Light & Wonder, Inc. Reports First Quarter 2024 Results

May 8, 2024

Delivered Consolidated Revenue Growth of 13% Year-Over-Year on Strong Gaming Machine Sales and Record SciPlay and iGaming Revenue

Double-Digit Revenue Growth Across all Businesses Driving Strong Cash Flow Generation

LAS VEGAS--(BUSINESS WIRE)-- Light & Wonder, Inc. (NASDAQ and ASX: LNW) ("Light & Wonder," "L&W," "we" or the "Company") today reported results for the first quarter ended March 31, 2024.

We started 2024 on a strong note, delivering a 12th consecutive quarter of year-over-year consolidated revenue growth and generating strong cash flow, while continuing to execute on our robust content roadmap and cross-platform strategy. Consolidated revenue grew 13%, driven by continued double-digit revenue growth across all of our businesses, resulting in robust earnings growth as we continue to progress towards our long-term financial targets:

- Gaming revenue increased to $476 million, up 14% compared to the prior year period, primarily driven by global Gaming machine sales growth, which increased 30%, coupled with growth across Gaming operations and Gaming systems.
- SciPlay revenue grew to a quarterly revenue record of $206 million, an 11% increase from the prior year period, driven by the core social casino business, which continues to outpace the market and gain share on strong payer metrics.
- iGaming revenue increased 14% to a quarterly revenue record of $74 million, primarily reflecting continued momentum in the U.S. and international markets.

Matt Wilson, President and Chief Executive Officer of Light & Wonder, said, "Our strong momentum continued into 2024 across the business with our compelling global product offerings driving Game Sales growth in North American adjacent markets and in International markets led by Australia and Asia. SciPlay and iGaming both reached record revenue levels yet again with consistent double-digit year-over-year growth. The performance in the quarter validates our execution plan and we expect growth to be further enhanced by key hardware and content launches in both our land-based and digital markets throughout the year. Our differentiated product roadmap and targeted commercial strategy enable us to capitalize on growth opportunities beyond our solidified core businesses. We will continue to execute on our initiatives to deliver sustainable growth underpinned by our robust product portfolio and world-class talent."

Oliver Chow, Chief Financial Officer of Light & Wonder, added, "We remain on a healthy growth trajectory with six consecutive quarters of double-digit revenue growth across Gaming, SciPlay and iGaming, a testament to the power of our R&D engine, as we continue to deploy engaging content enjoyed by players across all of our platforms. Our financial performance highlights the strength of our team across all of our segments. We will continue to reinvest back into the business to further scale revenue and profitability. Given our strong growth and the highly cash generative nature of our business, we plan to further enhance value through our share repurchase program, while maintaining the rigor of our strategic capital allocation plan."

LEVERAGE AND CAPITAL RETURN UPDATE

- **Principal face value of debt outstanding[(1)] was $3.9 billion**, translating to a net debt leverage ratio[(2)] of 3.0x as of March 31, 2024. Our net debt leverage ratio[(2)] decreased by 0.1x from December 31, 2023, and remained within our targeted net debt leverage ratio[(2)] range of 2.5x to 3.5x.
- **Returned $25 million of capital to shareholders** through the repurchase of approximately 0.2 million shares of L&W common stock during the quarter. Since the initiation of the program, we have returned $600 million of capital to shareholders through the repurchase of approximately 9.7 million shares of L&W common stock, representing 80% of total program authorization.

SUMMARY RESULTS

	Three Months Ended March 31,	
($ in millions)	**2024**	**2023**
Revenue	$ 756	$ 670
Net income	82	27
Net income attributable to L&W	82	22

Net cash provided by operating activities	171	185
Capital expenditures	66	53
Non-GAAP Financial Measures [2]		
Consolidated AEBITDA	$ 281	$ 249
Adjusted NPATA	105	86
Free cash flow	93	74

	As of	
Balance Sheet Measures	March 31, 2024	December 31, 2023
Cash and cash equivalents	$ 450	$ 425
Total debt	3,874	3,874
Available liquidity[3]	1,190	1,165

(1) Principal face value of debt outstanding represents outstanding principal value of debt balances that conform to the presentation found in Note 10 to the Condensed Consolidated Financial Statements in our March 31, 2024 Form 10-Q.

(2) Additional information on non-GAAP financial measures presented herein is available at the end of this release.

(3) Available liquidity is calculated as cash and cash equivalents plus remaining revolver capacity.

First Quarter 2024 Financial Highlights

- **First quarter consolidated revenue** was $756 million compared to $670 million, a 13% increase compared to the prior year period and a 12th consecutive quarter of year-over-year growth, driven by strong performance across all lines of business. Gaming revenue increased 14%, primarily led by continued growth in Gaming machine sales, which grew 30% year-over-year. SciPlay revenue grew by 11%, and iGaming revenue increased by 14%, both reaching new quarterly records.
- **Net income** was $82 million compared to $27 million in the prior year period, primarily due to higher revenue and consistently strong margins, along with lower D&A and restructuring and other costs.
- **Consolidated AEBITDA[1]** was $281 million compared to $249 million in the prior year period, a 13% increase that was driven by strong revenue growth and sustained margin strength across all of our businesses.
- **Adjusted NPATA[1]** increased 22% to $105 million as compared to $86 million in the prior year period, primarily due to strong revenue growth across all of our businesses.
- **Net cash provided by operating activities** was $171 million compared to $185 million in the prior year period, with the current year impacted by unfavorable changes in working capital primarily due to restricted customer deposits.
- **Free cash flow[1]** was $93 million compared to $74 million in the prior year period. The current year period is reflective of strong earnings, which were partially offset by less favorable changes in working capital compared to the prior year period.

BUSINESS SEGMENT HIGHLIGHTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

($ in millions)	Revenue				AEBITDA				AEBITDA Margin[2][3]		
	2024	2023	$	%	2024	2023	$	%	2024	2023	PP Change[3]
Gaming	$ 476	$ 419	$ 57	14%	$ 232	$ 206	$ 26	13%	49%	49%	—
SciPlay	206	186	20	11%	62	54	8	15%	30%	29%	1
iGaming	74	65	9	14%	25	23	2	9%	34%	35%	(1)
Corporate and other[4]	—	—	—	—%	(38)	(34)	(4)	(12)%	n/a	n/a	n/a
Total	$ 756	$ 670	$ 86	13%	$ 281	$ 249	$ 32	13%	37%	37%	—

PP — percentage points.

n/a — not applicable.

(1) Represents a non-GAAP financial measure. Additional information on non-GAAP financial measures presented herein is available at the end of this release.

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

(3) As calculations are made using whole dollar numbers, actual results may vary compared to calculations presented in this table.
(4) Includes amounts not allocated to the business segments (including corporate costs) and other non-operating expenses (income).

First Quarter 2024 Business Segments Key Highlights

- **Gaming revenue** increased to $476 million, up 14% compared to the prior year period, primarily driven by global Gaming machine sales growth of 30% and Gaming systems growth of 9%. Gaming operations revenue increased 3%, benefiting from year-over-year growth in our North American installed base and average daily revenue per unit, which increased to $48.82. Our North American premium installed base grew for the 15th consecutive quarter, representing 49% of our total installed base mix. Our growth is driven by the continued strength and success of our content, including the recent debut of *DRAGON TRAIN* ® in the U.S., and persistent success of our *COSMIC*™ and *MURAL* ® cabinets. Gaming AEBITDA was $232 million, up 13% compared to the prior year period, primarily driven by revenue growth in the period.
- **SciPlay revenue** was $206 million, an 11% increase from the prior year period and another quarterly record, while AEBITDA increased 15% to $62 million, reflective of continuing revenue growth, partially offset by higher targeted and planned marketing spend. Growth was primarily driven by the core social casino business, which continued to deliver record player engagement and monetization leveraging game content, dynamic Live Ops through the SciPlay Engine and effective marketing strategies. SciPlay maintained its number of payers at 0.6 million and achieved its highest ever AMRPPU(1) of $113.93, enabling SciPlay to grow ARPDAU(2) by 13% year-over-year to a record $1.01 while maintaining payer conversion above 10%.
- **iGaming revenue** increased 14% to a quarterly revenue record of $74 million in the current year period, while AEBITDA grew 9% with continued momentum in the U.S. and international markets as well as strong first-party content launches. Wagers processed through our iGaming platform have increased to $22.4 billion in the first quarter.
- **Capital expenditures** were $66 million in the first quarter of 2024 as compared to $53 million in the prior year period, primarily due to investments made to support our Gaming operations growth.

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

Earnings Conference Call

As previously announced, Light & Wonder executive leadership will host a conference call on Wednesday, May 8, 2024 at 4:30 p.m. EST to review the Company's first quarter results. To access the call live via a listen-only webcast and presentation, please visit explore.investors.lnw.com and click on the webcast link under the Events and Presentations section. To access the call by telephone, please dial: +1 (833) 470-1428 for U.S., +61 2 7908-3093 for Australia or +1 (404) 975-4839 for International and ask to join the Light & Wonder call using conference ID: 539204. A replay of the webcast will be archived in the Investors section on www.lnw.com.

About Light & Wonder

Light & Wonder, Inc. is the leading cross-platform global games company. Through our three unique, yet highly complementary businesses, we deliver unforgettable experiences by combining the exceptional talents of our 6,000+ member team, with a deep understanding of our customers and players. We create immersive content that forges lasting connections with players, wherever they choose to engage. At Light & Wonder, it's all about the games. The Company is committed to the highest standards of integrity, from promoting player responsibility to implementing sustainable practices. To learn more visit www.lnw.com.

You can access our filings with the Securities Exchange Commission ("SEC") through the SEC website at www.sec.gov, with the Australian Stock Exchange ("ASX") through the ASX website at www.asx.com.au or through our website, and we strongly encourage you to do so. We routinely post information that may be important to investors on our website at explore.investors.lnw.com, and we use our website as a means of disclosing material information to the public in a broad, non-exclusionary manner for purposes of the SEC's Regulation Fair Disclosure.

The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this document, and shall not be deemed "filed" under the Securities Exchange Act of 1934, as amended.

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Forward-Looking Statements

In this press release, Light & Wonder 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 current Company management ("Management") 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:

- our inability to successfully execute our strategy;
- 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;
- the effects of health epidemics, contagious disease outbreaks and public perception thereof;
- changes in, or the elimination of, our share repurchase program;
- resulting pricing variations and other impacts of our common stock being 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;
- risks and uncertainties of potential changes in U.K. gaming legislation, including any new or revised licensing and taxation regimes, responsible gambling requirements and/or sanctions on unlicensed providers;
- 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;
- the outcome of any legal proceedings that may be instituted following completion of the SciPlay merger;
- failure to retain key Management and employees;
- unpredictability and severity of catastrophic events, including but not limited to acts of terrorism, war, armed conflicts or hostilities, the impact such events may have on our customers, suppliers, employees, consultants, business partners or operations, as well as Management's response to any of the aforementioned factors;
- changes in demand for our products and services;
- 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;
- risks as a result of being publicly traded in the United States and Australia, including price variations and other impacts relating to the secondary listing of the Company's common stock on the Australian Securities Exchange;
- the possibility that we may be unable to achieve expected operational, strategic and financial benefits of the SciPlay merger;
- 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 and social gaming;
- 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;
- 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 SEC, including the Company's current reports on Form 8-K, quarterly reports on Form 10-Q and its latest annual report on Form 10-K filed with the SEC for the year ended December 31, 2023 on February 27, 2024 (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.

You should also note that this press release 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.

LIGHT & WONDER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, in millions, except per share amounts)

	Three Months Ended March 31,	
	2024	**2023**
Revenue:		
Services	$ 517	$ 477
Products	239	193
Total revenue	756	670
Operating expenses:		
Cost of services[(1)]	112	108
Cost of products[(1)]	107	94
Selling, general and administrative	218	192
Research and development	62	54
Depreciation, amortization and impairments	86	101
Restructuring and other	6	19
Total operating expenses	591	568
Operating income	165	102
Other (expense) income:		
Interest expense	(75)	(75)
Other income (expense), net	10	(1)
Total other expense, net	(65)	(76)
Net income before income taxes	100	26
Income tax (expense) benefit	(18)	1
Net income	82	27
Less: Net income attributable to noncontrolling interest	—	5
Net income attributable to L&W	$ 82	$ 22

Basic and diluted net income attributable to L&W per share:

Basic	$ 0.91	$ 0.24
Diluted	$ 0.88	$ 0.23
Weighted average number of shares used in per share calculations:		
Basic shares	90	91
Diluted shares	92	93

(1) Excludes depreciation, amortization and impairments.

LIGHT & WONDER, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in millions)

	March 31, 2024	December 31, 2023
Assets:		
Cash and cash equivalents	$ 450	$ 425
Restricted cash	97	90
Receivables, net of allowance for credit losses of $33 and $38, respectively	504	506
Inventories	175	177
Prepaid expenses, deposits and other current assets	114	113
Total current assets	1,340	1,311
Restricted cash	6	6
Receivables, net of allowance for credit losses of $7 and $3, respectively	57	37
Property and equipment, net	246	236
Operating lease right-of-use assets	48	52
Goodwill	2,925	2,945
Intangible assets, net	568	605
Software, net	160	158
Deferred income taxes	166	142
Other assets	72	60
Total assets	$ 5,588	$ 5,552
Liabilities and Stockholders' Equity:		
Current portion of long-term debt	$ 22	$ 22
Accounts payable	211	241
Accrued liabilities	381	404
Income taxes payable	63	29
Total current liabilities	677	696
Deferred income taxes	20	20
Operating lease liabilities	34	39
Other long-term liabilities	170	180
Long-term debt, excluding current portion	3,852	3,852
Total stockholders' equity	835	765
Total liabilities and stockholders' equity	$ 5,588	$ 5,552

LIGHT & WONDER, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Three Months Ended

	March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	$ 82	$ 27
Adjustments to reconcile net income to net cash provided by operating activities	110	138
Changes in working capital accounts, excluding the effects of acquisitions	6	32
Changes in deferred income taxes and other	(27)	(12)
Net cash provided by operating activities	171	185
Cash flows from investing activities:		
Capital expenditures	(66)	(53)
Other[(1)]	(5)	(4)
Net cash used in investing activities	(71)	(57)
Cash flows from financing activities:		
Payments of long-term debt, net	—	(6)
Payments of debt issuance and deferred financing costs	(2)	—
Payments on license obligations	(5)	(12)
Purchase of L&W common stock	(25)	(28)
Purchase of SciPlay's common stock	—	(8)
Net redemptions of common stock under stock-based compensation plans and other	(33)	(11)
Net cash used in financing activities	(65)	(65)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3)	—
Increase in cash, cash equivalents and restricted cash	32	63
Cash, cash equivalents and restricted cash, beginning of period	521	967
Cash, cash equivalents and restricted cash, end of period	$ 553	$ 1,030
Supplemental cash flow information:		
Cash paid for interest	$ 63	$ 63
Income taxes paid	8	9
Supplemental non-cash transactions:		
Non-cash interest expense	$ 2	$ 3

(1) The three months ended March 31, 2023 includes $3 million in cash used in discontinued operations.

LIGHT & WONDER, INC. AND SUBSIDIARIES
RECONCILIATION OF CONSOLIDATED AEBITDA, SUPPLEMENTAL BUSINESS SEGMENT DATA AND RECONCILIATION OF CONSOLIDATED AEBITDA MARGIN
(Unaudited, in millions)

	Three Months Ended March 31,	
	2024	2023
Reconciliation of Net Income Attributable to L&W to Consolidated AEBITDA		
Net income attributable to L&W	$ 82	$ 22
Net income attributable to noncontrolling interest	—	5
Net income	82	27
Restructuring and other[(1)]	6	19
Depreciation, amortization and impairments	86	101
Other (income) expense, net	(8)	2
Interest expense	75	75
Income tax expense (benefit)	18	(1)
Stock-based compensation	22	26
Consolidated AEBITDA	$ 281	$ 249

Supplemental Business Segment Data		
Business segments AEBITDA		
Gaming	$ 232	$ 206
SciPlay	62	54
iGaming	25	23
Total business segments AEBITDA	319	283
Corporate and other[2]	(38)	(34)
Consolidated AEBITDA	$ 281	$ 249
Reconciliation to Consolidated AEBITDA Margin		
Consolidated AEBITDA	$ 281	$ 249
Revenue	756	670
Net income margin	11%	4%
Consolidated AEBITDA margin (Consolidated AEBITDA/Revenue)	37%	37%

(1) Refer to the Consolidated AEBITDA definition below for a description of items included in restructuring and other.
(2) Includes amounts not allocated to the business segments (including corporate costs) and other non-operating expenses (income).

LIGHT & WONDER, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME ATTRIBUTABLE TO L&W TO ADJUSTED NPATA
(Unaudited, in millions)

	Three Months Ended March 31,	
	2024	**2023**
Reconciliation of Net Income Attributable to L&W to Adjusted NPATA		
Net income attributable to L&W	$ 82	$ 22
Net income attributable to noncontrolling interest	—	5
Net income	82	27
Amortization of acquired intangibles and impairments	31	51
Restructuring and other[1]	6	19
Other (income) expense, net	(8)	2
Income tax impact on adjustments	(6)	(13)
Adjusted NPATA	$ 105	$ 86

(1) Refer to the Adjusted NPATA definition below for a description of items included in restructuring and other.

LIGHT & WONDER, INC. AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION - SEGMENT KEY PERFORMANCE INDICATORS AND SUPPLEMENTAL FINANCIAL DATA
(Unaudited, in millions, except unit and per unit data or as otherwise noted)

	Three Months Ended		
	March 31, 2024	**March 31, 2023**	**December 31, 2023**
Gaming Business Segment Supplemental Financial Data:			
Revenue by Line of Business:			
Gaming operations	$ 164	$ 160	$ 168
Gaming machine sales	205	158	205
Gaming systems	60	55	71
Table products	47	46	52
Total revenue	$ 476	$ 419	$ 496
Gaming Operations:			

U.S. and Canada:			
Installed base at period end	31,534	30,675	31,220
Average daily revenue per unit[1]	$ 48.82	$ 46.72	$ 47.91
International: [2]			
Installed base at period end	22,163	26,220	22,327
Average daily revenue per unit	$ 14.28	$ 14.19	$ 16.01
Gaming Machine Sales:			
U.S. and Canada new unit shipments	4,437	4,057	4,783
International new unit shipments	5,259	3,621	7,340
Total new unit shipments	9,696	7,678	12,123
Average sales price per new unit	$ 19,897	$ 18,748	$ 15,477
Gaming Machine Unit Sales Components:			
U.S. and Canada unit shipments:			
Replacement units	4,296	3,760	4,451
Casino opening and expansion units	141	297	332
Total unit shipments	4,437	4,057	4,783
International unit shipments:			
Replacement units	3,711	2,210	7,270
Casino opening and expansion units	1,548	1,411	70
Total unit shipments	5,259	3,621	7,340
SciPlay Business Segment Supplemental Financial Data:			
Revenue by Platform:			
Mobile in-app purchases	$ 170	$ 166	$ 172
Web in-app purchases and other[3]	36	21	32
Total revenue	$ 206	$ 186	$ 204
In-App Purchases:			
Mobile penetration[4]	84%	91%	86%
Average MAU[5]	5.8	6.1	5.5
Average DAU[6]	2.2	2.3	2.2
ARPDAU[7]	$ 1.01	$ 0.89	$ 1.00
Average MPU[8] (in thousands)	594	625	587
AMRPPU[9]	$ 113.93	$ 97.43	$ 113.73
Payer Conversion Rate[10]	10.2%	10.3%	10.7%
iGaming Business Segment Supplemental Data:			
Wagers processed through Open Gaming System (in billions)	$ 22.4	$ 20.3	$ 21.6

(1) We refined U.S. and Canada units average daily revenue per unit calculation to include certain Gaming operations revenue streams that were previously excluded and have revised prior periods to align with the new calculation. The change aligns more closely with how Management evaluates the operating performance and was immaterial both quantitatively and qualitatively.

(2) Units exclude those related to game content licensing.

(3) Other represents $12 million in revenue generated via our proprietary platform during the three months ended March 31, 2024, along with advertising and other revenue, which were not material for the periods presented.

(4) Mobile penetration is defined as the percentage of SciPlay revenue generated from mobile platforms.

(5) MAU = Monthly Active Users is a count of visitors to our sites during a month. An individual who plays multiple games or from multiple devices may, in certain circumstances, be counted more than once. However, we use third-party data to limit the occurrence of multiple counting.

(6) DAU = Daily Active Users is a count of visitors to our sites during a day. An individual who plays multiple games or from multiple devices may, in certain circumstances, be counted more than once. However, we use third-party data to limit the occurrence of multiple counting.

(7) ARPDAU = Average Revenue Per DAU is calculated by dividing revenue for a period by the DAU for the period by the number of days for the period.

(8) MPU = Monthly Paying Users is the number of individual users who made an in-game purchase during a particular month.

(9) AMRPPU = Average Monthly Revenue Per Paying User is calculated by dividing average monthly revenue by average MPUs for the applicable time period.

(10) Payer conversion rate is calculated by dividing average MPU for the period by the average MAU for the same period.

LIGHT & WONDER, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME ATTRIBUTABLE TO L&W TO CONSOLIDATED AEBITDA AND PRINCIPAL FACE VALUE OF DEBT OUTSTANDING TO NET DEBT AND NET DEBT LEVERAGE RATIO
(Unaudited, in millions, except for ratio)

	Twelve Months Ended	
	March 31, 2024	December 31, 2023
Net income attributable to L&W	$ 223	$ 163
Net income attributable to noncontrolling interest	11	17
Net income	234	180
Restructuring and other	79	92
Depreciation, amortization and impairments	369	384
Other income, net	(15)	(5)
Interest expense	309	309
Income tax expense	45	25
Stock-based compensation	114	118
Loss on debt financing transactions	15	15
Consolidated AEBITDA	$ 1,150	$ 1,118

	As of	
	March 31, 2024	December 31, 2023
Consolidated AEBITDA	$ 1,150	$ 1,118
Total debt	$ 3,874	$ 3,874
Add: Unamortized debt discount/premium and deferred financing costs, net	44	44
Less: Debt not requiring cash repayment and other	—	(1)
Principal face value of debt outstanding	3,918	3,917
Less: Cash and cash equivalents	450	425
Net debt	$ 3,468	$ 3,492
Net debt leverage ratio	3.0	3.1

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW
(Unaudited, in millions)

	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	$ 171	$ 185
Less: Capital expenditures	(66)	(53)
Less: Payments on license obligations	(5)	(12)
Less: Change in restricted cash impacting working capital	(7)	(46)
Free cash flow	$ 93	$ 74

Non-GAAP Financial Measures

Management uses the following non-GAAP financial measures in conjunction with GAAP financial measures: Consolidated AEBITDA, Consolidated AEBITDA margin, Free cash flow, Net debt, Net debt leverage ratio and Adjusted NPATA (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 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 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.

Following our ASX listing, Management introduced usage of Adjusted NPATA, a non-GAAP financial measure, which is widely used to measure the performance as well as a principal basis for valuation of gaming and other companies listed on the ASX, and which we present on a supplemental basis.

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 the Company's operations (as more fully described below) and are better evaluated separately. Management believes that Free cash flow provides useful information regarding the Company's liquidity and its ability to service debt and fund investments.

Management also believes that Free cash flow is useful for investors because it provides 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 and adjustments for changes in restricted cash impacting working capital.

Management believes Adjusted NPATA is useful for investors because it provides investors with additional perspective on performance, as the measure eliminates the effects of amortization of acquired intangible assets, restructuring, transaction, integration, certain other items, and the income tax impact on such adjustments, which Management believes are less indicative of the ongoing underlying performance of operations and are better evaluated separately. Adjusted NPATA is widely used to measure performance of gaming and other companies listed on the ASX.

Consolidated AEBITDA

Consolidated AEBITDA, as used herein, is a non-GAAP financial measure that is presented as a supplemental disclosure of the Company's operations and is reconciled to net income 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." 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, as applicable: (1) Net income attributable to noncontrolling interest; (2) 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, SciPlay acquisition 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; (3) Depreciation, amortization and impairment charges and Goodwill impairments; (4) Loss on debt financing transactions; (5) Change in fair value of investments and Gain on remeasurement of debt and other; (6) Interest expense; (7) Income tax expense (benefit); (8) Stock-based compensation; and (9) Other (income) expense, net, including foreign currency gains or losses and earnings from equity investments. AEBITDA is presented exclusively as our segment measure of profit or loss.

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, the most directly comparable GAAP measure, in a schedule above.

Adjusted NPATA

Adjusted NPATA, as used herein, is a non-GAAP financial measure that is presented as a supplemental disclosure of the Company's operations and is reconciled to net income as the most directly comparable GAAP measure, as set forth in the schedule titled "Reconciliation of Net Income Attributable to L&W to Adjusted NPATA." Adjusted NPATA 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. Adjusted NPATA may differ from similarly titled measures presented by other companies.

Adjusted NPATA is reconciled to Net income and includes the following adjustments, as applicable: (1) Amortization of acquired intangible assets; (2) Non-cash asset and goodwill impairments; (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) Loss on debt financing transactions; (5) Change in fair value of investments and Gain on remeasurement of debt and other; (6) Income tax impact on adjustments; and (7) Other (income) expense, net, including foreign currency gains or losses and earnings from equity investments.

Free Cash Flow

Free cash flow, as used herein, represents net cash provided by operating activities less total capital expenditures, less payments on license obligations, plus payments on contingent acquisition considerations 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 the schedule above.

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 cash and cash equivalents. Principal face value of debt outstanding includes the face value of debt issued under Senior Secured Credit Facilities and Senior Notes, which are described in Note 15 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and in Note 10 of the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, but it does not include other long-term obligations primarily comprised of certain revenue transactions presented as debt in accordance with ASC 470. Net debt leverage ratio, as used herein, represents Net debt divided by Consolidated AEBITDA. 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.

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