

**LIGHT &
WONDER™**

Second Quarter 2022 Earnings Presentation

August 9, 2022



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 impact of the COVID-19 pandemic and any resulting unfavorable social, political, economic and financial conditions, including the temporary and potentially recurring closure of casinos and lottery operations on a jurisdiction-by-jurisdiction basis; risks relating to the intended sale of our Sports Betting business, which is expected to be completed in the third quarter of 2022, which is subject to applicable regulatory approvals, other customary closing conditions (“Pending Divestiture”), including lack of assurance regarding the timing of completion of the pending and proposed transaction and related risks associated with the ongoing operations and activities of the Sports Betting business, that certain deferred tax assets may not be realized relative to the anticipated tax gain from this divestiture, that the transaction will yield additional value or will not adversely impact our business, financial results, results of operations, cash flows or stock price; our inability to successfully execute our new strategy and impending rebranding initiative; our inability to further de-lever and position the Company for enhanced growth with net proceeds from the Pending Divestiture; 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, including the potential impact to our business resulting from the continuing uncertainty following the U.K.’s withdrawal from the European Union; 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; level of our indebtedness, higher interest rates, availability or adequacy of cash flows and liquidity to satisfy indebtedness, other obligations or future cash needs; the transition from LIBOR to SOFR, which may adversely affect interest rates; inability to 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 benefit from, and risks associated with, strategic equity investments and relationships; 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 and 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, 2021 on March 1, 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 release to be consistent with the current period presentation for discontinued operations, which we believe is more meaningful to readers of our condensed consolidated financial statements. Unless otherwise stated, information in this release relates to continuing operations.

Discontinued Operations

On September 27, 2021, we entered into a definitive agreement to sell our Sports Betting business to Endeavor Group Holdings, Inc. in a cash and stock transaction. On June 30, 2022, we entered into an amendment to the agreement, under which the cash consideration was reduced from \$1,000 million to \$750 million and the stock consideration was reduced from approximately 7.6 million shares of Endeavor Class A common stock (valued at approximately \$200 million as of the date of the purchase agreement) to approximately 2.3 million shares of Endeavor Class A common stock (valued at approximately \$50 million as of the date of the amendment and based on the volume weighted average price of Endeavor Class A common stock in the twenty days before the date of the amendment). The amendment additionally waives the closing condition requiring regulatory approval by the Nevada Gaming Control Board, if required, and extends the agreement date to December 30, 2022 if certain conditions to closing are not met by September 27, 2022. The sale of the Sports Betting business is expected to be completed in the third quarter of 2022, subject to applicable regulatory approvals and other customary closing conditions. 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. Accordingly, the financial results for our Lottery business and the Sports Betting business presented in the Consolidated Statements of Operations presented herein have been reclassified to discontinued operations and prior period Lottery and Sports Betting businesses balance sheet balances have been reclassified to the Asset and Liabilities held for sale lines on the Condensed Consolidated Balance Sheet presented herein in accordance with Accounting Standard Codification 205-20, Presentation of Financial Statements - Discontinued Operations. We report our operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services.



Differentiated Strategy & Clear Roadmap to Drive Long-Term Value

Rapidly streamlined our portfolio pointed at a \$70B TAM opportunity

Singularly focused on building great games fully cross-platform

Quickly de-levered and radically transformed the balance sheet

Cultivating top talent and fostering a high-performance culture

Strong execution on our building blocks to unlock tremendous shareholder value



Strong Business Momentum and Execution on our Transformation



Delivered Strong Operating Performance in the Quarter

- Delivered **Consolidated Revenue growth of 5% YoY and 7% sequentially**
- Gaming delivered strong growth in all four business lines, fueled by the success of our new product roadmap
- U.S. iGaming revenue **+47% YoY driven record GGR and continued market share gains**
- SciPlay revenue **+4% YoY** benefitting from Alictus and evergreen games; continued to **outperform in Social Casino**



Achieved Tremendous Progress on our Transformation

- Completed Lottery sale generating **\$5.7B in gross cash proceeds**, expect Sports Betting sale to close in Q3
- **Reduced net debt leverage ratio⁽¹⁾ ~7 turns to 3.6x** from a peak of 10.5x, with **\$4.9B debt paydown in Q2**
- Returned significant capital, repurchasing **3.7M shares for \$203M, or 27% of total authorization in first 5 months**



Significant Long-Term Value Creation Underpinned by Sustainable Growth Profile

- Sustainable **double-digit growth profile**, with a high mix of recurring and digital revenues
- Strong balance sheet with **targeted net debt leverage ratio⁽¹⁾⁽²⁾ range of 2.5x to 3.5x**
- Anticipate **\$1.4B in targeted Consolidated AEBITDA⁽¹⁾⁽²⁾ by 2025**, translating to a **targeted CAGR of 15%**
- **Targeting capital generation of approximately \$10B by 2025**



(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 and targeted Consolidated AEBITDA is available in the appendix.

Operational Highlights

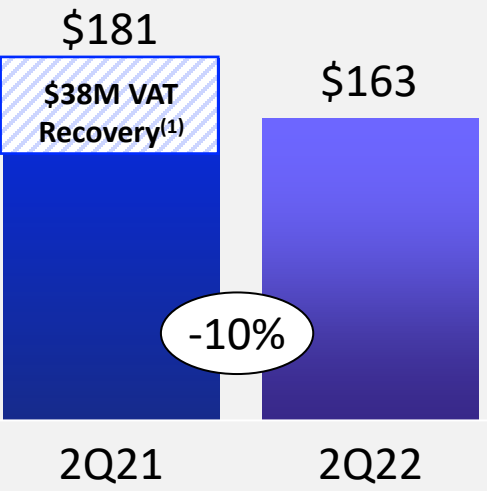


Strong Performance across Gaming Business Lines Fueled by Product Success

In \$Millions

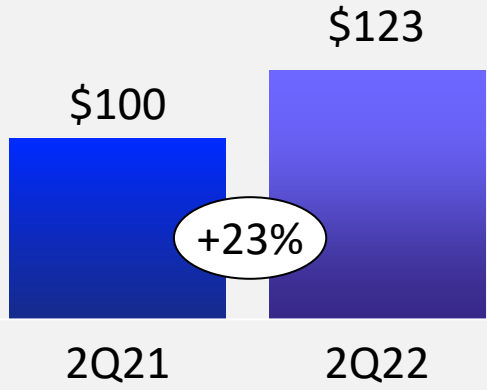
Game Ops

- Continued growth with 8th consecutive quarterly increase in N.A. Premium installed base; record 43% of total mix
- N.A. revenue per day increased 3% YoY to approximately \$46
- N.A. Premium units +14% YoY



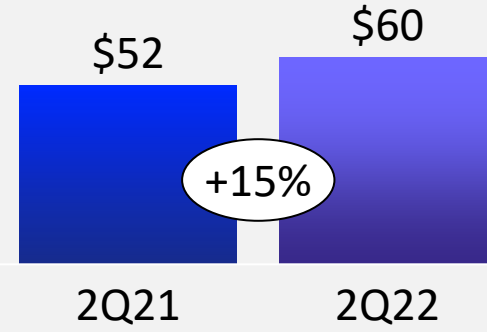
Game Sales

- Increased global Game Sales units 23% sequentially and 30% YoY
- Accelerating sales with 4,009 units delivered in N.A. in the quarter
- N.A. replacement sales approaching 2019 levels
- Achieved ANZ share of 15%, up 400 bps sequentially



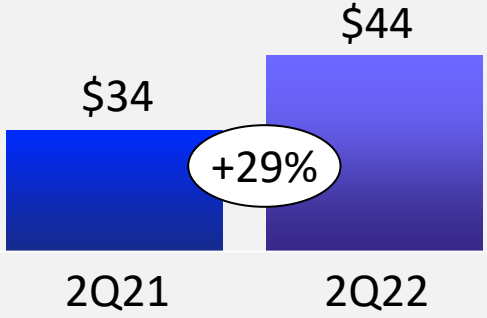
Systems

- More than doubled iView4 shipments sequentially, as we continue to drive cashless enablement
- Robust systems delivery pipeline in 2H 2022



Tables

- Shufflers and VALT subscriptions continue to grow sequentially and YoY; VALT now more than half of customer base
- ETG demonstrated momentum as installed base grew YoY and sequentially



N.A. – North America.
 (1) The three months ended June 30, 2021, includes \$38 million U.K. FOBT VAT recovery ("the VAT recovery") received from certain U.K. customers related to a 2020 U.K. court ruling associated with overcharging of value-added tax for gaming operators that consequently reduced our net gaming revenues related to these customers and arrangements.

Launched High-Performing Games and Cabinets in all Critical Segments

Robust Portfolio Across Every Major TAM

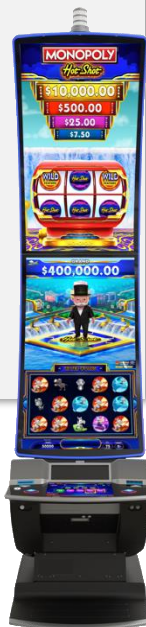
Kascada®

- Proven Franchises such as **Coin Combo®** and **Dancing Drums®** continue to perform well
- Placed over **12,000 units** on gaming floors since launch



Mural®

- **Ultimate Fire Link Explosion™ #1** new WAP game on the floor⁽¹⁾
- Expected to drive premium installed base momentum in 2H 2022



Kascada® Dual Screen

- Share gains in Australia driven by Kascada® Dual Screen cabinets and games like **Dragon Unleashed & Huff N' More Puff**
- **Huff N' More Puff #1** new for sale title in N.A.⁽¹⁾
- **Goldfish Feeding Time®** and **Rich Little Piggies®** seeing continued momentum



Landmark™ 7000

- Launched For Sale cabinets in the quarter
- **Blazing 777®s** themes #1 and #2 new stepper games⁽¹⁾
- For Lease titles scheduled to launch in Q3



 (1) Eilers Research.

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Leveraging our Large Collection of Evergreen Franchises

Proven Evergreen Games & Franchises

Kascada

- **Ultimate Fire Link® Power 4®** and **MONOPOLY LUNAR NEW YEAR** continue to drive Game Ops momentum
- **Top For Sale** titles include **Rich Little Piggies** and **Dancing Drums Prosperity**
- **Coin Combo** continues to perform with **Coin Combo Carnival Cow** on Eilers Top 25 New Premium Leased games for 9 months running⁽¹⁾



Mural

- **Ultimate Fire Link Explosion** debuts at **#1⁽¹⁾**, marking the strongest WAP launch in recent quarters
- **WILLY WONKA DREAMERS OF DREAMS** on Eilers Top WAP list for 9 months running⁽¹⁾



Kascada Dual Screen

- **Gold Fish Feeding Time!**, our successful cross-platform launch showed **strong performance** on Kascada Dual Screen at nearly 2x house average⁽¹⁾



(1) Eilers Research.

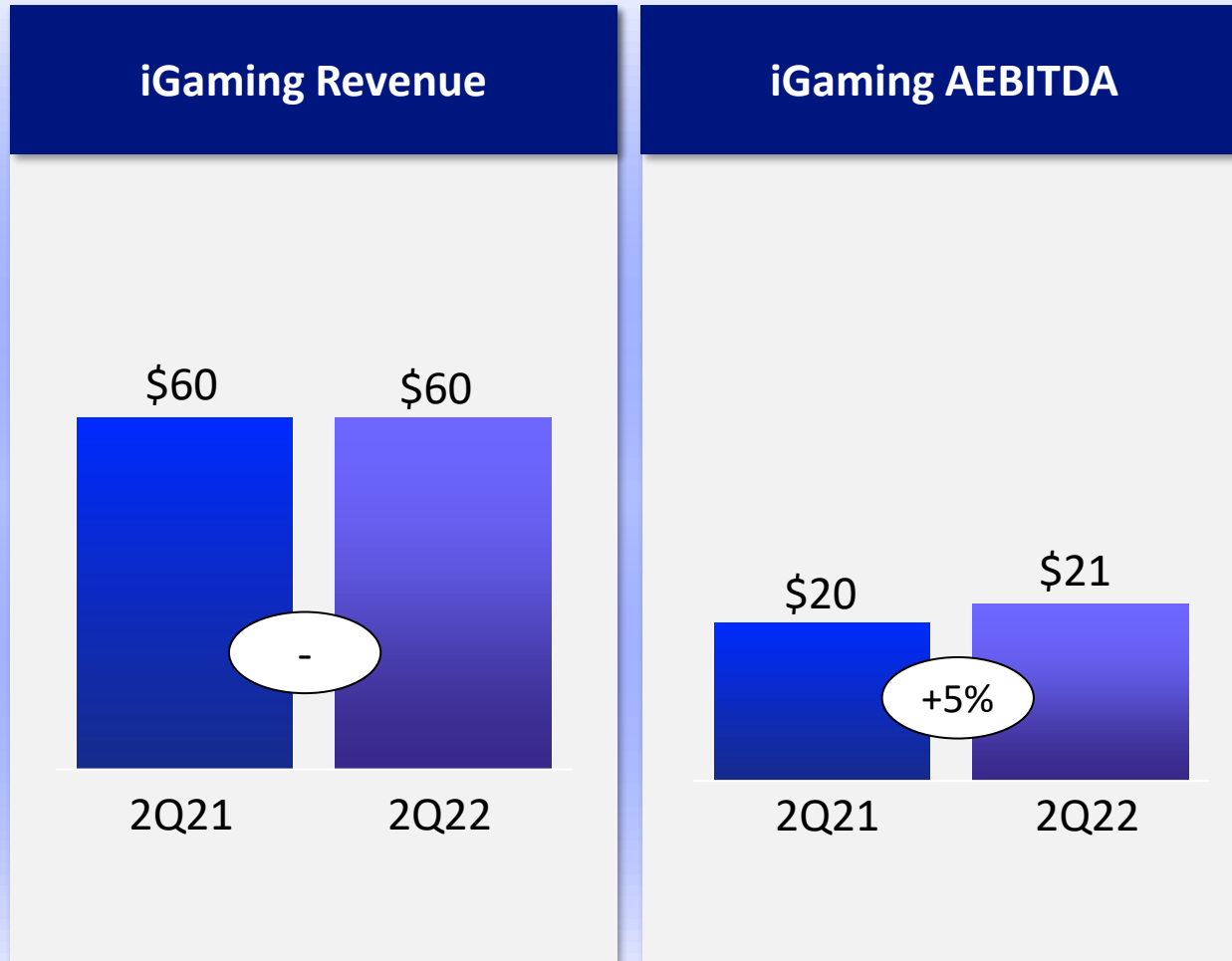


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Proven Franchises and Leading Digital Wallet Driving iGaming Performance

In \$Millions

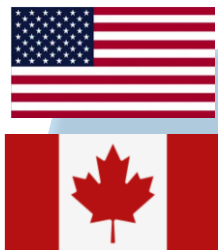


Key Highlights

- Reported Revenue of \$60 million benefited from **strong growth in the U.S.** and from **acquisitions**, partially offset by FX
 - **FX impact to revenue growth** for the quarter 7 percentage points
- AEBITDA **increased 5%** driven by the scaling of original content launches and acquisitions
- U.S. iGaming revenue **increased 47% YoY** with **share gains driven by original content launches**, as well as **new PAM deployments**
- **Lightning Box** remains the **#1 digital native studio in the U.S.** with **record GGR**; **ELK #1 European digital native studio** on OGS
- **Launched in Ontario** in the quarter, our largest-ever single market launch
- **Live-casino on track** for Q4 launch in the U.S.

Ramping Original Content Launches to Fuel iGaming Growth

U.S. & Canada



Key Highlights

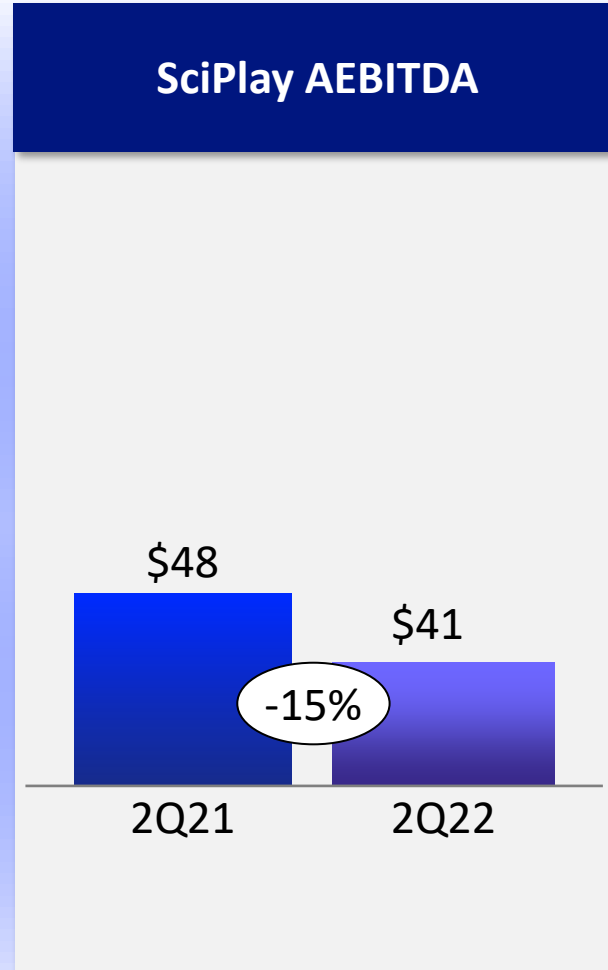
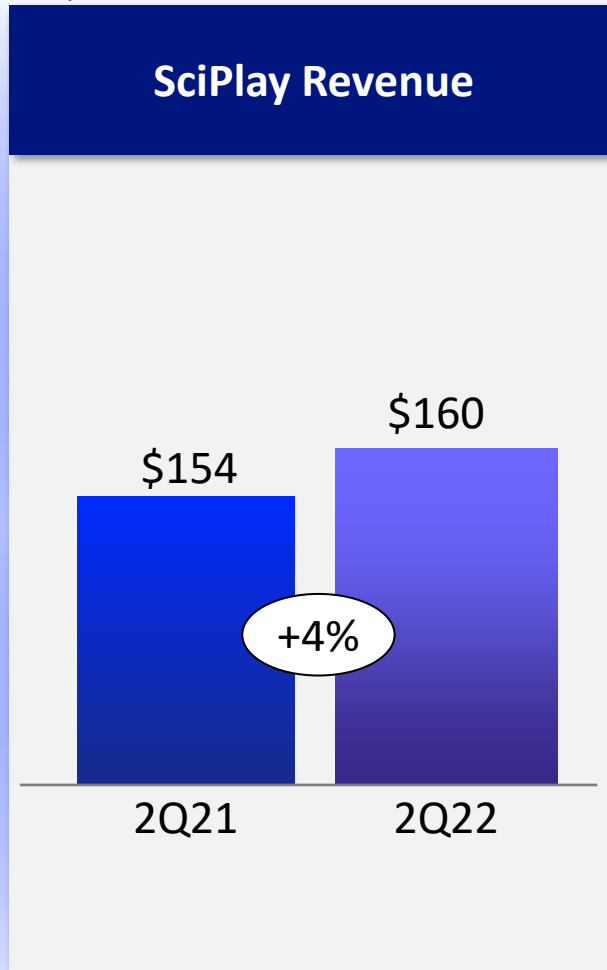
- Original content fueled over 70% of the GGR of the top 20 games on our iGaming platform in the U.S.
- Record game performance with launch of *Coin Combo Hurricane Horse*®, a top 5 land-based title
- U.S. roadmap ramping in 2H with key games including *Coin Combo Terrific Tiger*® and *Carnival Cow*®, *Ultimate Fire Link*® *China Street*® and *Dancing Drums Prosperity*®
- Strong gains from U.K. and Europe regionalized original content such as *Rainbow Riches*® *Rainbow Frenzy*™, *Blazing Hot 7's Big Bonus*, *Nitropolis 3* and *Pacific Gold*
- Robust U.K. and Europe roadmap with *7's on Fire*® *Power Mix*®, *Stash & Grab*, *Disco Dawgs*® and *CLUEDO Mighty Ways*® coming online

U.K. & E.U.



Continued Strength in Core Business as SciPlay Outperforms Market

In \$Millions



Key Highlights

- Revenue **+4% YoY** benefitting from Alictus; continued **strength in SciPlay core social casino business**
- AEBITDA of \$41M reflects **higher marketing costs** to drive exposure and grow players
- **Grew ARPDau⁽¹⁾ 3% YoY to \$0.74** while maintaining DAU⁽²⁾ base of 2.3M
- **Payer conversion rate** at all-time high of **9.4%** in the quarter, **up 90 bps** vs. prior year period
- *Quick Hit Slots* had its **second consecutive quarter** of record revenue



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

Investing and Executing on Key Initiatives to Drive Growth

Key Initiatives

- **Investing in SciPlay engine** to drive further retention, increase reach and provide enhanced value to the players to ultimately deepen player engagement and monetization
- **Productizing capabilities** by centralizing Project All-Star to benefit all games across portfolio and drive sustainable profitability
- **Building a direct to player platform** to further enhance revenue growth, player LTV⁽¹⁾ and margins
- **Launched marketing innovation strategy** with campaigns to drive awareness and grow players
- **Soft launching Solitaire Pets™ Adventures** with hybrid ad-monetization model
- **On track to launch Spell Spinner** casual game in Q4

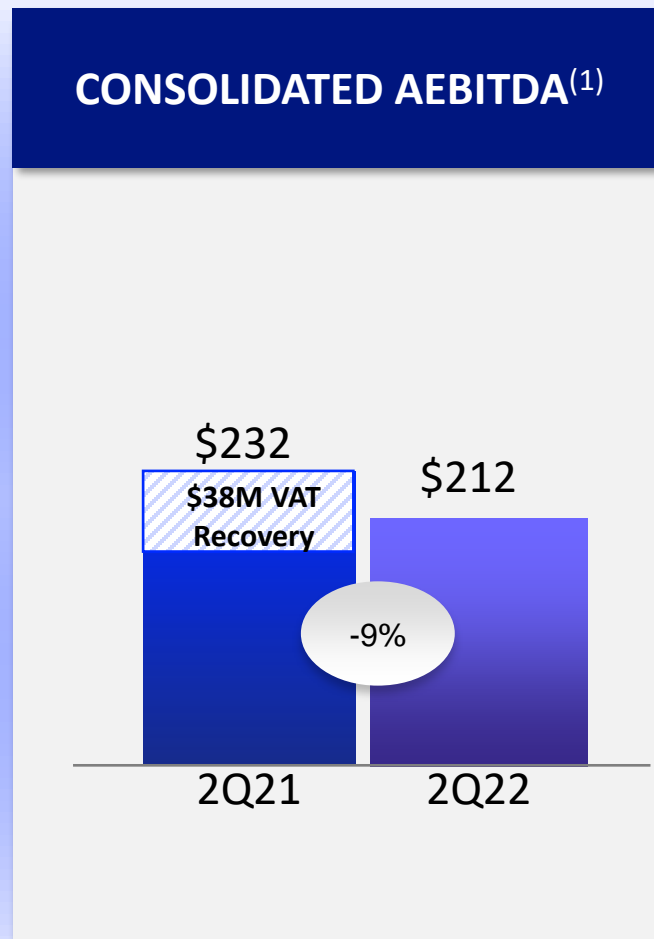
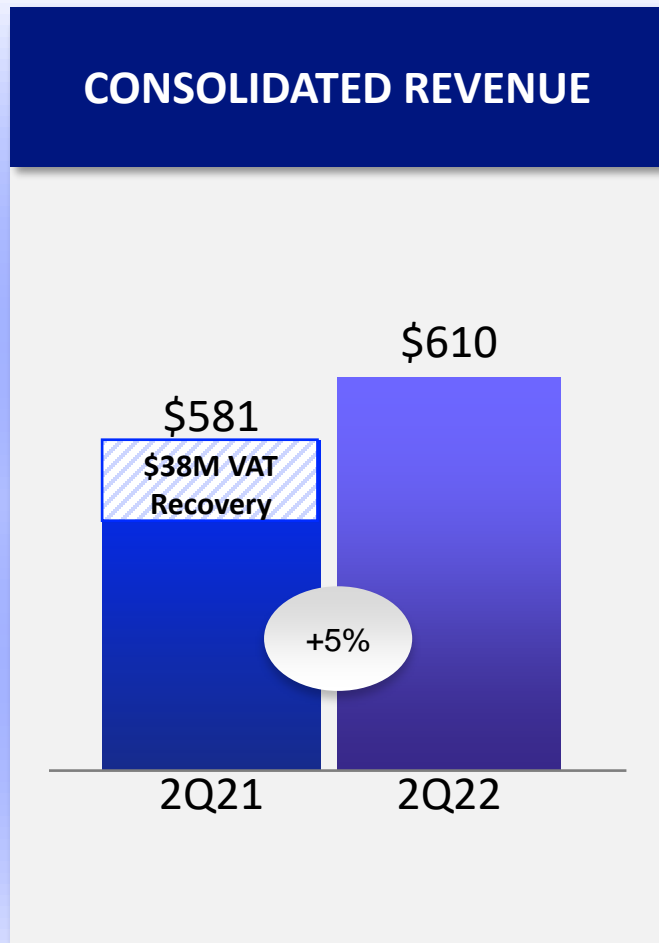


Financials



Strong Underlying Growth in Continuing Operations

In \$Millions



Key Highlights

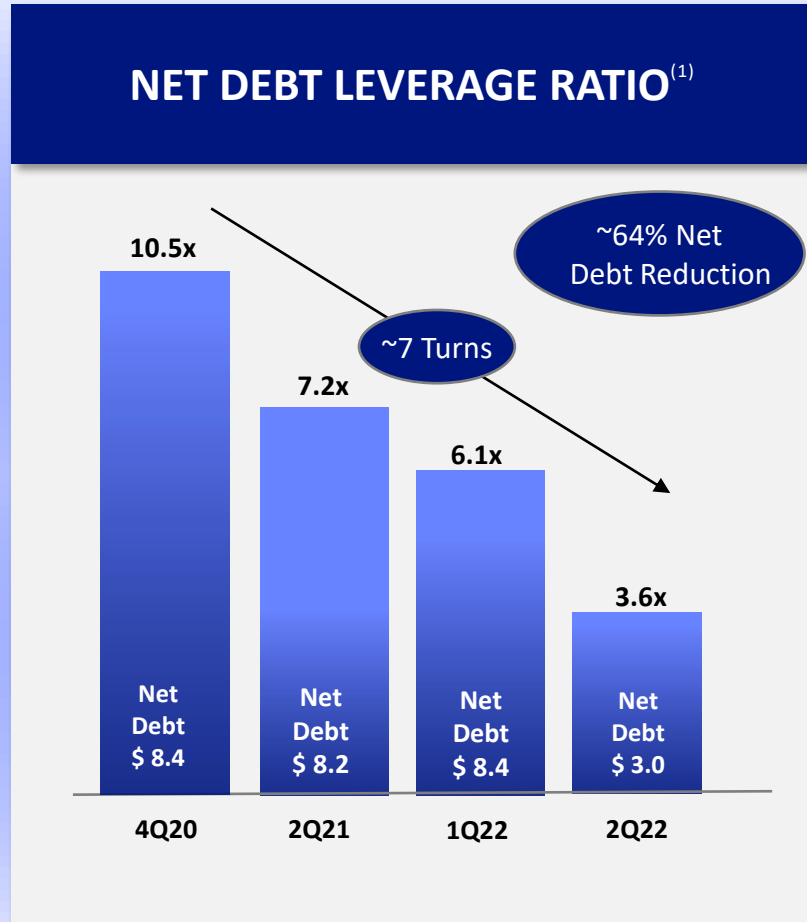
- **Consolidated Revenue grew 5% YoY** driven by strong performance at Gaming and SciPlay; prior year consolidated revenue benefited from \$38M VAT recovery, which **reduced growth rate by 7 percentage points**
- **Consolidated AEBITDA⁽¹⁾ declined 9% YoY**; prior year period consolidated AEBITDA benefited from VAT recovery, which **reduced growth rate by approximately 18 percentage points**
- Gaming demonstrated **continued strong momentum** with **revenue growth in all lines of business** YoY excluding impact of VAT recovery benefit, which **reduced revenue and AEBITDA growth by 13 and 23 percentage points respectively**
- SciPlay continues to **benefit from the Alictus acquisition** and **core social casino business continue to deliver strong payer metrics**



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

Significantly De-leveraging and Transforming the Balance Sheet

In \$Billions



In \$Millions



Key Highlights

- Completed Lottery sale and **reduced face value of debt by \$4.9 billion or 55%**, radically transforming the balance sheet
- Lowered net debt leverage ratio⁽¹⁾ by ~7 turns to 3.6x from a peak of 10.5x** just 18 months ago
- Decreased interest expense by 41% YoY to \$70M**, reflecting significantly lower debt outstanding of \$4.0B compared to over \$8.9B previously
- Anticipate achieving approximately **\$225M⁽²⁾ in run-rate annualized cash interest savings** from debt pay down and refinancing transactions, a 47% reduction

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

(2) Term loan interest rate calculated based on interest rate at the time of the refinancing, undrawn revolving credit facility and a portion of 2025 Secured Notes reflective of an interest rate of approximately 2.946% as a result of certain cross-currency interest rate swap agreements.



Combined Free Cash Flow ⁽¹⁾⁽²⁾

In \$Millions

| | 2Q22 | 2Q21 |
|---|----------------|---------------|
| Combined Net cash (used in) provided by operating activities | \$ (37) | \$ 149 |
| Capital Expenditures | (62) | (53) |
| Other | 4 | 37 |
| Combined Free Cash Flow ⁽¹⁾⁽²⁾ | \$ (95) | \$ 133 |

Supplemental cash flow information - Strategic Review and Related Costs Impacting Combined Free Cash Flows:

| | |
|---|-------|
| Disposition and other closing expenses | \$ 80 |
| Accelerated cash interest and refinancing payments ⁽³⁾ | 16 |
| Professional fees and services supporting Strategic review and related activities | 18 |

| Key Highlights |
|--|
| <ul style="list-style-type: none"> Cash flow was principally impacted by the following: <ul style="list-style-type: none"> Costs associated with the strategic transactions Accelerated interest payments related to debt pay down and refinancing transactions Changes in working capital as we continue to invest to meet the growing demand from operators for our products Free Cash flow⁽²⁾ expected to normalize post finalization of Lottery and Sports divestitures |



(1) Combined free cash flow consists of Free cash flows from continuing operations and Free cash flows 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.
 (3) Excludes impact of interest savings anticipated as a result of April 2022 refinancing transactions of approximately \$21 million for the three months ended June 30, 2022.

Significant Opportunity for Long-Term Value Creation

High recurring
and digital
revenue mix

Sustainable
double-digit
growth

Significant
cash flow
generation

Balanced and
opportunistic
approach to capital
allocation that
prioritizes investor
returns

**Enhanced
Shareholder
Value**



Appendix

Non-GAAP financial measures

The Company's 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, 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, the Company's 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, the Company's management uses Consolidated AEBITDA to facilitate management's 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. The Company's 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 divested its Lottery business and is in the process of divesting its Sports Betting businesses and as such, historical financial information for these businesses is classified as discontinued operations, as described above. The Company's management believes that Combined free cash flow is useful during the period until the disposition occurs as it provides management and investors with information regarding the Company's combined financial condition under the structure as of June 30, 2022, including for prior period comparisons, as the Company is finalizing the divestiture and transforming its strategy. 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. The Company's 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, the Company's 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, Combined free cash flow and Adjusted 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 that are in the process of being divested and provide the impact of those businesses on the overall financial results for the periods presented as they currently remain under the current structure of the Company. 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 and 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) loss on remeasurement of debt and other; (7) Interest expense; (8) Income tax expense; (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 is presented on a supplemental basis and does not reflect Company guidance. We are not providing a forward-looking quantitative reconciliation of targeted long-term 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.

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 (continued)

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 (income) 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 (loss) 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, 2021 and in Note 11 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, but it does not include other long term obligations of \$3 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 long-term 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 long-term net debt leverage ratio to the most directly comparable GAAP measure because we are unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the relevant period.



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

| | Three Months Ended | | Twelve Months Ended | | | |
|---|--------------------|---------------|---------------------|-----------------|-----------------|---------------|
| | June 30, | | June 30, | March 31, | June 30, | December 31, |
| | 2022 | 2021 | 2022 | 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 | \$ 3,291 | \$ 109 | \$ 3,594 | \$ 412 | \$ (113) | \$ (569) |
| Net income attributable to noncontrolling interest | 4 | 4 | 15 | 15 | 22 | 21 |
| Net income from discontinued operations, net of tax | (3,445) | (164) | (3,663) | (382) | (387) | (253) |
| Net (loss) income from continuing operations | (150) | (51) | (54) | 45 | (478) | (801) |
| Restructuring and other | 42 | 30 | 194 | 182 | 76 | 56 |
| Depreciation, amortization and impairments | 107 | 96 | 420 | 409 | 417 | 449 |
| Goodwill impairment | - | - | - | - | - | 54 |
| Other (income) expense, net | (2) | (11) | (15) | (24) | (20) | 9 |
| Interest expense | 70 | 119 | 424 | 473 | 496 | 503 |
| Income tax expense (benefit) | 1 | 6 | (323) | (318) | 8 | (3) |
| Stock-based compensation | 17 | 36 | 90 | 109 | 89 | 56 |
| Loss on debt financing transactions | 147 | - | 147 | - | 1 | - |
| (Gain) loss on remeasurement of debt and other | (20) | 7 | (50) | (23) | 31 | 51 |
| Consolidated AEBITDA - continuing operations | \$ 212 | \$ 232 | \$ 833 | \$ 853 | \$ 620 | \$ 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 | | | | \$ 382 | \$ 387 | \$ 253 |
| Income tax expense | | | | 81 | 1 | 7 |
| Restructuring and other | | | | 10 | 6 | 11 |
| Depreciation, amortization and impairments | | | | 53 | 105 | 105 |
| EBITDA from equity investments ⁽¹⁾ | | | | 76 | 61 | 30 |
| (Earnings) loss from equity investments | | | | (38) | (19) | 9 |
| Stock-based compensation and other, net | | | | (43) | (35) | 4 |
| AEBITDA from discontinued operations | | | | \$ 521 | \$ 506 | \$ 419 |
| EBITDA from equity investments - continuing operations ⁽¹⁾ | | | | 9 | 6 | 7 |
| Combined AEBITDA | | | | \$ 1,383 | \$ 1,132 | \$ 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 24.



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

| | As of | | | |
|--|---------------|----------------|---------------|-------------------|
| | June 30, 2022 | March 31, 2022 | June 30, 2021 | December 31, 2020 |
| Consolidated AEBITDA/Combined AEBITDA ⁽¹⁾ | \$ 833 | \$ 1,383 | \$ 1,132 | \$ 800 |
| Total debt | \$ 3,902 | \$ 8,833 | \$ 9,019 | \$ 9,303 |
| Add: Unamortized debt discount/premium and deferred financing costs, net | 51 | 77 | 94 | 104 |
| Add: Impact of exchange rate | - | 73 | 29 | 7 |
| Less: Debt not requiring cash repayment and other | (3) | (3) | (6) | (7) |
| Principal face value of debt outstanding | 3,950 | 8,980 | 9,136 | 9,407 |
| Less: Combined cash and cash equivalents ⁽²⁾ | 971 | 582 | 932 | 1,016 |
| Net debt | \$ 2,979 | \$ 8,398 | \$ 8,204 | \$ 8,391 |
| Net debt leverage ratio | 3.6 | 6.1 | 7.2 | 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 21.
- (2) Includes cash and cash equivalents of both continuing operations and discontinued operations, as the combined amount is 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 June 30, | | | | | | | | | |
|--|--|---|----------------|---|-------------------------|--|---|--------------|---|-------------------------|
| | 2022 | | | | | 2021 | | | | |
| | Continuing Operations | | | | | Continuing Operations | | | | |
| | Operations (exc. interest and taxes) | Cash interest and taxes ⁽¹⁾ | Total | Discontinued Operations ⁽²⁾ | Combined ⁽³⁾ | Operations (exc. interest and taxes) | Cash interest and taxes ⁽¹⁾ | Total | Discontinued Operations ⁽²⁾ | Combined ⁽³⁾ |
| Net cash (used in) provided by operating activities | \$ 143 | \$ (116) | \$ 27 | \$ (64) | \$ (37) | \$ 195 | \$ (110) | \$ 85 | \$ 64 | \$ 149 |
| Less: Capital expenditures | (57) | - | (57) | (5) | (62) | (40) | - | (40) | (13) | (53) |
| Less: Distributions from equity method investments, net of additions | - | - | - | - | - | 1 | - | 1 | 15 | 16 |
| Less: Payments on license obligations | (5) | - | (5) | - | (5) | (12) | - | (12) | (4) | (16) |
| Add: Change in restricted cash impacting working capital | 6 | - | 6 | 3 | 9 | 3 | - | 3 | 34 | 37 |
| Free cash flow | \$ 87 | \$ (116) | \$ (29) | \$ (66) | \$ (95) | \$ 147 | \$ (110) | \$ 37 | \$ 96 | \$ 133 |

Supplemental cash flow information - Strategic Review and Related Costs Impacting Combined Free Cash Flows:

| | |
|--|-------|
| Disposition and other closing expenses | \$ 80 |
| Accelerated cash interest payments and other payments related to April 2022 refinancing ⁽⁴⁾ | 16 |
| Professional fees and services supporting Strategic review and related activities | 18 |

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

- (1) Represents cash taxes and cash interest paid on our existing debt, which has not historically been allocated to our business segments. We present this column to provide the impact of our current debt structure on our operating cash flows from continuing operations to provide greater comparability to cash flows generated by our continuing and discontinued operations.
- (2) Free cash flow from discontinued operations, a non-GAAP measure, is derived based on the historical records and includes only those direct cash flows that are allocated to discontinued operations. See above for further description and disclaimers associated with this non-GAAP measure.
- (3) 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.
- (4) Excludes impact of interest savings anticipated as a result of April 2022 refinancing transactions of approximately \$21 million for the three months ended June 30, 2022.



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

| | Twelve Months Ended | | | | | |
|--|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| | March 31, 2022 | | June 30, 2021 | | December 31, 2020 | |
| | Continuing Operations | Discontinued Operations | Continuing Operations | Discontinued Operations | Continuing Operations | Discontinued Operations |
| Earnings (loss) from equity investments | \$ 5 | \$ 38 | \$ 3 | \$ 19 | \$ 3 | \$ (9) |
| Add: Income tax expense | - | 11 | - | 8 | - | 3 |
| Add: Depreciation, amortization and impairments | 1 | 31 | 2 | 32 | 1 | 31 |
| Add: Interest income, net and other | 3 | (4) | 1 | 2 | 3 | 5 |
| EBITDA from equity investments | \$ 9 | \$ 76 | \$ 6 | \$ 61 | \$ 7 | \$ 30 |
| Combined EBITDA from equity investments⁽¹⁾ | | \$ 85 | | \$ 67 | | \$ 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.