

Risk Factors Comparison 2024-02-20 to 2023-02-22 Form: 10-K

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Risks Relating to Operating Our Business We face substantial competition and expect that such competition will continue. The gaming industry is highly competitive and competition is intense in most of the markets in which we operate. We compete with a variety of gaming operations, including land- based casinos, dockside casinos, riverboat casinos, casinos located on racing tracks ~~and~~, casinos located on Native American reservations and other forms of legalized gaming such as video gaming terminals at bars, restaurants and truck stops and online gambling and sports betting. We also compete, to a lesser extent, with other forms of legalized gaming and entertainment such as bingo, pull tab games, card parlors, sportsbooks, fantasy sports websites, “cruise ~~line~~ to nowhere” operations, pari- mutuel or telephonic betting on horse racing and dog racing, state-sponsored lotteries, ~~jai- alai~~ and, in the future, may compete with gaming at other venues. In addition, we compete more generally with other forms of entertainment for the discretionary spending of our customers. In some instances, particularly in the case of Native American casinos, our competitors pay lower taxes or no taxes. In recent years, many casino and online gaming operators, including us, have reinvested in existing jurisdictions to attract new customers or to gain market share, thereby increasing competition in those jurisdictions. In particular, we and other online betting and gaming operators have undertaken extensive marketing campaigns and made significant investments in customer acquisition through pricing and promotional policies. In addition, in response to changing trends, Las Vegas operators have focused on expanding their non-gaming offerings, including upgrades to hotel rooms, new food and beverage offerings, and new entertainment offerings. The expansion of online betting and gaming in new jurisdictions and the growth of the number of competitors in the online betting and gaming market, the expansion of existing casino entertainment properties, the increase in the number of properties, and the aggressive marketing strategies of many of our competitors have increased competition in many markets in which we operate, and this intense competition is expected to continue. These competitive pressures have and are expected to continue to adversely affect our financial performance. Our brick- and- mortar operations face increasing competition as a result of the expansion of legalized online gaming and betting, including our own online betting and gaming operations, in a number of the jurisdictions in which we operate. While we believe that we are well positioned to compete with new entrants to the betting and gaming market through our online betting and gaming offerings, the competitive dynamic is evolving and we cannot assure you that our results of operations will not be adversely impacted by the expansion of legalized online gaming and betting. States that already have legalized casino gaming may further expand gaming, and other states that have not yet legalized gaming may do so in the future. We also compete with Native American gaming operations in California and other jurisdictions where Native American tribes operate large- scale gaming facilities or otherwise conduct gaming activities on Native American lands, which we expect will continue to expand. Further expansion of legalized casino gaming in jurisdictions in or near our markets or changes to gaming laws in states in which we have operations and in states near our operations could increase competition and could adversely affect our operations. Increased competition may require us to make substantial expenditures in marketing, customer development and capital projects to maintain and enhance the competitive positions of our online and brick and mortar operations to increase the attractiveness and add to the appeal of our facilities and product offerings. Because a significant portion of our cash flow is required to pay obligations under our outstanding indebtedness and our lease obligations, there can be no assurance that we will have sufficient funds to undertake, or that we will be able to obtain sufficient financing to fund, such expenditures. If we are unable to make such expenditures, our competitive position could be negatively affected. Our business is sensitive to reductions in discretionary consumer spending as a result of downturns in the economy and other factors outside our control. Consumer demand for casino hotel and racetrack properties and online betting and gaming is particularly sensitive to downturns in the economy and the associated impact on discretionary spending on leisure activities. Changes in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general economic conditions, effects of declines in consumer confidence in the economy, the impact of high energy and food costs, rising interest rates, the increased cost of travel, decreased disposable consumer income and wealth, fears of war and future acts of terrorism, or widespread illnesses or epidemics, including COVID- 19, can have a material adverse effect on leisure and business travel, discretionary spending and other areas of economic behavior that directly impact the gaming and entertainment industries in general and could further reduce customer demand for the amenities and products that we offer. In addition, increases in gasoline prices, including increases prompted by global political and economic instabilities, can adversely affect our casino operations because most of our patrons travel to our properties by car or on airlines that may pass on increases in fuel costs to passengers in the form of higher ticket prices. ~~16-17~~ Win rates (hold rates) for our casino operations depend on a variety of factors, some of which are beyond our control, and participation in the sports betting industry exposes us to trading, liability management and pricing risks. We may experience lower than expected profitability and potentially significant losses as a result of factors beyond our control or a failure to accurately determine odds. The gaming industry is characterized by an element of chance. Accordingly, we employ theoretical win rates to estimate what a certain type of game, on average, will win or lose in the long run. In addition to the element of chance, win rates (hold percentages) are also affected by the spread of table limits and factors that are beyond our control, such as a player’ s skill, experience, and behavior, the mix of games played, the financial resources of players, the volume of bets placed, and the amount of time players spend gambling. As a result of the variability in these factors, the actual win rates at our casinos may differ from the theoretical win rates we have estimated and could result in the winnings of our gaming customers exceeding those anticipated. The variability of win rates (hold rates) also have the potential to negatively impact our financial condition, results of operations, and cash flows. Our fixed- odds betting products

involve betting where winnings are paid on the basis of the amounts wagered and the odds quoted. Odds are determined with the objective of providing an average return to the bookmaker over a large number of events. However, there can be significant variation in gross win percentage event- by- event and day- by- day. We have systems and controls that seek to reduce the risk of daily losses occurring on a gross- win basis, but there can be no assurance that these will be effective in reducing our exposure to this risk. As a result we may experience (and we have from time to time experienced) significant losses with respect to individual events or betting outcomes, in particular if large individual bets are placed on an event or betting outcome or series of events or betting outcomes. Any significant losses on a gross- win basis could have a material adverse effect on our business, financial condition and results of operations. In addition, the odds that we offer in our sportsbook operations may occasionally contain an obvious error. Examples of such errors are inverted lines between teams, or odds that are significantly different from the true odds of the outcome in a way that all reasonable persons would agree is an error. If regulatory restrictions do not permit us to void or re- set odds to correct odds on bets associated with large obvious errors in odds making, we could be subject to covering significant liabilities. We rely on third parties to provide services that are essential to the operation of our online betting and gaming business, including, player account management, geolocation and identity verification, payment processing and sports data. We rely on third parties to provide services that are essential to the operation of our online betting and gaming business, including player account management, geolocation and identity verification systems to ensure we comply with laws and regulations, processing deposits and withdrawals made by our online users and providing information regarding schedules, results, performance and outcomes of sporting events to determine when and how bets are settled. The software, systems and services provided by our third- party providers may not meet our expectations, contain errors or weaknesses, be compromised or experience outages. A failure of such third- party systems to perform effectively, or any service interruption to those systems, could adversely affect our business by preventing users from accessing our online platform, delaying payment or resulting in errors in settling bets, which could give rise to regulatory issues relating to the operation of our business. By way of example, incorrect or misleading geolocation and identity verification data with respect to current or potential users received from third- party service providers may result in us inadvertently allowing access to our offerings to individuals who are not permitted to access them or otherwise inadvertently denying access to individuals who are permitted to access them, and errors or failures by our payment processors and sports data providers could result in a failure ~~in to~~ timely and accurately process payments to and from users or errors in settling bets. Any such errors or failures could result in violations of applicable regulatory requirements and adversely affect our reputation and our ability to attract and retain our online users. Furthermore, negative publicity related to any of our third- party partners could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. In addition, if any of our third- party services providers terminates its relationship with us, is unable to maintain necessary regulatory approvals, or refuses to renew its agreement with us on commercially reasonable terms, we would have to find alternate service providers. We cannot be certain that we would be able to secure favorable terms from alternative service providers that are critical to the operation of our business or enter into alternative arrangements in a timely manner. Our digital business, results of operations and prospects would be adversely impacted by our inability or delay in securing replacement services that are sufficient to support our online business or are on comparable terms. The growth of our digital business will depend, in part, on the success of our strategic relationships with third parties. We rely on relationships with sports leagues and teams, media companies and other third parties in order to attract users to our offerings. **In For example, in 2019 we entered into an exclusive sports entertainment partnership with the NFL, making us the first ever “ Official Casino Sponsor ” in the history of the league and in 2020, we partnered with ESPN to integrate their digital platforms with our sportsbooks.** These relationships, along with providers of online services, search engines, social media, directories ~~and 17--~~ **and** other websites and e- commerce businesses direct consumers to our offerings. While ~~we we~~ **we** believe there are other third parties that could drive users to our online offerings, adding or transitioning to them may disrupt our business and increase our costs, and may require us to modify, limit or discontinue certain offerings. Furthermore, sports leagues, teams and venues may enter into exclusive partnerships with our competitors which could adversely affect our ability to offer certain types of wagers. In the event that any of our existing relationships or our future relationships fail to provide services to us in accordance with the terms of our arrangement, or at all, and we are not able to find suitable alternatives, our ability to cost effectively attract consumers could be impacted and our online betting and gaming business, financial condition, results of operations and prospects could be adversely affected. The growth of our digital business will require investments in our online offerings, technology and strategic marketing initiatives, which could be costly and negatively impact the economics of our online business. The online betting and gaming industry is subject to rapid and frequent changes in standards, technologies, products and service offerings, as well as in customer demands and preferences and regulations, which will require us to continually introduce and successfully implement new and innovative technologies, marketing strategies, product offerings and enhancements to remain competitive and effectively stimulate customer demand, acceptance and engagement. The process of developing new online offerings and systems is inherently complex and uncertain, and new offerings may not be well received by users, even if they are well- reviewed and of high quality. Developing new offerings and marketing strategies can also divert our management’ s attention from other business issues and opportunities. New online offerings that attain market acceptance and aggressive marketing strategies implemented in the competitive online market environment could impact the mix of our existing business, including our casino business, or the share of our patron’ s wallets in a manner that could negatively impact our results of operations. In addition, online betting and gaming operates in a competitive environment that requires significant investment in marketing initiatives, including free play and use of a variety of free and paid marketing channels, including television, radio, social media platforms, such as Facebook, Instagram, **X (formerly known as Twitter)**, and other digital channels. We cannot be sure that our investments in technology, products, service offerings and marketing initiatives will be successful or generate the return on investment that we expect. **We have incurred losses in the past in our digital business and cannot be sure that our profitability will continue.** If new or existing competitors offer more attractive offerings or

engage in marketing initiatives that are better received by customers, we may lose users or users may decrease their spending on our offerings. Further, new customer demands, superior competitive offerings, new industry standards or changes in the regulatory environment could render our offerings unattractive, unmarketable or obsolete and require us to make substantial unanticipated changes to our technology or business model. Failure to adapt to a rapidly changing market or evolving customer demands, and costs required to be incurred to react to dynamic market conditions, could harm our business, financial condition, results of operations and prospects. We face the risk of fraud, theft, and cheating. We face the risk that gaming customers may attempt or commit fraud or theft or cheat in order to increase winnings. Such acts of fraud, theft, or cheating could involve the use of counterfeit chips or other tactics, possibly in collusion with our employees. Internal acts of cheating could also be conducted by employees through collusion with dealers, surveillance staff, floor managers, or other casino or gaming area staff. Additionally, we also face the risk that customers may attempt or commit fraud or theft with respect to our non-gaming offerings or against other customers. Such risks include stolen credit or charge cards or cash, falsified checks, theft of retail inventory and purchased goods, and unpaid or counterfeit receipts. Failure to discover such acts or schemes in a timely manner could result in losses in our operations. Negative publicity related to such acts or schemes could have an adverse effect on our reputation, potentially causing a material adverse effect on our business, financial condition, results of operations, and cash flows. We extend credit to a portion of our customers, and we may not be able to collect gaming receivables from our credit customers. We conduct our gaming activities on a credit and cash basis. Any such credit we extend is unsecured. High-stakes players typically are extended more credit than customers who tend to wager lower amounts. High-end gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a significant positive or negative impact on cash flow and earnings in a particular period. We extend credit to those customers whose level of play and financial resources warrant, in the opinion of management, an extension of credit. These large receivables could have a significant impact on our results of operations if deemed uncollectible. Gaming debts evidenced by a credit instrument, including what is commonly referred to as a "marker," and judgments on gaming debts are enforceable under the current laws of the jurisdictions in which we allow play on a credit basis, and judgments on gaming debts in such jurisdictions are enforceable in all U. S. states under the Full Faith and Credit Clause of the U. S. Constitution; however, other jurisdictions may determine that enforcement of gaming debts is against public policy. Although courts of some foreign nations will enforce gaming debts directly and the assets in the U. S. of foreign debtors may be reached to satisfy a judgment, judgments on gaming debts from U. S. courts are not binding on the courts of many foreign nations. ~~18-19~~ In addition, the Chinese government has taken steps to prohibit the transfer of cash for the payment of gaming debts. These developments may have the effect of reducing the collectability of gaming debts of players from China. It is unclear whether these and other measures will continue to be in effect or become more restrictive in the future. These and any future foreign currency control policy developments that may be implemented by foreign jurisdictions could significantly impact our business, financial condition and results of operations. The outbreak of ~~COVID-19~~ **pandemics COVID-19 and COVID-19** ~~other public health matters and~~ related impacts have had, and ~~may once again~~ **are expected to continue to** have, a significant impact on our operations and results of operations. ~~COVID-19~~ **Public health issues** and mitigation measures recommended or required by public health officials ~~have to slow the spread of COVID-19~~ had a material adverse effect on our operations. ~~All~~ **For example, all** of our casino properties were temporarily closed for several weeks during 2020 due to orders issued by various government agencies and tribal bodies. Following re-opening of our properties, our operations were affected by social distancing measures, including reduced gaming operations, limitations on number of customers present in our facilities, restrictions on hotel, food and beverage outlets and limits on events that would otherwise attract customers to our properties. While restrictions on our operations were eased in 2021 and we experienced positive operating trends, ~~we continue to see~~ **prolonged impacts of COVID-19** on the economy, our industry and ~~the Company~~ **our business continued**, with increased challenges arising from labor shortages, **higher labor costs**, supply chain challenges, increasing costs of goods and services, inflation and rising interest rates, among other impacts. The extent and duration of the ~~impacts~~ **impact of such measures COVID-19** on our business is difficult to predict and such impacts may intensify. Acts of terrorism, war, natural disasters, severe weather, and political, economic and military conditions may impede our ability to operate or may negatively impact our financial results. Terrorist attacks and other acts of war or hostility have created many economic and political uncertainties. For example, a substantial number of the customers of our properties in Las Vegas use air travel. As a result of terrorist acts that occurred on September 11, 2001, domestic and international travel was severely disrupted, which resulted in a decrease in customer visits to our properties in Las Vegas. Visitation to Las Vegas also declined for a period of time following the mass shooting tragedy on October 1, 2017. We cannot predict the extent to which disruptions in air or other forms of travel as a result of any further terrorist act, security alerts or war, uprisings, or hostilities in places such as Iraq, Afghanistan, **Israel**, Ukraine, and / or Syria or other countries throughout the world, and governmental responses to those acts or hostilities, will directly or indirectly impact our business and operating results. For example, a third party that is responsible for our player account management has employees **located internationally** in ~~Ukraine~~ **countries impacted by such hostility** and **further** negative developments in ~~Ukraine~~ **such countries** could negatively impact our digital business. As a consequence of the threat of terrorist attacks and other acts of war or hostility in the future, premiums for a variety of insurance products have increased, and some types of insurance ~~are may~~ **no longer be** available. If any such event were to affect our properties, we would likely be adversely affected. In addition, natural and man-made disasters such as major fires, floods, severe snowstorms, hurricanes, earthquakes, and oil spills could also adversely impact our business and operating results. **Severe weather and natural disasters may increase in frequency and severity as a result of climate change**. Such events could lead to the loss of use of one or more of our properties for an extended period of time and disrupt our ability to attract customers to certain of our gaming facilities. For example, our property in Lake Charles, Louisiana was closed in August 2020 until December 2022 due to damage resulting from Hurricane Laura. Inadequate insurance or lack of available insurance for these and other certain types or levels of risk could expose us to significant losses in the event

that a catastrophe occurred for which we are underinsured. In most cases, we have insurance that covers portions of any losses from a natural disaster, but it is subject to deductibles and maximum payouts in many cases. Although we may be covered by insurance from a natural disaster, the timing of our receipt of insurance proceeds, if any, may be out of our control. In some cases, however, we may receive no proceeds from insurance. **In addition, if such events increase in frequency and / or severity, insurance premiums may increase significantly or insurance may not be available to protect against future events.** Further, if properties subject to our leases with VICI and GLPI are impacted by a casualty event, such leases require us to repair or restore the affected properties even if the cost of such repair or restoration exceeds the insurance proceeds that we receive. Under such circumstances, the rent under such leases is required to be paid during the period of repair or restoration even if all or a portion of the affected property is not operating. In addition to the damage caused to our properties by a casualty loss, we may suffer business disruption as a result of the casualty event or be subject to claims by third parties that may be injured or harmed. While we carry general liability insurance and business interruption insurance, there can be no assurance that insurance will be available or adequate to cover all loss and damage to which our business or our assets might be subjected and the timing and receipt of insurance proceeds, if any, may be out of our control. **20** ~~19~~ **Increased scrutiny and changing expectations from investors, consumers, employees, regulators, and others regarding our environmental, social and governance practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer attraction and retention, access to capital and employee recruitment and retention.** Increased scrutiny and changing expectations from investors, consumers, employees, regulators, and others regarding our environmental, social and governance practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer attraction and retention, access to capital and employee recruitment and retention. Companies across all industries are facing increasing scrutiny related to their environmental, social and governance (“ ESG ”) practices and reporting. Investors, consumers, employees and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases and other interactions with companies. With this increased focus, public reporting regarding ESG practices is becoming more broadly expected. If our ESG practices and reporting do not meet investor, consumer or employee expectations, which continue to evolve, our brand, reputation and customer retention may be negatively impacted. **As ESG best practices and reporting standards continue to develop, we may incur increasing costs related to ESG monitoring and reporting and compliance with ESG initiatives. We publish an annual Corporate Social Responsibility Report, which highlights, among other things, our climate change mitigation activities and how we are supporting our workforce, including our diversity, equity, inclusion, and belonging efforts. Our disclosures on these matters, or a failure to meet evolving stakeholder expectations for ESG practices and reporting, may potentially harm our reputation and customer relationships. Furthermore, if our competitors’ ESG performance is perceived to be better than ours, potential or current investors may elect to invest with our competitors instead. In addition, in the event that we communicate certain initiatives or goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of investors, customers, employees and other stakeholders, or our initiatives are not executed as planned, our business, financial condition, results of operations and prospects could be adversely affected.** Our ability to achieve any ESG objective is subject to numerous risks, many of which are outside of our control. Examples of such risks include: ● the availability and cost of low- or non- carbon- based energy sources; ● the evolving regulatory requirements affecting ESG standards or disclosures; ● the availability of suppliers that can meet sustainability, diversity and other ESG standards that we may set; ● our ability to recruit, develop and retain diverse talent in our labor markets; and ● the success of our organic growth and acquisitions or dispositions of businesses or operations. If we fail, or are perceived to be failing, to meet the standards **or objectives** included in any sustainability disclosure or the expectations of our various stakeholders, it could negatively impact our reputation, customer attraction and retention, access to capital and employee retention. In addition, new sustainability rules and regulations have been adopted and may continue to be introduced. Our failure to comply with any applicable rules or regulations could lead to penalties and adversely impact our reputation, customer attraction and retention, access to capital and employee retention. **Climate change regulations and greenhouse gas effects may adversely impact our operations. We may become subject to legislation and regulation regarding climate change, and compliance with any new rules could be difficult, burdensome and costly. Concerned parties, such as legislators and regulators, stockholders and nongovernmental organizations, as well as companies in many business sectors, are considering ways to reduce greenhouse gas (“ GHG ”) emissions. Many states have announced or adopted programs to stabilize and reduce GHG emissions and, in the past, federal legislation has been proposed in Congress. We expect to incur increased energy, environmental and other costs and capital expenditures to comply with new regulations and legislation. Further, regulation of GHG emissions may limit our customers’ ability to travel to our properties (e. g. as a result of increased fuel costs or restrictions on transport- related emissions).** Our business may be subject to fluctuations due to seasonality and other factors that could result in volatility and have an adverse effect on our operating results. Our business may fluctuate due to seasonality and other factors. Our casino business is impacted by weather conditions that may deter or prevent customers from reaching the facilities or undertaking trips, which would particularly affect customers who are traveling longer distances to visit our properties. Our casino business can also fluctuate due to specific holidays or other significant events, particularly when the holiday falls in a different quarter than the prior year, the World Series of Poker tournament (with respect to our Las Vegas properties), city- wide conventions, a large sporting event or a concert, or visits by our premium players. Our sportsbook business may also be impacted by availability or scheduling of major sporting events or the cancellation or postponement of sporting events or races, including lockouts, strikes or similar disruptions. Seasonality, **21** holiday, or other significant events may affect our digital operations, properties or regions differently. These factors, among other things, could adversely affect our business, financial condition, and operating results,

cause volatility in the trading price of our stock and impact our cash flow from quarter to quarter. Our business is particularly sensitive to energy or water prices and a rise in ~~energy~~ **these** prices could harm our operating results. We are a large consumer of electricity, **water** and other energy and **utility services and**, therefore, higher ~~energy~~ prices may have an adverse effect on our results of operations. Accordingly, increases in energy costs may have a negative impact on our operating results. Additionally, higher electricity and gasoline prices that affect our customers may result in reduced visitation to our resorts and a reduction in our revenues. Further, our operations or the operations of our critical supplies could be negatively impacted by the duration of drought conditions, or other cause of water stress or shortages, such as those experienced in the southwest United States, or other areas in which we operate. We may be indirectly impacted by regulatory requirements aimed at reducing the impacts ~~of 20~~ **of** climate change directed at up- stream utility providers, ~~as and~~ we could experience potentially higher utility, fuel, **water** and transportation costs. Any deterioration in our reputation or the reputation of our brands could adversely impact our business, financial condition, or results of operations. Our business is dependent on the quality and reputation of our Company and brands. Events beyond our control could affect the reputation of one or more of our properties, including our digital operations, or more generally impact our corporate or brand image. Other factors that could influence our reputation include the quality of the services we offer and our actions with regard to social issues such as diversity, human rights and support for local communities. Broad access to social media makes it easy for anyone to provide public feedback that can influence perceptions of us, our brands or our properties. It may be difficult to control or effectively manage negative publicity, regardless of whether it is accurate. Negative events and publicity could quickly and materially damage perceptions of us, our brands or our properties, which, in turn, could adversely impact our business, financial condition or results of operations through loss of customers, loss of business opportunities, lack of acceptance of our ~~company~~ **Company** to operate in host communities, employee retention or recruiting difficulties or other difficulties. Risks Relating to Information Systems and Technology

Compromises of our information systems or unauthorized access to confidential information or our customers' personal information could materially harm our reputation and business. We collect and store confidential, personal information relating to our customers for various business purposes, including marketing and financial purposes, and credit card information for processing payments. For example, we handle, collect and store personal information in connection with our customers staying at our hotels and enrolling in Caesars Rewards. We may share this personal and confidential information with vendors or other third parties in connection with processing of transactions, operating certain aspects of our business, or for marketing purposes. Our collection and use of personal data are governed by state and federal privacy laws and regulations as well as the applicable laws and regulations in other countries in which we operate. Privacy law is subject to frequent changes and varies significantly by jurisdiction. We may incur significant costs in order to ensure compliance with the various applicable privacy requirements. In addition, privacy laws and regulations may limit our ability to market to our customers. We assess and monitor the security of collection, storage, and transmission of customer information on an ongoing basis ~~We~~, **including** ~~utilize~~ **utilizing** commercially available software and technologies to monitor, assess and secure our network. Further, some of the systems currently used for transmission and approval of payment card transactions and the technology utilized in payment cards themselves, all of which can put payment card data at risk, are determined and controlled by the payment card industry, and other such systems are determined and controlled by us. Although we ~~have had~~ taken steps designed to safeguard our customers' confidential personal information and important internal company data, **on September 14, 2023, we announced that we identified suspicious activity in our information technology network resulting from a social engineering attack on one of our outsourced IT support vendors and that we determined that the unauthorized actor acquired a copy of, among other data, our loyalty program database, which includes driver' s license numbers and / or social security numbers for a significant number of members in the database (the " Data Incident "). We took steps to ensure that the stolen data was deleted by the unauthorized actor and are working with industry- leading third- party IT advisors, to harden our systems and implement corrective measures to protect against future attacks that could pose a threat to our systems. We have also taken steps to require that the specific outsourced IT support vendor involved in this matter implemented corrective measures to protect against future attacks that could pose a threat to our systems. While we took these actions, we cannot assure that the stolen data was deleted by the unauthorized actor or that** our network and other systems and those of third parties, such as service providers, ~~could~~ **will not** be compromised, damaged, or disrupted by a third-party breach of our system security or that of a third- party provider or as a result of purposeful or accidental actions of third parties, our employees, or those employees of a third party, power outages, computer viruses, system failures, natural disasters, or other catastrophic events **in the future**. Our third- party ~~information-~~ **information22** system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such parties' information security operations. **As an example, the Data Incident arose from a social engineering attack on one of our outsourced IT vendors.** Advances in computer and software capabilities, encryption technology, new tools, and other developments may increase the risk of a **future** security breach. As a result of **the Data Incident, customer information and other data was accessed by any- an unauthorized actor. Any future** security breach ~~may also result in~~ customer information or other proprietary data **being** ~~may be~~ accessed or transmitted by or to a third party. Despite the measures we have implemented to safeguard our information, **including actions taken following the Data Incident**, there can be no assurance that we are adequately protecting our information. **As a result** ~~Any loss, disclosure of the Data Incident, misappropriation of~~ **we have become subject to multiple lawsuits and inquiries from state regulators and we may become subject to additional lawsuits, claims and inquiries related to the Data Incident. While the Data Incident did not impact or our access to customers- customer- facing operations, we are unable to predict the full impact of the Data Incident, including any regulatory effects or changes in guest behavior in the future, including whether a change in our guests' behavior** or other proprietary information or other breach of our information security could **negatively impact** result in legal claims or legal proceedings, including regulatory investigations and actions, or liability for failure to comply with privacy and information security laws, including for failure to

protect personal information or for misusing personal information, which could disrupt our operations, damage our reputation, and expose us to claims from customers, financial institutions, regulators, payment card associations, employees, and other persons, any of which could have an adverse effect on our financial condition, ~~and~~ results of operations, ~~on and~~ **an** cash flow **ongoing basis**. We have cybersecurity insurance to respond to a breach which is designed to cover expenses **around associated with a cybersecurity incident, including costs related to** notification, credit monitoring, investigation, crisis management, public relations and legal advice. We also carry other insurance which may cover ancillary aspects of ~~the~~ **cybersecurity event events**; ~~however~~. **While we have submitted claims for insurance coverage relating to the costs incurred as a result of the Data Incident, we are not certain of the extent to which such coverage or third- party indemnification will cover of such future costs. Any future data security breaches giving rise to a loss, disclosure of, misappropriation of, or access to customers' or other proprietary information or other breach of our information security could result in additional legal claims or legal proceedings, including regulatory investigations and actions, or liability for failure to comply with privacy and information security laws, including for failure to protect personal information or for misusing personal information could** damage our reputation, and expose us to additional claims from customers, financial institutions, regulators, payment card associations, employees, and other persons, any of which could have an adverse effect on our **financial condition, results of operations, and cash flow. Any such damages** and claims arising from a **future** breach may not be completely covered or may exceed the amount of any insurance available. ~~21~~ Our operations, and particularly our digital betting and gaming operations, are reliant on information technology and other systems and services, and any failures, errors, defects or disruptions in our systems or services could adversely affect our operations. Our technology infrastructure is critical to the performance of our digital betting and gaming operations and to user satisfaction and we rely significantly on our computer systems and software to receive and properly process internal and external data, including data related to Caesars Rewards. We devote significant resources to our technology infrastructure, but our systems may not be adequate to avoid performance delays or outages that could be harmful to our online business. In addition, **while we believe we have taken appropriate steps, working with industry- leading third- party IT advisors, to harden our systems following the Data Incident and implement corrective measures to protect against future attacks that could pose a threat to our systems. We** cannot assure you that ~~the~~ **such measures or any additional** measures we take to prevent cyber- attacks and protect our systems, data and user information and to prevent outages, data or information loss, fraud and to prevent or detect security breaches will be sufficient to ensure uninterrupted operation of our digital platform and provide absolute security. We have experienced, and we may in the future experience, website disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors and capacity constraints. Disruptions from unauthorized access to, fraudulent manipulation of, or tampering with our computer systems and technological infrastructure, or those of third parties that provide support to our operations, could result in a wide range of negative outcomes, each of which could materially adversely affect the operation of our online business and our financial condition, results of operations and prospects. Additionally, our computer systems and software may fail or may contain errors, bugs, flaws or corrupted data, and these defects may only become apparent after the launch of our online products. These types of issues could disrupt our operations or render a product unavailable when users attempt to access it or cause access to our offerings to be slower than our users expect. Inaccessibility or slow access to our products could make users less likely to return to our digital platform as often, if at all, or to recommend our offerings to other potential users, which could harm our brand perception, cause our users to stop utilizing our online offerings, divert our resources and delay market acceptance of our online offerings. **Our information systems are not fully redundant and our disaster recovery planning cannot account for all eventualities. If our systems are damaged, breached, attacked, interrupted, or otherwise cease to function properly, we may have to make a significant investment to repair or replace them, and may experience loss or corruption of critical data as well as suffer interruptions in our business operations in the interim.** ²³ We expect that we will continue to expand our online betting and gaming offerings as our user base grows and we enter into new markets, which will require an enhancement of our technical infrastructure, including network capacity and computing power, **and may require additional reliance on third party providers** to support the growth of our digital business and to satisfy our users' needs. Such infrastructure expansion may be complex and costly, and unanticipated delays in completing these projects or availability of components may lead to increased project costs, operational inefficiencies, or interruptions in the delivery or degradation of the quality of our offerings. In addition, there may be issues related to our online infrastructure that are not identified during the testing phases of design and implementation and become evident after we have started to fully use the underlying equipment or software, which could impact the user experience or increase our costs. An inability to effectively scale our technical infrastructure to accommodate increased demands could adversely impact our ability to grow our digital betting and gaming business. Our online business is dependent on the Internet and we rely on Amazon Web Services and other third- party technology, platforms and services to deliver our offerings to users. A substantial portion of the infrastructure that is required to enable users to access our digital betting and gaming offerings is provided by third parties, including Internet service providers and other technology- based service providers. In particular, we currently host our online betting and gaming offerings and support our operations using Amazon Web Services (" AWS ") and other third- party technology, platforms and services. Our third- party providers may experience service interruptions, delays, outages or damage, including due to capacity constraints, an event causing an unusually high volume of Internet use (such as a pandemic or public health emergency), infrastructure changes or upgrades (such as 5G or 6G services), human or software errors, website hosting disruptions, natural disasters, cybersecurity attacks, terrorist attacks, power outages and similar events or acts of misconduct. We exercise little control over our third- party providers and any difficulties that these providers experience, including the potential of certain network traffic receiving priority over other traffic (i. e., lack of net neutrality), may adversely affect our business. Because our ability to provide our users with continuing and uninterrupted access to our platform is critical to the success of our digital business, we use our best efforts to ensure that our facilities and infrastructure and the facilities and infrastructure of our

third- party providers support our current and expected operations and are designed to mitigate the impacts of system malfunctions. Nevertheless, there can be no guarantee that such systems will be able to meet the demand of our current and future digital business, the overall online betting and gaming industry and the growth of the Internet. Furthermore, if we do not maintain business relationships with our third- party providers, and in particular, AWS, we may not be able to secure required third- party services on terms that are acceptable to us or on an acceptable time frame. Any of these risks could result in a loss of revenue and cause us to incur unexpected costs that could be significant, which could have a material adverse effect on our online business, financial condition, results of operations and prospects.

22—Our online business model depends upon the continued compatibility between our apps and the major mobile operating systems and upon third- party platforms for the distribution of our product offerings, which depend on factors beyond our control such as the design of third- party operating systems and continued access to our apps on third- party distribution platforms like the Apple App Store. Our digital business is dependent on the interoperability of our technology with popular mobile operating systems, technologies, networks and standards as our users access our online betting and gaming product offerings primarily on mobile devices. As a result, our business model depends upon the continued compatibility between our app and the major mobile operating systems, such as the Android and iOS operating systems, and we rely upon third- party platforms for distribution of our product offerings. We do not have formal or informal relationships with parties that control design of mobile devices and operating systems and there is no guarantee that popular mobile devices will start or continue to support or feature our product offerings. Any changes, bugs, technical or regulatory issues in such operating systems, our relationships with mobile manufacturers and carriers, or in their terms of service or policies that degrade our offerings’ functionality, reduce or eliminate our ability to distribute our offerings, give preferential treatment to competitive products, limit our ability to deliver high quality offerings, or impose fees or other charges related to delivering our offerings, could adversely affect our product usage and monetization on mobile devices. In addition, if any of the third- party platforms used for distribution of our product offerings were to limit or disable the availability of our app or advertising on their platforms, our ability to generate revenue could be harmed. These changes could materially impact the way we do business, and if we are unable to adjust to those changes quickly and effectively, there could be an adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Human Capital We rely on our key personnel and we may face difficulties in attracting and retaining qualified employees for our casinos and ~~race tracks~~ **racetracks**. Our future success will depend upon, among other things, our ability to keep our senior executives and highly qualified employees. The operation of our business requires ~~qualified~~ **qualified** executives, managers and skilled employees with gaming and ~~horse~~ **horse** ~~horse~~ **horse** racing industry experience and qualifications who are able to obtain the requisite licenses and approval from the applicable gaming authorities. We compete with other potential employers for employees, and we may not succeed in hiring or retaining the executives and other employees that we need. A sudden loss of or inability to replace key employees could have a material adverse effect on our business, financial condition and results of operations. Moreover, there has from time to time been a shortage of skilled labor in our markets and the continued expansion of gaming near our facilities, including the expansion of Native American gaming and internet betting and gaming, may make it more difficult for us to attract qualified candidates. While we believe that we will continue to be able to attract and retain qualified employees, shortages of skilled labor will make it increasingly difficult and expensive to attract and retain the services of a satisfactory number of qualified employees, and we may incur higher costs than expected as a result. Work stoppages and other labor problems could negatively impact our future profits. As of December 31, ~~2022~~ **2023**, we had collective bargaining agreements covering approximately ~~21~~ **24**, 000 employees. A lengthy strike or other work stoppages at any of our casino properties could have an adverse effect on our business and results of operations. **New contracts, such as the ones we signed in 2023, increase our labor costs.** From time to time, we have also experienced attempts by labor organizations to organize certain of our non- union employees, **which has** ~~These efforts have~~ achieved some **past** success ~~to date~~. We cannot provide any assurance that we will not experience additional and successful union activity in the future. The impact of this union activity is undetermined and could negatively impact our results of operations. We cannot assure you that we will be able to retain our performers and other entertainment offerings on acceptable terms or at all. Historically, our performers have drawn customers to our properties and have been a significant source of our revenue. We cannot assure you that we will be able to retain our performers or other shows on acceptable terms or at all. In addition, the third parties that we depend on for our properties’ entertainment offerings may become incapable or unwilling to provide their services at the level agreed upon or at all. Disruptions in the performance schedule can leave us without entertainment offerings, which could negatively impact our business.

23—Risks Relating to Our Capital Structure Our substantial indebtedness and the fact that a significant portion of our cash flow is used to make interest payments and rent payments under our debt and lease agreements could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from making debt service payments and rent payments. As of December 31, ~~2022~~ **2023** we had \$ ~~13.12~~ **14** billion of outstanding indebtedness, in addition to leases with VICI and GLPI that require an annual rent payment of \$ 1. 3 billion in ~~2023~~ **2024** and are subject to annual escalation, including annual escalations based on the CPI. See Note 10 for a description of our obligations under our leases with VICI and GLPI and Note 12 for details regarding our debt outstanding and related restrictive covenants. As a result, a significant portion of our cash flow is applied to make interest payments with respect to our outstanding debt and payments under our leases. These financial obligations may have important negative consequences for us, including:

- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a significant portion of these funds to make payments on our debt and lease obligations;
- limiting our flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate;
- placing us at a competitive disadvantage compared to competitors with debt and rent obligations that are less than ours;
- increasing our vulnerability to, and limiting our ability to react to, changing market conditions, ~~COVID-19 and other~~ public health emergencies **and related public health restrictions**, changes in our industry and economic downturns;
- limiting our ability to obtain additional financing to fund working capital requirements, capital

expenditures, debt service, acquisitions, general corporate or other obligations; • subjecting us to a number of restrictive covenants that, among other things, require us to make capital expenditures and limit our ability to pay dividends and distributions, make acquisitions and dispositions, borrow additional funds and make other investments; • exposing us to interest rate risk due to the variable interest rate on borrowings under our credit facilities; and • affecting our ability to renew gaming and other licenses necessary to conduct our business. **25** Our ability to service our current and future levels of indebtedness will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions, including the interest rate environment and financial, business, regulatory and other factors, some of which are beyond our control. There is no assurance that we will generate cash flow from operations or that future debt or equity financings will be available to us to enable us to pay our indebtedness or to fund other needs and we may be forced to take actions such as reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing debt, reducing or discontinuing dividends we may pay in the future, or seeking additional equity capital. These actions may not be effected on satisfactory terms, or at all. Any inability to generate sufficient cash flow or refinance our indebtedness on favorable terms could have a material adverse effect on our business, results of operations and financial condition. While we expect to refinance or replace our debt facilities when they mature, we cannot be sure that we will be able to obtain financing on commercially reasonable terms. Despite our current indebtedness levels, we and our subsidiaries may still incur significant additional indebtedness. Incurring more indebtedness could increase the risks associated with our substantial indebtedness. We and our subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness, and may enter into financing obligations similar to our leases with VICI and GLPI in the future. As of December 31, ~~2022~~ **2023**, we had \$ ~~2.2~~ **1** billion of borrowing capacity under our ~~CEI revolving credit facility~~ **Revolving credit facility**, ~~before~~ **after** consideration of \$ ~~82~~ **70** million in outstanding letters of credit and \$ ~~48~~ **46** million committed for regulatory purposes ~~under our CEI Revolving Credit Facility~~, **and \$ 40 million of other reserves which is only available for certain permitted uses**. Further, our existing debt agreements currently permit, and we expect that agreements governing debt that we incur in the future will permit, us to incur certain other additional secured and unsecured debt. Further, we may incur other liabilities that do not constitute indebtedness. The risks that we face based on our outstanding indebtedness may intensify if we incur additional indebtedness or financing obligations in the future. Our variable rate indebtedness exposes us to interest rate volatility, which could cause our debt service obligations to increase significantly. Borrowings under certain of our facilities are at variable rates of interest and expose us to interest rate volatility. **As of December 31, 2023, \$ 3.2 billion of aggregate principal amount of our debt had variable rates**. If interest rates increase, our debt service obligations on certain of our variable rate indebtedness will increase even though the amount borrowed remains the same. ~~In addition, at the end of 2021, the administrator for London Interbank Offered Rate (“LIBOR”) ceased publishing one-week and two-month U. S. dollar LIBOR and will cease publishing all remaining U. S. dollar LIBOR24 tenors in mid-2023. Concurrently, the United Kingdom’s Financial Conduct Authority announced the cessation or loss of representativeness of the U. S. dollar LIBOR tenors from those dates. While we continue to monitor market developments to assess replacement rate options, the consequences of these developments with respect to LIBOR cannot be entirely predicted and may result in the level of interest payments on the portion of our indebtedness that bears interest at variable rates to be affected, which may adversely impact the amount of our interest payments under such debt.~~ A significant portion of our casinos are located on leased property. If we default on one or more leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected casino. We currently lease certain parcels of land on which a significant portion of our properties are located. As a ground lessee, we have the right to use the leased land; however, we do not hold fee ownership of the underlying land. Accordingly, we have no interest in the leased land or improvements thereon at the expiration of the ground leases. If our use of the land underlying our casino properties is disrupted permanently or for a significant period of time, then the value of our assets could be impaired and our business and operations could be adversely affected. Our leases provide that they may be terminated for a number of reasons, including failure to pay rent, taxes or other payment obligations or the breach of other covenants contained in the leases. In particular, our leases with VICI and GLPI require annual rent payments of \$ 1.3 billion in ~~2023~~ **2024**, which is subject to escalation annually, and obligate us to make specified minimum capital expenditures with respect to the leased properties. If our business and properties fail to generate sufficient earnings, the payments required to service the rent obligations under our leases with VICI and GLPI could materially and adversely limit our ability to react to changes in our business and make acquisitions and investments in our properties. If we were to default on any one or more of these leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected land and any improvements on the land, including the hotels and casinos. A termination of our ground leases or our leases with GLPI or VICI could result in a default under our debt agreements and could have a material adverse effect on our business, financial condition and results of operations. Further, in the event that any lessor of our leased properties, including GLPI or VICI, encounters financial, operational, regulatory or other challenges, there can be no assurance that such lessor will be able to comply with its obligations under the applicable lease. Certain of our leases, including our leases with VICI and GLPI, are “triple-net” leases. Accordingly, in addition to rent, we are required to pay, among other things, the following: (1) lease payments to the underlying ground lessor for properties that are subject to ground leases; (2) facility maintenance costs; (3) all insurance premiums for insurance with respect to the leased properties and the business conducted on the leased properties; (4) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); and (5) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. We are responsible for incurring the costs described in the preceding sentence notwithstanding the fact that many of the benefits received in exchange for such costs shall in part accrue to the ~~lessor~~ **lessor** **26** as the owner of the associated facilities. In addition, we remain obligated for lease payments and other obligations under our leases with VICI and GLPI and other ground leases even if one or more of such leased facilities is unprofitable or if we decide to withdraw from those locations. We could incur special charges relating to the closing of such facilities including

lease termination costs, impairment charges and other special charges that would reduce our net income and could have a material adverse effect on our business, financial condition and results of operations. Legal and Regulatory Risks We are subject to extensive governmental regulation, taxation policies and licensing, and gaming authorities have significant control over our operations, which could have an adverse effect on our business. Licensing Requirements. The ownership and operation of casino gaming, online betting and gaming, riverboat and horse racing facilities are subject to extensive federal, state and local regulation, and regulatory authorities at local, state and national levels have broad powers with respect to the licensing of gaming businesses. We currently hold all state and local licenses and related approvals necessary to conduct our present gaming operations, but we must periodically apply to renew many of our licenses and registrations. We cannot assure you that we will be able to obtain such renewals. Any failure to maintain or renew our existing licenses, registrations, permits or approvals would have a material adverse effect on us. In addition, we are required to provide information relating to our operations to various gaming regulatory agencies. A failure to provide accurate information could result in the imposition of fines or other penalties by the relevant regulatory authority. Furthermore, if additional laws or regulations are adopted or existing laws or regulations are amended or interpreted differently, these regulations could impose additional restrictions or costs that could have a significant adverse effect on us. Gaming authorities with jurisdiction over our operations may, in their discretion, require the holder of any securities issued by us to file applications, be investigated, and be found suitable to own our securities, and, if a holder is found unsuitable, we can be sanctioned, including the loss of approvals that are required for us to continue our gaming operations in the relevant jurisdictions, if such unsuitable person does not timely sell our securities. Our officers, directors and key employees are ~~also~~²⁵ ~~also~~ subject to similar findings of unsuitability and the gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications. See “ Item 1- Gaming Licenses and Governmental Regulations ” and Exhibit 99. 1 for further description of the regulations to which we are subject. We may be required under applicable gaming laws and regulations to obtain approval of applicable gaming authorities to issue securities, incur debt and undertake other financing activities and our financing counterparties, including lenders, might be subject to various licensing and related approval procedures in the various jurisdictions in which we operate gaming facilities. Compliance with Other Laws. We are also subject to a variety of other federal, state and local laws, rules, regulations and ordinances that apply to non- gaming businesses, including restrictions enacted in response to ~~COVID-19~~ **public health concerns such as pandemics**, zoning, environmental, construction and land- use laws and regulations governing smoking and the serving of alcoholic beverages. Our operations have been **and may again be** adversely impacted by regulations enacted to limit the ~~spread~~ **impact** of ~~COVID-19~~ **public health concerns**. In addition, legislation in various forms to ban indoor tobacco smoking has been enacted or introduced in many states and local jurisdictions, including several of the jurisdictions in which we operate. If additional restrictions are enacted in our jurisdictions, we could experience a significant decrease in gaming revenue and operating results at our properties and, particularly if such restrictions are not applicable to all competitive facilities in that gaming market, our business could be materially adversely affected. The likelihood or outcome of similar legislation in other jurisdictions and referendums in the future cannot be predicted, though any additional limitations on our operations would be expected to negatively impact our financial performance. Regulations adopted by FINCEN require us to report currency transactions in excess of \$ 10, 000 occurring within a gaming day. U. S. Treasury Department regulations also require us to report certain suspicious activity, including any transaction that exceeds \$ 5, 000, if we know, suspect or have reason to believe that the transaction involves funds from illegal activity or is designed to evade federal regulations or reporting requirements. Substantial penalties can be imposed if we fail to comply with these regulations. FINCEN has recently increased its focus on gaming companies. We are required to report certain customer’ s gambling winnings via ~~form~~ **Form** W- 2G to comply with current Internal Revenue Service regulations. Should these regulations change, we would expect to incur additional costs to comply with the revised reporting requirements. Taxation and Fees. In addition, gaming companies are generally subject to significant revenue- based taxes and fees in addition to normal federal, state and local income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied, affecting the gaming industry. The large number of state and local governments with significant current or projected budget deficits makes it more likely that those governments that currently permit gaming will seek to fund such deficits with new or increased gaming taxes and / or property taxes and worsening economic ~~conditions~~ **conditions**²⁷ could intensify those efforts. Any material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our future financial results. The growth of our online betting and gaming business will depend on expansion of online betting and gaming into new jurisdictions and our ability to obtain required licenses. Our ability to achieve growth in our online betting and gaming business will depend, in large part, upon expansion of online betting and gaming into new jurisdictions, the terms of regulations relating to online betting and gaming and our ability to obtain required licenses. Following the 2018 decision of the U. S. Supreme Court to overturn the federal ban on sports betting, a number of jurisdictions have legalized sports betting and online gaming and we expect that additional jurisdictions may do so in the future. Our ability to further expand our sports betting and online operations is dependent on the adoption of regulations permitting such activities. However, the expansion of betting and online gaming in new jurisdictions is dependent on a number of factors that are beyond our control and there can be no assurances of when, or if, such regulations will be adopted or the terms of such regulations, including restrictions, tax rates and license fees and availability of such licenses to casino owners exclusively or at all. We may not be able to protect the intellectual property rights we own or may be prevented from using intellectual property necessary for our business. The development of intellectual property is part of our overall business strategy, and we regard our intellectual property to be an important element of our success. We rely primarily on trade secret, trademark, domain name, copyright, and contract law to protect the intellectual property and proprietary technology we own. We also actively pursue business opportunities in the United States and in international jurisdictions involving the licensing of our trademarks to third parties. It is possible that third parties may copy or otherwise obtain and use our intellectual

property or proprietary technology without authorization or otherwise infringe on our rights. For example, while we have a policy of entering into confidentiality, intellectual property invention assignment, and / or non- competition and non- solicitation agreements or restrictions with our employees, independent contractors, and business partners, such agreements may not provide adequate protection or may be breached, or our ~~proprietary~~²⁶ ~~proprietary~~ technology may otherwise become available to or be independently developed by our competitors. In addition, the laws of some foreign countries may not protect proprietary rights or intellectual property to as great an extent as do the laws of the United States. Despite our efforts to protect our proprietary rights, the unauthorized use or reproduction of our trademarks could diminish the value of our trademarks and our market acceptance, competitive advantages, or goodwill, which could adversely affect our business. Our technology contains software modules licensed to us by third- party authors under “ open source ” licenses. Use and distribution of open source software may entail greater risks than use of third- party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. In addition, the public availability of such software may make it easier for others to compromise our technology and, under certain open source licenses, we could be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Third parties have alleged and may in the future allege that we are infringing, misappropriating, or otherwise violating their intellectual property rights. Third parties may initiate litigation against us without warning or may send us letters or other communications that make allegations without initiating litigation. We may elect not to respond to these letters or other communications if we believe they are without merit, or we may attempt to resolve these disputes out of court by negotiating a license, but in either case it is possible that such disputes will ultimately result in litigation. Any such claims could interfere with our ability to use technology or intellectual property that is material to the operation of our business. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties, such as entities that purchase intellectual property assets for the purpose of bringing infringement claims. We also periodically employ individuals who were previously employed by our competitors or potential competitors, and we may therefore be subject to claims that such employees have used or disclosed the alleged trade secrets or other proprietary information of their former employers. We may have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others, or defend against claims of infringement or invalidity, including with respect to technology that we believe to be “ open source .” Any such litigation could result in substantial costs and the diversion of resources and the attention of management. If unsuccessful, such litigation could result in the loss of important intellectual property rights, require us to pay substantial damages, subject us to injunctions that prevent us from using certain intellectual property, require us to make admissions that affect our reputation in the marketplace, or require us to enter into license agreements that may not be available on favorable terms, re- engineer our technology or discontinue or delay the provision of our offerings. Finally, even if we prevail in any litigation, the remedy may not be commercially meaningful or fully ~~compensate~~²⁸ us for the harm we suffer or the costs we incur. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. We rely on licenses to use the intellectual property rights of third parties which are incorporated into our products and services. Failure to renew or expand existing licenses may require us to modify, limit or discontinue certain offerings. We rely on products, technologies and intellectual property that we license from third parties, for use in our business- to- business and business- to- consumers offerings. Certain of our offerings and services use intellectual property licensed from third parties and we expect that our future products will require the use of third- party intellectual property. The future success of our business may depend, in part, on our ability to obtain, retain and / or expand licenses for popular technologies and games in a competitive market. We cannot assure that third- party licenses that may be necessary or desirable for the operation of our products, or support for such licensed products and technologies, will be available to us on commercially reasonable terms, if at all. If we are unable to renew and / or expand existing licenses or obtain new licenses, including as a result of reluctance of third parties to subject themselves to regulatory review that may be required to operate as our supplier, we may be required to discontinue or limit our use of the products that include or incorporate the licensed intellectual property, which could adversely impact our business, results of operations and prospects. We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our business and financial condition. From time to time, we are named in lawsuits or other legal proceedings relating to our respective businesses. Some of these matters involve commercial or contractual disputes, intellectual property claims, legal compliance, personal injury claims, and employment claims. As with all legal proceedings, no assurances can be given as to the outcome of these matters. Moreover, legal proceedings can be expensive and time consuming, and we may not be successful in defending or prosecuting these lawsuits, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations. 27