

**LIGHT &
WONDER™**

Fourth Quarter and Full Year 2022 Earnings Presentation

March 1, 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; 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 environmental laws, 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 forthcoming report to be filed with the SEC for the year ended December 31, 2022 (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. As described below, we have reclassified certain prior period amounts within this presentation to be consistent with the current period presentation for discontinued operations, which we believe is more meaningful to readers of our consolidated financial statements. Unless otherwise stated, information in this presentation relates to continuing operations.

Discontinued Operations

On September 27, 2021, and amended on June 30, 2022 and August 2, 2022, we entered into a definitive agreement to sell our Sports Betting business to Endeavor Operating Company, LLC, a subsidiary of Endeavor Group Holdings, Inc., in a cash and stock transaction, which was completed during the third quarter of 2022. On October 27, 2021, we entered into a definitive agreement to sell our Lottery business to Brookfield Business Partners L.P., which was completed during the second quarter of 2022. These transactions are collectively referred to as the “Divestitures.” Accordingly, the financial results for the Lottery business and the Sports Betting business presented in the Consolidated Statements of Operations presented herein have been reclassified to discontinued operations.

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



Integrated Businesses and Assets

Driving Results and Continuous Improvement

FINANCIAL PROGRESS

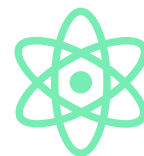
Double-Digit Consolidated Revenue Growth in 2022



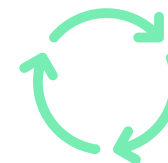
+17%

STRATEGIC INITIATIVES

Optimize R&D



Operational Excellence



High Performance Culture



DIVESTITURES

\$6.5B

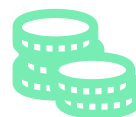
Gross Proceeds



CAPITAL STRUCTURE

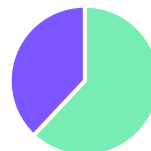
\$4.8B

in Debt Reduction



62% / 38%

Fixed / Floating Debt Mix



\$413M or **7.2M**



L&W Shares Repurchased⁽¹⁾
(55% of Authorization)

3.3x

Net Debt Leverage Ratio⁽²⁾



(1) Share repurchase amounts since inception of share repurchase program through February 24, 2023.

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

The Leading Cross- platform Global Games Company



Delivering on Clear Product Roadmap to Drive Long-Term Value



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



Focused Execution Led to Exceptional Performance in the Quarter

Delivered Significant Operational Progress Across Businesses Underpinned by Execution and Focus

- **Grew Consolidated Revenue 18% YoY & Consolidated AEBITDA⁽¹⁾ increased 23% YoY**
- **Gaming revenue +18% YoY**, strength in all businesses led by **41% YoY Game Sales increase**
- **SciPlay revenue +18% YoY**, outperformed Social Casino market with **records at Jackpot Party[®] and Quick Hit[®]**
- **iGaming revenue +15% YoY**, reflected growth primarily in the U.S. on strength of original content

Achieved Multiple Financial and Performance Records with Continued Progress on Our Roadmap

- **10 consecutive quarters of N.A. Premium installed base growth**, maintained **record 45%** of total N.A. installed base
- **SciPlay delivered record revenue and monetization metrics** validating key investment initiatives
- **Record GGR on our iGaming platform; Lightning Box and Elk Studios scaled to all-time high revenues**

Executing on Balanced and Opportunistic Capital Allocation Strategy

- **Maintained net debt leverage ratio⁽¹⁾ of 3.3x** squarely within targeted range⁽¹⁾⁽²⁾ of 2.5x to 3.5x
- **Repurchased ~\$210 million or 3.5 million⁽³⁾ shares** since end of 3Q22 to date
- **Disciplined investment strategy** focused on **high long-term cash returns**

Strategy & accomplishments validate progress towards \$1.4 billion Targeted Consolidated AEBITDA⁽²⁾ by 2025

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 measures targeted net debt leverage ratio and targeted Consolidated AEBITDA is available in the appendix.

(3) Share repurchase amounts since end of Q3'22 through February 24, 2023.

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5

Expanded Portfolio and Product Offerings Fueling Key 2023 Initiatives

GAMING	SCIPLAY	iGAMING
<ul style="list-style-type: none"> Deployed premium products in Gaming Operations and Game Sales; COSMIC™ cabinet and highly anticipated games DRAGON – JIN LONG JIN BAO™ and MONSTERS – FRANKENSTEIN coming soon Solidifying Systems and Tables leadership position with enhanced capabilities and functionalities to drive operator value proposition 	<ul style="list-style-type: none"> Centralizing features & capabilities in SciPlay Engine to leverage across all games and grow monetization Targeting 1 to 2 new game launches per year Launching direct-to-consumer platform to further enhance player loyalty and margins 	<ul style="list-style-type: none"> Expanding original first party content and continued integration of Lightning Box, Elk Studios & Playzido Ready to launch Live-Casino in Michigan⁽¹⁾ with additional distribution deals in the pipeline Penetration into multiple international markets
CROSS-PLATFORM		
<ul style="list-style-type: none"> DUO FU DUO CAI™ strong performance across all three channels 8 key game themes expected to launch fully Cross-Platform throughout 2023 		



(1) Subject to full licensing approval.

(2) The Universal Studios Monsters are trademarks and copyrights of Universal Studios. Licensed by Universal. All Rights Reserved.

(3) Frankenstein is a trademark and copyright of Universal Studios. Licensed by Universal. All Rights Reserved.

Positively Impacting Communities, People, Planet and Players Through Our CSR Pillars

CSR / DEI PROGRAMS

- **Launched six employee resource groups**- over 650 employees & allies
- **Volunteered 18,000 hours** to over **200 non-profits globally**
- **Donated over \$1 million** in charitable contributions globally

AWARDS & ACCOMPLISHMENTS

- Partnered with **20 Responsible Gaming organizations** and campaigns globally focused on research, education and treatment
- **Women in Gaming Diversity Awards** - DEI award of the year
- All-In-Diversity DEI Index- **Ranked in the top 4 among 40 Gaming companies globally**

Game Changers

Light & Wonder



COMMUNITY



PEOPLE



PLANET



PLAYER



CORPORATE GOVERNANCE

Frameworks & Standards: Aligned in 12 of the 17 United Nations Sustainable Development Goals

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Operational Highlights

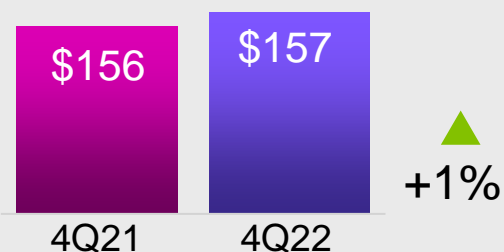


Performance Across All Gaming Business Lines Boosted By Investments in Product Roadmap



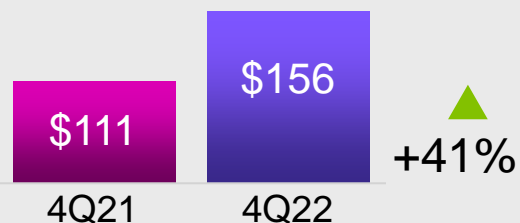
IN \$ MILLIONS

Q4 Revenue



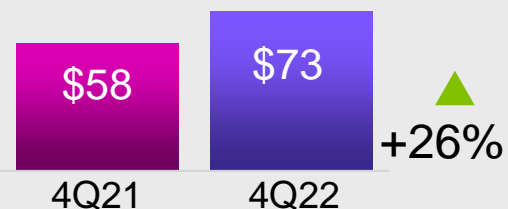
Game Ops

- **10th** quarterly increase in N.A. Premium installed base, **+8% YoY**, and record **45% of total N.A. mix**.
- N.A. revenue per day of **~\$44 is 15% above 2019 levels**
- **ULTIMATE FIRE LINK EXPLOSION™** performing at 3.6x house average ⁽¹⁾



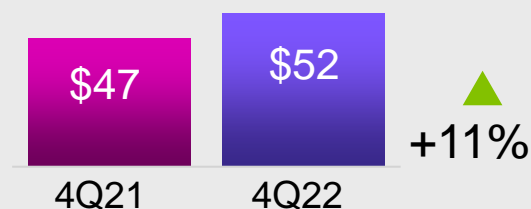
Game Sales

- Increased global Game Sales units **7% sequentially** and **38% YoY, exceeding 2019 volume**
- Delivered **over 5,000 units** in N.A. in quarter, **+16% sequentially**, and **+46% YoY**
- **DRAGONS UNLEASHED®** reached **~2,000 games** shipped in record time in Australia



Systems

- Over **9,500 iView units shipped in N.A.** in quarter
- More than **doubled cashless connections** YoY
- **Notable Systems wins** in the quarter with more in pipeline



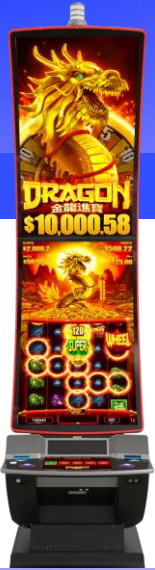
Tables

- **Grew shuffler installed base** sequentially and YoY
- **Went live with a 100+ unit QUARTZ® Stadium ETG** installation
- **Grew VALT™ subscribers**



N.A. – North America.
(1) Eilers' Research.

Growing Array of High-Performing Games and Cabinets with New Launches in 2023



MURAL

- Proven franchise extension – **ULTIMATE FIRE LINK EXPLOSION** driving installs
- On track to launch highly anticipated **Studio X** game **DRAGON-JIN LONG JIN BAO**



LANDMARK 7000

- The **most successful stepper launch**, remained #1 in the Mechanical Reel category⁽¹⁾
- **BLAZING 777 TRIPLE DOUBLE JACKPOT WILD™** and **BLAZING 777® 2x3x5x** continue to rank in top 5 games⁽¹⁾

NEW CABINET LAUNCHES

- **KASCADA® Dual Screen Slant** and **Cosmic** expected to launch in 2Q23
- Proven franchises **MONOPOLY**, **GOLD FISH®** and **Ultimate Fire Link® Cash Falls** to debut with cabinet launches



KASCADA

- **INVADERS FROM THE PLANET MOOLAH®** and **ULTIMATE FIRE LINK® Power 4** top Gaming Operations performers
- Game Sales led by proven titles **RICH LITTLE PIGGIES®** and **DANCING DRUMS PROSPERITY®** – another example extensions of our evergreen franchises



KASCADA DUAL

- KASCADA Dual Screen continues to lead the industry in the **Multi Screen Upright** category, retaining #1 spot⁽¹⁾
- **HUFF N' MORE PUFF™** and **DRAGONS UNLEASHED** continue to drive sales globally



(1) Eilers' Research.

(2) 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.

(3) All ® notices signify marks registered in the United States.



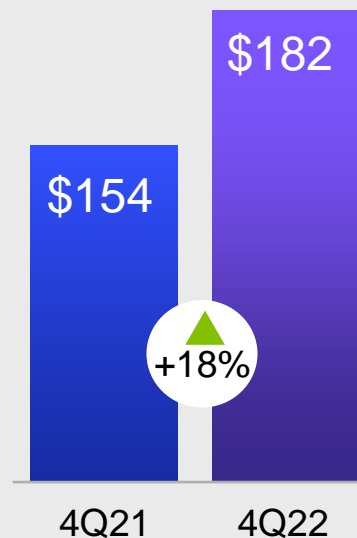
Deep and Proven Execution Prowess Reflected in Record Q4 Performance at SciPlay

Key Q4 Highlights

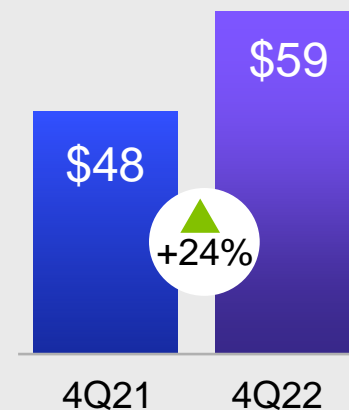
- **Record Revenue of \$182 million**, up 18% YoY led by outperformance in social casino & increased market share
- Investments driving growth with **JACKPOT PARTY®** and **QUICK HIT® Slots** generating **record quarterly and full-year revenue**
- **AEBITDA of \$59 million** benefiting from **scalable platform**; AEBITDA margin of 32% up 700 bps sequentially
- **Record monetization and engagement** across several key metrics:
 - Grew ARPDau⁽¹⁾ 18% YoY and 9% sequentially to a record **\$0.87**
 - **Record payer conversion rate of 10.4%**, up 150 bps YoY
 - **Record MPU⁽²⁾ of ~600K** payers
 - **AMRPPU⁽³⁾ of \$99.16**; 11th 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.

SciPlay Laying the Foundation for Long-Term Growth



Executing on Initiatives to Drive Sustainable Future Growth



Driving increased monetization and engagement through proprietary algorithms based on player behavior



Leveraging data science to deliver tailored user experiences to extend player lifetime value



Enhancing ad-tech for heightened effectiveness to generate highest ROI



Launching direct-to-consumer platform with opportunity to expand margins and reach to new players

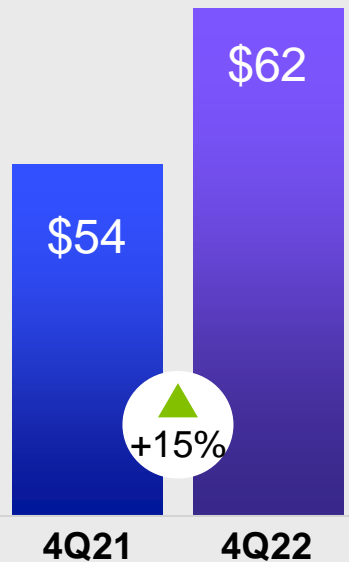


Investing in new game pipeline and expanding game offering with 1-2 new games per year

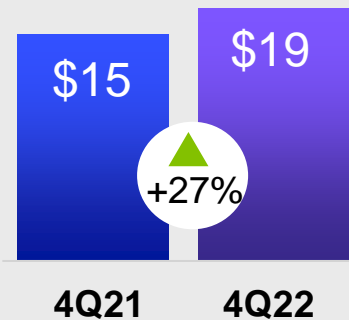
Expanded iGaming Portfolio and Regional Content Leading Performance Across All Regions

IN \$ MILLIONS

iGaming Revenue



iGaming AEBITDA



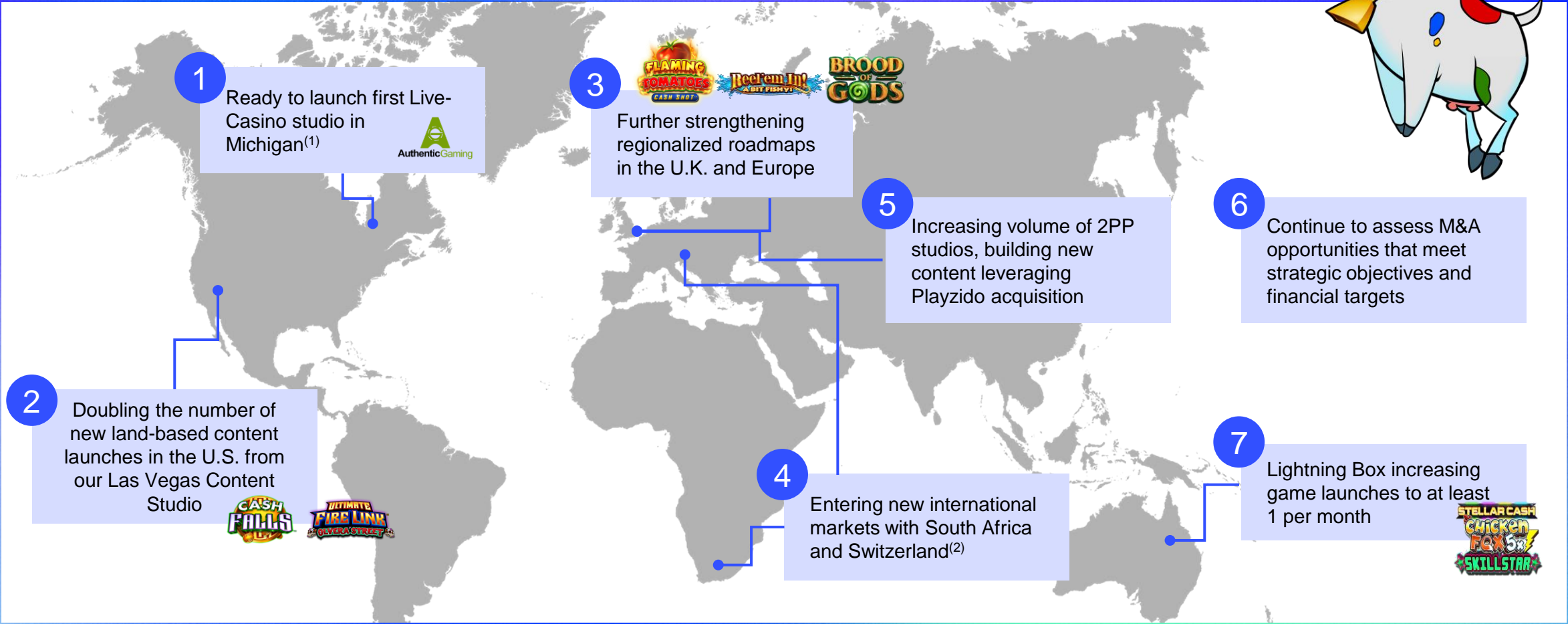
Key Q4 Highlights

- **Generated revenue of \$62 million** as we benefited from strong underlying growth in both U.S. and International, partially offset by adverse FX impact of \$4 million. On a constant currency basis⁽¹⁾⁽²⁾, revenue increased 22%.
 - **Grew U.S. Revenue 41% YoY**, led by strong launches of land-based original content and scaling third party aggregation on our platform
 - **Record GGR quarters at ELK and Lightning Box**
 - Saw solid momentum across all regions, with **U.K. and Europe GGR up double digits YoY** and growing 3 consecutive quarters
 - **Delivered OGS⁽³⁾ growth in Canada for 5 consecutive quarters**
- **AEBITDA increased 27%** driven by topline growth as the business scales; AEBITDA margin grew 3 percentage points largely due to original content launches

- (1) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in the tables in the description below.
- (2) Constant currency revenue is calculated by translating current period non-U.S. denominated revenue using the prior year's currency conversion rate. Foreign currency impact on iGaming revenue for the fourth quarter of 2022 was \$4 million. Management uses or refers to growth rates at constant currency so that the revenue results can be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons given that a significant proportion of iGaming revenue is denominated in foreign currencies.
- (3) OpenGaming System – Light & Wonder's iGaming content aggregation platform.

Continued Focus on iGaming Initiatives

Building Momentum on 2023 Roadmap



(1) Subject to full licensing approval.
 (2) Subject to licensing.

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Financials

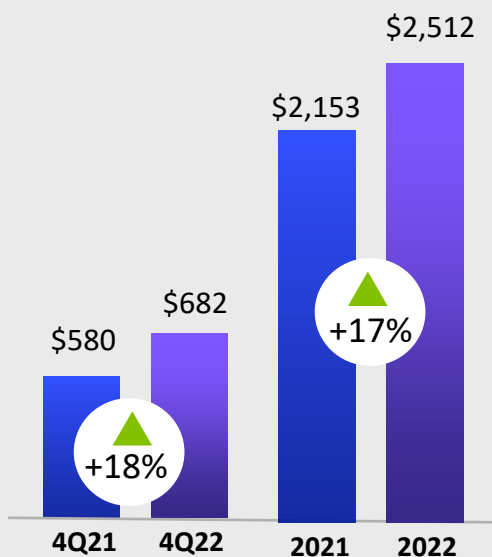


Delivered Strong Performance with Double-Digit Top-Line & Bottom-Line Growth

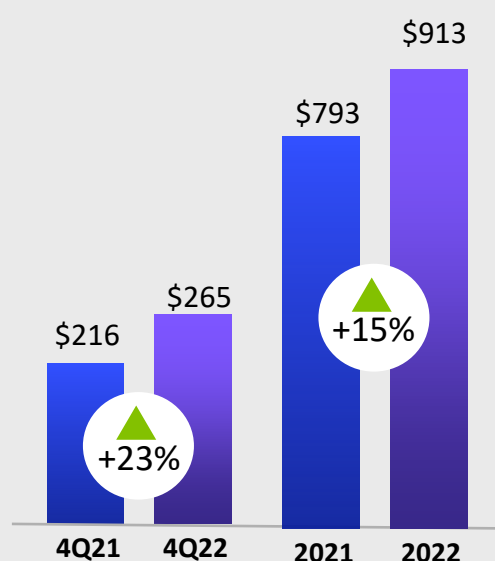


IN \$ MILLIONS

Consolidated Revenue



Consolidated AEBITDA⁽¹⁾



Key Highlights

- **Delivered double-digit Q4 Consolidated Revenue growth of 18%, and Consolidated AEBITDA⁽¹⁾ increased 23% YoY.** Business benefited from strong execution across all three business segments:
 - **Gaming delivered double-digit revenue growth** on the back of a robust recovery and continued momentum approaching pre-COVID levels
 - **Record revenue at SciPlay** benefited from outsized social casino growth vs. market and continued monetization
 - **iGaming revenue increase** led by U.S. GGR growth and expansion of original content offerings
 - **Q4 Consolidated AEBITDA margin⁽¹⁾ grew 200 bps to 39%** led by strong digital business performance
- **Generated strong full year 2022 results with Consolidated Revenue growing 17% and Consolidated AEBITDA⁽¹⁾ up 15%;** Prior year \$44 million VAT benefit impacted Consolidated Revenue by **2 percentage points** and Consolidated AEBITDA⁽¹⁾ by **7 percentage points**



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



Executing on Capital Allocation Strategies within Targeted Net Debt Leverage Ratio Range⁽¹⁾⁽²⁾

Key Highlights

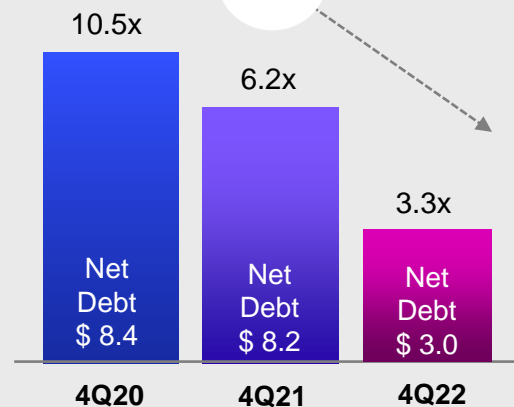
- Completed sale of Lottery and Sports Betting businesses, generating **~\$6.5 billion in gross proceeds**
- Proceeds applied to **reduce \$4.8 billion of our outstanding debt**
- Ended the year with a principal face value of debt outstanding of \$3.9 billion and **net debt leverage ratio⁽¹⁾ of 3.3x, in targeted range⁽¹⁾⁽²⁾ of 2.5x to 3.5x**
- Reduction in principal debt balances resulted in **reduced interest expense**, which was partially offset by increasing interest rate

IN \$BILLIONS

Net Debt Leverage Ratio⁽¹⁾

~64% NET DEBT REDUCTION

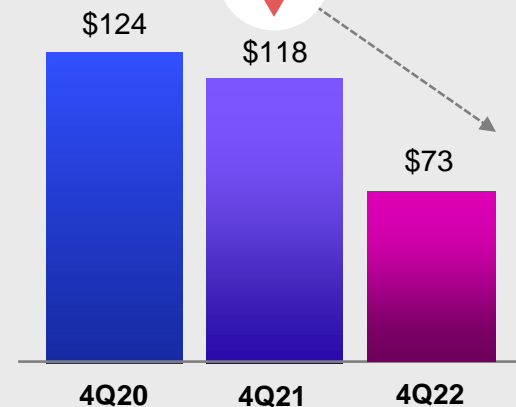
~7.2 TURNS



IN \$MILLIONS

Interest Expense

-41%

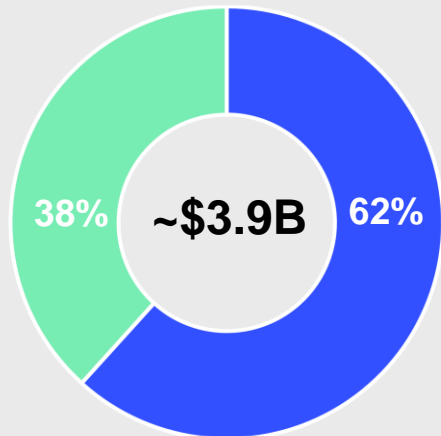


(1) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in the tables in the appendix.
 (2) Additional information on the non-GAAP financial measure targeted net debt leverage ratio is available in the appendix.

Strengthened Balance Sheet

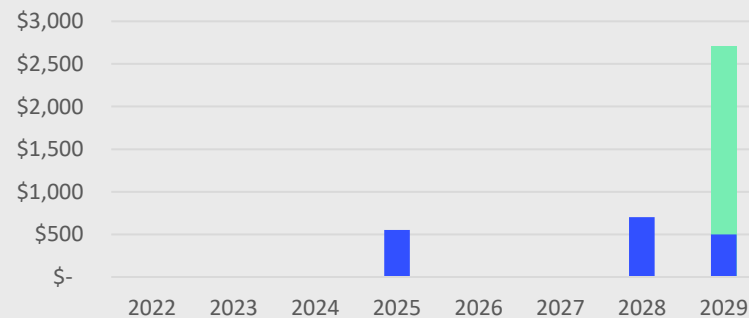
Provides Flexibility to Invest in Growth Initiatives

4Q22 Fixed vs Floating Debt



■ Floating
 ■ Fixed

Maturity Profile – Outstanding Debt (\$M)⁽¹⁾



■ Term-Loan
 ■ Notes

Key Highlights

- Reconstituted debt profile with **62% fixed and 38% floating mix**
- **Hedged variable interest rate exposure** with a \$700 million variable to fixed interest rate swap with new Term Loan B in April 2022
- **No significant debt maturities until 2025**
- Ability to **invest in R&D engine and service debt maturities** from organic cash flows regardless of economic cycle
- Increased weighted average maturity of debt from **2.8 years at 1Q22 to 5.3 years at 4Q22**



(1) Undrawn \$150M SciPlay revolver due 2024; undrawn \$750M Light & Wonder revolver due 2027.

Combined Free Cash Flow ⁽¹⁾⁽²⁾ Impacted by Divestitures



IN \$ MILLIONS

	4Q22	4Q21	2022	2021
Combined net cash (used in) provided by operating activities	\$(87)	\$226	\$(381)	\$685
Capital expenditures	(58)	(98)	(253)	(265)
Other	(3)	(28)	(40)	23
Combined free cash flow ⁽¹⁾⁽²⁾	\$(148)	\$100	\$(674)	\$443

Supplemental cash flow information

Strategic Review & Related Costs Impacting Combined Free Cash Flows:

Income taxes related to the Divestitures	\$176		\$641	
Professional fees & services supporting strategic review and related activities	25		97	
Disposition and other closing expenses			80	
Payments related to April 2022 refinancing			5	
SciPlay legal settlement payment			25	

Key Takeaway

Q4 Combined Free Cash Flow⁽¹⁾⁽²⁾ was principally impacted by the following:

- **Tax payments of \$176 million** associated with the Divestitures which **generated \$6.5 billion in gross proceeds**
- **Costs related to the timing of payments** associated with the strategic review and related transactions
- **Lower cash interest payments** versus prior year due to reduction in debt balances

2022 Combined Free Cash Flow⁽¹⁾⁽²⁾ was principally impacted by the following:

- Tax payments of \$641 million **associated with the Divestitures**
- \$177 million of **costs related to the timing of payments associated with the strategic review and disposition closing expenses**
- Changes in working capital as we continue to **invest in inventory** to meet the growing demand from operators and **change in receivables** due to timing of collections and higher billings primarily associated with strong growth in Gaming



(1) Combined free cash flow consists of Free cash flow from continuing operations and Free cash flow from discontinued operations.
 (2) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in the tables in the appendix.

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⁽¹⁾ 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 Lottery business and Sports Betting business and as such, historical financial information for these 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 and provide the impact of the discontinued businesses on the overall financial results for the periods presented as they remained under the structure of the Company for the periods presented. 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 (Loss) 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; (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition 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 expense (benefit); (9) Stock-based compensation; and (10) Other income, net, including foreign currency (gains) and 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.

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.

Non-GAAP Financial Measures (Cont'd)

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 - 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 and representing Free cash flows of our continuing operations.

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 flows from continuing operations and Free cash flows 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 (loss) (whether or not distributed to us) plus income tax expense, depreciation and amortization expense (inclusive of amortization of payments made to customers for LNS), interest expense, 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, but it does not include other long term obligations of \$2 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 for current period and Combined AEBITDA for prior period (as defined below). 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 December 31,		Year Ended December 31,		
	2022	2021	2022	2021	2020
<u>Reconciliation of Net Income (Loss) Attributable to L&W to Consolidated AEBITDA - Continuing Operations</u>					
Net income (loss) attributable to L&W	\$ 30	\$ 95	\$ 3,675	\$ 371	\$ (569)
Net income attributable to noncontrolling interest	9	4	22	19	21
Net income from discontinued operations, net of tax	(18)	(37)	(3,873)	(366)	(253)
Net income (loss) from continuing operations	21	62	(176)	24	(801)
Restructuring and other	40	71	146	167	56
Depreciation, amortization and impairments	103	109	420	398	449
Goodwill impairment	-	-	-	-	54
Other (income) expense, net	-	(11)	(6)	(28)	9
Interest expense	73	118	327	478	503
Income tax expense (benefit)	5	(154)	13	(318)	(3)
Stock-based compensation	23	32	69	113	56
Loss on debt financing transactions	-	-	147	-	-
(Gain) loss on remeasurement of debt and other	-	(11)	(27)	(41)	51
Consolidated AEBITDA - continuing operations	\$ 265	\$ 216	\$ 913	\$ 793	\$ 374
<u>Reconciliation of Net Income from Discontinued Operations, Net of Tax to AEBITDA from Discontinued Operations</u>					
Net income from discontinued operations, net of tax			\$ 366	\$ 253	
Income tax expense			72	7	
Restructuring and other			10	11	
Depreciation, amortization and impairments			79	105	
EBITDA from equity investments ⁽¹⁾			80	30	
(Earnings) loss from equity investments			(42)	9	
Stock-based compensation and other, net			(35)	4	
AEBITDA from discontinued operations			\$ 530	\$ 419	
EBITDA from equity investments - continuing operations ⁽¹⁾			8	7	
Combined AEBITDA			\$ 1,331	\$ 800	

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 December 31,		
	2022	2021	2020
Consolidated AEBITDA/Combined AEBITDA ⁽¹⁾	\$ 913	\$ 1,331	\$ 800
Total debt	\$ 3,894	\$ 8,690	\$ 9,303
Add: Unamortized debt discount/premium and deferred financing costs, net	47	82	104
Add: Impact of exchange rate	-	62	7
Less: Debt not requiring cash repayment and other	(2)	(4)	(7)
Principal face value of debt outstanding	3,939	8,830	9,407
Less: Combined cash and cash equivalents ⁽²⁾	914	629	1,016
Net debt	\$ 3,025	\$ 8,201	\$ 8,391
Net debt leverage ratio	3.3	6.2	10.5

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 (Used in) Provided by Operating Activities to Free Cash Flow — Continuing Operations and Combined Free Cash Flow

	Three Months Ended December 31,					
	2022			2021		
	Continuing Operations	Discontinued Operations ⁽¹⁾	Combined ⁽²⁾	Continuing Operations	Discontinued Operations ⁽¹⁾	Combined ⁽²⁾
Net cash (used in) provided by operating activities	\$ (79)	\$ (8)	\$ (87)	\$ 105	\$ 121	\$ 226
Less: Capital expenditures	(58)	-	(58)	(53)	(45)	(98)
Add: Distributions from equity method investments, net of additions	-	-	-	-	7	7
Add: Payments on contingent acquisition considerations	7	-	7	-	-	-
Less: Payments on license obligations	(5)	-	(5)	(21)	(2)	(23)
Less: Change in restricted cash impacting working capital	(5)	-	(5)	(2)	(10)	(12)
Free cash flow	\$ (140)	\$ (8)	\$ (148)	\$ 29	\$ 71	\$ 100
Supplemental cash flow information - Strategic Review and Related Costs Impacting Combined Free Cash Flows:						
Income taxes related to dispositions			\$ 176			
Professional fees and services supporting Strategic review and related activities			25			

	Year Ended December 31,					
	2022			2021		
	Continuing Operations	Discontinued Operations ⁽¹⁾	Combined ⁽²⁾	Continuing Operations	Discontinued Operations ⁽¹⁾	Combined ⁽²⁾
Net cash (used in) provided by operating activities	\$ (425)	\$ 44	\$ (381)	\$ 304	\$ 381	\$ 685
Less: Capital expenditures	(216)	(37)	(253)	(171)	(94)	(265)
Add: Distributions from equity method investments, net of additions	-	-	-	3	17	20
Add: Payments on contingent acquisition considerations	7	-	7	-	-	-
Less: Payments on license obligations	(35)	(2)	(37)	(46)	(7)	(53)
(Less) add: Change in restricted cash impacting working capital	(4)	(6)	(10)	5	51	56
Free cash flow	\$ (673)	\$ (1)	\$ (674)	\$ 95	\$ 348	\$ 443
Supplemental cash flow information - Strategic Review and Related Costs Impacting Combined Free Cash Flows:						
Income taxes related to dispositions			\$ 641			
Disposition and other closing expenses			80			
Payments related to April 2022 refinancing			5			
Professional fees and services supporting Strategic review and related activities			97			
SciPlay legal settlement payment			25			

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

	Year Ended December 31,			
	2021		2020	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Earnings (loss) from equity investments	\$ 5	\$ 42	\$ 3	\$ (9)
Add: Income tax expense	-	10	-	3
Add: Depreciation, amortization and impairments	1	31	1	31
Add: Interest income, net and other	2	(3)	3	5
EBITDA from equity investments	\$ 8	\$ 80	\$ 7	\$ 30
Combined EBITDA from equity investments⁽¹⁾		\$ 88		\$ 37

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Consolidated AEBITDA ⁽¹⁾	\$ 265	\$ 216	\$ 913	\$ 793
Revenue	682	580	2,512	2,153
Net income (loss) margin from continuing operations	3 %	11 %	(7) %	1 %
Consolidated AEBITDA margin⁽²⁾	39 %	37 %	36 %	37 %

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.

