

**LIGHT &  
WONDER™**

# First Quarter 2023 Earnings Presentation

May 9, 2023



# Forward-Looking Statements

In this presentation, Light & Wonder, Inc. (“Light & Wonder,” “L&W” or the “Company”) makes “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements describe future expectations, plans, results or strategies and can often be identified by the use of terminology such as “may,” “will,” “estimate,” “intend,” “plan,” “continue,” “believe,” “expect,” “anticipate,” “target,” “should,” “could,” “potential,” “opportunity,” “goal,” or similar terminology. These statements are based upon management’s current expectations, assumptions and estimates and are not guarantees of timing, future results or performance. Therefore, you should not rely on any of these forward-looking statements as predictions of future events. Actual results may differ materially from those contemplated in these statements due to a variety of risks and uncertainties and other factors, including, among other things: the effects of the COVID-19 pandemic and any resulting unfavorable social, political, economic and financial conditions; our inability to successfully execute our strategy and rebranding initiative; slow growth of new gaming jurisdictions, slow addition of casinos in existing jurisdictions and declines in the replacement cycle of gaming machines; risks relating to foreign operations, including anti-corruption laws, fluctuations in currency rates, restrictions on the payment of dividends from earnings, restrictions on the import of products and financial instability; difficulty predicting what impact, if any, new tariffs imposed by and other trade actions taken by the U.S. and foreign jurisdictions could have on our business; U.S. and international economic and industry conditions, including increases in benchmark interest rates and the effects of inflation; public perception of our response to environmental, social and governance issues; changes in, or the elimination of, our share repurchase program; resulting pricing variations and other impacts if our common stock is listed to trade on more than one stock exchange; level of our indebtedness, higher interest rates, availability or adequacy of cash flows and liquidity to satisfy indebtedness, other obligations or future cash needs; inability to further reduce or refinance our indebtedness; restrictions and covenants in debt agreements, including those that could result in acceleration of the maturity of our indebtedness; competition; inability to win, retain or renew, or unfavorable revisions of, existing contracts, and the inability to enter into new contracts; the impact of U.K. legislation approving the reduction of fixed-odds betting terminals maximum stakes limit on LBO operators, including the related closure of certain LBO shops; inability to adapt to, and offer products that keep pace with, evolving technology, including any failure of our investment of significant resources in our R&D efforts; changes in demand for our products and services; inability to achieve some or all of the anticipated benefits of SciPlay being a standalone public company; dependence on suppliers and manufacturers; SciPlay’s dependence on certain key providers; ownership changes and consolidation in the gaming industry; fluctuations in our results due to seasonality and other factors; security and integrity of our products and systems, including the impact of any security breaches or cyber-attacks; protection of our intellectual property, inability to license third-party intellectual property and the intellectual property rights of others; reliance on or failures in information technology and other systems; litigation and other liabilities relating to our business, including litigation and liabilities relating to our contracts and licenses, our products and systems, our employees (including labor disputes), intellectual property, environmental laws and our strategic relationships; reliance on technological blocking systems; challenges or disruptions relating to the completion of the domestic migration to our enterprise resource planning system; laws and government regulations, both foreign and domestic, including those relating to gaming, data privacy and security, including with respect to the collection, storage, use, transmission and protection of personal information and other consumer data, and those laws and regulations that affect companies conducting business on the internet, including online gambling; legislative interpretation and enforcement, regulatory perception and regulatory risks with respect to gaming, especially internet wagering, social gaming and sports wagering; changes in tax laws or tax rulings, or the examination of our tax positions; opposition to legalized gaming or the expansion thereof and potential restrictions on internet wagering; significant opposition in some jurisdictions to interactive social gaming, including social casino gaming and how such opposition could lead these jurisdictions to adopt legislation or impose a regulatory framework to govern interactive social gaming or social casino gaming specifically, and how this could result in a prohibition on interactive social gaming or social casino gaming altogether, restrict our ability to advertise our games, or substantially increase our costs to comply with these regulations; expectations of shift to regulated digital gaming or sports wagering; inability to develop successful products and services and capitalize on trends and changes in our industries, including the expansion of internet and other forms of digital gaming; the continuing evolution of the scope of data privacy and security regulations, and our belief that the adoption of increasingly restrictive regulations in this area is likely within the U.S. and other jurisdictions; incurrence of restructuring costs; goodwill impairment charges including changes in estimates or judgments related to our impairment analysis of goodwill or other intangible assets; stock price volatility; failure to maintain adequate internal control over financial reporting; dependence on key executives; natural events that disrupt our operations, or those of our customers, suppliers or regulators; and expectations of growth in total consumer spending on social casino gaming.

Additional information regarding risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated in forward-looking statements is included from time to time in our filings with the Securities and Exchange Commission (“SEC”), including the Company’s current reports on Form 8-K, quarterly reports on Form 10-Q and annual reports on Form 10-K, including the latest report filed with the SEC for the year ended December 31, 2022 on March 1, 2023 (including under the headings “Forward Looking Statements” and “Risk Factors”). Forward-looking statements speak only as of the date they are made and, except for our ongoing obligations under the U.S. federal securities laws, we undertake no and expressly disclaim any obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

## Additional Notes

This presentation may contain references to industry market data and certain industry forecasts. Industry market data and industry forecasts are obtained from publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed. Although we believe industry information to be accurate, it is not independently verified by us and we do not make any representation as to the accuracy of that information. In general, we believe there is less publicly available information concerning the international gaming, social and digital gaming industries than the same industries in the U.S.

Due to rounding, certain numbers presented herein may not precisely recalculate.

## Discontinued Operations

We sold our former Lottery business to Brookfield Business Partners L.P. during the second quarter of 2022. We sold our former Sports Betting business to Endeavor Operating Company, LLC, a subsidiary of Endeavor Group Holdings, Inc., in a cash and stock transaction completed during the third quarter of 2022. These transactions are collectively referred to as the “Divestitures.” Accordingly, the prior period financial results for these divested businesses are presented as discontinued operations. Unless otherwise stated, information in this presentation relates to continuing operations.

We report our continuing operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services.



# The Leading Cross-platform Global Games Company



## Delivering on Our Strategy to Drive Long-Term Value

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**Clear Product Roadmap & Differentiated Position**  
Positioned to win and take share



### **Streamlined Organization**

Singularly focused on building great franchises & games across land-based and digital



### **Sustainable Growth Underpinned by Healthy Balance Sheet**

Fueled by R&D engine and best-in-class talent



### **Disciplined Capital Allocation Strategy**

Unlock shareholder value

# Demonstrating Significant Progress with Exceptional First Quarter Performance

## Delivered Double-Digit Revenue Growth Across All Businesses with Continued Progress on Our Roadmap

- **Grew Consolidated Revenue 17% and Consolidated AEBITDA<sup>(1)</sup> 23% YoY**
- **Gaming Revenue +18% YoY**, led by **53% YoY growth in Game Sales**
- **SciPlay Revenue +18% YoY**, driven by **share gains in Social Casino business with strong payer metrics**
- **iGaming Revenue +10% YoY on U.S. growth, original content launches and scaling 3<sup>rd</sup> party content aggregation**

## Achieved Key Milestones with Record Performance at SciPlay and iGaming

- **11 consecutive quarters of N.A. Premium installed base growth, record 46% of total N.A. installed base**
- **Achieved record revenue and key payer metrics** at SciPlay, validating investments and initiatives
- **Delivered record iGaming revenue, U.S. revenue grew 34% YoY, outpacing U.S. GGR**

## Maintaining Balanced and Opportunistic Capital Allocation Strategy

- **Reduced net debt leverage ratio<sup>(1)</sup> to 3.1x**, squarely within targeted range<sup>(1)(2)</sup> of 2.5x to 3.5x
- **Repurchased ~\$437 million or 7.6 million<sup>(3)</sup> shares** to date since March 2022
- **Executing disciplined investment strategy** focused on **high long-term cash returns**
- **Preserving optionality** in the near term to **capitalize on potential value creating opportunities in 2023**

Board of Directors Approved Proceeding with Secondary Listing on the Australian Stock Exchange



N.A. – North America.

(1) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in the tables in the appendix.

(2) Additional information on the non-GAAP financial measure targeted net debt leverage ratio is available in the appendix.

(3) Share repurchase amounts since program authorization through May 4, 2023.

# Expanding our Global Presence and Shareholder Base

## Board Approved Secondary Listing on the Australian Stock Exchange (“ASX”)

- ASX is a premium market with a long track record as a platform for global gaming companies
- Deep and liquid pool of investors and market participants who understand the gaming business
- Complements our existing base of shareholders
- Expect ASX listing approval by the end of the second quarter



# Streamlined and Focused Investments in our R&D Engine Drives Significant Returns and Future Growth

## Unlocking the power of R&D investment to fuel our cross-platform approach

- Enhanced collaboration in research
- Increased game development velocity and efficiency
- Faster delivery-to-market of new and improved products and fully integrated solutions, aligned with highest market opportunities

Digital-native games to be launched on land-based

Game themes to be launched tri-channel in 2023

Land-based titles to be ported onto digital ecosystem

88 FORTUNES®



L&W™

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# Operational Highlights

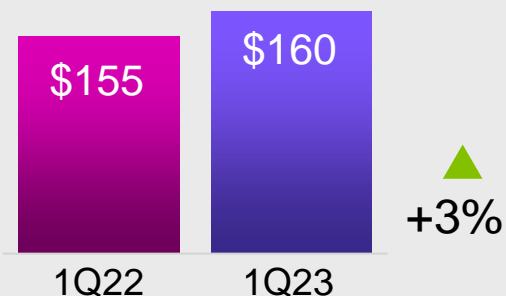


# Continued Momentum in Gaming Fueled by Premium Product Portfolio



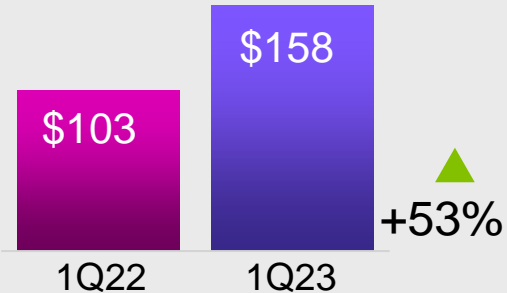
## Q1 Revenue

IN \$ MILLIONS



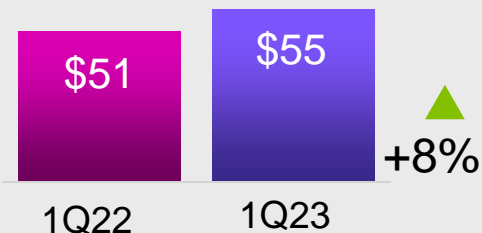
### Game Ops

- **11th quarterly increase** in N.A. Premium installed base, **+8% YoY**; **record 46%** of total N.A. mix
- **N.A. revenue per day of over \$45**; continues to **trend above 2019** levels
- **JOURNEY TO THE PLANET MOOLAH™** debuts at **#1 in the New WAP<sup>(1)</sup> category<sup>(2)</sup>**; strong initial performance on Studio X game **DRAGON 金龍進寶™: JIN LONG JIN BAO™**



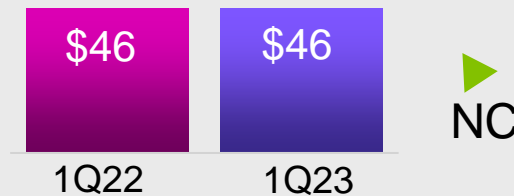
### Game Sales

- **Increased global Game Sales units 45% YoY**, exceeding 2019 volume; **ASP increased 10% YoY to ~\$18,700**
- Delivered over **4,000 units** in N.A. in the quarter **or +20% YoY**
- **KASCADA™ Dual Screen and LANDMARK™ 7000** remains **#1 cabinet<sup>(2)</sup>**



### Systems

- **Higher service and maintenance revenue led to 8% YoY growth**
- **Expanded Managed Services offering** expected to contribute to Systems **recurring revenue**
- **Notable Systems wins** during the quarter at Parx Casino® Shippensburg & Naskila Casino



### Tables

- Won sizable ETG installation with over **90 QUARTZ™ Hybrid units across BCLC properties**
- **Added new customers** to PTG subscription and **VALT™** program, focusing on **recurring revenue** commercial models



N.A. – North America.  
 (1) Wide Area Progressive.  
 (2) Eilers' Research.

# Deploying Highly Anticipated Premium Cabinets and Games Throughout 2023



## COSMIC

- Launched *Monsters: Frankenstein* on COSMIC™
- *ULTIMATE FIRE LINK™* franchise extensions to be released on Cosmic throughout 2023

## Q2



## H2



## KASCADA SLANT

- Gaming Operations and Game Sales **launch on target** for late Q2
- Leveraging successful franchises & games and deploying across **alternate cabinet form** for increased exposure

## Q2



## H2



The MONOPOLY name and logo, the distinctive design of the game board, the four corner squares, the MR. MONOPOLY name and character, as well as each of the distinctive elements of the board, cards, and the playing pieces are trademarks of Hasbro for its property trading game and game equipment and are used with permission. © 1935, 2023 Hasbro. All Rights Reserved. Licensed by Hasbro.

# Leveraging Success in Bellwether Australia Market to Scale Global Gaming Growth



## DRAGON UNLEASHED™

- **Dragon Unleashed** now over 2,000 units on floors, the quickest game to reach that milestone in company history
- Game approved and planning for **launch in Asia**; demand expected on strong game performance



## THUNDER DRUMS™

- Installations drove **Q1 ANZ Games Sales** ship share to over 20% in the quarter, a company record
- Continued performance from last quarter expected to **drive significant placements** to over 1,000 units shortly



## HUFF N' MORE PUFF™

- Originated as a **game designed for Australia market**
- **Hugely popular in the U.S.** and consistently on top ranks in Eilers report



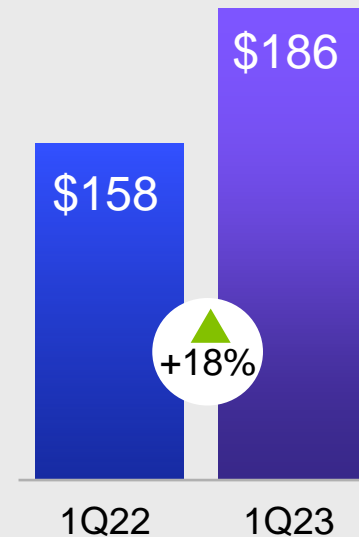
# Proven Execution Prowess Reflected in Another Record Performance at SciPlay

## Key Q1 Highlights

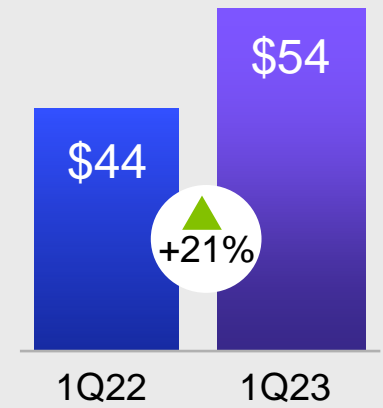
- **Record Revenue of \$186 million**, up **18% YoY** led by higher payer engagement, once again outperforming the social casino market & increased market share
- 2<sup>nd</sup> consecutive quarter of **record revenue** at **JACKPOT PARTY®** and 5<sup>th</sup> at **QUICK HIT®**
- **AEBITDA of \$54 million** benefiting from increased revenue; AEBITDA margin of 29% up 100 bps YoY
- **Record monetization and engagement continued** across several key metrics:
  - **Grew ARPDAU<sup>(1)</sup> 20% YoY to a record \$0.89**
  - **Payer conversion rate of 10.3%, up 140 bps YoY**
  - **Record MPU<sup>(2)</sup> of 625 thousand payers**
  - **AMRPPU<sup>(3)</sup> of \$97.43; 12<sup>th</sup> consecutive quarter above \$90**

IN \$ MILLIONS

### SciPlay Revenue

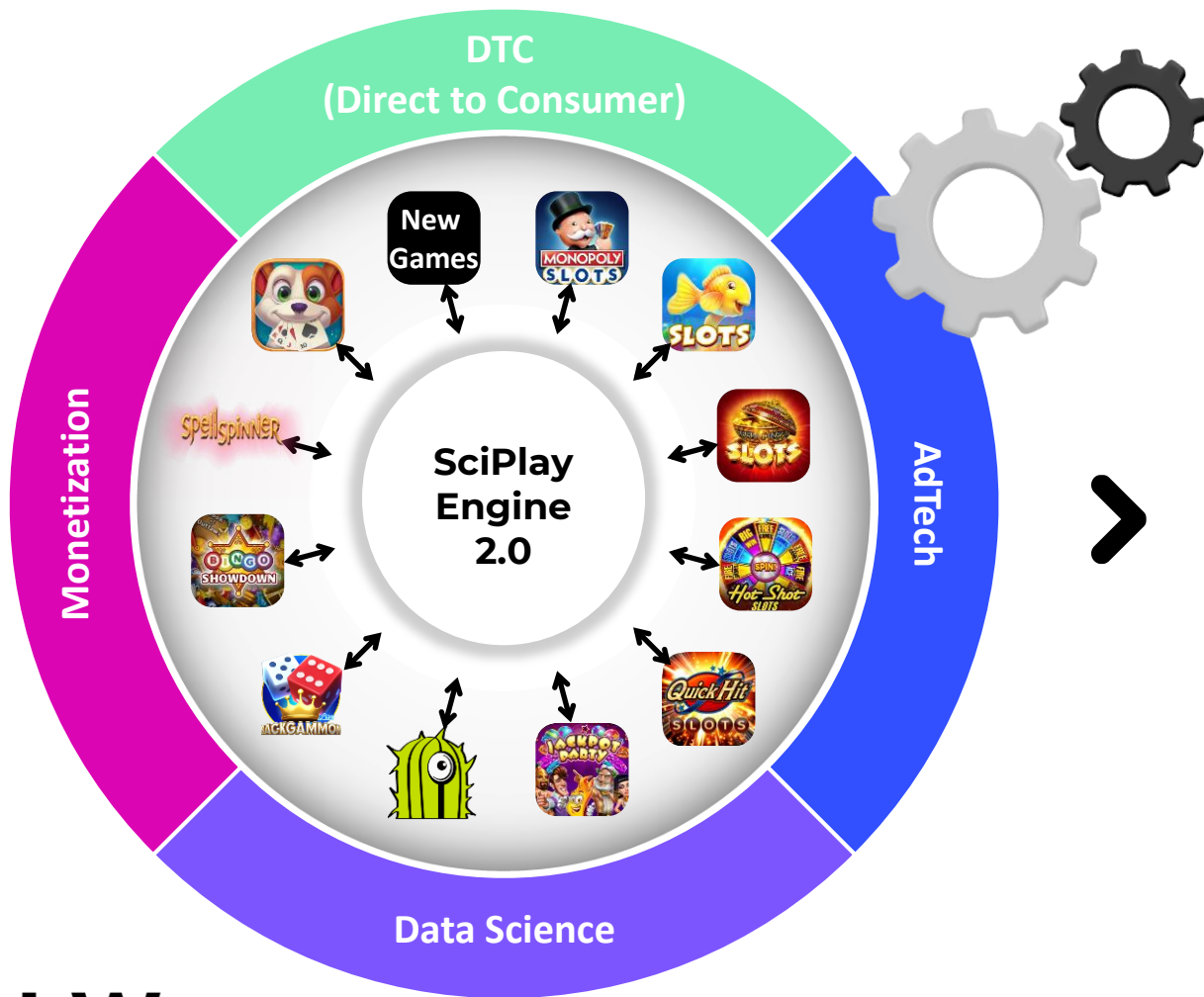


### SciPlay AEBITDA



- (1) Average Revenue Per Daily Active User.  
(2) Average Monthly Paying Users.  
(3) Average Monthly Revenue Per Paying User.

# Continued Investments in SciPlay Engine Driving Performance of Evergreen Game Portfolio

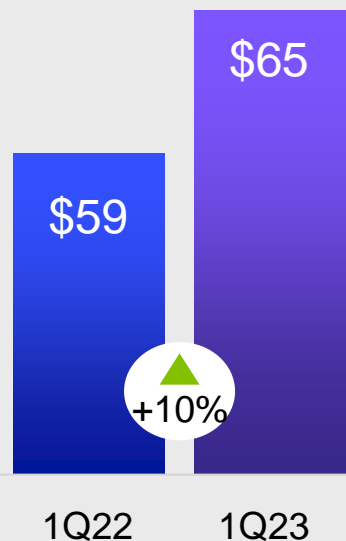


- **Driving Increased Monetization**
  - Industry-leading Live Ops and robust product roadmaps are powering our opportunity to scale ARPDAU<sup>(1)</sup> and close the gap with industry peers
- **Evolving AdTech for Heightened Effectiveness**
  - Proprietary technology and systems to generate the high ROIs on marketing investment
- **Leveraging Data Science**
  - Grow lifetime values (LTVs) through improved player engagement and retention
- **Direct-To-Consumer Platform**
  - Opportunity to deepen player relationships, expand margins and increase player LTVs

# Accelerated Land-Based and Regionalized Content Launches Leading iGaming Performance

IN \$ MILLIONS

## iGaming Revenue



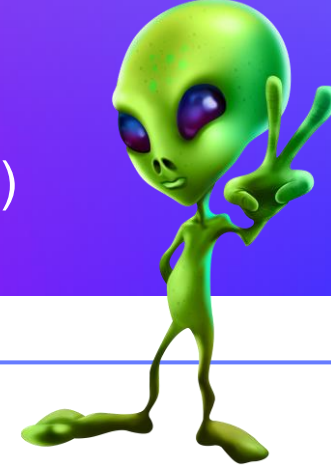
## iGaming AEBITDA



## Key 1Q23 Highlights

- **Generated a 10% increase** in revenue to a **record \$65 million**, led by continued **U.S. market growth**
  - **Grew U.S. Revenue 34% YoY**, driven in part by the strong launches of our land-based original content and scaling third-party content aggregation on our platform
  - **E.U. and U.K. achieved 7% and 10% GGR<sup>(1)</sup> growth** respectively YoY with record performance at both **ELK and Lightning Box**
  - **Canada grew 6 consecutive quarters** as the Ontario market continues to ramp
- **AEBITDA increased 10%** on scaling of **original content launches**, expect continued investments to support ongoing growth in 2023

# Experienced iGaming Leader with Best-in-Class Content Aggregation Platform OGS<sup>(1)</sup>



**300+**  
Operator Brands

## Operators



**OPENGAMING**<sup>®</sup>

4.5Bn+ Monthly Game Spins

34 Markets

4,800+ Games Live

540 Powered Global Operator Brands

**60+**  
Studio Partners

## Our Studios



**Connecting Operators and Studios to the leading iGaming Ecosystem**



(1) OpenGaming System – Light & Wonder’s iGaming content aggregation platform.

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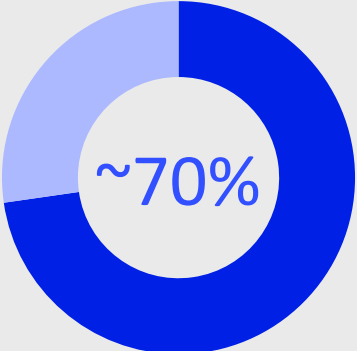
# Financials



# Quality of Earnings Underpinned by Strong Financial Profile



Significant recurring revenue<sup>(1)</sup> streams & scaling digital businesses



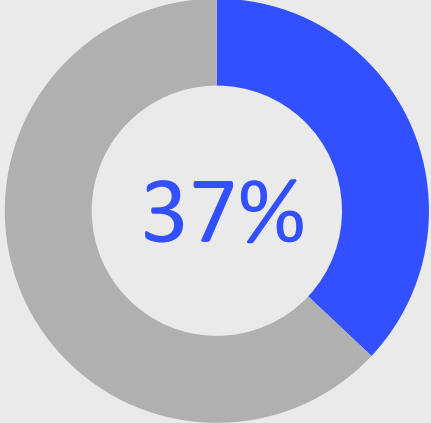
1Q23  
Recurring Revenue<sup>(1)</sup>

\$251M



1Q23  
Record Digital Revenue  
(SciPlay & iGaming)

Focused teams driving operational excellence to further strengthen margins through streamlined business



1Q23  
AEBITDA Margin<sup>(2)</sup>

Consolidated AEBITDA<sup>(2)</sup> grew faster than Consolidated Revenue, and Free Cash Flow<sup>(2)</sup> grew faster than Consolidated AEBITDA<sup>(2)</sup> in the quarter



+17%  
Consolidated Revenue YoY



+23%  
Consolidated AEBITDA<sup>(2)</sup> YoY



\$74M  
1Q23 Free Cash Flow<sup>(2)(3)</sup>



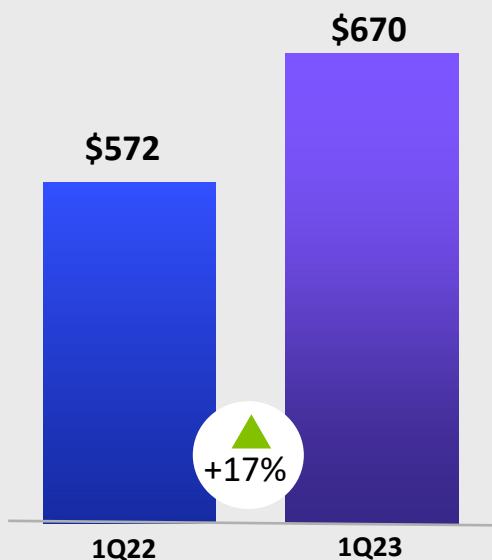
(1) Includes Gaming Operations, ongoing Gaming systems maintenance, table services/rental agreements, iGaming and SciPlay revenues.  
 (2) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in our Appendix.  
 (3) Prior year represents combined free cash flows (including discontinued operations).

# Delivered Double-Digit Top-Line and Bottom-Line Growth on Strong Performance in the Quarter

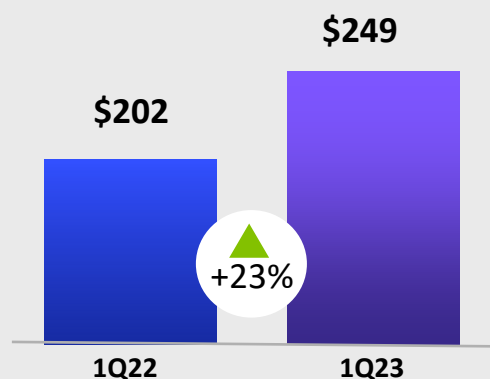


IN \$ MILLIONS

## Consolidated Revenue



## Consolidated AEBITDA<sup>(1)</sup>



## Key Highlights

- **Delivered double-digit Consolidated Revenue growth of 17%, and Consolidated AEBITDA<sup>(1)</sup> increased 23% YoY**, benefiting from strong execution across all three businesses:
  - **Gaming double-digit revenue growth YoY** led by growth in Game Sales and strong performance in Gaming Operations and Systems
  - **SciPlay record revenue** driven by core social casino business, which delivered strong payer metrics and once again outpaced the market and gained share
  - **iGaming record revenue** driven by U.S. GGR growth and expansion of original content offerings
- **1Q Consolidated AEBITDA margin<sup>(1)</sup> grew 200 bps to 37% YoY** on improved margins at Gaming and SciPlay



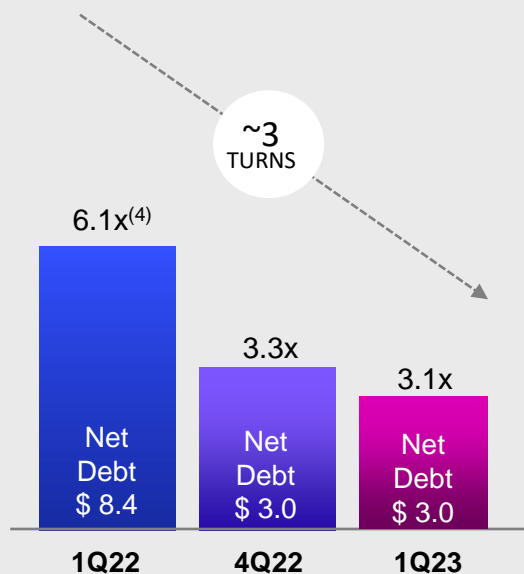
(1) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in the tables in the appendix.

# Healthy Balance Sheet Provides Flexibility to Advance on Capital Allocation Strategy



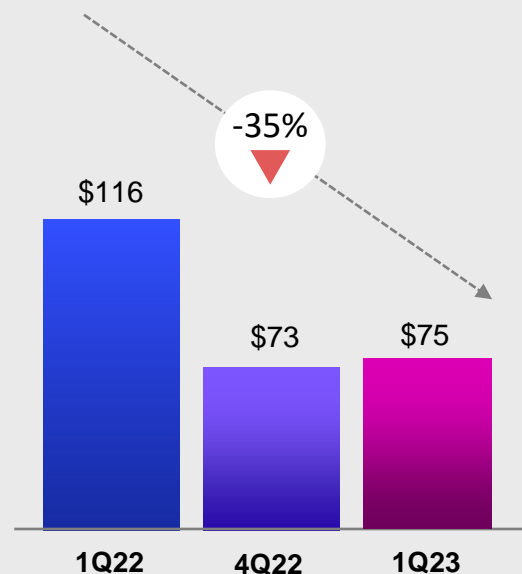
IN \$BILLIONS

## Net Debt Leverage Ratio<sup>(1)</sup>



IN \$MILLIONS

## Interest Expense



## Key Highlights

- Reported principal face value of debt outstanding of **\$3.9 billion** and **net debt leverage ratio<sup>(1)</sup> of 3.1x**, in targeted range<sup>(1)(2)</sup> of **2.5x to 3.5x**
- Reduction in principal debt balances resulted in **reduced interest expense**, which was partially offset by increasing interest rate
- Ended 1Q with **available liquidity<sup>(3)</sup> of \$1.8 billion** and **cash balance of \$931 million**
- Continued **focus on cost and balance sheet management** to maintain flexibility to capitalize on potential value creating opportunities



(1) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in the tables in the appendix.

(2) Additional information on the non-GAAP financial measure targeted net debt leverage ratio is available in the appendix.

(3) Available liquidity is calculated as cash and cash equivalents including those in the businesses held for sale, plus remaining revolver capacity including the SciPlay Revolver.

(4) Calculation based on Combined AEIBTDA – see appendix for the reconciliation.

# Consolidated Free Cash Flow – Continued Focus on Operational Efficiency



IN \$ MILLIONS

	1Q23		1Q22	
	Consolidated	Continuing Operations	Discontinued Operations <sup>(2)</sup>	Combined <sup>(3)</sup>
Net cash provided by (used in) operating activities	\$185	\$(14)	\$108	\$94
Capital expenditures	(53)	(43)	(25)	(68)
Payments on license obligations	(12)	(19)	(2)	(21)
Change in restricted cash impacting working capital	(46)	(7)	(9)	(16)
<b>Free Cash Flow<sup>(1)</sup></b>	<b>\$74</b>	<b>\$(83)</b>	<b>\$72</b>	<b>\$(11)</b>

## Key Takeaways

- **Free Cash Flow<sup>(1)</sup> was \$74 million** in the quarter, a significant increase over the prior year period driven by **lower interest payments coupled with favorable working capital changes**
  - Prior year combined cash flow was **impacted by costs associated with the strategic transactions and timing of inventory purchases**
- 2Q Free Cash Flow<sup>(1)</sup> will be impacted by final **tax payment of approximately \$32 million** associated with the Divestitures
- Ability to **invest in R&D engine and service debt maturities** from organic cash flows



(1) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in the tables in the appendix.

(2) Free cash flow from discontinued operations, a non-GAAP measure, is derived based on the historical records and includes only those direct cash flows that are allocated to discontinued operations. Additional information on the non-GAAP financial measure is available in the appendix.

(3) Combined free cash flow consists of Free cash flow from continuing operations and Free cash flow from discontinued operations.

# Leading the Future of the Games Industry



## Differentiated Value Proposition Focused on Execution



**Streamlined** business and **transformed** balance sheet



**Leading** global games and platform provider with **all the major pieces in place to drive shareholder value**



**Unmatched** market positions and cross-platform capabilities



**Focus on operational excellence** driving enhanced shareholder value



**Expect sustainable growth** with healthy margins progressing towards \$1.4 billion targeted Consolidated AEBITDA<sup>(1)</sup> by 2025

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# Appendix



# Non-GAAP Financial Measures

The Company's management ("Management") uses the following non-GAAP financial measures in conjunction with GAAP financial measures: Consolidated AEBITDA (representing continuing operations), AEBITDA from discontinued operations, Combined AEBITDA, Consolidated AEBITDA margin, Free cash flow (representing continuing operations), Free cash flow from discontinued operations, Combined free cash flow, EBITDA from equity investments included in discontinued operations, Net debt and Net debt leverage ratio (each, as described more fully below). These non-GAAP financial measures are presented as supplemental disclosures. They should not be considered in isolation of, as a substitute for, or superior to, the financial information prepared in accordance with GAAP, and should be read in conjunction with the Company's financial statements filed with the SEC. The non-GAAP financial measures used by the Company may differ from similarly titled measures presented by other companies. Specifically, Management uses Consolidated AEBITDA to, among other things: (i) monitor and evaluate the performance of the Company's continuing operations; (ii) facilitate Management's internal and external comparisons of the Company's consolidated historical operating performance; and (iii) analyze and evaluate financial and strategic planning decisions regarding future operating investments and operating budgets. In addition, Management uses Consolidated AEBITDA and Consolidated AEBITDA margin to facilitate its external comparisons of the Company's consolidated results from continuing operations to the historical operating performance of other companies that may have different capital structures and debt levels. Management uses Net debt and Net debt leverage ratio in monitoring and evaluating the Company's overall liquidity, financial flexibility and leverage. As described in this presentation, the Company sold its former Lottery business and Sports Betting business and as such, historical financial information for these divested businesses is classified as discontinued operations, as described above. Management believes that Combined free cash flow is useful during the period until the disposition occurred as it provided Management and investors with information regarding the Company's combined financial condition under the structure at the time, including for prior period comparisons, as the Company transformed its strategy subsequent to the Divestitures. Additionally, Combined free cash flow provides greater visibility into cash available for the continuing operations to use in investing and financing decisions as this cash flow remains available for such decisions. Management believes that these non-GAAP financial measures are useful as they provide Management and investors with information regarding the Company's financial condition and operating performance that is an integral part of Management's reporting and planning processes. In particular, Management believes that Consolidated AEBITDA is helpful because this non-GAAP financial measure eliminates the effects of restructuring, transaction, integration or other items that Management believes are less indicative of the ongoing underlying performance of continuing operations (as more fully described below) and are better evaluated separately. Management believes that Free cash flow and Combined free cash flow provide useful information regarding the Company's liquidity and its ability to service debt and fund investments. Management also believes that Free cash flow and Combined free cash flow are useful for investors because they provide investors with important perspectives on the cash available for debt repayment and other strategic measures, after making necessary capital investments in property and equipment, necessary license payments to support the ongoing business operations, adjustments for changes in restricted cash impacting working capital and taking into account cash flows relating to the Company's equity investments. Additionally, Management believes that AEBITDA from discontinued operations and Free cash flow from discontinued operations provide useful information regarding the Company's operations as well as the impact of the discontinued businesses on the overall financial results for the prior periods presented as they remained under the structure of the Company for those periods. These non-GAAP measures are derived based on the historical records and include only those direct costs that are allocated to discontinued operations and as such do not include all of the expenses that would have been incurred by these businesses as a standalone company or other Corporate and shared allocations and such differences might be material.

## Consolidated AEBITDA (representing AEBITDA from continuing operations)

Consolidated AEBITDA, as used herein, is a non-GAAP financial measure that is presented as a supplemental disclosure of the Company's continuing operations and is reconciled to net income (loss) from continuing operations as the most directly comparable GAAP measure, as set forth in the schedule titled "Reconciliation of Net Income Attributable to L&W to Consolidated AEBITDA – Continuing Operations." Consolidated AEBITDA should not be considered in isolation of, as a substitute for, or superior to, the consolidated financial information prepared in accordance with GAAP, and should be read in conjunction with the Company's financial statements filed with the SEC. Consolidated AEBITDA may differ from similarly titled measures presented by other companies. Consolidated AEBITDA is reconciled to Net income attributable to L&W and includes the following adjustments: (1) Net income attributable to noncontrolling interest; (2) Net income from discontinued operations, net of tax; (3) Restructuring and other, which includes charges or expenses attributable to: (i) employee severance; (ii) Management restructuring and related costs; (iii) restructuring and integration (including costs associated with strategic review, rebranding, divestitures and ongoing separation activities and related activities); (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition- and disposition-related costs and other unusual items; (4) Depreciation, amortization and impairment charges and Goodwill impairments; (5) Loss on debt financing transactions; (6) Change in fair value of investments and Gain on remeasurement of debt and other; (7) Interest expense; (8) Income tax (benefit) expense; (9) Stock-based compensation; and (10) Other expense (income), net, including foreign currency gains or losses, and earnings from equity investments. AEBITDA is presented exclusively as our segment measure of profit or loss. The forward-looking non-GAAP financial measure targeted Consolidated AEBITDA represents a goal for the Company and does not reflect Company guidance. We are not providing a forward-looking quantitative reconciliation of targeted Consolidated AEBITDA to the most directly comparable GAAP measure because we are unable to do so without unreasonable efforts or to reasonably estimate the projected outcome of certain significant items. These items are uncertain, depend on various factors out of our control and could have a material impact on the corresponding measures calculated in accordance with GAAP.

## Consolidated AEBITDA Margin

Consolidated AEBITDA margin, as used herein, represents our Consolidated AEBITDA (as defined above) calculated as a percentage of consolidated revenue. Consolidated AEBITDA margin is a non-GAAP financial measure that is presented as a supplemental disclosure for illustrative purposes only and is reconciled to net income (loss) from continuing operations, the most directly comparable GAAP measure, in a schedule below.

# Non-GAAP Financial Measures (Cont'd)

## AEBITDA from Discontinued Operations

AEBITDA from discontinued operations, as used herein, is a non-GAAP financial measure that is presented as a supplemental disclosure for the Company's discontinued operations and is reconciled to net income from discontinued operations, net of tax as the most directly comparable GAAP measure, as set forth in the schedule titled "Reconciliation of Net Income from Discontinued Operations, Net of Tax to AEBITDA from Discontinued Operations." AEBITDA from discontinued operations should not be considered in isolation of, as a substitute for, or superior to, the consolidated financial information prepared in accordance with GAAP, and should be read in conjunction with the Company's financial statements filed with the SEC. AEBITDA from discontinued operations may differ from similarly titled measures presented by other companies and is presented only for purposes of calculating and reconciling Net debt leverage ratio. AEBITDA from discontinued operations is reconciled to Net income from discontinued operations, net of tax and includes the following adjustments: (1) Restructuring and other, which includes charges or expenses attributable to: (i) employee severance; (ii) Management restructuring and related costs; (iii) restructuring and integration; (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition costs and other unusual items; (2) Depreciation, amortization and impairment charges and Goodwill impairments; (3) Income tax expense; and (4) Stock-based compensation and other, net. In addition to the preceding adjustments, we exclude Earnings from equity investments and add (without duplication) discontinued operations pro rata share of EBITDA from equity investments, which represents their share of earnings (whether or not distributed) before income tax expense, depreciation and amortization expense, and interest expense, net of our joint ventures and minority investees, which is included in our calculation of AEBITDA from discontinued operations.

## Combined AEBITDA

Combined AEBITDA, as used herein, is a non-GAAP financial measure that combines Consolidated AEBITDA (representing our continuing operations), AEBITDA from discontinued operations and EBITDA from equity investments included in continuing operations and is presented as a supplemental disclosure. Combined AEBITDA should not be considered in isolation of, as a substitute for, or superior to, the consolidated financial information prepared in accordance with GAAP, and should be read in conjunction with the Company's financial statements filed with the SEC. Combined AEBITDA may differ from similarly titled measures presented by other companies and is presented only for purposes of calculating and reconciling Net debt leverage ratio.

## Free Cash Flow (representing free cash flow from continuing operations)

Free cash flow, as used herein, represents net cash provided by operating activities from continuing operations less total capital expenditures, less payments on license obligations, less contributions to equity method investments plus distributions of capital from equity investments, and adjusted for changes in restricted cash impacting working capital. Free cash flow is a non-GAAP financial measure that is presented as a supplemental disclosure for illustrative purposes only and is reconciled to net cash provided by operating activities, the most directly comparable GAAP measure, in a schedule below.

## Free Cash Flow from Discontinued Operations

Free cash flow from discontinued operations, as used herein, represents net cash provided by operating activities from discontinued operations less total capital expenditures, less payments on license obligations, less contributions to equity method investments plus distributions of capital from equity investments, and adjusted for changes in restricted cash impacting working capital. Free cash flow from discontinued operations is a non-GAAP financial measure that is presented as a supplemental disclosure for illustrative purposes only and is reconciled to net cash provided by operating activities from discontinued operations, the most directly comparable GAAP measure, in a schedule below.

## Combined Free Cash Flow

Combined free cash flow, as used herein, represents a non-GAAP financial measure that combines Free cash flow (representing our continuing operations) and Free cash flow from discontinued operations and is presented as a supplemental disclosure for illustrative purposes only.

## EBITDA from Equity Investments

EBITDA from equity investments, as used herein, represents our share of earnings (whether or not distributed to us) plus income tax expense, depreciation and amortization expense, interest income, net, and other non-cash and unusual items from our joint ventures and minority investees. EBITDA from equity investments is a non-GAAP financial measure that is presented as supplemental disclosure for illustrative purposes only and is reconciled to earnings of equity investments, the most directly comparable GAAP measure, in a schedule below.

## Net Debt and Net Debt Leverage Ratio

Net debt is defined as total principal face value of debt outstanding, the most directly comparable GAAP measure, less combined cash and cash equivalents. Principal face value of debt outstanding includes the face value of debt issued under Senior Secured Credit Facilities, Senior Notes and Subordinated Notes, which are all described in Note 15 of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and in Note 11 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, but it does not include other long-term obligations of \$1 million primarily comprised of certain revenue transactions presented as debt in accordance with ASC 470. In addition, principal face value of debt outstanding with respect to the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes (paid off as of June 30, 2022) were translated at the constant foreign exchange rate at issuance of these notes as those amounts were payable at the original issuance amounts in Euro. Net debt leverage ratio, as used herein, represents Net debt divided by Consolidated AEBITDA (Combined AEBITDA for periods prior to December 31, 2022). The forward-looking non-GAAP financial measure targeted net debt leverage ratio is presented on a supplemental basis and does not reflect Company guidance. We are not providing a forward-looking quantitative reconciliation of targeted net debt leverage ratio to the most directly comparable GAAP measure because we are unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the relevant period.

# L&W Reconciliation of Consolidated AEBITDA — Continuing Operations, AEBITDA from Discontinued Operations and Combined AEBITDA

	Three Months Ended		Twelve Months Ended		
	March 31, 2023	March 31, 2022	March 31, 2023	December 31, 2022	March 31, 2022
<b><u>Reconciliation of Net Income Attributable to L&amp;W to Consolidated AEBITDA - Continuing Operations</u></b>					
<b>Net income attributable to L&amp;W</b>	\$ 22	\$ 26	\$ 3,671	\$ 3,675	\$ 412
Net income attributable to noncontrolling interest	5	2	25	22	15
Net income from discontinued operations, net of tax	-	(95)	(3,778)	(3,873)	(382)
<b>Net income (loss) from continuing operations</b>	<b>27</b>	<b>(67)</b>	<b>(82)</b>	<b>(176)</b>	<b>45</b>
Restructuring and other	19	36	129	146	182
Depreciation, amortization and impairments	101	108	413	420	409
Other expense (income), net	2	(2)	(2)	(6)	(24)
Interest expense	75	116	286	327	473
Income tax (benefit) expense	(1)	3	9	13	(318)
Stock-based compensation	26	15	80	69	109
Loss on debt financing transactions	-	-	147	147	-
Gain on remeasurement of debt and other	-	(7)	(20)	(27)	(23)
<b>Consolidated AEBITDA - continuing operations</b>	<b>\$ 249</b>	<b>\$ 202</b>	<b>\$ 960</b>	<b>\$ 913</b>	<b>\$ 853</b>
<b><u>Reconciliation of Net Income from Discontinued Operations, Net of Tax to AEBITDA from Discontinued Operations</u></b>					
Net income from discontinued operations, net of tax					\$ 382
Income tax expense					81
Restructuring and other					10
Depreciation, amortization and impairments					53
EBITDA from equity investments <sup>(1)</sup>					76
Earnings from equity investments					(38)
Stock-based compensation and other, net					(43)
<b>AEBITDA from discontinued operations</b>					<b>\$ 521</b>
EBITDA from equity investments - continuing operations <sup>(1)</sup>					9
<b>Combined AEBITDA</b>					<b>\$ 1,383</b>



Note: Unaudited, U.S. Dollars in millions.

(1) EBITDA from Equity Investments is a non-GAAP financial measure reconciled to Earnings (loss) from equity investments on slide 27.

# L&W Reconciliation of Principal Face Value of Debt Outstanding to Net Debt Leverage Ratio

	As of		
	March 31, 2023	December 31, 2022	March 31, 2022
Consolidated AEBITDA/Combined AEBITDA <sup>(1)</sup>	\$ 960	\$ 913	\$ 1,383
Total debt	\$ 3,890	\$ 3,894	\$ 8,833
Add: Unamortized debt discount/premium and deferred financing costs, net	45	47	77
Add: Impact of exchange rate	-	-	73
Less: Debt not requiring cash repayment and other	(1)	(2)	(3)
Principal face value of debt outstanding	3,934	3,939	8,980
Less: Combined cash and cash equivalents <sup>(2)</sup>	931	914	582
Net debt	\$ 3,003	\$ 3,025	\$ 8,398
<b>Net debt leverage ratio</b>	<b>3.1</b>	<b>3.3</b>	<b>6.1</b>

Note: Unaudited, U.S. Dollars in millions.



- (1) Combined AEBITDA consists of Consolidated AEBITDA - continuing operations, AEBITDA from discontinued operations and EBITDA from equity investments included in continuing operations. Refer to the reconciliation of Combined AEBITDA included in the table titled "Reconciliation of Consolidated AEBITDA — Continuing Operations, AEBITDA from Discontinued Operations and Combined AEBITDA" for the periods presented on slide 24.
- (2) Includes cash and cash equivalents of both continuing operations and discontinued operations (for periods prior to December 31, 2022), as the combined amount was available for debt payments.

# L&W Reconciliation of Net Cash Provided by (Used in) Operating Activities to Free Cash Flow — Continuing Operations and Combined Free Cash Flow

	Three Months Ended March 31,			
	2023	2022		
	Consolidated	Continuing Operations	Discontinued Operations <sup>(1)</sup>	Combined <sup>(2)</sup>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 185</b>	<b>\$ (14)</b>	<b>\$ 108</b>	<b>\$ 94</b>
Less: Capital expenditures	(53)	(43)	(25)	(68)
Less: Payments on license obligations	(12)	(19)	(2)	(21)
Less: Change in restricted cash impacting working capital	(46)	(7)	(9)	(16)
<b>Free cash flow</b>	<b>74</b>	<b>(83)</b>	<b>\$ 72</b>	<b>\$ (11)</b>

Note: Unaudited, U.S. Dollars in millions.

- (1) Free cash flow from discontinued operations, a non-GAAP measure, is derived based on the historical records and includes only those direct cash flows that are allocated to discontinued operations. See above for further description and disclaimers associated with this non-GAAP measure.
- (2) Combined Free cash flow consists of Free cash flow (representing Free cash flow from continuing operations) and Free cash flow from discontinued operations. Refer to non-GAAP financial measure definitions above for further details.



# L&W Reconciliation of Earnings (Loss) from Equity Investments to EBITDA from Equity Investments

## Earnings from equity investments

Add: Income tax expense

Add: Depreciation, amortization and impairments

Add: Interest income, net and other

## EBITDA from equity investments

**Combined EBITDA from equity investments<sup>(1)</sup>**

Twelve Months Ended March 31, 2022			
	Continuing Operations		Discontinued Operations
<b>\$</b>	<b>5</b>	<b>\$</b>	<b>38</b>
	-		11
	1		31
	3		(4)
<b>\$</b>	<b>9</b>	<b>\$</b>	<b>76</b>
		<b>\$</b>	<b>85</b>



Note: Unaudited, U.S. Dollars in millions.

(1) Combined EBITDA from equity investments consists of EBITDA from both discontinued and continuing operations equity investments.

# L&W Reconciliation to Consolidated AEBITDA Margin

Consolidated AEBITDA<sup>(1)</sup>

Revenue

**Net income (loss) margin from continuing operations**

**Consolidated AEBITDA margin<sup>(2)</sup>**

Three Months Ended March 31,			
2023		2022	
\$	249	\$	202
	670		572
	4 %		(12) %
	37 %		35 %

Note: Unaudited, U.S. Dollars in millions.

(1) Refer to the reconciliation of Consolidated AEBITDA included in the table titled "L&W Reconciliation of Consolidated AEBITDA --Continuing Operations, AEBITDA from Discontinued Operations and Combined AEBITDA" for the periods presented on slide 24.

(2) Consolidated AEBITDA Margin is calculated as Consolidated AEBITDA as a percentage of revenue.

