,715
Property and equipment		4,485
Other intangible assets		25,770
Goodwill(1)		24,267
Other assets		763
Total Assets		63,000
Accounts payable and accrued expenses		1,193
Other accrued expenses and liabilities		328
Total liabilities		1,521
Net assets acquired	$	61,479

(1) Reflects a measurement period adjustment of approximately $0.2 million from the initial allocation as of the closing date of the transaction.

Current assets acquired included approximately $1.9 million in cash. Trade receivables acquired of approximately $2.0 million were short-term in nature and considered to be collectible, and therefore, the carrying amounts of these assets represented their fair values. Inventory acquired of approximately $3.4 million consisted of raw materials and finished goods and was recorded at fair value based on the estimated net realizable value of these assets. Property, equipment and leased assets acquired were not material, and the carrying amounts of these assets approximated their fair values.

The following table summarizes preliminary values of acquired intangible assets (dollars in thousands):

	Useful Life (Years)		Estimated Fair Value
Other Intangible Assets			
Trade name	10	$	950
Developed technology	7		7,300
Customer relationships	14		17,520
Total other intangible assets		$	25,770

The fair value of intangible assets was determined by applying the income approach. Other intangible assets acquired of approximately $25.8 million were comprised of customer relationships, developed technology and trade name. The fair value of customer relationships of approximately $17.5 million was determined by applying the income approach utilizing the excess earnings methodology based on Level 3 inputs in the hierarchy with a discount rate of 14% and estimated attrition rates. The fair value of developed technology of approximately $7.3 million was determined by applying the income approach utilizing the relief from royalty methodology based on Level 3 inputs with a royalty rate of 10% and a discount rate of 14%. The fair value of trade name of approximately $1.0 million was determined by applying the income approach utilizing the relief from royalty methodology based on Level 3 inputs with a royalty rate of 1% and a discount rate of 15%.

The financial results included in our Statements of Operations since the acquisition date and through December 31, 2023 reflected revenues of approximately $18.4 million and net income of approximately $3.6 million. We incurred acquisition-related costs of approximately $0.6 million for the year ended December 31, 2023.

Pro-forma financial information (unaudited)

The acquisition of Video King occurred during the fiscal year ended December 31, 2023, and the unaudited pro forma financial results on a consolidated basis, including the historical operating results of the Company reflected revenue of approximately $817.0 million and net income of approximately $83.0 million for the year ended December 31, 2023.

The unaudited pro forma financial data on a consolidated basis, including the historical operating results of the Company, as if the Video King acquisition occurred on January 1, 2022, reflected revenue of approximately $824.0 million and net income of approximately $109.2 million for the year ended December 31, 2022.

The acquisitions related to eCash, Intuicode and Venuetize occurred in the prior year; therefore, each are included in our Financial Statements for the year ended December 31, 2023.

The unaudited pro forma financial results on a consolidated basis, including the historical operating results of the Company, as if the eCash, Intuicode and Venuetize acquisitions occurred on January 1, 2022, reflected revenue of approximately $797.6 million and net income of approximately $111.4 million for the year ended December 31, 2022.

The unaudited pro forma results include increases to depreciation and amortization expense based on the purchased intangible assets and costs directly attributable to the acquisitions. The unaudited pro forma results do not purport to be indicative of results of operations as of the date hereof, for any period ended on the date hereof, or for any other future date or period; nor do they give effect to synergies, cost savings, fair market value adjustments and other changes expected as a result of the acquisitions.

6. FUNDING AGREEMENTS

Commercial Cash Arrangements

We have commercial arrangements with third-party vendors to provide cash for certain of our fund dispensing devices. For the use of these funds, we pay a usage fee on either the average daily balance of funds utilized multiplied by a contractually defined usage rate or the amounts supplied multiplied by a contractually defined usage rate. These fund usage fees, reflected as interest expense within the Statements of Operations, were approximately $20.4 million, $9.3 million, and $4.0 million for the years ended December 31, 2023, 2022, and 2021, respectively. We are exposed to interest rate risk to the extent that the applicable rates increase.

Under these agreements, the currency supplied by third party vendors remain their sole property until the funds are dispensed. As these funds are not our assets, supplied cash is not reflected in our Balance Sheets.

Our primary commercial arrangement, the Contract Cash Solutions Agreement, as amended, is with Wells Fargo, N.A. (“Wells Fargo”). Wells Fargo provides us with cash up to $450 million with the ability to increase the amount permitted by the vault cash provider. The term of the agreement expires on December 1, 2026 and will automatically renew for additional one-year periods unless either party provides a ninety-day written notice of its intent not to renew. The outstanding balance of funds provided in connection with this arrangement were approximately $388.5 million and $444.6 million as of December 31, 2023 and 2022, respectively.

We are responsible for losses of cash in the fund dispensing devices under this agreement, and we self-insure for this type of risk. There were no material losses for the years ended December 31, 2023, 2022, and 2021.

Site-Funded ATMs

We operate ATMs at certain gaming operators' establishments where the gaming operator provides the cash required for the ATMs' operational needs. We are required to reimburse the customer for the amount of cash dispensed from these site-funded ATMs. The site-funded ATM liability included within settlement liabilities in the accompanying Balance Sheets was approximately $483.7 million and $337.6 million as of December 31, 2023 and 2022, respectively.

Third-Party Funded ATMs

We enter into agreements with international customers for certain of our ATMs whereby we engage with third-parties to provide the cash required to operate the ATMs. The amount of cash supplied by these third-parties is included within settlement liabilities in the accompanying Balance Sheets. The outstanding balances in connection with these arrangements were immaterial at December 31, 2023 and 2022.

Pre-Funded Financial Access Agreements

Due to regulatory requirements in certain jurisdictions, some international gaming operators require pre-funding of cash to cover the outstanding settlement amounts in order for us to provide financial access services to their properties. We enter into agreements with these gaming operators for which we supply our financial access services to their properties. Under these agreements, we maintain sole discretion to either continue or cease operations as well as discretion over the amounts pre-funded to the properties and may request amounts to be refunded to us, with appropriate notice to the operator, at any time. The initial pre-funded amounts and subsequent amounts from the settlement of transactions are deposited into a bank account that is to be used exclusively for financial access services, and we maintain the right to monitor the transaction activity in that account. The total amount of pre-funded cash outstanding was approximately $3.6 million and $3.0 million at December 31, 2023 and 2022, respectively, and is included in prepaid expenses and other current assets line on our Balance Sheets.

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables represent short-term credit granted to customers and long-term loans receivable in connection with our Games and FinTech equipment and software, and compliance products. Trade and loans receivable generally do not require collateral.

The balance of trade and loans receivable consists of outstanding balances owed to us by gaming operators. Other receivables include income tax receivables and other miscellaneous receivables.

The balance of trade and other receivables consisted of the following (in thousands):

	At December 31,	
	2023	2022
Trade and other receivables, net		
Games trade and loans receivable	$ 66,044	$ 78,200
FinTech trade and loans receivable	39,795	39,925
Contract assets (1)	26,635	22,417
Other receivables	4,474	6,110
Total trade and other receivables, net	136,948	146,652
Non-current portion of receivables		
Games trade and loans receivable	480	1,382
FinTech trade and loans receivable	15,551	16,519
Contract assets (1)	12,984	9,856
Total non-current portion of receivables	29,015	27,757
Total trade and other receivables, current portion	$ 107,933	$ 118,895

(1) Refer to “Note 3 — Revenues” for a discussion on the contract assets.

Allowance for Credit Losses

The activity in our allowance for credit losses for the years ended December 31, 2023 and 2022 is as follows (in thousands):

	At December 31,	
	2023	2022
Beginning allowance for credit losses	$ (4,855)	$ (5,161)
Provision	(11,623)	(10,115)
Charge-offs and recoveries	11,268	10,421
Ending allowance for credit losses	$ (5,210)	$ (4,855)

8. INVENTORY

Our inventory primarily consists of component parts as well as work-in-progress and finished goods. The cost of inventory includes cost of materials, labor, overhead and freight, and is accounted for using the first in, first out method. The inventory is stated at the lower of cost or net realizable value.

Inventory consisted of the following (in thousands):

	At December 31,	
	2023	2022
Inventory		
Component parts, net of reserves of $3,144 and $2,919 at December 31, 2023 and December 31, 2022, respectively	$ 59,632	$ 48,688
Work-in-progress	1,147	323
Finished goods	9,845	9,339
Total inventory	$ 70,624	$ 58,350

9. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets include the balance of prepaid expenses, deposits, debt issuance costs on our Revolver (as defined below “Note 13 — Long-Term Debt”), restricted cash, operating lease ROU assets, and other assets. The current portion of these assets is included in prepaid expenses and other current assets and the non-current portion is included in other assets, both of which are contained within our Balance Sheets.

The balance of the current portion of prepaid expenses and other assets consisted of the following (in thousands):

	At December 31,	
	2023	2022
Prepaid expenses and other current assets		
Prepaid expenses	$ 25,608	$ 21,197
Deposits	10,530	13,749
Restricted cash[(1)]	5,190	1,568
Other	2,578	2,308
Total prepaid expenses and other current assets	$ 43,906	$ 38,822

(1) Refer to “Note 2 — Basis of Presentation and Summary of Significant Accounting Policies” for discussion on the composition of the restricted cash balance.

The balance of the non-current portion of other assets consisted of the following (in thousands):

	At December 31,	
	2023	2022
Other assets		
Operating lease ROU assets	$ 27,489	$ 17,169
Prepaid expenses and deposits	9,429	9,164
Debt issuance costs of revolving credit facility	993	1,377
Other	170	196
Total other assets	$ 38,081	$ 27,906

10. PROPERTY AND EQUIPMENT

Property and equipment consist of the following (in thousands):

		At December 31, 2023			At December 31, 2022		
	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Property and equipment							
Rental pool - deployed	2-5	$ 308,438	$ 218,110	$ 90,328	$ 279,524	$ 188,369	$ 91,155
Rental pool - undeployed	2-5	39,578	29,770	9,808	30,378	23,930	6,448
FinTech equipment	1-5	32,719	21,911	10,808	36,442	24,167	12,275
Leasehold and building improvements	Lease Term	19,271	4,887	14,384	13,666	10,689	2,977
Machinery, office, and other equipment	1-5	63,857	36,481	27,376	55,246	34,456	20,790
Total		$ 463,863	$ 311,159	$ 152,704	$ 415,256	$ 281,611	$ 133,645

Depreciation expense related to property and equipment totaled approximately $78.7 million, $66.8 million, and $61.5 million for the years ended December 31, 2023, 2022, and 2021, respectively.

11. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the purchase price over the identifiable tangible and intangible assets acquired plus liabilities assumed arising from business combinations. The balance of goodwill was approximately $737.8 million and $715.9 million at December 31, 2023 and 2022, respectively. We have the following reporting units: (i) Games; (ii) Financial Access Services; (iii) Kiosk Sales and Services; (iv) Central Credit Services; (v) Compliance Sales and Services; (vi) Loyalty Sales and Services; and (vii) Mobile Technologies.

In accordance with ASC 350 (“Intangibles—Goodwill and Other”), we test goodwill at the reporting unit level, which is identified as an operating segment or one level below, for impairment on an annual basis and between annual tests if events and circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

We test our goodwill for impairment on October 1 each year, or more frequently if events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The annual impairment test is completed using either: a qualitative “Step 0” assessment based on reviewing relevant events and circumstances or a quantitative “Step 1” assessment, which determines the fair value of the reporting unit, using both an income approach that discounts future cash flows based on the estimated future results of our reporting units and a market approach that compares market multiples of comparable companies to determine whether or not any impairment exists. To the extent the carrying amount of a reporting unit is less than its estimated fair value, an impairment charge is recorded.

In connection with our annual goodwill impairment testing process for 2023 and 2022, we determined that no impairment adjustments were necessary for each of our reporting units.

The changes in the carrying amount of goodwill are as follows (in thousands):

	Games	Financial Access Services	Kiosk Sales and Services	Central Credit Services	Compliance Sales and Services	Loyalty Sales and Services	Mobile Technologies	Total
Goodwill								
Balance, December 31, 2021	$449,041	$157,090	$5,745	$17,127	$12,265	$41,395	$—	$682,663
Foreign currency translation	—	(41)	(661)	—	—	—	—	(702)
Acquisition related adjustments	12,402	—	10,776	—	(129)	—	10,860	33,909
Balance, December 31, 2022	$461,443	$157,049	$15,860	$17,127	$12,136	$41,395	$10,860	$715,870
Foreign currency translation	—	14	(819)	—	—	—	—	(805)
Acquisition related adjustments	22,932	—	2,925	—	—	—	(1,245)	24,612
Subsequent recognition of deferred tax assets	—	(1,873)	—	—	—	—	—	(1,873)
Balance, December 31, 2023	$484,375	$155,190	$17,966	$17,127	$12,136	$41,395	$9,615	$737,804

Other Intangible Assets

Other intangible assets consist of the following (in thousands):

		At December 31, 2023			At December 31, 2022		
	Useful Life (Years)	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Other intangible assets							
Contract rights under placement fee agreements	2-7	$ 57,821	$ 21,592	$ 36,229	$ 57,821	$ 12,252	$ 45,569
Customer relationships	3-14	337,829	255,972	81,857	331,999	233,150	98,849
Developed technology and software	1-7	453,453	340,286	113,167	401,087	309,285	91,802
Patents, trademarks, and other	2-18	24,783	21,898	2,885	22,334	20,279	2,055
Total		$ 873,886	$ 639,748	$ 234,138	$ 813,241	$ 574,966	$ 238,275

Amortization expense related to other intangible assets totaled approximately $60.0 million, $59.6 million, and $58.0 million for the years ended December 31, 2023, 2022, and 2021, respectively. We capitalized $49.4 million, $46.3 million, and $30.2 million of internally-developed software costs for the years ended December 31, 2023, 2022, and 2021, respectively.

Placement fees are allocated to intangible assets and are generally amortized over the term of the contract, which is recorded as a reduction of revenue generated from the facility. In the past we have, and in the future, we may, by mutual agreement, amend the agreements to reduce our floor space at these facilities.

We paid approximately $0.5 million and $31.5 million in placement fees for the years ended December 31, 2022, and 2021, respectively. In September 2021, we entered into a placement fee agreement with a customer for certain of its locations for approximately $28.9 million, which we settled in October 2021. There were no imputed interest amounts recorded in connection with these payments for the years ended December 31, 2022 and 2021, respectively. There were no placement fees paid for the year ended December 31, 2023.

On a quarterly basis, we evaluate our other intangible assets for potential impairment as part of our review process. During the fourth quarter of 2023, we recorded a partial write-down of the definite-lived customer relationships intangible asset associated with our acquisition of Intuicode, reflected in the Games segment. The impairment loss of approximately $11.7 million was included within Operating Expenses of our Statements of Operations. We determined this asset was impaired by comparing its carrying value to our revised estimate of discounted future cash flows, which were negatively impacted by a certain large customer being acquired that generated lower than anticipated operating results. The customer relationships intangible asset was valued using Level 3 fair value inputs and had a revised cost basis of $0.5 million and a remaining life of five years at December 31, 2023.

There was no material impairment identified for any of our other intangible assets for the years ended December 31, 2022 and 2021.

The anticipated amortization expense related to other intangible assets, assuming no subsequent impairment of the underlying assets, is as follows (in thousands):

Anticipated amortization expense	**Amount**
2024	$ 61,061
2025	44,143
2026	32,446
2027	13,755
2028	4,897
Thereafter	16,545
Total [(1)]	$ 172,847

(1) For the year ended December 31, 2023, the Company had $61.3 million in other intangible assets that had not yet been placed into service.

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table presents our accounts payable and accrued expenses (amounts in thousands):

	At December 31,	
	2023	**2022**
Accounts payable and accrued expenses		
Customer commissions payable	74,376	65,387
Contract liabilities	51,395	50,872
Accounts payable - trade	30,261	29,645
Payroll and related expenses	14,367	24,335
Accrued interest	9,616	9,451
Financial access processing and related expenses	8,670	7,829
Operating lease liabilities	7,079	6,507
Accrued income taxes	6,367	3,673
Contingent consideration and acquisition-related liabilities [(1)]	5,623	12,030
Other	7,776	7,695
Total accounts payable and accrued expenses	$ 215,530	$ 217,424

(1) Refer to “Note 5 — Business Combinations” for discussion on contingent consideration and acquisition-related liabilities.

13. LONG-TERM DEBT

The following table summarizes our indebtedness (in thousands):

	Maturity Date	Interest Rate	At December 31, 2023	At December 31, 2022
Long-term debt				
$600 million Term Loan	2028	SOFR+2.50%	$ 586,500	$ 592,500
$125 million Revolver	2026	SOFR+2.50%	—	—
Senior Secured Credit Facilities			586,500	592,500
$400 million 2021 Unsecured Notes	2029	5.00%	400,000	400,000
Total debt			986,500	992,500
Debt issuance costs and discount			(12,035)	(14,505)
Total debt after debt issuance costs and discount			974,465	977,995
Current portion of long-term debt			(6,000)	(6,000)
Total long-term debt, net of current portion			$ 968,465	$ 971,995

Credit Facilities

Our senior secured credit facilities consist of: (i) a seven-year $600 million senior secured term loan due 2028 issued at 99.75% of par (the “Term Loan”); and (ii) a $125 million senior secured revolving credit facility due 2026, which was undrawn at closing (the “Revolver” and together with the Term Loan, the “Credit Facilities”). The Company, as borrower, entered into the credit agreement dated as of August 3, 2021 (the “Closing Date”), among the Company, the lenders party thereto and Jefferies Finance LLC, as administrative agent, collateral agent, swing line lender and a letter of credit issuer (the “Original Credit Agreement”).

On June 23, 2023, the Company entered into the first amendment (the “Amendment”) to the Original Credit Agreement (as amended, the “Amended Credit Agreement”), among Everi, as borrower, the lenders party thereto and Jefferies Finance LLC, as administrative agent, collateral agent, swing line lender and letter of credit issuer. Under the Amended Credit Agreement, the Secured Overnight Financing Rate (“SOFR”) replaced the Eurodollar Rate for all purposes under the Original Credit Agreement and under any other Loan Document (as defined therein) on July 1, 2023, when the ICE Benchmark Administration ceased to provide all available tenors of the Eurodollar Rate. In connection with such implementation of SOFR, the Company and Jefferies Finance LLC agreed to make conforming changes to the relevant provisions of the Original Credit Agreement, as reflected in the Amended Credit Agreement.

On November 2, 2023, the Company entered into the second amendment (the “Second Amendment”), effective November 9, 2023, to the Original Credit Agreement and the Amended Credit Agreement (as amended, the “Credit Agreement”), among Everi, as borrower, the lenders party thereto and Jefferies Finance LLC, as administrative agent, collateral agent, swing line lender and letter of credit issuer. Under the Amended Credit Agreement, capitalized terms not otherwise defined in this Second Amendment have the same meanings as specified in the Original Credit Agreement or the Amended Credit Agreement, as the context may require; and pursuant to the Amended Credit Agreement, the Borrower and the Administrative Agent jointly identified certain obvious errors of a technical nature in the Amended Credit Agreement and have agreed to amend the Amended Credit Agreement to correct such errors. The Second Amendment did not have a material impact on our Financial Statements.

We elected the optional expedient to account for the modification to our Credit Facilities in accordance with ASC 470 as the modification was not substantial.

Legal fees were expensed as incurred in connection with the Amendment are reflected in operating expenses within the Statements of Operations for the period ended December 31, 2023.

The interest rate per annum applicable to the Credit Facilities will be, at the Company’s option, either the SOFR rate with a 0.50% floor plus a margin of 2.50%, or the base rate plus a margin of 1.50%. In addition, we pay a SOFR adjustment recorded as interest expense that varies for the applicable interest period, with an adjustment for interest periods of one month of 0.1%, an adjustment for interest periods of two months of 0.3% and an adjustment for interest periods of three months of 0.4%.

The Revolver is available for general corporate purposes, including permitted acquisitions, working capital and the issuance of letters of credit. Borrowings under the Revolver are subject to the satisfaction of customary conditions, including the absence of defaults and the accuracy of representations and warranties. Our Revolver remained fully undrawn as of December 31, 2023.

The Company is required to make periodic payments on the Term Loan in an amount equal to 0.25% per quarter of the initial aggregate principal, with the final principal repayment installment on the maturity date. Interest is due in arrears on each interest payment date applicable thereto and at such other times as may be specified in the Credit Agreement. As to any loan other than a base rate loan, the interest payment dates shall be the last day of each interest period applicable to such loan and the maturity date (provided, however, that if any interest period for a SOFR loan exceeds three months, the respective dates that fall every three months after the beginning of such interest period shall also be interest payment dates). As to any base rate loan, commencing on the last business day of December 2021, the interest payment dates shall be last business day of each of March, June, September and December and the maturity date.

Voluntary prepayments of the Term Loan and the Revolver and voluntary reductions in the unused commitments are permitted in whole or in part, in minimum amounts as set forth in the Credit Agreement governing the Credit Facilities, with prior notice, and without premium or penalty, except that certain refinancings or repricings of the Term Loan within six months after the Closing Date will be subject to a prepayment premium of 1.00% of the principal amount repaid.

The Credit Agreement contains certain covenants that, among other things, limit the Company's ability, and the ability of certain of its subsidiaries, to incur additional indebtedness, sell assets or consolidate or merge with or into other companies, pay dividends or repurchase or redeem capital stock, make certain investments, issue capital stock of subsidiaries, incur liens, prepay, redeem or repurchase subordinated debt, and enter into certain types of transactions with its affiliates. The Credit Agreement also requires the Company, together with its subsidiaries, to comply with a maximum consolidated secured leverage ratio of 4.25:1.00 as of the measurement date.

The weighted average interest rate on the Term Loan was 7.59% for the year ended December 31, 2023.

Senior Unsecured Notes

Our Senior Unsecured Notes (the "2021 Unsecured Notes") due 2029 had an outstanding balance of $400 million as of December 31, 2022, for which interest accrues at a rate of 5.00% per annum and is payable semi-annually in arrears on each January 15 and July 15.

The fees associated with the 2021 Unsecured Notes included debt issuance costs of approximately $5.9 million incurred during the year ended December 31, 2021.

Compliance with Debt Covenants

We were in compliance with the covenants and terms of the Credit Facilities and the 2021 Unsecured Notes as of December 31, 2023.

Principal Repayments

The maturities of our borrowings at December 31, 2023 are as follows (in thousands):

		Amount
Maturities of borrowings		
2024	$	6,000
2025		6,000
2026		6,000
2027		6,000
2028		562,500
Thereafter		400,000
Total	$	986,500

14. COMMITMENTS AND CONTINGENCIES

We are involved in various legal proceedings in the ordinary course of our business. While we believe resolution of the claims brought against us, both individually and in the aggregate, will not have a material adverse impact on our financial condition or results of operations, litigation of this nature is inherently unpredictable. Our views on these legal proceedings, including those described below, may change in the future. We intend to vigorously defend against these actions, and ultimately believe we should prevail.

Legal Contingencies

We evaluate matters and record an accrual for legal contingencies when it is both probable that a liability has been incurred and the amount or range of the loss may be reasonably estimated. We evaluate legal contingencies at least quarterly and, as appropriate, establish new accruals or adjust existing accruals to reflect: (i) the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings, and other relevant events and developments; (ii) the advice and analyses of counsel; and (iii) the assumptions and judgment of management. Legal costs associated with such proceedings are expensed as incurred. Due to the inherent uncertainty of legal proceedings as a result of the procedural, factual, and legal issues involved, the outcomes of our legal contingencies could result in losses in excess of amounts we have accrued.

We did not have any new material legal matters that were accrued as of December 31, 2023.

NRT matter:

NRT Technology Corp., et al. v. Everi Holdings Inc., et al. is a civil action filed on April 30, 2019 against Everi Holdings and Everi FinTech in the United States District Court for the District of Delaware by NRT Technology Corp. and NRT Technology, Inc., alleging monopolization of the market for unmanned, integrated kiosks in violation of federal antitrust laws, fraudulent procurement of patents on functionality related to such unmanned, integrated kiosks and sham litigation related to prior litigation brought by Everi FinTech (operating as Global Cash Access Inc.) against the plaintiff entities. The plaintiffs are seeking compensatory damages, treble damages, and injunctive and declaratory relief. Discovery is closed. The court removed the case from the September trial calendar and requested briefs from the parties on relevant legal issues. Briefing was completed in December 2022. The parties are awaiting further guidance from the court. Due to the current stage of the litigation, we are unable to estimate the probability of the outcome of this matter or reasonably estimate the range of possible damages, if any.

Zenergy Systems, LLC matter:

Zenergy Systems, LLC v. Everi Payments Inc. is a civil action filed on May 29, 2020, against Everi FinTech in the United States District Court for the District of Nevada, Clark County by Zenergy Systems, LLC, alleging breach of contract, breach of a non- disclosure agreement, conversion, breach of the covenant of good faith and fair dealing, and breach of a confidential relationship related to a contract with Everi FinTech that expired in November 2019. The plaintiff is seeking compensatory and punitive damages. Everi FinTech has counterclaimed against Zenergy alleging breach of contract, breach of implied covenant of good faith and fair dealing, and for declaratory relief. The parties participated in mediation on March 21, 2023. No settlement was reached at mediation. The parties filed a joint motion to set a firm trial date which the court granted. Trial is set on May 28, 2025. Due to the current stage of the litigation, we are unable to estimate the probability of the outcome of this matter or reasonably estimate the range of possible damages, if any.

Mary Parrish matter:

Mary Parrish v. Everi Holdings Inc., et al. is a civil action filed on December 28, 2021, against Everi Holdings and Everi FinTech in the District Court of Nevada, Clark County by Mary Parrish alleging violation of the Fair and Accurate Credit Transactions Act (FACTA) amendment to the Fair Credit Reporting Act (FCRA). Plaintiff's complaint alleges she received a printed receipt for cash access services performed at an Everi Payments' ATM which displayed more than four (4) digits of the account number. Plaintiff seeks statutory damages, punitive damages, injunctive relief, attorneys' fees, and other relief. Everi filed a Petition for Removal to the United States District Court, District of Nevada. On May 4, 2023, the United States District Court entered an order remanding the case and the matter is now pending in the District Court of Nevada, Clark County. On October 20, 2023, the Clark County Court entered an Order denying Everi's Motion to Dismiss. Thereafter, Everi filed a Petition for Writ of Mandamus with the Nevada Supreme Court appealing the Clark County court's ruling. On December 15, 2023, the Nevada Supreme Court denied Everi's Petition for Writ of Mandamus. Discovery is underway and the Clark County Court has scheduled a mandatory pre-trial case conference for March 31, 2024. Due to the current stage of the litigation, we are unable to estimate the probability of the outcome of this matter or reasonably estimate the range of possible damages, if any.

In addition, we have commitments with respect to certain lease obligations discussed in "Note 4 — Leases" and installment payments under our asset purchase agreements discussed in "Note 5 — Business Combinations."

15. STOCKHOLDERS' EQUITY

On May 3, 2023, our Board of Directors authorized and approved a new share repurchase program in an amount not to exceed $180.0 million pursuant to which we may purchase outstanding Company common stock in open market or privately negotiated transactions over a period of eighteen (18) months through November 3, 2024, in accordance with Company and regulatory policies and trading plans established in accordance with Rules 10b5-1 and 10b-18 of the Securities Exchange Act of 1934. The actual number of shares to be purchased will depend upon market conditions and is subject to available liquidity, general market and economic conditions, alternative uses for the capital and other factors. All shares purchased will be held in the Company's treasury for possible future use. There is no minimum number of shares that the Company is required to repurchase, and the program may be suspended or discontinued at any time without prior notice. This new repurchase program supersedes and replaces, in its entirety, the previous share repurchase program approved in May 2022 for up to $150 million.

There were approximately 7.5 million and 5.0 million shares repurchased at an average price of $13.40 and $16.93 per share for an aggregate amount of $100.0 million and $84.3 million during the years ended December 31, 2023 and 2022, respectively. The remaining availability under the May 2023 $180.0 million share repurchase program was $80.0 million as of December 31, 2023.

Preferred Stock. Our amended and restated certificate of incorporation, as amended, allows our Board of Directors, without further action by stockholders, to issue up to 50,000,000 shares of preferred stock in one or more series and to fix the designations, powers, preferences, privileges and relative participating, optional, or special rights as well as the qualifications, limitations or restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences. As of December 31, 2023 and 2022, we had no shares of preferred stock outstanding.

Common Stock. Subject to the preferences that may apply to shares of preferred stock that may be outstanding at the time, the holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available at the times and in the amounts as our Board of Directors may from time to time determine. All dividends are non-cumulative. In the event of the liquidation, dissolution or winding up of Everi, the holders of common stock are entitled to share ratably in all assets remaining after the payment of liabilities, subject to the prior distribution rights of preferred stock, if any, then outstanding. Each stockholder is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for. The common stock is not entitled to preemptive rights and is not subject to conversion or redemption. There are no sinking fund provisions applicable to the common stock. Each outstanding share of common stock is fully paid and non-assessable. As of December 31, 2023 and 2022, we had 123,178,882 and 119,389,510 shares of common stock issued, respectively.

Treasury Stock. In addition to open market purchases of common stock authorized under the Share Repurchase Program, employees may direct us to withhold vested shares of restricted stock to satisfy the maximum statutory withholding requirements applicable to their restricted stock vesting. We repurchased or withheld from restricted stock awards 0.6 million and 0.7 million shares of common stock at an aggregate purchase price of approximately $9.2 million and $12.0 million for the years ended December 31, 2023 and 2022, respectively, to satisfy the maximum applicable tax withholding obligations related to the vesting of such restricted stock awards.

16. WEIGHTED AVERAGE SHARES OF COMMON STOCK

The weighted average number of common stock outstanding used in the computation of basic and diluted earnings per share is as follows (in thousands):

	At December 31,		
	2023	**2022**	**2021**
Weighted average shares			
Weighted average number of common shares outstanding — basic	87,176	90,494	89,284
Potential dilution from equity awards (1)	4,809	7,013	10,683
Weighted average number of common shares outstanding — diluted (1)	91,985	97,507	99,967

(1) There were 0.3 million and 0.1 million shares that were anti-dilutive under the treasury stock method for the years ended December 31, 2023 and 2022, respectively. There were an immaterial amount of shares that were anti-dilutive under the treasury stock method for the year ended December 31, 2021.

17. SHARE-BASED COMPENSATION

Equity Incentive Awards

Our 2014 Equity Incentive Plan (as amended and restated effective May 19, 2021, the "Equity Incentive Plan") is used to attract and retain key personnel, to provide additional incentives to employees, directors, and consultants, and to promote the success of our business. Our Equity Incentive Plan is administered by the Compensation Committee of our Board of Directors, which has the authority to select individuals who are to receive equity incentive awards and to specify the terms and conditions of grants of such awards, including, but not limited to the vesting provisions and exercise prices, as applicable.

Generally, we grant the following types of awards: (i) restricted stock units with either time- or performance-based criteria; and (ii) time-based options. We estimate forfeiture amounts based on historical patterns.

A summary of award activity is as follows (in thousands):

	Stock Options	Restricted Stock Units
Outstanding, December 31, 2022	6,793	2,709
Granted	103	1,555
Exercised options or vested shares	(2,061)	(1,728)
Canceled or forfeited	(31)	(72)
Outstanding, December 31, 2023	4,804	2,464

There are approximately 2.1 million awards of our common stock available for future equity grants under our existing equity incentive plan.

Stock Options

The fair value of our standard time-based options was determined as of the date of grant using the Black-Scholes option pricing model. The assumptions used included a 3.5% and 2.9% risk-free interest rate, an expected life of 5.1 years and 4.9 years, historical volatility of 55.4% and 55.7%, and no expected dividend yield for options granted for the years ended December 31, 2023 and 2022, respectively. There were no time-based options granted for the years ended December 31, 2021.

Our time-based stock options granted under our equity plans generally vest at a rate of either 33% or 25% per year on each of the first three or four anniversaries of the grant dates, and expire after a ten-year period.

The following table presents the options activity:

	Number of Options (in thousands)	Weighted Average Exercise Price (per Share)	Weighted Average Life Remaining (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2022	6,793	$ 5.01	2.8	$ 63,604
Granted	103	15.12		
Exercised	(2,061)	7.17		
Canceled or forfeited	(31)	8.32		
Outstanding, December 31, 2023	4,804	4.28	2.6	34,350
Vested and expected to vest after, December 31, 2023	4,794	4.26	2.6	34,350
Exercisable, December 31, 2023	4,654	$ 3.92	2.4	$ 34,350

The following table presents the options outstanding and exercisable by price range:

Range of Exercise Prices		Options Outstanding: Number Outstanding (in thousands)	Options Outstanding: Weighted Average Remaining Contract Life (Years)	Options Outstanding: Weighted Average Exercise Prices	Options Exercisable: Number Exercisable (in thousands)	Options Exercisable: Weighted Average Exercise Price
$ 1.46	$ 1.46	985	2.4	$ 1.46	985	$ 1.46
1.57	2.78	649	2.3	2.60	649	2.60
3.29	3.29	1,812	3.2	3.29	1,812	3.29
6.30	7.74	1,142	1.1	7.34	1,142	7.34
7.88	16.69	216	8.0	14.45	66	11.75
		4,804			4,654	

The total intrinsic value of options exercised was $18.3 million, $4.9 million, and $46.5 million for the years ended December 31, 2023, 2022, and 2021, respectively.

The unrecognized non-cash compensation expense related to options expected to vest as of December 31, 2023 was $0.8 million which is expected to be recognized on a straight-line basis over a weighted average period of 2.1 years. The unrecognized non-cash compensation expense related to options expected to vest as of December 31, 2022 and 2021 was not material.

We recorded approximately $0.4 million, $0.1 million and $0.3 million in non-cash compensation expense related to options granted that were expected to vest as of December 31, 2023, 2022 and 2021, respectively. We received approximately $14.0 million, $1.9 million and $18.2 million in cash proceeds from the exercise of options during 2023, 2022 and 2021, respectively.

Restricted Stock Units

The fair value of our restricted stock units awarded is based on the closing stock price of our common stock at the date of grant, except for certain awards with a share-based payment arrangements priced in relation to similar indexed securities. Awards with share-based payment arrangements priced in relation to similar indexed securities fair values were determined using a lattice model. The assumptions used include a risk-free interest rate of 3.7%, a useful life term of 2.7 years, historical volatility of 48.4%, and no expected dividend yield for those certain awards with a share based payment arrangement priced in relation to similar indexed securities granted for the year ended December 31, 2023. There were no awards with a share-based payment arrangements priced in relation to similar indexed securities for the years ended December 31, 2022 and 2021, respectively.

Time-based Awards

The time-based restricted stock units (“RSUs”) granted to executives and the employee base, during 2023, 2022 and 2021, generally vest at a rate of either 33% per year on each of the first three anniversaries of the dates of grant, or 100% on the anniversary of grant date ending after either 1 year, 2 years or 3 years.

The RSUs granted to independent members of our Board of Directors, during 2023, 2022 and 2021, vest on the one-year anniversary of the date of grant and settle on the earliest of the following events: (i) ten-year anniversary of the date of grant; (ii) death; (iii) the occurrence of a Change in Control (as defined in the Equity Incentive Plan), subject to qualifying conditions; or (iv) the date that is six months following the separation from service, subject to qualifying conditions.

Performance-based Awards

The performance-based restricted stock units (“PSUs”) granted during 2023 will be evaluated by the Compensation Committee of our Board of Directors after a performance period, beginning on the date of grant through December 31, 2025, based on total operating income and modified based on the Company’s total stockholder return ranking over the performance period in comparison to the Russel 3000 Index. To the extent the performance criteria of the metrics are approved, the eligible awards will become vested on the third anniversary of the date of grant. We record stock-based compensation expense over the required service period based on the amount of shares expected to vest pursuant to the achievement measures associated with the performance award.

The performance-based restricted stock units ("PSUs") granted during 2022 will be evaluated by the Compensation Committee of our Board of Directors after a performance period, beginning on the date of grant through December 31, 2024, based on certain revenue and adjusted operating cash flow growth rate metrics, with achievement of each measure to be determined independently of one another. To the extent the performance criteria of the metrics are approved, the eligible awards will become vested on the third anniversary of the date of grant. We record stock-based compensation expense over the required service period based on the amount of shares expected to vest pursuant to the achievement measures associated with the performance award.

The performance-based restricted stock units ("PSUs") granted during 2021 have been evaluated by the Compensation Committee of our Board of Directors for the performance period, beginning on the date of grant through December 31, 2023, based on certain revenue and free cash flow growth rate metrics, with achievement of each measure determined independently of one another. The eligible awards will become vested on the third anniversary of the date of grant.

The following table presents our RSU and PSU awards activity:

	Shares Outstanding (in thousands)	Weighted Average Grant Date Fair Value (per Share)	Weighted Average Life Remaining (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2022	2,709	$ 13.46	0.9	$ 38,850
Granted	1,555	13.34		
Vested	(1,728)	9.77		
Forfeited	(72)	16.59		
Outstanding, December 31, 2023	2,464	15.88	1.2	27,747
Vested and expected to vest after, December 31, 2023	2,081	$ 16.47	1.1	$ 23,453

There was approximately $20.0 million in unrecognized compensation expense related to the awards expected to vest as of December 31, 2023. This cost is expected to be recognized on a straight-line basis over a weighted average period of 1.5 years. We recorded approximately $18.3 million in non-cash compensation expense related to these awards for the year ended December 31, 2023.

There were approximately 1.3 million and 1.0 million shares of these awards granted for the years ended December 31, 2022 and 2021, respectively. The weighted average grant date fair value per share of these awards granted was $16.08 and $6.08 for the years ended December 31, 2022 and 2021, respectively. There were 2.1 million and 1.6 million RSU awards that vested during the years ended December 31, 2022 and 2021, respectively. There was approximately $20.1 million and $23.3 million unrecognized compensation expense related to these awards expected to vest as of December 31, 2022 and 2021, respectively. This cost was expected to be recognized on a straight-line basis over a weighted average period of 1.2 years and 1.4 years, respectively. We recorded approximately $19.7 million and $20.6 million in non-cash compensation expense related to RSU awards for the years ended December 31, 2022 and 2021, respectively.

18. INCOME TAXES

Provision (Benefit) for Income Taxes

The following presents consolidated income before tax for domestic and foreign operations (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Consolidated income (loss) before tax			
Domestic	$ 104,798	$ 157,510	$ 100,232
Foreign	(3,207)	90	793
Total	$ 101,591	$ 157,600	$ 101,025

The income tax provision (benefit) attributable to the income before tax consists of the following components (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Income tax provision (benefit)			
Domestic	$ 17,760	$ 36,440	$ (51,923)
Foreign	(166)	671	23
Total income tax provision (benefit)	$ 17,594	$ 37,111	$ (51,900)
Income tax provision (benefit)			
Current	$ 8,634	$ 4,446	$ 177
Deferred	8,960	32,665	(52,077)
Total income tax provision (benefit)	$ 17,594	$ 37,111	$ (51,900)

Effective Tax Rate

A reconciliation of the federal statutory rate and the effective income tax rate is as follows:

	Year Ended December 31,		
	2023	2022	2021
Income tax reconciliation			
Federal statutory rate	21.0 %	21.0 %	21.0 %
Foreign provision	(0.4)%	(0.1)%	— %
State/province income tax	3.3 %	3.3 %	3.5 %
Compensation deduction limitations	2.1 %	2.9 %	2.5 %
Stock-based compensation expense	(4.5)%	(2.5)%	(10.6)%
Adjustments to carrying values	1.9 %	0.3 %	1.7 %
Research and development credit	(6.7)%	(2.2)%	(2.3)%
Valuation allowance[(1)]	1.1 %	— %	(67.2)%
Global intangible low-taxed income[(2)]	— %	0.4 %	0.1 %
Non-deductible expenses - other	0.2 %	— %	0.1 %
Other	(0.7)%	0.4 %	(0.2)%
Effective tax rate	17.3 %	23.5 %	(51.4)%

(1) We removed the full valuation allowance in the federal and certain state jurisdictions in the fourth quarter of 2021 and placed a full valuation allowance on Australia in the fourth quarter of 2023.

(2) We had no global intangible low-taxed income inclusion in 2023 due to the high tax exception in some foreign jurisdictions and losses in others.

Deferred Income Taxes

The major tax-effected components of the deferred tax assets and liabilities are as follows (in thousands):

	At December 31,		
	2023	2022	2021
Deferred income tax assets related to:			
Net operating losses	$ 5,171	$ 27,901	$ 84,619
Tax credits	17,570	18,467	14,688
Capitalized research expenditures(1)	27,534	15,705	—
Accrued and prepaid expenses	9,989	10,481	11,284
Stock compensation expense	5,427	6,041	6,210
Accounts receivable allowances	1,293	1,204	1,275
Other	1,798	1,841	913
Valuation allowance	(1,818)	(739)	(804)
Total deferred income tax assets	$ 66,964	$ 80,901	$ 118,185
Deferred income tax liabilities related to:			
Other intangible assets	$ 49,234	$ 57,487	$ 59,156
Property and equipment	24,755	23,352	23,610
Long-term debt	—	—	7
Other	6,139	4,472	3,291
Total deferred income tax liabilities	$ 80,128	$ 85,311	$ 86,064
Deferred income taxes, net	$ (13,164)	$ (4,410)	$ 32,121

(1) As required by the 2017 Tax Cuts and Jobs Act, effective January 1, 2022, our research and development expenditures were capitalized and amortized, which resulted in higher taxable income for 2023 and 2022 with an equal amount of deferred tax benefit.

Net Operating Losses ("NOLs") and Tax Credits Carry-forwards

We had no accumulated federal NOLs as of December 31, 2023.

We had tax effected state NOL carry-forwards of approximately $4.1 million as of December 31, 2023, which will expire between 2025 and 2041. The determination and utilization of these state NOL carry-forwards are dependent upon apportionment percentages and other respective state laws, which may change from year to year. As of December 31, 2023, approximately $0.6 million of our valuation allowance relates to certain state NOL carry-forwards that we estimate are not more likely than not to be realized.

We had tax effected Australia NOL carry-forwards of approximately $1.1 million as of December 31, 2023, which can be carried forward indefinitely. As of December 31, 2023, there is a full valuation allowance on our Australia net deferred tax assets as we do not believe these assets are more-likely-than-not to be realized.

We had approximately $17.1 million, tax effected, of federal research and development credit carry-forwards as of December 31, 2023. The research and development credits are limited to a 20-year carry-forward period and will expire starting in 2037. We also had approximately $0.5 million, tax effected, of federal solar tax credit carry-forward as of December 31, 2023. The solar tax credit is limited to a 22-year carry-forward period and will expire in 2045, at which time, one-half of any unused credit can be deducted.

Deferred Tax Assets - Valuation Allowance Assessment

Deferred tax assets arise primarily because expenses have been recorded in historical financial statement periods that will not become deductible for income taxes until future tax years. We record a valuation allowance to reduce the book value of our deferred tax assets to amounts that are estimated on a more likely than not basis to be realized. This assessment requires judgment and is performed on the basis of the weight of all available evidence, both positive and negative, with greater weight placed on information that is objectively verifiable such as historical performance.

During the fourth quarter of 2023, we placed a full valuation allowance of $1.1 million on the Australia net deferred tax assets, among other foreign items, as we do not believe these assets meet the more-likely-than-not criteria for recognition. In evaluating our ability to realize these net deferred tax assets, we evaluated negative evidence noting that for the three-year period then ended, we reported a cumulative net loss in Australia. Pursuant to accounting guidance, a cumulative loss in recent years is a significant piece of negative evidence that must be considered and is difficult to overcome without sufficient objectively verifiable, positive evidence. We will reassess the realization of deferred tax assets each reporting period, and to the extent our financial results in Australia improve and it becomes more-likely-than-not the deferred tax assets are realizable, we will be able to reduce the valuation allowance in such period, as appropriate.

Based on an evaluation of the then-available positive and negative evidence, we determined it was appropriate to establish a full valuation allowance on our federal and states deferred tax assets as of December 31, 2016. At that time, and in subsequent quarters, negative evidence, including three years of cumulative losses, outweighed the positive evidence. However, as of December 31, 2021, our U.S. operations emerged from a three-year cumulative loss position. Based on our analysis, we removed the full valuation allowance in the federal and certain state jurisdictions, contributing to a $67.9 million reduction in our valuation allowance in 2021. The significant positive evidence in our analysis included: improvements in profitability, product mix, capital levels, credit metrics, a stabilizing economy and future longer-term forecasts showing sustained profitability. We continue to believe the positive evidence outweighs the negative evidence as of December 31, 2023, and it is more likely than not that these deferred tax assets will be realized.

The following is a tabular reconciliation of the total amounts of deferred tax asset valuation allowance (in thousands):

	At December 31,		
	2023	2022	2021
Balance at beginning of period	$ 739	$ 804	$ 68,746
Valuation allowance - (reversal) charge	1,079	(65)	(67,942)
Balance at end of period	$ 1,818	$ 739	$ 804

Unrecognized Tax Positions

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in thousands):

	At December 31,		
	2023	2022	2021
Unrecognized tax benefit			
Unrecognized tax benefit at beginning of period	$ 2,566	$ 2,151	$ 1,714
Gross increases — tax positions in prior period	1,189	415	437
Gross increases — tax positions in current period	782	—	—
Unrecognized tax benefit at end of period	$ 4,537	$ 2,566	$ 2,151

We analyzed filing positions in the federal, state, and foreign jurisdictions in which we are required to file income tax returns, as well as the open tax years in these jurisdictions. As of December 31, 2023, we recorded approximately $4.5 million of unrecognized tax benefits, all of which would impact our effective tax rate, if recognized. We do not anticipate that our unrecognized tax benefits will materially change within the next 12 months. The Company has not accrued any penalties and interest for its unrecognized tax benefits. Other than the unrecognized tax benefit recorded, we believe that our income tax filing positions and deductions will be sustained upon audit, and we do not anticipate other adjustments that will result in a material change to our financial position. We may, from time to time, be assessed interest or penalties by tax jurisdictions, although any such assessments historically have been minimal and immaterial to our financial results. Our policy for recording interest and penalties associated with audits and unrecognized tax benefits is to record such items as a component of income tax in our Statements of Operations.

Foreign Operations

We had unrepatriated foreign earnings of approximately $18.5 million as of December 31, 2023. These earnings are considered permanently reinvested, as it is management's intention to reinvest these foreign earnings in foreign operations. We project sufficient cash flow, or borrowings available under our Senior Secured Credit Facilities in the U.S.; therefore, we do not need to repatriate our remaining foreign earnings to finance U.S. operations at this time. Due to the 2017 Tax Act, there is no U.S. federal tax on cash repatriation from foreign subsidiaries, however, it could be subject to foreign withholding and other taxes.

Other

We are subject to taxation in the U.S. and various states and foreign jurisdictions. We have a number of federal and state income tax years still open for examination as a result of our net operating loss carry-forwards. Accordingly, we are subject to examination for both U.S. federal and some of the state tax returns for the years 2005 to present. For the remaining state, local, and foreign jurisdictions, with some exceptions, we are no longer subject to examination by tax authorities for years before 2020.

19. SEGMENT INFORMATION

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-making group (the "CODM"). Our CODM consists of the Chief Executive Officer, and the Chief Financial Officer. Our CODM allocates resources and measures profitability based on our operating segments, which are managed and reviewed separately, as each represents products and services that can be sold separately to our customers. Our segments are monitored by management for performance against our internal forecasts.

We have reported our financial performance based on our segments in both the current and prior periods. Our CODM determined that our operating segments for conducting business are: (i) Games and (ii) FinTech:

- Everi Games provides gaming operators with gaming technology and entertainment products and services, including: (i) gaming machines, primarily comprising Class II, Class III and Historic Horse Racing ("HHR") slot machines placed under participation or fixed-fee lease arrangements or sold to casino customers; (ii) providing and maintaining the central determinant systems for the video lottery terminals ("VLTs") installed in the State of New York and similar technology in certain tribal jurisdictions; (iii) business-to-business ("B2B") digital online gaming activities; and (iv) bingo solutions through consoles, integrated electronic gaming tablets and related systems.

- Everi FinTech provides gaming operators with financial technology products and services, including: (i) financial access and related services supporting digital, cashless and physical cash options across mobile, assisted and self-service channels; (ii) loyalty and marketing software and tools, RegTech software solutions, other information-related products and services, and hardware maintenance services; and (iii) associated casino patron self-service hardware that utilizes our financial access, software and other services. We also develop and offer mobile-first applications aimed at enhancing patron engagement for customers in the casino, sports, entertainment and hospitality industries. Our solutions are secured using an end-to-end security suite to protect against cyber-related attacks allowing us to maintain appropriate levels of security. These solutions include: access to cash and cashless funding at gaming facilities via ATM debit withdrawals, credit card financial access transactions, and POS debit card purchases at casino cages, kiosk and mobile POS devices; accounts for the CashClub Wallet, check warranty services, self-service loyalty and fully integrated kiosk maintenance services; self-service loyalty tools and promotion management software; compliance, audit, and data software; casino credit data and reporting services; marketing and promotional offering subscription-based services; and other ancillary offerings.

Corporate overhead expenses have been allocated to the segments either through specific identification or based on a reasonable methodology. In addition, we record depreciation and amortization expenses to the business segments.

Our business is predominantly domestic with no specific regional concentrations that were material to our results of operations or financial condition, and no significant assets in foreign locations.

The following tables present segment information (in thousands):

	For the Year Ended December 31,		
	2023	**2022**	**2021**
Games			
Revenue			
Gaming operations	$ 304,132	$ 292,873	$ 272,885
Gaming equipment and systems	125,022	143,553	103,844
Total revenues	429,154	436,426	376,729
Costs and expenses			
Cost of revenues (1)			
Gaming operations	35,205	25,153	21,663
Gaming equipment and systems	72,191	86,638	60,093
Cost of revenues	107,396	111,791	81,756
Operating expenses	103,666	76,496	70,150
Research and development	44,365	40,353	26,060
Depreciation	68,833	57,106	53,876
Amortization	44,201	43,044	42,866
Total costs and expenses	368,461	328,790	274,708
Operating income	$ 60,693	$ 107,636	$ 102,021

(1) Exclusive of depreciation and amortization.

	For the Year Ended December 31,		
	2023	**2022**	**2021**
FinTech			
Revenues			
Financial access services	$ 225,054	$ 206,860	$ 178,019
Software and other	99,490	80,232	67,797
Hardware	54,123	59,001	37,840
Total revenues	378,667	346,093	283,656
Costs and expenses			
Cost of revenues (1)			
Financial access services	11,064	10,186	6,779
Software and other	6,159	4,125	4,129
Hardware	36,621	39,220	22,785
Cost of revenues	53,844	53,531	33,693
Operating expenses	157,265	140,463	118,750
Research and development	23,268	20,174	12,991
Depreciation	9,858	9,695	7,611
Amortization	15,841	16,514	15,121
Total costs and expenses	260,076	240,377	188,166
Operating income	$ 118,591	$ 105,716	$ 95,490

(1) Exclusive of depreciation and amortization.

	For the Year Ended December 31,		
	2023	2022	2021
Total Games and FinTech			
Total revenues	$ 807,821	$ 782,519	$ 660,385
Costs and expenses			
Cost of revenues [(1)]	161,240	165,322	115,449
Operating expenses	260,931	216,959	188,900
Research and development	67,633	60,527	39,051
Depreciation	78,691	66,801	61,487
Amortization	60,042	59,558	57,987
Total costs and expenses	628,537	569,167	462,874
Operating income	$ 179,284	$ 213,352	$ 197,511

(1) Exclusive of depreciation and amortization.

	At December 31,	
	2023	2022
Total assets		
Games	$ 931,322	$ 911,907
FinTech	1,192,548	1,006,336
Total assets	$ 2,123,870	$ 1,918,243

For the year ended December 31, 2023, cash paid for capital expenditures totaled $145.1 million, of which $117.0 million and $28.1 million was related to our Games and FinTech businesses, respectively. For the year ended December 31, 2022, cash paid for capital expenditures totaled $127.6 million, of which $96.0 million and $31.6 million, was related to our Games and FinTech businesses, respectively.

Major customers. For the years ended December 31, 2023, 2022, and 2021, no single customer accounted for more than 10% of our revenues.

20. ERROR CORRECTION OF AN IMMATERIAL PRIOR YEAR MISSTATEMENT

The Company determined that the placement fee arrangements were previously misclassified in its Statements of Cash Flows. Previously, these placement fee arrangements were reported as cash flows from investing activities, and they should have been presented as cash flows from operating activities for the fiscal years ended December 31, 2022 and 2021. The error has been corrected by adjusting each of the affected financial statement categories for these prior periods.

The following table summarizes the impact to our Statements of Cash Flows (in thousands):

	Year Ended December 31,					
	2022	2021	2022	2021	2022	2021
	As reported		Adjustments		As adjusted	
Cash flows from operating activities						
Changes in operating assets and liabilities:						
Placement fee agreements	$ —	$ —	$ (547)	$ (31,465)	$ (547)	$ (31,465)
Net cash provided by (used in) operating activities	272,641	391,630	(547)	(31,465)	272,094	360,165
Cash flows from investing activities						
Placement fee agreements	(547)	(31,465)	547	31,465	—	—
Net cash (used in) provided by investing activities	(179,338)	(151,912)	547	31,465	(178,791)	(120,447)
Cash, cash equivalents and restricted cash						
Net (decrease) increase for the period	(8,663)	51,377	—	—	(8,663)	51,377
Balance, beginning of the period	303,726	252,349	—	—	303,726	252,349
Balance, end of the period	$ 295,063	$ 303,726	$ —	$ —	$ 295,063	$ 303,726

21. SUBSEQUENT EVENTS

On February 28, 2024, the Company entered into definitive agreements with International Game Technology PLC (“IGT”) pursuant to which IGT will spin-off a newly created subsidiary, which will own IGT’s Global Gaming and PlayDigital businesses, with the Company acquiring the Global Gaming and PlayDigital businesses in a series of transactions. Upon the closing of the proposed transaction, under the terms of the agreements, IGT shareholders are expected to own approximately 54% of the combined company, with the Company’s existing stockholders expected to own approximately 46% of the combined company. The proposed transaction is expected to close in early 2025, subject to receipt of regulatory approvals, stockholder approvals, and other customary closing conditions.

On February 28, 2024, the Company and Ignite Rotate LLC, a subsidiary of IGT, entered into a debt commitment letter with the lenders specified therein, pursuant to which the lenders have committed to provide the Company and such subsidiary with $3.7 billion, together with a revolver of $0.5 billion, used to refinance the Company’s existing debt, distribute funds to IGT, and the remainder will be used to pay the combined company’s financing fees, subject to the satisfaction of certain customary closing conditions including the consummation of the proposed transaction described above.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as December 31, 2023. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report on Form 10-K, the Company's disclosure controls and procedures are effective such that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

Management's Report of Internal Control over Financial Reporting

The Company's management, including its Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP"). Due to inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Management assessed the effectiveness of internal control over financial reporting as of December 31, 2023, utilizing the criteria described in the "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of elements such as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment. Based on this assessment, management has concluded that our internal control over financial reporting was effective at a reasonable assurance level as of December 31, 2023.

On May 1, 2023 (the "Video King Closing Date"), the Company acquired certain strategic assets of VKGS LLC ("Video King"). The Company is permitted to exclude acquisitions from its report on internal controls over financial reporting for the first year after the acquisition when it is not possible to conduct an assessment of the acquired business. On this basis, the Company excluded Video King from its annual assessment of the effectiveness of internal control over financial reporting for the year ended December 31, 2023.

The total assets and total revenues generated by the above-mentioned acquisition that occurred in 2023 that were excluded from Management's assessment represented approximately 3.0% and 2.3%, respectively, of the Company's total assets and total revenues as of and for the year ended December 31, 2023.

Refer to "Part II — Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 5 — Business Combinations" for a further discussion of the above acquisitions and related financial data. We are in the process of integrating Video King into our internal control over financial reporting. As a result of these integration activities, certain controls are being evaluated and may change.

Our independent registered public accounting firm, Ernst & Young, LLP, independently assessed the effectiveness of the Company's internal control over financial reporting, as stated in the firm's attestation report, which is included below.

Changes in Internal Control over Financial Reporting

Except as noted above, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

(a) None.

(b) Todd A. Valli, Senior Vice President, Corporate Finance and Tax & Chief Accounting Officer, on December 6, 2023 modified a Rule 10b5-1 trading arrangement intended to satisfy Rule 10b5-1(c). The arrangement was originally entered into on March 13, 2023 to purchase and sell 15,000 shares of Company common stock between June 14, 2023 and May 2, 2024, subject to certain limit orders, all of which shares were to be acquired upon the exercise of employee stock option awards that were set to expire on May 2, 2024. The modified Rule 10b5-1 trading arrangement was entered into on December 6, 2023 to purchase and sell 15,000 shares of Company common stock between March 6, 2024 and May 2, 2024, subject to certain limit orders, all of which shares are to be acquired upon the exercise of employee stock option awards that are set to expire on May 2, 2024.

There were no other Rule 10b5-1 trading arrangements (as defined in Item 408(a) of Regulation S-K) or non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K) adopted or terminated by any director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company during the three months ended December 31, 2023.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Everi Holdings Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Everi Holdings Inc. and subsidiaries' internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Everi Holdings Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

As indicated in the accompanying Management's Report of Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Video King, which is included in the 2023 consolidated financial statements of the Company and constituted 3.0% and 1.6% of total and net assets, respectively, as of December 31, 2023 and 2.3% and 4.3% of revenues and net income, respectively, for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Video King.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2023 consolidated financial statements of the Company and our report dated February 29, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Las Vegas, Nevada
February 29, 2024

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information regarding our directors, executive officers, and certain corporate governance related matters including our Code of Business Conduct, Standards and Ethics is contained under the headings “Proposal 1,” “Executive Officers,” and “Board and Corporate Governance Matters,” and to the extent applicable, “Delinquent Section 16(a) Reports” in the Company’s definitive proxy statement to be filed with the SEC in connection with our 2024 annual meeting of stockholders (the “2024 Proxy Statement”) is incorporated herein by reference.

Item 11. Executive Compensation.

The information regarding director compensation and executive officer compensation contained under the headings “Board and Corporate Governance Matters — Compensation Committee Interlocks and Insider Participation,” “Board and Corporate Governance Matters — Director Compensation,” “Executive Compensation,” “Pay Ratio,” and “Pay Versus Performance’ in the 2024 Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information regarding share ownership contained under the headings “Equity Compensation Plan Information” and “Security Ownership of Certain Beneficial Owners and Management” in the 2024 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information regarding director independence and related party transactions under the headings “Board and Corporate Governance Matters — Director Independence” and “Certain Relationships and Related Transactions — Transactions with Related Persons,” respectively, in the 2024 Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information regarding audit fees, audit-related fees, tax fees, all other fees, and the Audit Committee’s policies and procedures on pre-approval of audit and permissible non-audit services of independent auditors contained under the heading “Ratification of the Appointment of Independent Registered Public Accounting Firm” in the 2024 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Financial Statements

2. Financial Statement Schedules

All schedules have been omitted as they are either not required or not applicable or the required information is included in the Consolidated Financial Statements or notes thereto.

3. See Item 15(b)

(b) Exhibits:

Exhibit Number	Exhibit Description
3.1	Amended and Restated Certificate of Incorporation of Everi Holdings (incorporated by reference to Exhibit 3.1 of Amendment No.1 Everi Holdings' Registration Statement on Form S-1 (Registration No. 333-123514) filed with the SEC on May 26, 2005).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Everi Holdings (incorporated by reference to Exhibit 3.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on April 30, 2009).
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Everi Holdings (incorporated by reference to Exhibit 3.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on August 14, 2015).
3.4	Second Amended and Restated Bylaws of Everi Holdings (effective as of August 24, 2015) (incorporated by reference to Exhibit 3.2 of Everi Holdings' Current Report on Form 8-K filed with the SEC on August 14, 2015).
4.1	Indenture (and Form of 5.000% Senior Unsecured Notes due 2029 attached as Exhibit A thereto), dated as of July 15, 2021, by and among Everi Holdings Inc., certain of its wholly owned subsidiaries, as guarantors, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on July 15, 2021).

Exhibit Number	Exhibit Description
4.2	Indenture (and Form of 7.50% Senior Note due 2025 attached as Exhibit A thereto), dated as of December 5, 2017, by and among Everi FinTech, Everi Holdings, certain of its wholly owned subsidiaries, as guarantors, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on December 5, 2017).
4.3	First Supplemental Indenture, dated as of December 13, 2019, by and among Everi FinTech, Everi Holdings, certain of its wholly owned subsidiaries, as guarantors, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 1.2 of Everi Holdings' Current Report on Form 8-K filed with the SEC on December 17, 2019).
4.4	Description of Securities (incorporated by reference to Exhibit 4.3 of Everi Holdings' Annual Report on Form 10-K filed with the SEC on March 2, 2020).
10.1	Fifth Amendment to Credit Agreement, dated February 2, 2021, among Everi Payments Inc., as borrower, Everi Holdings Inc., as parent, the subsidiary guarantors party thereto, and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on February 2, 2021).
10.2	Employment Agreement with Kate C. Lowenhar-Fisher, dated March 10, 2021 (incorporated by reference to Exhibit 10.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on March 15, 2021).
10.3	Credit Agreement, dated as of August 3, 2021, among the Company, the lenders party thereto and Jefferies Finance LLC, as administrative agent, collateral agent, swing line lender and a letter of credit issuer (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 3, 2021).
10.4	Security Agreement, dated August 3, 2021, among the Company, as a guarantor, the subsidiary guarantors party thereto, and Jefferies Finance LLC, as collateral agent, related to the Credit Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on August 3, 2021).
10.5	Guaranty, dated August 3, 2021, among the Company, as a guarantor, the subsidiary guarantors party thereto, and Jefferies Finance LLC, as collateral agent, related to the Credit Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on August 3, 2021).
10.6	Credit Agreement, dated as of May 9, 2017, among Everi FinTech, Everi Holdings, the lenders party thereto and Jefferies Finance LLC, as administrative agent, collateral agent, swing line lender, letter of credit issuer, sole lead arranger and sole book manager (incorporated by reference to Exhibit 10.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on May 9, 2017).
10.7	Security Agreement, dated as of May 9, 2017, among Everi FinTech, Everi Holdings, as a guarantor, the subsidiary guarantors party thereto, and Jefferies Finance LLC, as collateral agent, related to the Credit Agreement (incorporated by reference to Exhibit 10.2 of Everi Holdings' Current Report on Form 8-K filed with the SEC on May 9, 2017).
10.8	Guaranty, dated May 9, 2017, by Everi Holdings, as a guarantor, and the subsidiary guarantors party thereto, in favor of the lenders party from time to time to the Credit Agreement and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.3 of Everi Holdings' Current Report on Form 8-K filed with the SEC on May 9, 2017).
10.9	First Amendment to Credit Agreement, dated November 13, 2017, among Everi FinTech, Everi Holdings, the subsidiary guarantors party thereto, the lenders party thereto and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on November 13, 2017).
10.10	American State Bank Sponsorship Agreement, dated February 11, 2011, between Everi FinTech and American State Bank (incorporated by reference to Exhibit 10.54 of Everi Holdings' Annual Report on Form 10-K filed with the SEC on March 14, 2011).

Exhibit Number	Exhibit Description
†10.11	Everi Holdings 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.25 of the Annual Report on Form 10-K of Everi FinTech filed with the SEC on March 10, 2005).
†10.12	Form of Stock Option Award for Performance Price Vesting under the 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 5, 2014).
†10.13	Form of Stock Option Award for Cliff Vesting under the 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 5, 2014).
†10.14	Form of Stock Option Award for Non-Employee Directors under the 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 5, 2014).
†10.15	Form of Stock Option Award for Executives under the 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.4 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 5, 2014).
†10.16	Form of Stock Option Award for Employees under the 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 5, 2014).
†10.17	Everi Holdings Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 99.1 to Everi Holdings' Form S-8 filed with the SEC on May 19, 2021).
†10.18	Form of Stock Option Agreement under the 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.19	Form of Stock Option Award (Performance-Based) (Double-Trigger Acceleration) for Non-Employee Directors under the 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.20	Form of Stock Option Award (Performance-Based) (Double-Trigger Acceleration) for Executives under the Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.21	Form of Stock Option Award (Time-Based) (Double-Trigger Acceleration) for Non-Employee Directors under the Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.22	Form of Stock Option Award (Time-Based) (Double-Trigger Acceleration) for Executives under the Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.23	Form of Stock Option Award (Time-Based) (Double-Trigger Acceleration) for Employees under the Equity Incentive Plan (incorporated by reference to Exhibit 10.6 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.24	Everi Holdings 2012 Equity Incentive Plan (incorporated by reference to Exhibit 99.1 to Everi Holdings' Current Report on Form S-8 filed with the SEC on March 16, 2015).
†10.25	Amendment to the Everi Holdings 2012 Equity Incentive Plan (incorporated by reference to Exhibit 99.2 to Everi Holdings' Current Report on Form S-8 filed with the SEC on March 16, 2015).
†10.26	Form of Stock Option Agreement under the 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.13 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).

Exhibit Number	Exhibit Description
†10.27	Form of Stock Option Award (Performance-Based) (Double-Trigger Acceleration) for Non-Employee Directors under the 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.8 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.28	Form of Stock Option Award (Performance-Based) (Double-Trigger Acceleration) for Executives under the 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.9 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.29	Form of Stock Option Award (Time-Based) (Double-Trigger Acceleration) for Non-Employee Directors under the 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.30	Form of Stock Option Award (Time-Based) (Double-Trigger Acceleration) for Executives under the 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.31	Form of Stock Option Award (Time-Based) (Double-Trigger Acceleration) for Employees under the 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.12 to Everi Holdings' Current Report on Form 8-K filed with the SEC on May 10, 2016).
†10.32	Amended and Restated Employment Agreement with Michael Rumbolz (effective May 5, 2017) (incorporated by reference to Exhibit 10.4 of Everi Holdings' Current Report on Form 8-K filed with the SEC on May 9, 2017).
†10.33	Notice of Grant of Stock Option with Michael Rumbolz, dated February 13, 2016 (incorporated by reference to Exhibit 10.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on February 16, 2016).
†10.34	Form of Notice of Stock Option Award and Stock Option Award Agreement for Michael Rumbolz (effective August 30, 2010) (incorporated by reference to Exhibit 10.3 of Everi Holdings' Current Report on Form 8-K filed with the SEC on September 2, 2010).
10.35	Second Amendment to Credit Agreement, dated May 17, 2018, among Everi FinTech, Everi Holdings, the subsidiary guarantors party thereto, the lenders party thereto and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on May 17, 2018).
†10.36	First Amendment to Amended and Restated Employment Agreement with Michael Rumbolz (effective February 1, 2019) (incorporated by reference to Exhibit 10.40 of Everi Holdings' Annual Report on Form 10-K filed with the SEC on March 12, 2019).
†10.37	Notice of Grant of Restricted Stock Units (Time-Based) under the 2014 Equity Incentive Plan for Michael Rumbolz (effective February 1, 2019) (incorporated by reference to Exhibit 10.41 of Everi Holdings' Annual Report on Form 10-K filed with the SEC on March 12, 2019).
†10.38	Employment Agreement with Dean A. Ehrlich (effective January 1, 2017) (incorporated by reference to Exhibit 10.1 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on May 9, 2018).
†10.39	Form of Deferred Restricted Stock Units Agreement for Non-Employee Directors under the 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 7, 2018).
†10.40	Form of Notice of Grant of Deferred Restricted Stock Units for the Non-Employee Directors under the 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 7, 2018).
†10.41	Form of Deferred Restricted Stock Units Agreement for Non-Employee Directors under the 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 7, 2018).

Exhibit Number	Exhibit Description
†10.42	Form of Notice of Grant of Deferred Restricted Stock Units Agreement for Non-Employee Directors under the 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 7, 2018).
†10.43	Form of Restricted Stock Units Agreement under the 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.6 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 7, 2018).
†10.44	Form of Notice of Grant of Restricted Stock Units (Performance-Based) for Executives under the 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 7, 2018).
†10.45	Form of Notice of Grant of Restricted Stock Units (Time-Based) under the 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.8 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 7, 2018).
†10.46	Form of Notice of Grant of Restricted Stock Units (Time-Based) for Executives under the 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.9 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 7, 2018).
†10.47	Form of Indemnification Agreement between Everi Holdings and each of its executive officers and directors (incorporated by reference to Exhibit 10.2 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on May 7, 2019).
†10.48	Form of Notice of Grant of Restricted Stock Units (Performance-Based) for Executives under the Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on August 6, 2019).
10.49	Third Amendment to Credit Agreement, dated December 12, 2019, among Everi FinTech, Everi Holdings, the subsidiary guarantors party thereto, the lenders party thereto and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 1.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on December 17, 2019).
†10.50	Fourth Amendment to Credit Agreement, dated April 21, 2020, among Everi Payments Inc., as borrower, Everi Holdings Inc., as parent, the subsidiary guarantors party thereto, the lenders party thereto, and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on April 21, 2020).
†10.51	Term Loan Credit Agreement, dated April 21, 2020, among Everi Payments Inc., as borrower, Everi Holdings Inc., as parent, the lenders party thereto, and Jefferies Finance LLC, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 of Everi Holdings' Current Report on Form 8-K filed with the SEC on April 21, 2020).
†10.52	Form of Notice of Grant of Restricted Stock Units (Time-Based) for Cliff Vesting under the Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.53	Form of Notice of Grant of Restricted Stock Units (Time-Based) for Cliff Vesting for Executives under the Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.54	Form of Notice of Grant of Restricted Stock Units (Time-Based) for Executives under the Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.55	Second Amendment to the Amended and Restated Employment Agreement with Michael D. Rumbolz (effective April 1, 2020) (incorporated by reference to Exhibit 10.6 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).

Exhibit Number	Exhibit Description
†10.56	Notice of Grant of Restricted Stock Units (Time-Based) under the Amended and Restated 2014 Equity Incentive Plan for Michael D. Rumbolz (effective April 1, 2020) (incorporated by reference to Exhibit 10.7 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.57	Amended and Restated Employment Agreement with Randy L. Taylor (effective April 1, 2020) (incorporated by reference to Exhibit 10.8 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.58	Notice of Grant of Restricted Stock Units (Time-Based) under the Amended and Restated 2014 Equity Incentive Plan for Randy L. Taylor (effective April 1, 2020) (incorporated by reference to Exhibit 10.9 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.59	Amended and Restated Employment Agreement with David J. Lucchese (effective April 1, 2020) (incorporated by reference to Exhibit 10.12 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.60	First Amendment to Employment Agreement with Dean A. Ehrlich (effective April 1, 2020) (incorporated by reference to Exhibit 10.13 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.61	Employment Agreement with Mark F. Labay (effective April 1, 2020) (incorporated by reference to Exhibit 10.14 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.62	Employment Agreement with Darren D.A. Simmons (effective January 1, 2019) (incorporated by reference to Exhibit 10.15 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
†10.63	First Amendment to Employment Agreement with Darren D.A. Simmons (effective April 1, 2020) (incorporated by reference to Exhibit 10.16 of Everi Holdings' Quarterly Report on Form 10-Q filed with the SEC on June 2, 2020).
+10.64	First Amendment to Sponsorship Agreement (effective March 11, 2013) between Prosperity Bank, successor by merger to American State Bank, and Everi FinTech (incorporated by reference to Exhibit 10.60 of Everi Holdings' Annual Report on Form 10-K filed on March 15, 2021).
+10.65	Second Amendment to Sponsorship Agreement (effective September 10, 2013) between Prosperity Bank, successor by merger to American State Bank, and Everi Fin Tech (incorporated by reference to Exhibit 10.61 of Everi Holdings' Annual Report on Form 10-K filed on March 15, 2021).
10.66	Third Amendment to the Sponsorship Agreement (effective October 31, 2014) between Prosperity Bank, successor by merger to American State Bank, and Everi FinTech (incorporated by reference to Exhibit 10.62 of Everi Holdings' Annual Report on Form 10-K filed on March 15, 2021).
+10.67	Amended and Restated Agreement for Processing Services (effective July 1, 2020) by and between Cardtronics USA, as successor in interest to Columbus Data Services, LLC, and Everi FinTech (incorporated by reference to Exhibit 10.63 of Everi Holdings' Annual Report on Form 10-K filed on March 15, 2021).
†10.68	Executive Chairman Agreement with Michael D. Rumbolz (effective April 1, 2022) (incorporated by reference to Exhibit 10.68 of Everi Holdings' Annual Report on Form 10-K filed on March 1, 2022).
†10.69	Employment Agreement with Randy L. Taylor (effective April 1, 2022) (incorporated by reference to Exhibit 10.69 of Everi Holdings' Annual Report on Form 10-K filed on March 1, 2022).
10.70	Fourth Amendment to the Sponsorship Agreement (effective February 1, 2022) between Prosperity Bank, successor by merger to American State Bank, and Everi FinTech (incorporated by reference to Exhibit 10.70 of Everi Holdings' Annual Report on Form 10-K filed on March 1, 2023).

Exhibit Number	Exhibit Description
†10.71	Executive Chair Agreement with Michael D. Rumbolz (effective April 1, 2023) (incorporated by reference to Exhibit 10.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on April 3, 2023).
10.72	First Amendment to Credit Agreement, dated June 23, 2023, among Everi Holdings Inc., as borrower, and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.1 of Everi Holdings' Current Report on Form 8-K filed with the SEC on June 29, 2023).
16.1	Letter to Securities and Exchange Commission from BDO, LLP, dated March 9, 2023 (incorporated by reference to Exhibit 16.1 of Everi Holdings' Current Report on Form 8-K (filed on March 9, 2023).
*21.1	Subsidiaries of Everi Holdings Inc.
*23.1	Consent of Ernst & Young, LLP
*23.2	Consent of BDO USA, LLP.
*24.1	Power of Attorney (included on signature page).
*31.1	Certification of Randy L. Taylor, President and Chief Executive Officer of Everi Holdings in accordance with Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Mark F. Labay, Chief Financial Officer of Everi Holdings in accordance with Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of the Chief Executive Officer and Chief Financial Officer of Everi Holdings in accordance with 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*97.1	Rule 10D-1 Claw Back Policy
*101.INS	XBRL Instance Document - this 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 Linkbase Document.
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
*104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2023, formatted in Inline XBRL (included as Exhibit 101).

* Filed herewith.

** Furnished herewith.

† Management contracts or compensatory plans or arrangements.

\+ Portions of the exhibit have been omitted pursuant to the rules and regulations of the SEC.

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

February 29, 2024	**EVERI HOLDINGS INC.**
(Date)	(Registrant)
	By: /s/ TODD A. VALLI
	Todd A. Valli
	Senior Vice President, Corporate Finance and Tax & Chief Accounting Officer (For the Registrant and as Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Randy L. Taylor, Mark F. Labay, and Todd A. Valli and each of them, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ RANDY L. TAYLOR	President and Chief Executive Officer and Director	February 29, 2024
Randy L. Taylor	(Principal Executive Officer)	
/s/ MARK F. LABAY	Executive Vice President, Chief Financial Officer	February 29, 2024
Mark F. Labay	(Principal Financial Officer) and Treasurer	
/s/ TODD A. VALLI	Senior Vice President, Chief Accounting Officer	February 29, 2024
Todd A. Valli	(Principal Accounting Officer)	
/s/ MICHAEL D. RUMBOLZ	Executive Chair of the Board	February 29, 2024
Michael D. Rumbolz	Director	
/s/ ATUL BALI	Lead Independent Director	February 29, 2024
Atul Bali		
/s/ GEOFFREY P. JUDGE	Director	February 29, 2024
Geoffrey P. Judge		
/s/ LINSTER W. FOX	Director	February 29, 2024
Linster W. Fox		
/s/ MAUREEN T. MULLARKEY	Director	February 29, 2024
Maureen T. Mullarkey		
/s/ SECIL TABLI WATSON	Director	February 29, 2024
Secil Tabli Watson		
/s/ PAUL FINCH	Director	February 29, 2024
Paul Finch		
/s/ DEBRA L. NUTTON	Director	February 29, 2024
Debra L. Nutton		

Exhibit 21.1

SUBSIDIARIES OF EVERI HOLDINGS INC.

Name	Jurisdiction of Incorporation or Organization
Everi Payments Inc.	Delaware
Everi Payments (Canada) Inc.	Ontario, Canada
Global Cash Access (Panama), Inc.	Panama
Game Financial Caribbean N.V.	Netherlands, Antilles
Global Cash Access (Belize) Ltd	Belize
Central Credit, LLC	Delaware
Global Cash Access (BVI) Inc.	British Virgin Islands
Arriva Card, Inc.	Delaware
Global Cash Access Switzerland, AG	Switzerland
Global Cash Access (HK) Limited	Hong Kong
GCA (Macau) S.A.	Macau SAR
Global Cash Access (UK) Limited	United Kingdom
Everi India Private Limited	India
EVERI MTL, LLC	Delaware
Everi Games Holding Inc.	Texas
Everi Games Inc.	Delaware
Everi Interactive LLC	Delaware
Everi Games (Canada) Inc.	British Columbia
MegaBingo International, LLC	Delaware
Multimedia Games de Mexico S. de R.L de C.V.	Mexico
Multimedia Games de Mexico 1 S. de R.L. de C.V.	Mexico
Servicios de Wild Basin S. de R.L. de C.V.	Mexico
Everi Australia Holdings Pty Ltd	Australia
Everi Technology Pty Ltd	Australia
Global Payment Technologies Australia Pty Ltd	Australia
A.C.N. 121 187 068 Pty Ltd	Australia
eCash Holdings Pty Ltd	Australia
eCash ATM Pty Limited	Australia
eCash Games Pty Limited	Australia
eCash Gaming Pty Limited	Australia
eCash NZ Limited	New Zealand
eCash Pospoint Pty Limited	Australia
eCash Pty Limited	Australia
Intuicode Gaming Corporation	Florida
Ember Sub LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements on Form S-3ASR (No. 333-235347, 333-271055) and Form S-8 (Nos. 333-131904, 333-140878, 333-149496, 333-157512, 333-165264, 333-172358, 333-187199, 333-197860, 333-202798, 333-218302, and 333-256298) of our reports dated February 29, 2024, with respect to the consolidated financial statements of Everi Holdings Inc. and the effectiveness of internal control over financial reporting of Everi Holdings Inc. included in this Annual Report (Form 10-K) of Everi Holdings Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Las Vegas, Nevada
February 29, 2024

EXHIBIT 23.2

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-235347) and Form S-8 (Nos. 333-131904, 333-140878, 333-149496, 333-157512, 333-165264,333-172358, 333-187199, 333-197860, 333-202798, 333-218302, and 333-256298) of Everi Holdings Inc. of our report dated February 28, 2023, relating to the consolidated financial statements which appears in this Annual Report on Form 10-K.

/s/ BDO USA, P.C.

Las Vegas, Nevada
February 29, 2024

EXHIBIT 31.1

Certification of Principal Executive Officer
Pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Randy L. Taylor, certify that:

1. I have reviewed this Annual Report on Form 10-K of Everi Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of a 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(s) 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: February 29, 2024

/s/ Randy L. Taylor
Randy L. Taylor
President and Chief Executive Officer

EXHIBIT 31.2

Certification of Principal Financial Officer
Pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark F. Labay, certify that:

1. I have reviewed this Annual Report on Form 10-K of Everi Holdings Inc.;

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

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of a 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(s) 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: February 29, 2024

/s/ Mark F. Labay
Mark F. Labay
Chief Financial Officer

EXHIBIT 32.1

EVERI HOLDINGS INC.
CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER 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 Annual Report of Everi Holdings Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 filed with the Securities and Exchange Commission (the "Report"), Randy L. Taylor, President and Chief Executive Officer of the Company, and Mark F. Labay, Chief Financial Officer of the Company, each hereby certifies as of the date hereof, solely for the purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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 at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: February 29, 2024

By: /s/ Randy L. Taylor
Randy L. Taylor
President and Chief Executive Officer

Dated: February 29, 2024

By: /s/ Mark F. Labay
Mark F. Labay
Chief Financial Officer

EXHIBIT 97.1

Rule 10D-1 Clawback Policy

I. Purpose

Everi Holdings Inc. (the "***Company***") is committed to conducting business with integrity, in accordance with high ethical standards and in compliance with all applicable laws, rules, and regulations, including those regarding the presentation of the Company's financial information to the public. Accordingly, the Board of Directors of the Company (the "***Board***") has adopted this policy (this "***Policy***"), the purpose of which is to permit the Company, in the event that it is required to prepare an accounting restatement of the Company's financial statements due to material non-compliance with any financial reporting requirement under U.S. federal securities laws, to recover the amount of any incentive compensation received by a covered executive during the clawback period that is in excess of the amount that otherwise would have been received had it been determined based on the restated financial statements.

This Policy is intended to comply with and, as applicable, to be administered and interpreted consistent with, Section 303A.14 of the NYSE Listed Company Manual, as adopted by the New York Stock Exchange to implement Rule 10D-1 under the Securities Exchange Act of 1934, as amended (collectively, "***Rule 10D-1***").

II. Policy Administration and Defined Terms

This Policy is administered by the Compensation Committee of the Board, subject to ratification by the independent members of the Board of Directors with respect to application of this Policy to the Company's Chief Executive Officer.

"***Incentive-Based Compensation***" means any compensation granted, earned or vested based in whole or in part on the Company's attainment of a Financial Reporting Measure that was Received by a person (i) on or after October 2, 2023 and after the person began service as a Covered Executive, and (ii) who served as a Covered Executive at any time during the performance period for the Incentive-Based Compensation.

A "***Financial Reporting Measure***" is (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements and any measure derived wholly or in part from such a measure, and (ii) any measure based in whole or in part on the Company's stock price or total shareholder return. Incentive-Based Compensation includes cash compensation and any equity awards to the extent based in whole or in part on such attainment.

Incentive-Based Compensation is deemed to be "***Received***" in the fiscal period during which the relevant Financial Reporting Measure is attained, regardless of when the compensation is actually paid or awarded.

"***Covered Executive***" means any officer of the Company as defined under Rule 16a-1 under the Securities Exchange Act of 1934, as amended.

"***Clawback Period***" means the three completed fiscal years immediately preceding the date that the Company is required to prepare the accounting restatement described in this Policy and any "transition period" as prescribed under Rule 10D-1.

The Company shall make all disclosures and filings with respect to this Policy (including as an exhibit to the Company's Form 10-K) and maintain all documents and records that are required by applicable federal securities laws or any rules or regulation issued thereunder or by the NYSE.

III. Recoupment Determinations by the Compensation Committee; Binding Effect

If the Compensation Committee determines that the amount of Incentive-Based Compensation that is Received by a Covered Executive during the Clawback Period exceeds the amount that would have been Received if determined or calculated based on the Company's restated financial results, such excess amount of Incentive-Based Compensation will be subject to mandatory recoupment by the Company pursuant to this Policy.

For Incentive-Based Compensation based on stock price or total shareholder return, the Compensation Committee will determine the amount to be recouped based on a reasonable estimate of the effect of the accounting statement on the relevant stock price or total shareholder return.

In all cases, the calculation of the excess amount of Incentive-Based Compensation to be recovered will be determined on a pre-tax basis.

Except as limited by law or otherwise stated herein, the Compensation Committee has full power, authority, and discretion to construe, interpret, and apply this Policy. Any determinations made by the Compensation Committee under this Policy will be made in its sole discretion and are final, conclusive, and binding on all affected individuals.

IV. Form and Manner of Recoupment

The Company may implement a clawback pursuant to this Policy in any manner consistent with applicable law, including by requiring direct repayment of such amount(s) to the Company by the Covered Executive, causing the cancellation of equity awards and outstanding stock options, withholding such amount from other amounts owed by the Company to the Covered Executive, reducing future compensation, or by such other means or combination of means as the Compensation Committee determines to be appropriate.

The Company need not recover the excess amount of Incentive-Based Compensation if and to the extent that the Compensation Committee determines that such clawback is impracticable and not required under Rule 10D-1, including if the Compensation Committee determines that the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after making a reasonable attempt to recover such amounts.

The Company is authorized to take appropriate steps to implement this Policy with respect to Incentive-Based Compensation arrangements with Covered Executives. The Company shall not indemnify any Covered Executive against the loss of any Incentive-Based Compensation pursuant to this Policy.

V. No Impairment of Other Remedies

This Policy does not affect the Company's ability to pursue any and all legal rights and remedies that may be available to the Company, including under governing law and pursuant to the terms of any Company plan or policy, or any agreement with the Covered Executive, and including disciplinary action up to and including termination. Any recoupment under this Policy is in addition to any other such remedies available to the Company. For the avoidance of doubt, this Policy shall be applied and interpreted independently of any other applicable forfeiture, clawback or recoupment policies or provisions in plans or agreements entered into or maintained by the

Company. This Policy is also in addition to, and is not a substitute for, the requirements of Section 304 of the Sarbanes-Oxley Act of 2002.