

**LIGHT &
WONDER™**

First Quarter 2022 Earnings Presentation

May 10, 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 certain international Lottery business subsidiaries (Scientific Games International GmbH, and its two subsidiaries (the “Austrian Business”)), for which we are awaiting regulatory approval in Austria, which approval is expected to be received and the transaction to be completed by the end of the second quarter of 2022 and the sale of our Sports Betting business, which is expected to be completed in the third quarter of 2022, both subject to applicable regulatory approvals and in the case of the sale of our Sports Betting business, other customary closing conditions (“Pending Divestitures”), including lack of assurance regarding the timing of completion of the pending and proposed transactions 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 these divestitures, that the transactions 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 certain net proceeds from the completed Lottery business sale and the Pending Divestitures; 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 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, lottery, social and digital gaming industries than the same industries in the U.S.

Due to rounding, certain numbers presented herein may not precisely agree or total to the previously amounts. 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, subject to applicable regulatory approvals and other customary conditions. On October 27, 2021, we entered into a definitive agreement to sell our Lottery business to Brookfield Business Partners L.P. together with its institutional partners in a cash transaction, subject to applicable regulatory approvals and customary closing conditions. On April 4, 2022 we completed sale of the Lottery Business, with the exception of the Austria Business, to Brookfield Business Partners L.P. for \$5.6 billion in gross cash proceeds with the sale of the Sports Betting Business expected to be completed in the third quarter of 2022, subject to applicable regulatory approvals and other customary conditions. 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 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.



Executing on Our Strategy and Delivering on Our Promises

**Creating great content and franchises across
land-based, digital and mobile**

Expanding in high-growth digital markets

**Enabling a seamless player experience
with leading platforms**

**De-levering and maximizing cash to fuel
investment and shareholder returns**

Driven by high performing talent and culture



Strong Business Momentum and Rapidly Transforming our Business



Continued Strong Momentum Across our Businesses

- Grew Consolidated Revenue 26% and Consolidated AEBITDA⁽¹⁾ 42% YoY
- Gaming revenue +45%; AEBITDA +60% YoY with double-digit growth across all businesses
- U.S. iGaming revenue +63% YoY and +21% QoQ with 7 sequential quarters of GGR growth
- SciPlay revenue +5% YoY and +2% QoQ reflecting strong core business; 2nd highest revenue quarter



Made Significant Progress De-leveraging and Streamlining our Business

- Completed Lottery sale generating \$5.6B in gross cash proceeds
- Lowered adjusted net debt leverage ratio⁽¹⁾⁽²⁾ by 65% to 3.7x from net debt leverage ratio⁽¹⁾ peak of 10.5x at Q4 2020
- Expect Sports Betting sale to close in Q3 and achieve targeted net debt leverage ratio⁽³⁾ between 2.5x and 3.5x



Executed Rapidly on our Capital Allocation Plan

- Reduced \$4.9B in principal value of debt and reconstituted debt portfolio
- Repurchased \$140M or 2.4M shares⁽⁴⁾, representing ~2.5% of shares outstanding since March
- Invested organically in content and digital markets and made capital efficient acquisitions of Alictus and Playzido



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

(2) Adjusted net debt leverage ratio reflecting refinancing transactions and the Lottery business sale.

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

(4) The amount and share count as of May 6, 2022.

Operational Highlights

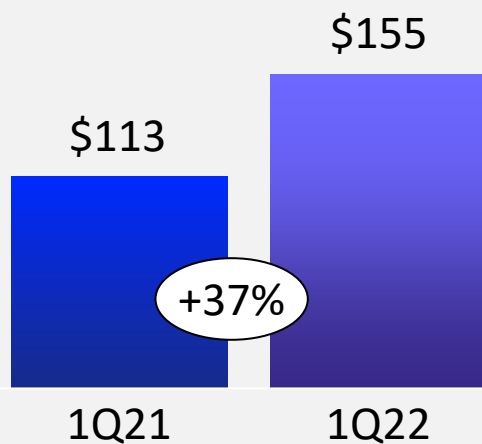


Continued Momentum in Gaming

In \$Millions

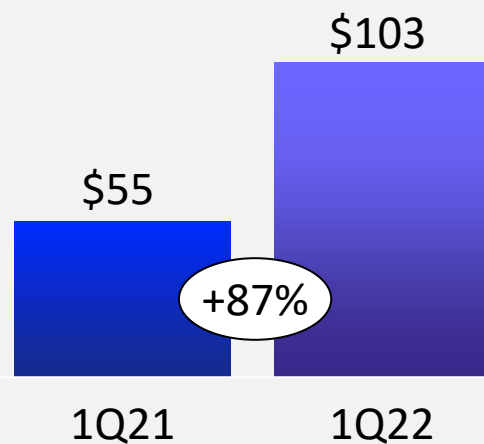
GAME OPS

- **7th consecutive quarter** of growth in N.A. Premium Ops installed base
- **Record 43%** of total N.A. placements
- N.A. Premium units **+16% YoY**



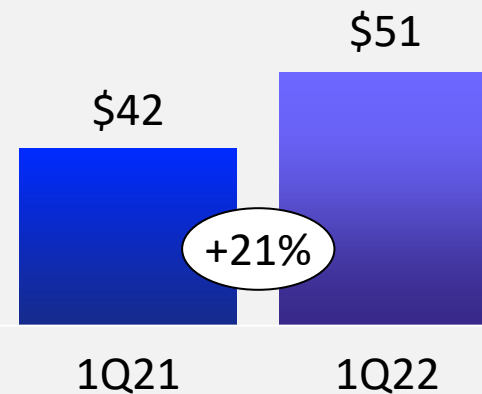
GAME SALES

- **More than 2,300 units** of Kascada sold in the quarter
- **Kascada Dual Screen** and **Landmark 7000** to drive momentum in 2H22



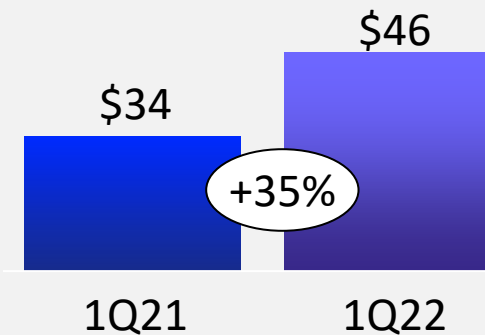
SYSTEMS

- iView4 to **drive cashless** offering and systems momentum
- Systems demand **pipeline building in 2H22**



TABLES

- **Grew customers** on our **table games subscription program - VALT**
- **Increased our shufflers** installed base sequentially



Robust Product Roadmap Delivering Strong Gains

Launched Cabinets

Kascada™

- Over 10,500 units placed on gaming floors since launch March 2021
- Scaled in less than half the time of our most successful J43 cabinet



Mural™

- *Willy Wonka Dreamers of Dreams*® ranked #1⁽¹⁾ performing WAP
- Continued strong pipeline of games with *Monopoly Hot Shot*® and *Ultimate Fire Link Explosion*™



2022 Product Roadmap

Kascada Dual Screen™

- Strong performance on recent launch with *Gold Fish Feeding Time*® and *88 Fortunes Money Coins*™



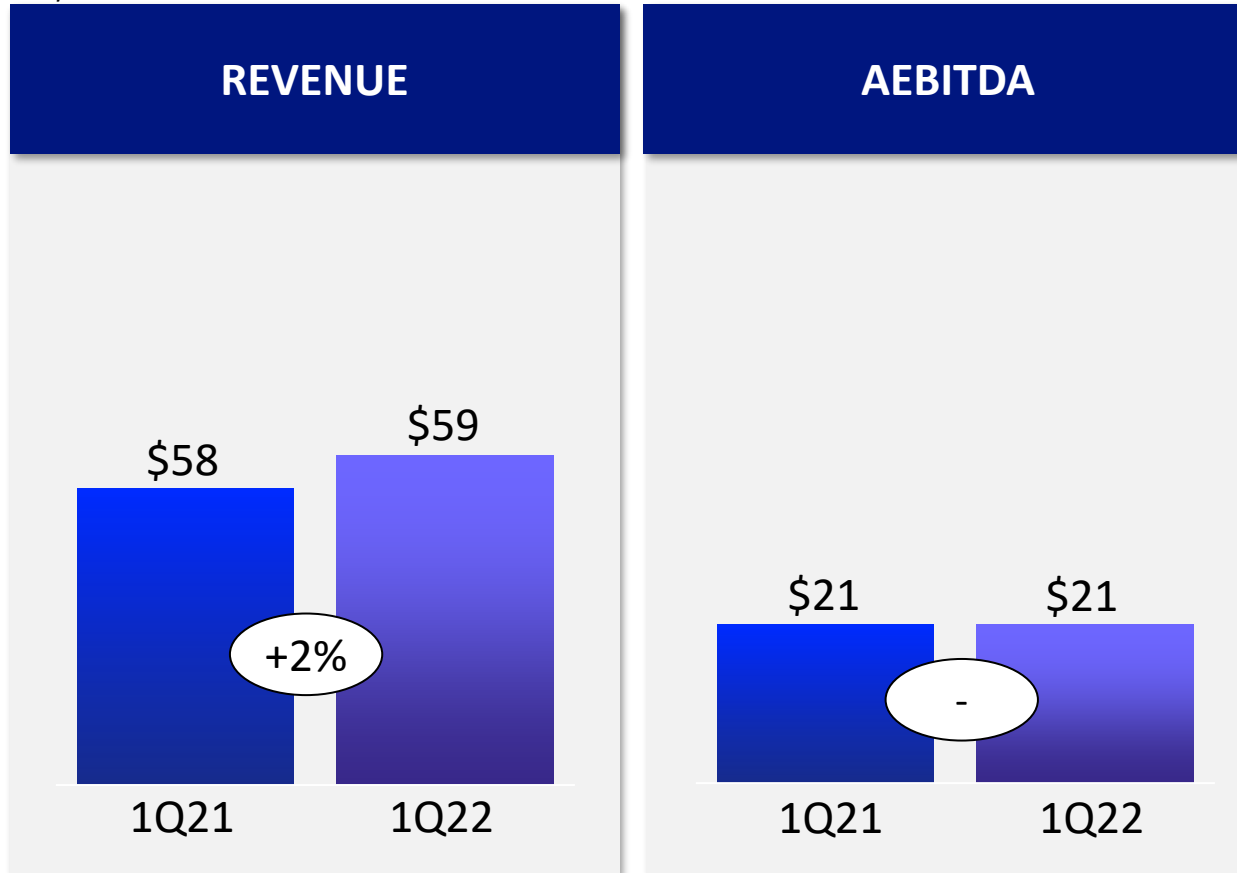
Landmark 7000™

- Highly anticipated upcoming launch in stepper segment with *Blazing Triple 7s*™, *Johnny Cash*™ and *Sinatra*®



Proven Franchises Driving iGaming Performance

In \$Millions



Key Highlights

- iGaming U.S. revenue **+63% YoY**; **record month of U.S. GGR in March**
- **Successful launch in Ontario on April 4th** going live with 8 operators on day 1 and 20+ more in the pipeline; **90% of games launched are our original games**
- **Lightning Box** achieved **7 consecutive record months** of GGR and **ELK posted record GGR levels** since acquisition
- **88 Fortunes™** and **Rainbow Riches™** continues to be the #1 games on OGS in the U.S. and U.K., respectively
- Margins impacted by **scaling of original content launches and expansion in live-dealer** in U.S. in Q4



Ramping Original Content Launches to Fuel iGaming Growth

U.S.



U.K. & E.U.



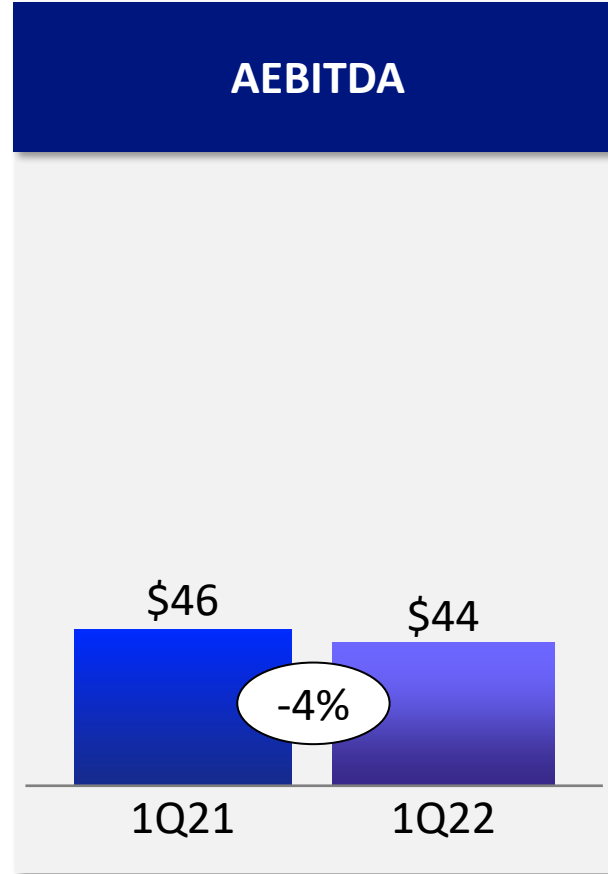
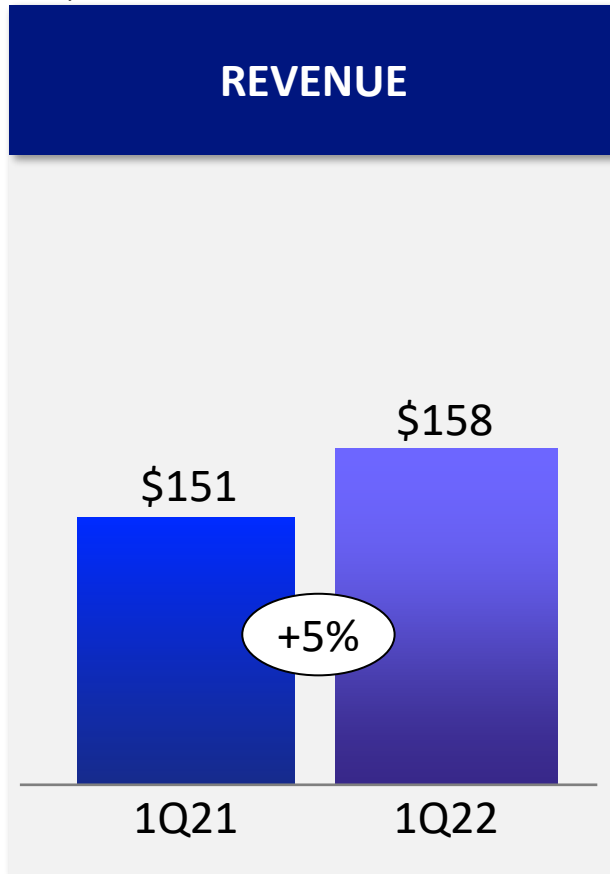
Key Highlights

- Scaling of original content to drive growth in 2022
- Executing on regional content roadmap
- L&W original content generated ~50% of the global GGR that flows through our iGaming platform
- Held 16 of the top 20 games on our iGaming platform in U.S.
- Las Vegas studio ramping with launch of two new land-based titles per month
- ELK studios set to launch content in the U.S. in Q3
- Lightning Box releasing one new game every month in U.S.



Continued Execution at SciPlay Driving Engagement and Monetization

In \$Millions



Key Highlights

- Revenue growth of **5% YoY** and **2% QoQ**; **2nd highest revenue quarter** ever
- Improved to the **#3 Social Casino⁽³⁾ operator** in the quarter
- Maintained **strong payer conversion rate of 8.9%**
- Delivered growth in AMPUs⁽¹⁾, **+20% to 0.6M** YoY and MAUs⁽²⁾ **+7% to 6.3M** sequentially
- Margins reflect **investments in key initiatives** to enhance SciPlay's long-term growth and remain above 2019 pre-Covid levels



(1) Average Monthly Paying User.
(2) Monthly Average User.
(3) Eilers Research.

SciPlay Delivering on Strategic Initiatives

Investments Fueling Growth



- **Gold Fish®** hit its 6th consecutive revenue record and **Quick Hit** achieved record revenue
- Seeing benefits of substantial increase in scale with additional **28M MAUs⁽¹⁾** from Alictus
- Player **LTVs⁽²⁾** at all-time high

Executing on Strategic Plan



- **Centralizing** Project All-Star
- Investing in **direct-to-player platform** to further enhance revenue growth, player LTV⁽²⁾ and margins
- **Casual and ad-monetization** expansion gaining momentum
- **Project X on track** for 2H22 launch

Alictus Delivering Results



- **Integration and performance** going **extremely well**
- **Launched two new games** in the quarter with one achieving **#1** on Google Play and **#5** on iOS
- **Opportunity to monetize other games** by leveraging Alictus' in-app advertising technology



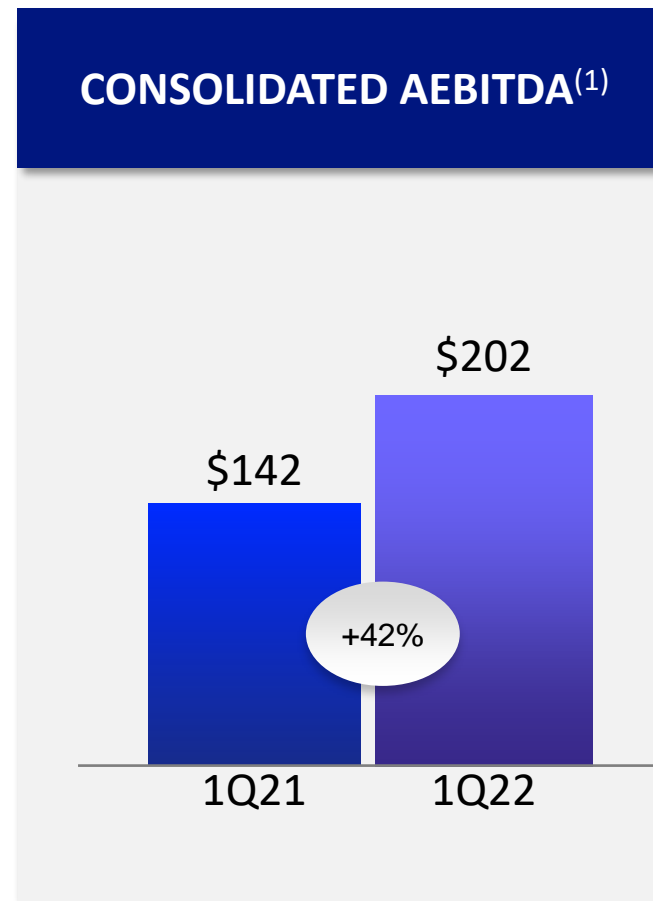
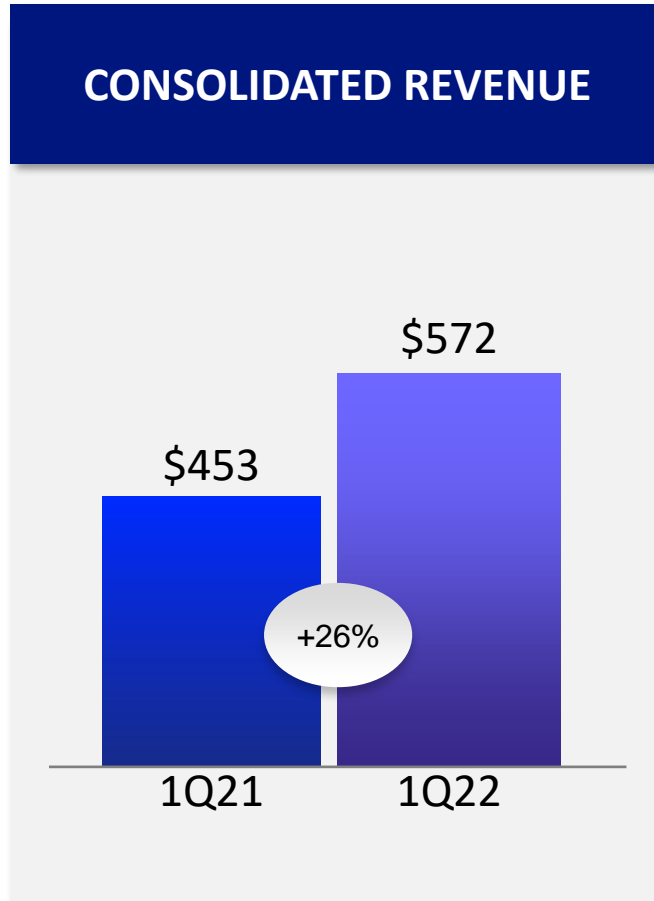
(1) Monthly Average User.
(2) Lifetime value.

Financials



Strong Growth and Margin Expansion in Continuing Operations

In \$Millions



- ### Key Highlights
- Revenue growth across all three businesses
 - Delivered double-digit top and bottom-line growth YoY primarily driven by Gaming
 - Consolidated AEBITDA growth driven by continued momentum in Gaming
 - Gaming demonstrated continued strong momentum with double-digit growth in all lines of business YoY; Gaming operations revenue exceeded 2019 levels
 - Delivered sequential and YoY growth at SciPlay and iGaming
 - Continuing momentum in US iGaming market, up 63% YoY
 - Second highest revenue quarter in SciPlay history

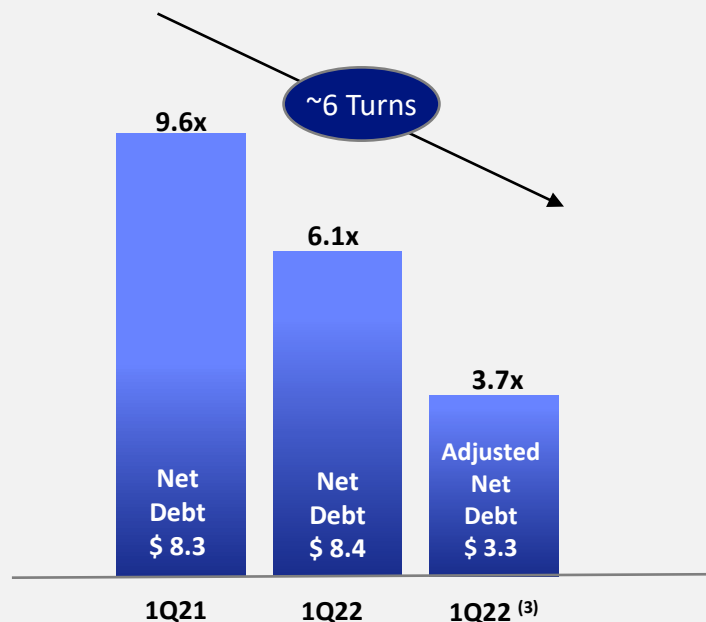


(1) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in the tables in the appendix.

Significantly De-leveraging

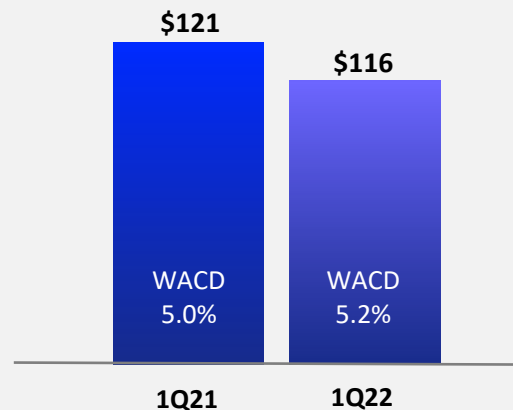
In \$Billions

NET DEBT LEVERAGE RATIO⁽¹⁾



In \$Millions

INTEREST EXPENSE



Key Highlights

- Transformed balance sheet driven by the Lottery sale; **enabling \$4.9B reduction in principal value of debt**
- Adjusted net debt leverage ratio⁽¹⁾⁽³⁾ improved ~6 turns to 3.7x** reflecting the Lottery sale on April 4th and subsequent refinancing transactions
- Debt pay down and refinancing transactions expected to result in approximately **\$225M⁽⁴⁾ run-rate annualized cash interest savings**

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

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

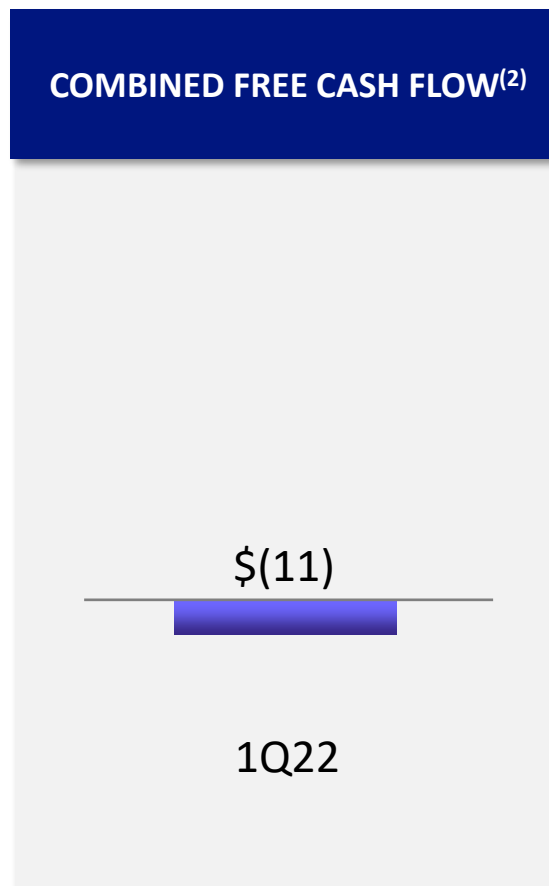
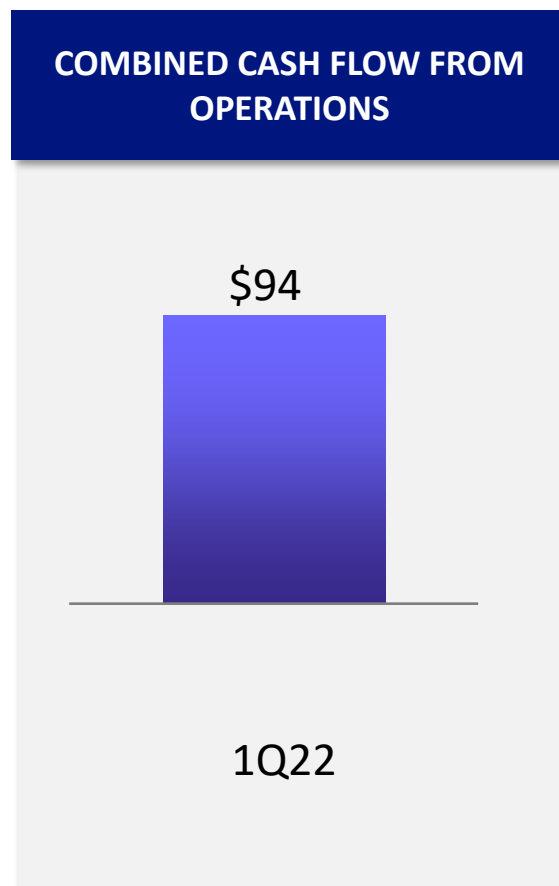
(3) Adjusted net debt reflecting refinancing transactions and the Lottery business sale and adjusted net debt leverage ratio reflecting refinancing transactions and the Lottery business sale.

(4) Term loan interest rate calculated based on the current interest rate, 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, more fully described in the principal debt balance supplemental information at the end of this release.



Combined Cash Flow from Operations ⁽¹⁾

In \$Millions



Key Highlights

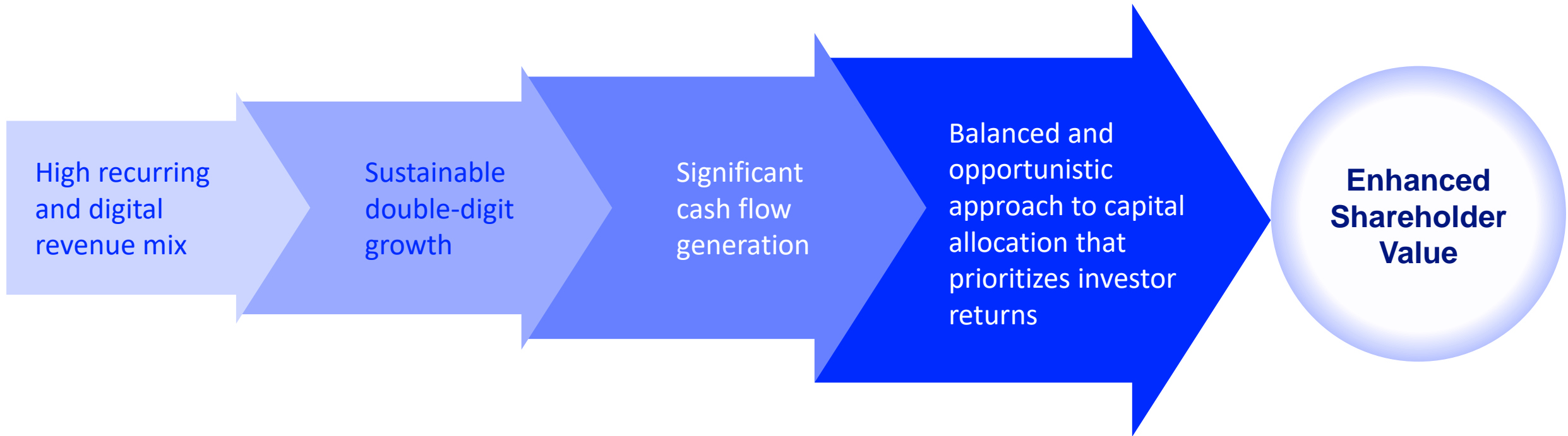
- Combined cash flow from operations and Combined Free Cash Flow⁽²⁾ were principally impacted by the timing of payments associated with **strategic transactions** as well as **investments to meet the growing demand from operators** for our products
 - ~\$50M in **strategic and related transaction costs**
 - ~\$30M in **inventory initiatives** to meet demand
- **Continued targeted capital investment aligning with demand**
- Free Cash Flow⁽²⁾ **expected to normalize post finalization of Lottery and Sports divestitures**

(1) Combined Cash Flow from Operations consists of Cash Flow from Operations (representing Operating Cash Flow from continuing operations) and Operating 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.



Rapidly Executing on Our Value Creation Framework





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, Adjusted net debt reflecting refinancing transactions and the Lottery Business sale and Adjusted net debt leverage ratio reflecting refinancing transactions and the Lottery Business sale and Adjusted outstanding debt (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 Adjusted outstanding debt, Net debt and Net debt leverage ratio in monitoring and evaluating the Company's overall liquidity, financial flexibility and leverage and management uses Adjusted Net debt and Adjusted Net debt leverage ratio as supplemental information reflecting impact of refinancing transactions and the Lottery Business sale occurring subsequent to March 31, 2022. As described in this presentation, the Company divested its Lottery business (excluding the Austria Business) and is in the process of divesting its Sports Betting businesses and as such, historical financial information for this business is classified as discontinued operations, as described above. The Company's management believes that Combined AEBITDA and Combined free cash flow are useful during the period until the disposition occurs as they provide management and investors with information regarding the Company's combined financial condition and operating performance under the structure as of March 31, 2022, including for prior period comparisons, as the Company is finalizing the divestiture and transforming the Company's strategy. Additionally, as the business held for sale is still subject to our debt agreements, the Company uses Combined AEBITDA in determining its debt compliance as required under its debt covenants. In addition, as these entities are still consolidated, Combined free cash flow provides greater visibility into cash available for the continuing operations to use in investing and financing decisions as this Free 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 and Combined AEBITDA are helpful because these non-GAAP financial measures eliminate the effects of restructuring, transaction, integration or other items that management believes are less indicative of the ongoing underlying performance of continuing operations or on a combined basis, (as more fully described below) and are better evaluated separately. Moreover, management believes EBITDA from equity investments included in discontinued operations is useful to investors because the Company's Lottery business is conducted through a number of equity investments, and this measure eliminates financial items from the equity investees' earnings that management believes have less bearing on the equity investees' performance. 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 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 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. See the Gaming business segment AEBITDA change above also impacting the definition and calculation of Consolidated AEBITDA. Consolidated AEBITDA for the prior comparable periods has been recast to reflect this change. Consolidated AEBITDA is reconciled to Net income (loss) 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) change in fair value of investments and Gain on remeasurement of debt; (6) Interest expense; (7) Income tax expense; (8) Stock-based compensation; and (9) 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.

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. 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.

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 March 31, 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 are translated at the constant foreign exchange rate at issuance of these notes as those amounts remain payable at the original issuance amounts in Euro. Net debt leverage ratio, as used herein, represents Net debt divided by Combined AEBITDA (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.

Adjusted Outstanding Debt, Adjusted Net Debt and Adjusted Net Debt Leverage Ratio, all Reflecting Refinancing Transactions and the Lottery Business Sale

Adjusted outstanding debt as used herein, is a non-GAAP financial measure, that represents the principal amount of outstanding debt as of March 31, 2022 that conforms to the presentation found in Note 11 to the Consolidated Financial Statements in our March 31, 2022 Form 10-Q, adjusted for the impact of the April 14, 2022 refinancing transactions. Adjusted net debt reflecting refinancing transactions and the Lottery Business sale, as used herein, is a non-GAAP financial measure defined as net debt as of March 31, 2022, plus pending Austria Lottery business proceeds of approximately \$104 million less cash held at Lottery business. Adjusted net debt leverage ratio reflecting refinancing transactions and the Lottery Business sale, as used herein, is a non-GAAP financial measure defined as adjusted net debt reflecting refinancing transactions and the Lottery Business sale divided by Combined AEBITDA for the last twelve months, excluding Lottery Business operations and certain immaterial continuing operations equity method investments.



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

	Three Months Ended		Twelve Months Ended			
	March 31,		March 31,	December 31,	March 31,	December 31,
	2022	2021	2022	2021	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	\$ 26	\$ (15)	\$ 412	\$ 371	\$ (425)	\$ (569)
Net income attributable to noncontrolling interest	2	6	15	19	23	21
Net income from discontinued operations, net of tax	(95)	(79)	(382)	(366)	(271)	(253)
Net (loss) income from continuing operations	(67)	(88)	45	24	(673)	(801)
Restructuring and other	36	21	182	167	59	56
Depreciation, amortization and impairments	108	97	409	398	433	449
Goodwill impairment	-	-	-	-	-	54
Other (income) expense, net	(2)	(6)	(24)	(28)	(11)	9
Interest expense	116	121	473	478	500	503
Income tax expense (benefit)	3	3	(318)	(318)	(3)	(3)
Stock-based compensation	15	19	109	113	67	56
(Gain) loss on remeasurement of debt	(7)	(25)	(23)	(41)	36	51
Consolidated AEBITDA - continuing operations	\$ 202	\$ 142	\$ 853	\$ 793	\$ 408	\$ 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	\$ 95	\$ 79	\$ 382	\$ 366	\$ 271	\$ 253
Income tax expense	10	-	81	72	6	7
Restructuring and other	-	-	10	10	7	11
Depreciation, amortization and impairments	-	26	53	79	106	105
EBITDA from equity investments ⁽¹⁾	15	19	76	80	45	30
(Earnings) loss from equity investments	(4)	(8)	(38)	(42)	(1)	9
Stock-based compensation and other, net	2	11	(43)	(35)	23	4
AEBITDA from discontinued operations	\$ 118	\$ 127	\$ 521	\$ 530	\$ 457	\$ 419
EBITDA from equity investments - continuing operations ⁽¹⁾	2	1	9	8	5	7
Combined AEBITDA	\$ 322	\$ 270	\$ 1,383	\$ 1,331	\$ 870	\$ 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 23.



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

	As of,			
	March 31, 2022	December 31, 2021	March 31, 2021	December 31, 2020
Combined AEBITDA ⁽¹⁾	\$ 1,383	\$ 1,331	\$ 870	\$ 800
Total debt	\$ 8,833	\$ 8,690	\$ 9,166	\$ 9,303
Add: Unamortized debt discount/premium and deferred financing costs, net	77	82	99	104
Add: Impact of exchange rate ⁽²⁾	73	62	38	7
Less: Debt not requiring cash repayment and other	(3)	(4)	(6)	(7)
Principal face value of debt outstanding	8,980	8,830	9,297	9,407
Less: Combined Cash and cash equivalents ⁽³⁾	582	629	967	1,016
Net debt	\$ 8,398	\$ 8,201	\$ 8,330	\$ 8,391
Net debt leverage ratio	6.1	6.2	9.6	10.5
Euro to USD exchange rate at reporting date	1.11	1.13	1.17	1.22
Euro to USD exchange rate at issuance	1.24	1.24	1.24	1.24

Note: Unaudited, U.S. Dollars in millions

- (1) 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 20.
- (2) Exchange rate impact is the impact of translating our outstanding 2026 Secured Euro Notes and 2026 Unsecured Euro Notes translated at constant foreign exchange rate at issuance of these notes as compared to the current exchange rate.
- (3) 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 Provided by Operating Activities to Free Cash Flow — Continuing Operations and Combined Free Cash Flow

	Three Months Ended March 31,									
	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 provided by operating activities	\$ 110	\$ (124)	\$ (14)	\$ 108	\$ 94	\$ 154	\$ (129)	\$ 25	\$ 98	\$ 123
Less: Capital expenditures	(43)	-	(43)	(25)	(68)	(35)	-	(35)	(15)	(50)
Less: Distributions from equity method investments, net of additions	-	-	-	-	-	1	-	1	(10)	(9)
Less: Payments on license obligations	(19)	-	(19)	(2)	(21)	(12)	-	(12)	(1)	(13)
(Less) add: Change in restricted cash impacting working capital	(7)	-	(7)	(9)	(16)	5	-	5	24	29
Free cash flow	\$ 41	\$ (124)	\$ (83)	\$ 72	\$ (11)	\$ 113	\$ (129)	\$ (16)	\$ 96	\$ 80

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.



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

Three Months Ended March 31,

	2022		2021	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Earnings from equity investments	\$ 1	\$ 4	\$ 1	\$ 8
Add: Income tax expense	-	4	-	4
Add: Depreciation, amortization and impairments	-	7	-	7
Add: Interest income, net and other	1	-	-	-
EBITDA from equity investments	\$ 2	\$ 15	\$ 1	\$ 19
Combined EBITDA from equity investments⁽¹⁾		\$ 17		\$ 20

Twelve Months Ended

	March 31, 2022		December 31, 2021		March 31, 2021		December 31, 2020	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Earnings (loss) from equity investments	\$ 5	\$ 38	\$ 5	\$ 42	\$ 4	\$ 1	\$ 3	\$ (9)
Add: Income tax expense	-	11	-	10	-	6	-	3
Add: Depreciation, amortization and impairments	1	31	1	31	-	32	1	31
Add: Interest income, net and other	3	(4)	2	(3)	1	6	3	5
EBITDA from equity investments	\$ 9	\$ 76	\$ 8	\$ 80	\$ 5	\$ 45	\$ 7	\$ 30
Combined EBITDA from equity investments⁽¹⁾		\$ 85		\$ 88		\$ 50		\$ 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.

Principal Debt Balance Supplemental Information

	Final Maturity	Rate(s)	Principal Amount of Outstanding Debt as of March 31, 2022 ⁽¹⁾	April 14, 2022 Refinancing Impact ⁽¹⁾	Adjusted Outstanding Principal Value ⁽¹⁾
Senior Secured Credit Facilities:					
SGI Revolver	2024	variable	\$ 160	\$ (160)	\$ -
SGI Term Loan B-5	2024	variable	4,008	(4,008)	-
New Term Loan	2029	variable	-	2,200	2,200
SGI Senior Notes:					
2025 Secured Notes ⁽²⁾	2025	5.000%	1,250	(1,250)	-
2026 Secured Euro Notes	2026	3.375%	361	(361)	-
2025 Unsecured Notes	2025	8.625%	550	-	550
2026 Unsecured Euro Notes	2026	5.500%	278	(278)	-
2026 Unsecured Notes	2026	8.250%	1,100	(1,100)	-
2028 Unsecured Notes	2028	7.000%	700	-	700
2029 Unsecured Notes	2029	7.250%	500	-	500
Other ⁽³⁾	2023	4.089%	3	-	3
Total long-term debt outstanding			\$ 8,910	\$ (4,957)	\$ 3,953

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

(1) Principal amount of outstanding debt as of March 31, 2022 represents the outstanding principal value of debt balances that conform to the presentation found in Note 11 to the Consolidated Financial Statements in our March 31, 2022 Form 10-Q. Adjusted outstanding principal value represents the principal amount of outstanding debt as of March 31, 2022 adjusted for the impact of the April refinancing transactions, \$98 million of SGI Term Loan B-5 principal reduction and \$160 million pay down of the SGI Revolver related to 2022 payments before the refinancing transactions.

(2) We entered into certain cross-currency interest rate swap agreements to achieve more attractive interest rates by effectively converting \$460 million of the fixed-rate, U.S. Dollar-denominated 2025 Secured Notes, including the semi-annual interest payments through October 2023, to a fixed-rate Euro-denominated debt, with a fixed annual weighted average interest rate of approximately 2.946%.

(3) Primarily comprised of certain revenue transactions presented as debt in accordance with ASC 470.



Reconciliation of Adjusted Net Debt Reflecting Refinancing Transactions and the Lottery Business Sale & Adjusted Net Debt Leverage Ratio Reflecting Refinancing Transactions and the Lottery Business Sale

	March 31, 2022	Refinancing Transactions and Lottery Business Sale Adjustments	Adjusted Net Debt Reflecting Refinancing Transactions and the Lottery Business Sale & Adjusted Net Debt Leverage Ratio Reflecting Refinancing Transactions and the Lottery Business Sale
Combined AEBITDA ⁽¹⁾	\$ 1,383	\$ (496) ⁽²⁾	\$ 887
Total debt	\$ 8,833		\$ 8,833
Add: Unamortized debt discount/premium and deferred financing costs, net	77		77
Add: Impact of exchange rate ⁽³⁾	73		73
Less: Debt not requiring cash repayment and other	(3)		(3)
Principal face value of debt outstanding	\$ 8,980	\$ (5,030) ⁽⁴⁾	\$ 3,950
Less: Combined Cash and cash equivalents ⁽⁵⁾	582	54 ⁽⁶⁾	636
Net debt	\$ 8,398		\$ 3,314
Net debt leverage ratio	6.1		3.7

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 "Reconciliation of Net Income Attributable to L&W to Consolidated AEBITDA - Continuing Operations" on slide 20 and non-GAAP financial measure definitions above for further details.
- (2) Adjusted for Lottery business discontinued operations and equity investments included in continuing operations.
- (3) Impact of exchange rate is the impact of translating our outstanding 2026 Secured Euro Notes and 2026 Unsecured Euro Notes, translated at constant foreign exchange rate at issuance of these notes.
- (4) Represents a reduction of principal amount of outstanding debt as of March 31, 2022 for the impact of April 14, 2022 refinancing transactions including principal reductions related to 2022 payments before the refinancing transactions. Refer to the Principal Debt Balance Supplemental Information table on slide 24.
- (5) Impact of exchange rate is the impact of translating our outstanding 2026 Secured Euro Notes and 2026 Unsecured Euro Notes, translated at constant foreign exchange rate at issuance of these notes.
- (6) Consists of \$104 million in proceeds expected for the sale of the Austria Business, for which we are awaiting regulatory approval in Austria, which approval is expected to be received and the transaction to be completed by the end of the second quarter of 2022, subject to customary working capital adjustments and is less of \$50 million of cash and cash equivalents of the Lottery business as of March 31, 2022.

