

MARCH 1, 2022



# Business Strategy Update

## Fourth Quarter and Full Year 2021 Earnings Presentation

# Forward-Looking Statements

In this presentation, Scientific Games Corporation (“Scientific Games,” “SGMS” 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 pending divestitures of our Sports Betting and Lottery businesses (the “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 Lottery and Sports Betting businesses, 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 significantly de-lever and position the Company for enhanced growth with certain net proceeds from our 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 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 most recent annual report on Form 10-K (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 add up on a cumulative basis to the totals previously reported.

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. (“Endeavor”) in a cash and stock transaction, subject to certain customary adjustments. 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. In light of these pending divestitures, activity 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. Following such reclassification, the basis of accounting and presentation of financial statements by the Lottery and Sports Betting businesses in the future in connection with their planned divestitures may differ materially from those of the Company, including as presented herein. We report our operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services. Our former Digital segment has been renamed to iGaming and the presentation was recast for all periods to exclude the Sports Betting business.

## Gaming Business Segment AEBITDA and Consolidated AEBITDA (representing our continuing operations) Changes

As a result of our strategic changes and pending divestitures of our Lottery and Sports Betting businesses, starting with the third quarter of 2021, we changed our Gaming Business Segment AEBITDA and Consolidated AEBITDA (representing our continuing operations) to exclude EBITDA from equity investments. Our Lottery Business segment has historically operated through joint ventures in certain jurisdictions and has comprised the primary component of our EBITDA from equity investments included in our Consolidated AEBITDA. As a result of the pending divestiture of the Lottery business, we have re-assessed how our Chief Operating Decision Maker evaluates the operating results and performance of our Gaming Business segment. This reassessment resulted in a change to the calculation of Gaming Business Segment AEBITDA, which is our primary measure of the Gaming Business segment performance measure of profit or loss. Accordingly, Gaming Business Segment AEBITDA has been recast to exclude EBITDA from equity investments to align with this new view, which similarly impacts Consolidated AEBITDA. The Gaming Business segment information and Consolidated AEBITDA for the prior comparable periods have been recast to exclude EBITDA from equity investments. Following such reclassification, the basis of accounting and presentation of financial statements by the Lottery and Sports Betting businesses in the future in connection with their planned divestitures may differ materially from those of the Company, including as presented herein.



# Deep industry experience, a foundation for value creation



**Executive Chair & Executive Vice Chair**

Broad industry experience, including executing a focused, successful turnaround that created enormous shareholder value

# Transition of major shareholder presents opportunity

## Before

- Holding company with strong but misaligned portfolio
- High debt levels with leverage >10x
- Limited ability to invest
- Recurring leadership changes

## Inflection point

Introduced long-term institutional shareholders to acquire divested stake

MacAndrews & Forbes divests 34.9% stake

Reconstituted Board to a majority of independent directors

## After

- Initiated strategic review, resulting in definitive actions to streamline the business and unlock value
- Grew market cap more than 3.5x from \$1.8B<sup>(1)</sup> to ~\$5.9B
- Stock price more than tripled to date<sup>(1)</sup>

# Identifying the opportunity

## Strengths

Strong underlying IP and portfolio of assets



Market leading positions in Social Casino & iGaming



Leading end-to-end Gaming solutions provider

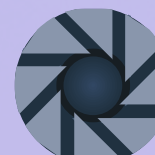


## Opportunities

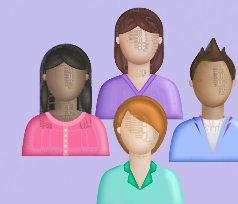
Significantly de-leverage



Streamline and focus the business



Invest in talent



# Pivot to growth

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



Employer of choice

Maintain reduced net debt leverage targets

Sustainable earnings and cash generation

Target **50%** digital mix

Double digit growth profile



# Value creation framework

Lottery  
Up to  
**\$6.05B**  
in proceeds

Sports Betting  
~ **\$1.2B** in  
proceeds

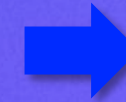
Strong cash  
management

~**\$5.8B** in net cash  
proceeds + 2021 \$685 combined operating cash flow  
and combined FCF<sup>(1)</sup> of **\$443M**

## How cash proceeds will be used

### Priority #1

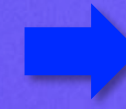
Debt  
reduction



Target net debt  
leverage ratio<sup>(2)</sup>  
range of **2.5x to 3.5x**

### Priority #2

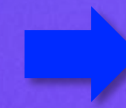
Share  
buybacks



Significant % of  
shares; increasing  
value per share

### Priority #3

Inorganic  
growth



Strategic, accretive,  
increases digital mix



(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 long-term net debt leverage ratio is available in the appendix



# The Past, The Present and

# The Future

	2019	2021	Future
<b>Profile</b>	Diverse and complex asset portfolio poorly integrated, with high debt levels	Content-led portfolio with enviable margins, strong recurring revenues and growing digital mix	
<b>Focus</b>	Gaming, Lottery, Sports Betting, Social and iGaming in the United States & Internationally	Singulary focused on building great content, leading platforms and capabilities across Gaming, iGaming and SciPlay	
<b>Revenue / AEBITDA<sup>(1)</sup> / Free Cash Flow<sup>(1)</sup></b>	+1% YoY <sup>(2)</sup> 0% YoY <sup>(2)</sup> \$233M <sup>(2)</sup>	<b>Double-digit revenue growth</b> <b>AEBITDA<sup>(1)</sup> growing faster than revenue</b> <b>Free Cash Flow<sup>(1)</sup> growing faster than AEBITDA<sup>(1)</sup></b>	
<b>Profitability / EPS</b>	N/A		<b>Meaningful Free Cash Flow<sup>(1)</sup> and EPS</b>
<b>Revenue Mix (Digital/Recurring<sup>(3)</sup>)</b>	~27% ~63%	~40% ~75%	50% >75%
<b>Net Debt Leverage Ratio <sup>(1)(4)</sup></b>	6.4x	6.2x	2.5x – 3.5x
<b>Share Repurchase</b>	N/A		<b>Authorized \$750m Share Buyback over 3 years</b>
<b>Investment: R&amp;D / CapEx</b>	Fragmented As needed	Streamlined Aligned to demand	Invest as % of revenue Disciplined allocation to maximize profitability



(1) Denotes a non-GAAP financial measure and is reconciled to the most directly comparable GAAP measure in the tables in the appendix  
 (2) Represents combined results  
 (3) Includes Gaming Operations, ongoing Gaming systems maintenance, table services/rental agreements, iGaming, and SciPlay revenues  
 (4) Additional information on the non-GAAP financial measure targeted long-term net debt leverage ratio is available in the appendix

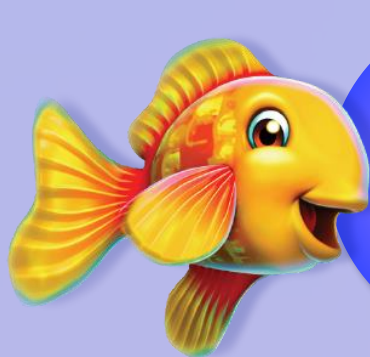
# New vision & new brand



**LIGHT &  
WONDER™**

# Market leader: \$60B TAM

## Gaming



\$7B+  
TAM<sup>(1)</sup>

Only end-to-end Gaming solutions provider

Leadership positions in Game Ops & Game Sales

#1 provider for casino systems<sup>(2)</sup>

#1 table games & table utilities<sup>(2)</sup>

## iGaming



\$20B+  
TAM<sup>(1)</sup>

Participate across value chain

Largest collection of content (3,500 games+) including our leading land-based franchises

#1 iGaming aggregation platform with the leading PAM

## SciPlay




\$30B+  
TAM<sup>(1)</sup>

One of the top ranked social casino players globally

Sticky cohorts with increasing lifetime Value

Diversifying into Casual with strong foundation


# Advancing key initiatives to capture significant growth opportunities



**Gaming**

Capturing share in largest profit pools through improved content; leading industry with converged platform solution


Market recovery	Robust product roadmap	Share gains in Game Ops and Game Sales	Leverage IP to capture ETG market
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**iGaming**

Fuel iGaming growth through expanded original content offering, production capabilities & aggregation platform

US proliferation	Expansion of original content offering	Expand into live dealer segment	Leverage #1 platform to attract top studios
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**SciPlay**

Evolve into a diversified mobile game developer

Continued growth in core business	Invest in capabilities to fuel expansion in Casual	Grow pipeline of games and diversify revenues	International expansion
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INTEGRATING #1 SYSTEMS BUSINESS AND LEADING DIGITAL WALLET TO CREATE A UNIFIED WALLET AND CROSS-PLATFORM CMS

# Unmatched portfolio of evergreen franchises



3Q21 record iGaming launch of proven land-based title



Deliberate cross-channel approach

Launched in 1Q22

3Q22 Launch



# Building a strong recurring and digital revenue mix

Portfolio with enviable margins, strong recurring revenues and growing digital mix

Revenue Mix 2021



# Creating a sustainable and profitable growth company

1



**Double digit organic top-line growth**

- Gaming industry recovery + share gains
- Fast-growing TAMs in iGaming, Casual & Social
- Cross-platform franchise maximization

2



**Increasing digital mix**

- iGaming share growth in the U.S.
- Expansion in Casual
- Targeted and disciplined digital M&A focus

3



**Enhanced margin and cash conversion**

- AEBITDA<sup>(1)</sup> growing faster than revenue
- FCF<sup>(1)</sup> growing faster than AEBITDA<sup>(1)</sup>
- Laser focused on operational excellence and driving productivity to the bottom line

# Operational Progress



# Achieved key milestones in a transformative year



**Strong growth in the quarter and full year with a number of records**

- Grew full year Consolidated Revenue and AEBITDA<sup>(1)</sup>
- Continued growth in Gaming
- Achieved record full-year revenue and payer metrics at SciPlay
- Doubled U.S. iGaming growth; record full year revenue and AEBITDA<sup>(1)</sup>



**Continued momentum across our businesses**

- Gaming North American Premium installed base exceeding 2019 levels
- Expanding iGaming original content
- SciPlay evolving into a diversified game developer



**Record cash flow generation and significant progress de-leveraging**

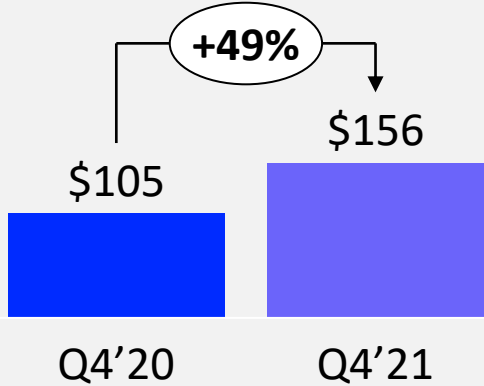
- Generated strong cash flows
- Reduced net debt leverage ratio<sup>(1)</sup>
- Anticipate ~\$5.8B in net after-tax cash proceeds from divestitures

# Building on our momentum in Gaming

In \$Millions

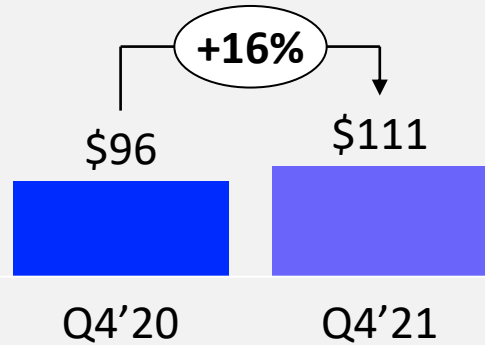
## GAME OPS

- 6th consecutive quarter of growth in North American premium Ops installed base; record 42% of total North American placements
- NA Premium units +14% YoY



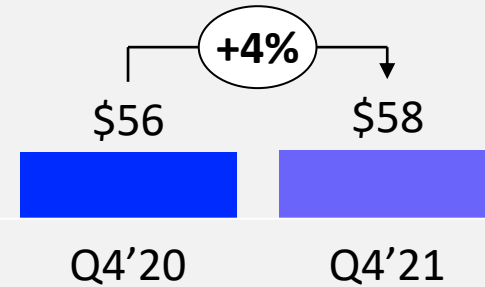
## GAME SALES

- ~3,500 units sold in North America this quarter with replacement units approaching 2019 levels



## SYSTEMS

- Share growth with further expansion in EGMs connected in Q4
- Expanding cashless offering with AToM

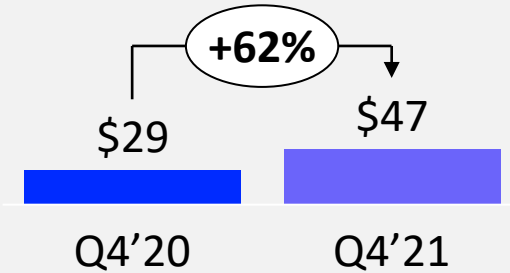


## TABLES

- Grew customers on our VALT subscription-based bundled service



- Roulette X ETG placements increased globally



# Successful launches and new roadmap

## 2021 Launches

### Kascada™

- **8,000+** units on casino floors, and growing footprint internationally



### Mural™

- Continuing momentum with **700+** units on casino floors



## 2022 Product Roadmap

### Kascada Dual Screen™

- Launched in the quarter with **88 Fortunes Money Coins™**; coordinated cross-platform launch with **Gold Fish™ Feeding Time**
- Strong customer feedback



### Landmark 7000

- Expected Launch in early Q3 2022
- Launching with proven **Blazing Triple 7s™** franchise



# Continued momentum in iGaming

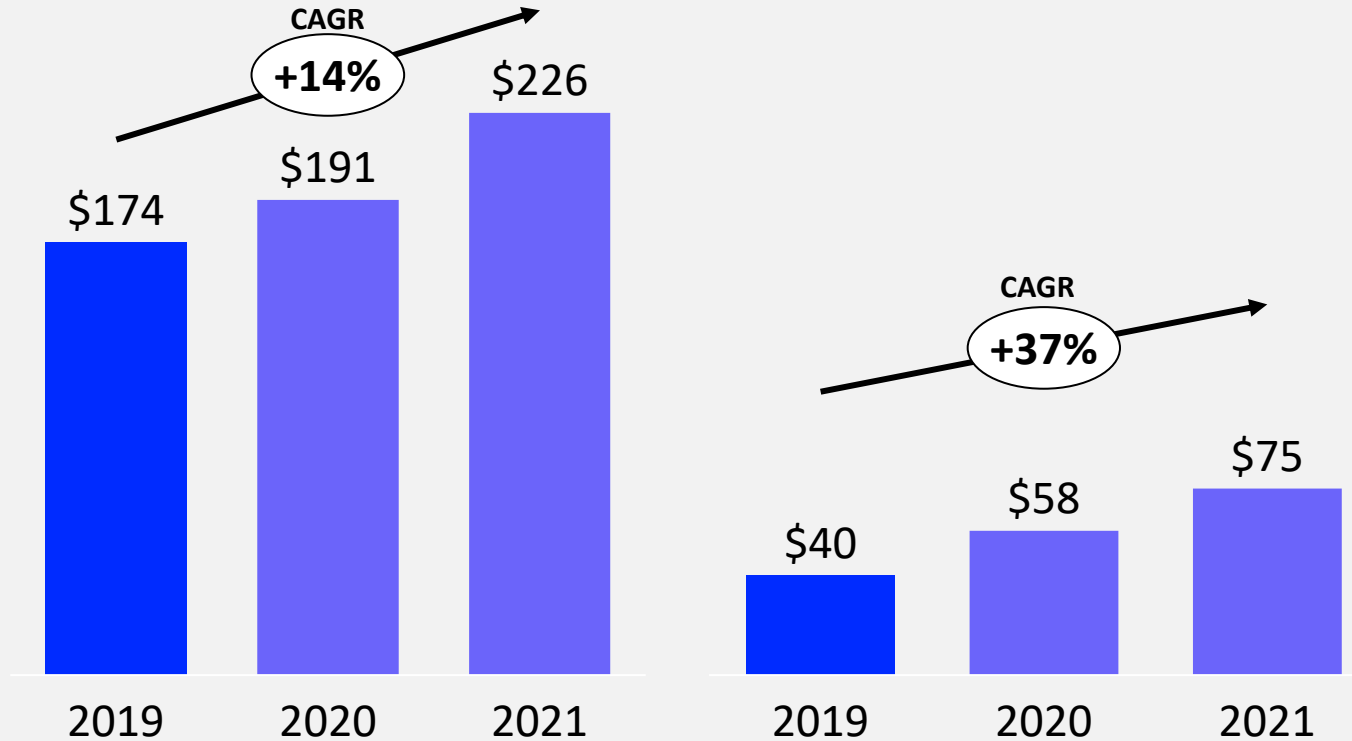


## REVENUE

Millions

## AEBITDA

Millions



- \$69B**  
in Wagers on OGS
- 150+**  
Customers
- 3.5B**  
Game rounds/  
month
- 55+**  
Studio Partners
- 3,300+**  
Games
- 600+**  
SG Original Games



# Ramping original content launches in the U.S.

Q1



Q2



Q3/Q4

## Major product launches



March launch

Launched fully cross-platform



## Launching content in the US



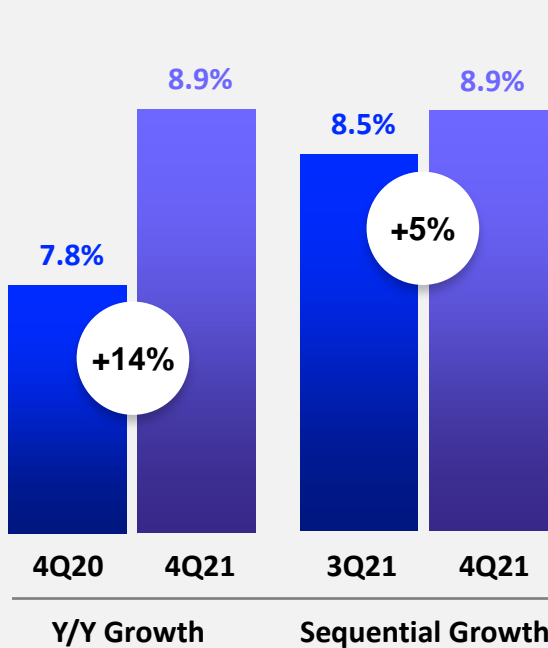
New Las Vegas studio: launching two new land-based titles per month



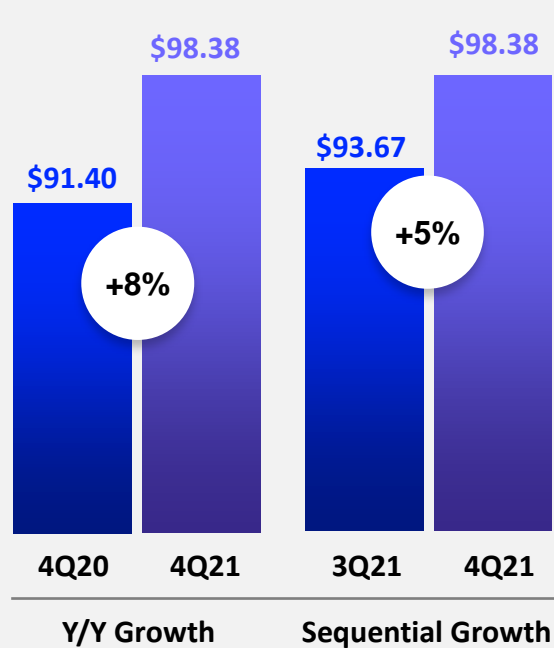
Launching a new US title every month

# Delivering robust payer metrics

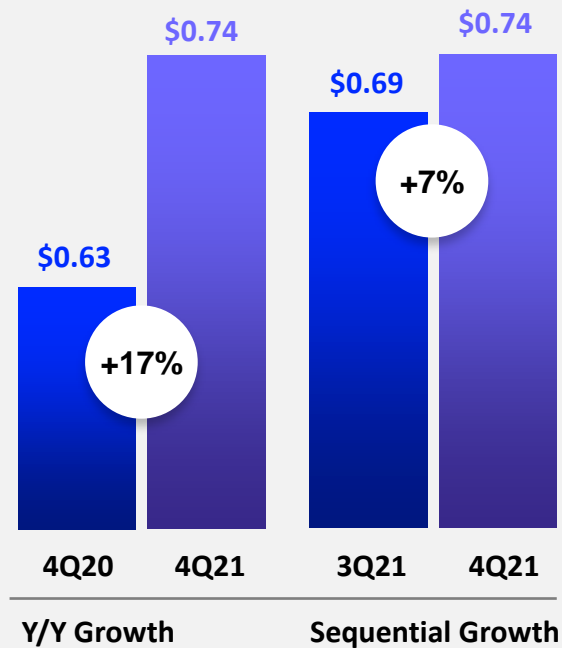
## Payer Conversion Rate (%)



## AMRPPU<sup>(1)</sup>



## ARPPU<sup>(2)</sup>

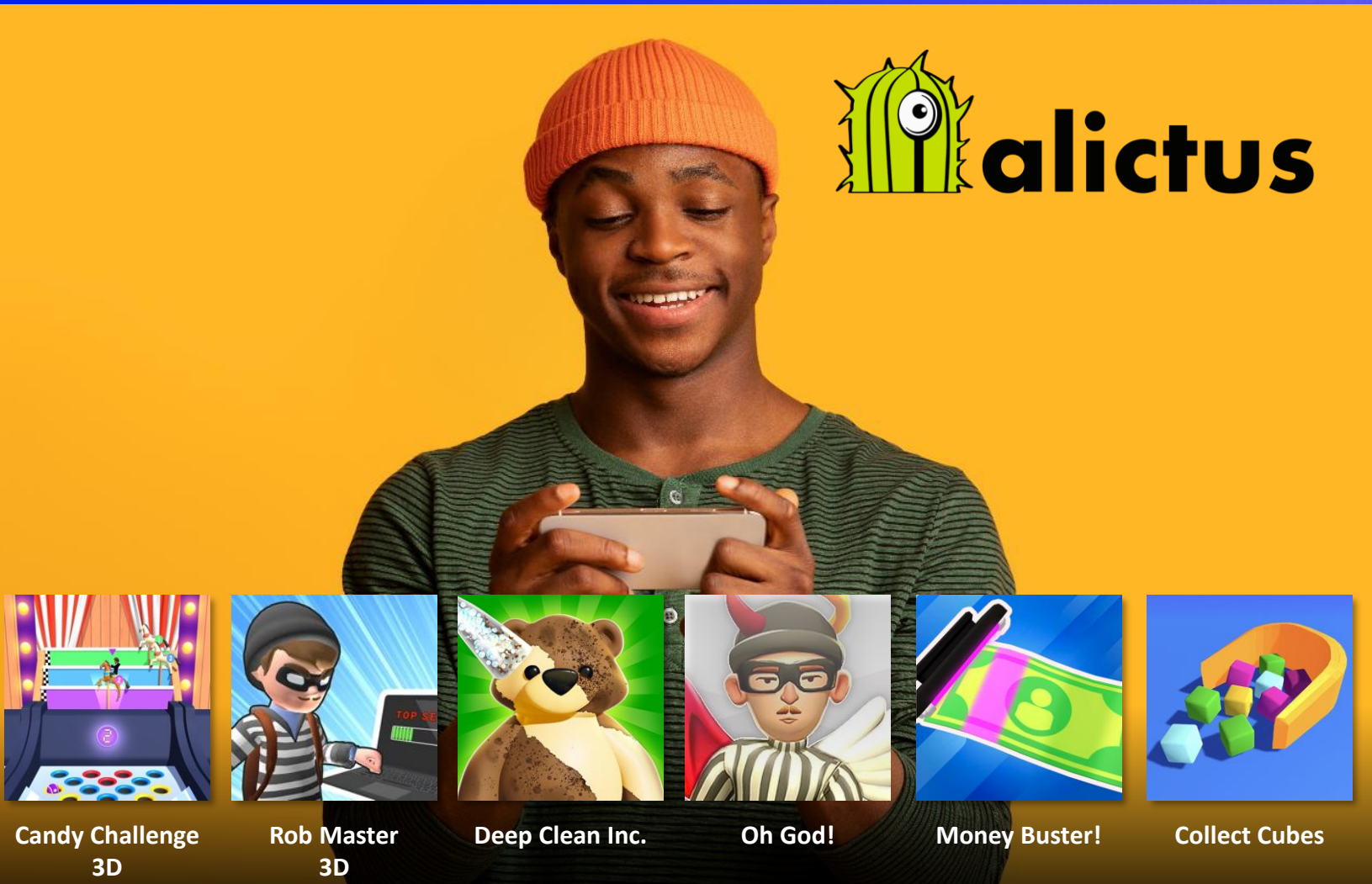


## Key Highlights

- Achieved payer conversion of 8.9% in Q4, the highest ever
- AMRPPU of \$98.38 was up nearly \$5 sequentially and \$7 year-over-year
- Investments in our SciPlay engine contributing to record player engagement and monetization
- Optimizing the player through more tailored experiences based on data-driven decision making



# Advances Strategy Toward Becoming Diversified Global Game Company



Expanding in Casual with acquisition of fast growing and profitable game developer

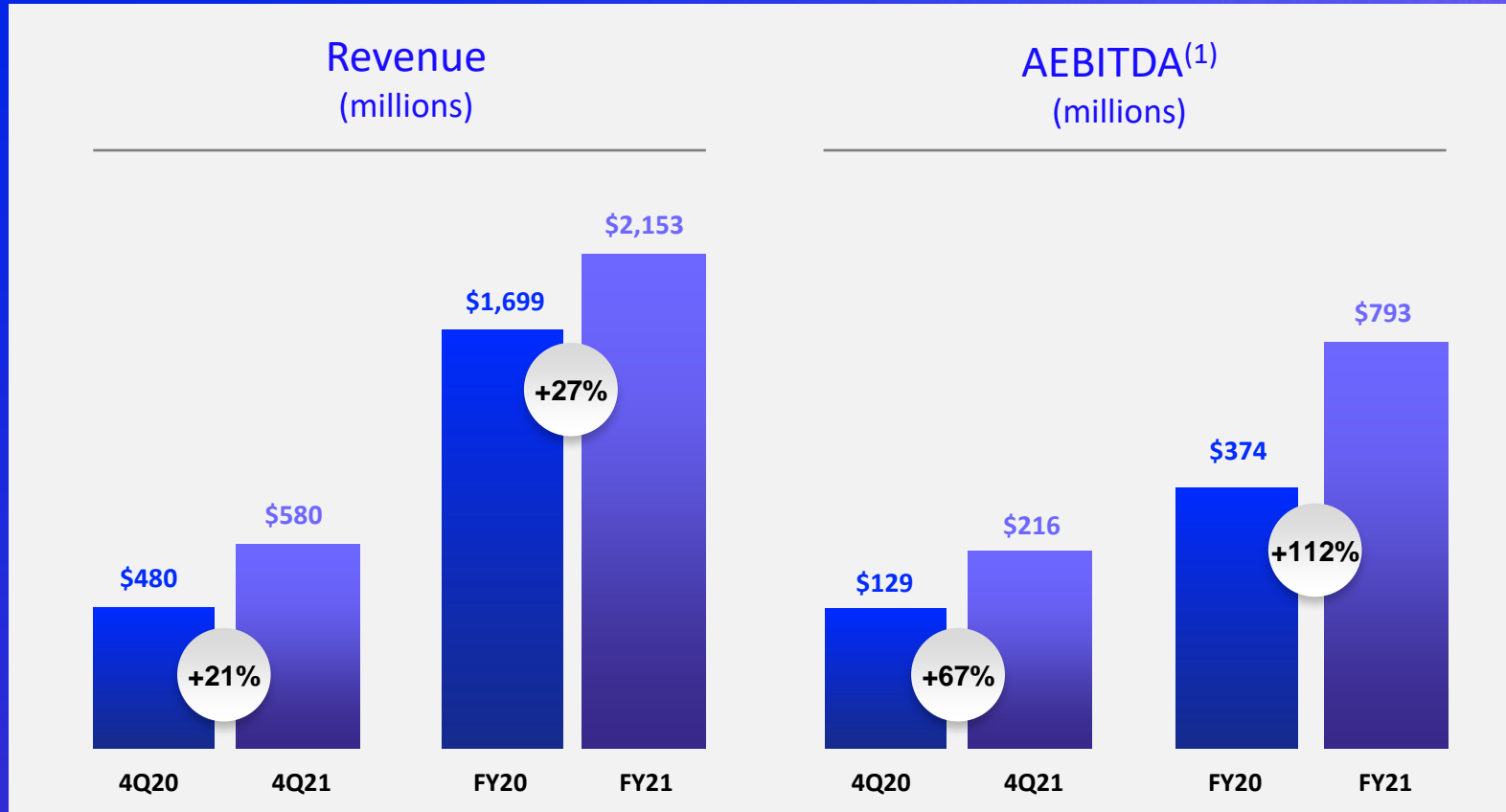
- Developer of chart-topping games
  - 6 games achieved #1 Top Free Game in the iOS US App Store
- Hyper-Casual comprised 40% of all mobile game downloads in 2021
- Increasing active users and player lifetime value. Acquisition adds:
  - ~1.8M DAU
  - ~28M MAU

# Financials



# Consolidated financial results

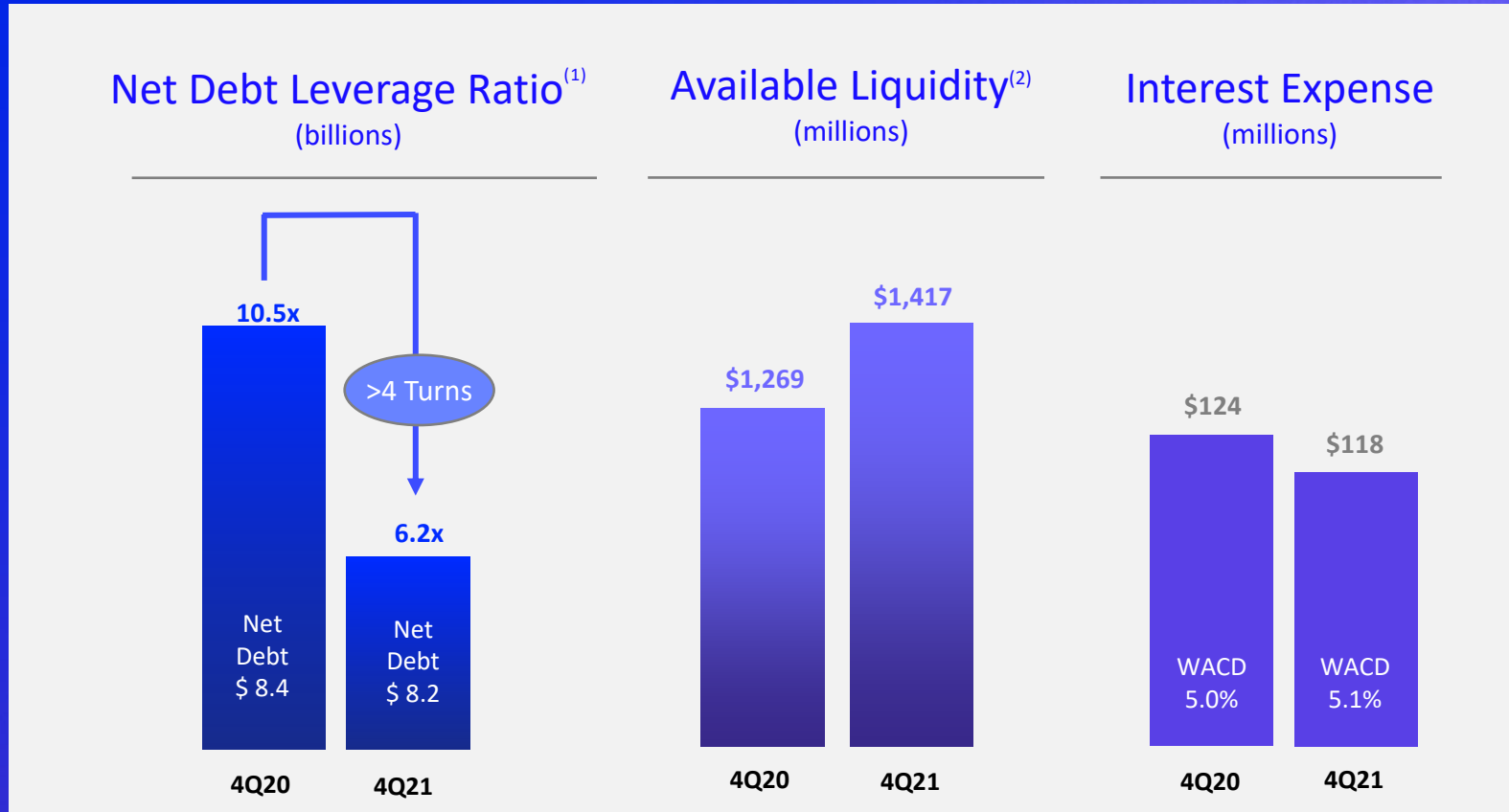
## Key Highlights



- Delivered strong full year 2021 Consolidated results from Continuing Operations with revenue up 27% and AEBITDA<sup>(1)</sup> up 112%
  - Achieved record full year revenue at iGaming and SciPlay
  - VAT recovery benefited 2021 revenue and AEBITDA<sup>(1)</sup> by \$44 million
- Continued momentum in 4Q with Consolidated revenue growth of 21% and AEBITDA<sup>(1)</sup> growth of 67%
  - Benefitted from strong growth across all businesses
  - Achieved growth of 8% in Consolidated revenue and 6% in AEBITDA<sup>(1)</sup> sequentially

# Leverage and interest expense

## Key Highlights



- Paid down \$577 million of debt in 2021
- Made tremendous progress de-leveraging organically, reducing net debt leverage ratio<sup>(1)</sup> by more than 40% to 6.2x in 2021
- Improved available liquidity<sup>(2)</sup> to end 4Q21 at \$1.4B
- Lower interest expense driven by reduction in debt outstanding



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

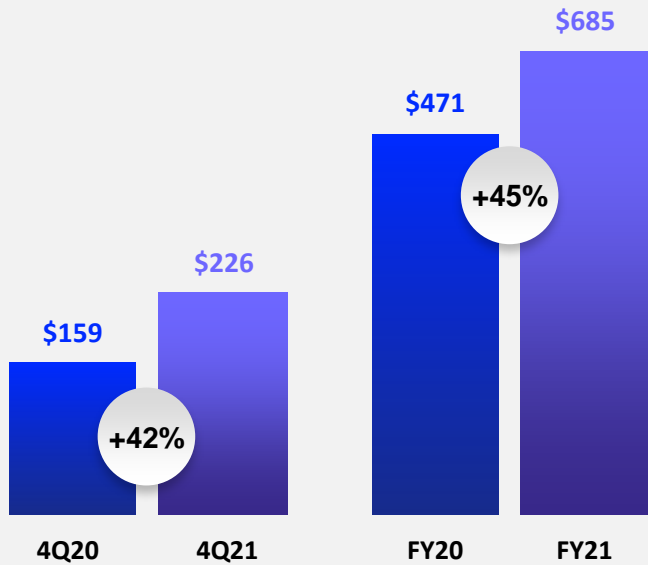
(2) Available liquidity is calculated as cash and cash equivalents including those in the businesses held for sale, plus remaining revolver capacity including the SciPlay Revolver

# Combined free cash flow<sup>(1)</sup>

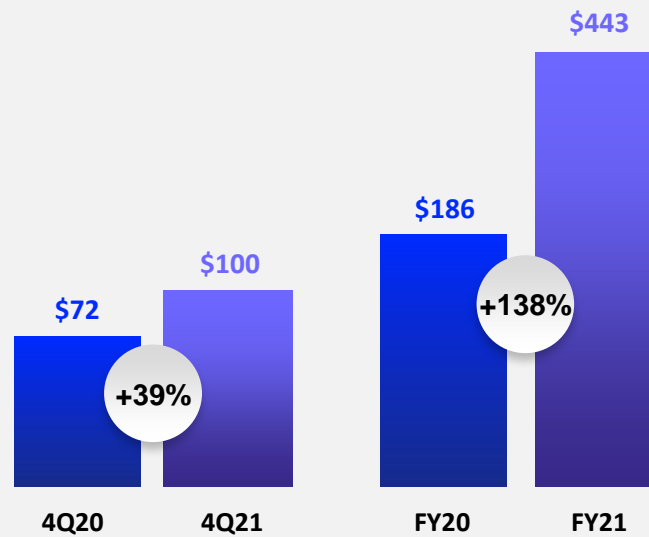
\$ in millions

## Key Highlights

Combined Operating Cash Flows  
(millions)



Combined FCF<sup>(1)</sup>  
(millions)



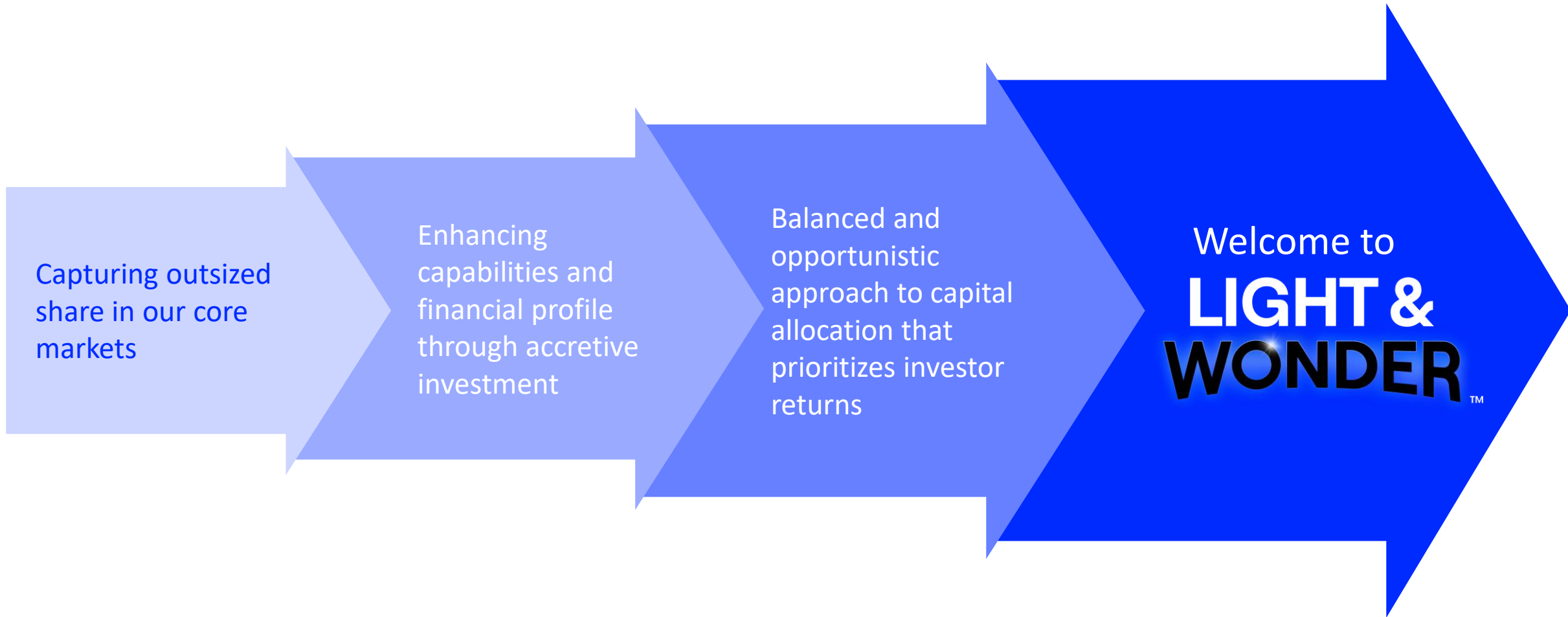
- Increased YTD combined operating cash flows by 45% to \$685M
- Combined Free Cash Flow<sup>(1)</sup> more than doubled YoY to \$443M, largely driven by growth in earnings, U.K. FOBT recovery of \$44 million and timing of receivables in 2021
- Achieved strong productivity with combined FCF conversion<sup>(1), (2)</sup> of 33% for the year
- Continue targeted capital investment aligning with demand



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

(2) FCF conversion is calculated as combined free cash flow as a percentage of Combined AEBITDA

# Rapidly executing our vision and transforming the company





# Appendix

# Non-GAAP financial measures

The Company's management uses the following non-GAAP financial measures in conjunction with GAAP financial measures: Consolidated AEBITDA, 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, and 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 is in the process of divesting its Lottery and Sports Betting businesses (the latter of which was a component of its former Digital business segment, which was renamed to iGaming beginning in the third quarter of 2021) and as such, historical financial information for these businesses is classified as discontinued operations. The Company's management believes that Combined AEBITDA and Combined free cash flow are useful during the period until the dispositions occur as they provide management and investors with information regarding the Company's combined financial condition and operating performance under the current structure, including for prior period comparisons, as the Company is finalizing the divestitures and transforming the Company's strategy. Additionally, as the businesses held for sale are 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. 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 "SGMS Reconciliation of Consolidated AEBITDA – Continuing Operations, AEBITDA from Discontinued Operations and Combined AEBITDA." Consolidated AEBITDA should not be considered in isolation of, as a substitute for, or superior to, the consolidated financial information prepared in accordance with GAAP, and should be read in conjunction with the Company's financial statements filed with the SEC. Consolidated AEBITDA may differ from similarly titled measures presented by other companies. Consolidated AEBITDA is reconciled to net income (loss) attributable to SGC 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 and amortization expense and impairment charges and goodwill impairments; (5) change in fair value of investments and gain (loss) on remeasurement of debt; (6) interest expense; (7) income tax benefit; (8) stock-based compensation; and (9) other (income) expense, 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 "SGMS Reconciliation of Consolidated AEBITDA – Continuing Operations, AEBITDA from Discontinued Operations and Combined AEBITDA." 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 and amortization expense and impairment charges and goodwill impairments; (3) income tax benefit; and (4) stock-based compensation and other, net. In addition to the preceding adjustments, we exclude (earnings) loss 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, but it does not include other long term obligations of \$4 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 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.



# SGMS Reconciliation of Consolidated AEBITDA – Continuing Operations, AEBITDA from Discontinued Operations and Combined AEBITDA

	Three Months Ended December 31,		Year Ended December 31,		
	2021	2020	2021	2020	2019
<b><u>Reconciliation of Net Income (Loss) Attributable to SGC to Consolidated AEBITDA - Continuing Operations</u></b>					
<b>Net income (loss) attributable to SGC</b>	<b>\$ 95</b>	<b>\$ (90)</b>	<b>\$ 371</b>	<b>\$ (569)</b>	<b>\$ (130)</b>
Net income attributable to noncontrolling interest	4	6	19	21	12
Net income from discontinued operations, net of tax	(37)	(59)	(366)	(253)	(212)
<b>Net income (loss) from continuing operations</b>	<b>62</b>	<b>(143)</b>	<b>24</b>	<b>(801)</b>	<b>(330)</b>
Restructuring and other	71	8	167	56	25
Depreciation, amortization and impairments	109	113	398	449	542
Goodwill impairment	-	-	-	54	-
Other (income) expense, net <sup>(1)</sup>	(11)	(4)	(28)	9	96
Interest expense	118	124	478	503	589
Income tax benefit	(154)	(12)	(318)	(3)	(47)
Stock-based compensation	32	18	113	56	32
(Gain) loss on remeasurement of debt	(11)	25	(41)	51	(9)
<b>Consolidated AEBITDA - continuing operations</b>	<b>\$ 216</b>	<b>\$ 129</b>	<b>\$ 793</b>	<b>\$ 374</b>	<b>\$ 898</b>
<b><u>Reconciliation of Net Income from Discontinued Operations, Net of Tax to AEBITDA from Discontinued Operations</u></b>					
Net income from discontinued operations, net of tax	\$ 37	\$ 59	\$ 366	\$ 253	\$ 212
Income tax benefit	66	4	72	7	57
Restructuring and other	7	1	10	11	3
Depreciation, amortization and impairments	-	27	79	105	105
EBITDA from equity investments <sup>(2)</sup>	18	10	80	30	57
(Earnings) loss from equity investments	(7)	4	(42)	9	(19)
Stock-based compensation and other, net	7	8	(35)	4	11
<b>AEBITDA from discontinued operations</b>	<b>\$ 128</b>	<b>\$ 113</b>	<b>\$ 530</b>	<b>\$ 419</b>	<b>\$ 426</b>
EBITDA from equity investments - continuing operations <sup>(2)</sup>	2	2	8	7	10
<b>Combined AEBITDA</b>	<b>\$ 346</b>	<b>\$ 244</b>	<b>\$ 1,331</b>	<b>\$ 800</b>	<b>\$ 1,334</b>

Note: Unaudited, U.S. Dollars in millions

(1) FY 2019 includes \$100 million in loss on debt financing transactions

(2) EBITDA from Equity Investments is a non-GAAP financial measure reconciled to Earnings (loss) from equity investments on slide 36



APPENDIX **SGMS Reconciliation of Principal Face Value of Debt Outstanding to Net Debt Leverage Ratio**

	As of December 31,		
	2021	2020	2019
Combined AEBITDA <sup>(1)</sup>	\$ 1,331	\$ 800	\$ 1,334
Total debt	\$ 8,690	\$ 9,303	\$ 8,725
Add: Unamortized debt discount/premium and deferred financing costs, net	82	104	118
Add: Impact of exchange rate <sup>(2)</sup>	62	7	68
Less: Debt not requiring cash repayment and other	(4)	(7)	(11)
Principal face value of debt outstanding	8,830	9,407	8,900
Less: Combined Cash and cash equivalents <sup>(3)</sup>	629	1,016	313
<b>Net debt</b>	<b>\$ 8,201</b>	<b>\$ 8,391</b>	<b>\$ 8,587</b>
Net debt leverage ratio	6.2	10.5	6.4
Euro to USD exchange rate at reporting date	1.13	1.22	1.12
Euro to USD exchange rate at issuance	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 31.

(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.



# SGMS Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow — Continuing Operations and Combined Free Cash Flow

Three Months Ended December 31,

	2021					2020				
	Continuing Operations			Discontinued Operations <sup>(2)</sup>	Combined <sup>(3)</sup>	Continuing Operations			Discontinued Operations <sup>(2)</sup>	Combined <sup>(3)</sup>
	Operations (exc. interest and taxes)	Cash interest and taxes <sup>(1)</sup>	Total			Operations (exc. interest and taxes)	Cash interest and taxes <sup>(1)</sup>	Total		
<b>Net cash provided by operating activities</b>	\$ 217	\$ (112)	\$ 105	\$ 121	\$ 226	\$ 173	\$ (141)	\$ 32	\$ 127	\$ 159
Less: Capital expenditures	(53)	-	(53)	(45)	(98)	(37)	-	(37)	(11)	(48)
Less: Distributions from equity method investments, net of additions	-	-	-	7	7	-	-	-	7	7
Less: Payments on license obligations	(21)	-	(21)	(2)	(23)	(13)	-	(13)	(2)	(15)
Add (less): Change in restricted cash impacting working capital	(2)	-	(2)	(10)	(12)	(6)	-	(6)	(25)	(31)
<b>Free cash flow</b>	\$ 141	\$ (112)	\$ 29	\$ 71	\$ 100	\$ 117	\$ (141)	\$ (24)	\$ 96	\$ 72

Year Ended December 31,

	2021					2020					2019
	Continuing Operations			Discontinued Operations <sup>(2)</sup>	Combined <sup>(3)</sup>	Continuing Operations			Discontinued Operations <sup>(2)</sup>	Combined <sup>(3)</sup>	Combined <sup>(3)</sup>
	Operations (exc. interest and taxes)	Cash interest and taxes <sup>(1)</sup>	Total			Operations (exc. interest and taxes)	Cash interest and taxes <sup>(1)</sup>	Total			
<b>Net cash provided by operating activities</b>	\$ 786	\$ (482)	\$ 304	\$ 381	\$ 685	\$ 525	\$ (492)	\$ 33	\$ 438	\$ 471	\$ 546
Less: Capital expenditures	(171)	-	(171)	(94)	(265)	(137)	-	(137)	(53)	(190)	(285)
Less: Distributions from equity method investments, net of additions	3	-	3	17	20	-	-	-	6	6	22
Less: Payments on license obligations	(46)	-	(46)	(7)	(53)	(30)	-	(30)	(6)	(36)	(40)
Add (less): Change in restricted cash impacting working capital	5	-	5	51	56	-	-	-	(65)	(65)	(10)
<b>Free cash flow</b>	\$ 577	\$ (482)	\$ 95	\$ 348	\$ 443	\$ 358	\$ (492)	\$ (134)	\$ 320	\$ 186	\$ 233

Note: Unaudited, U.S. Dollars in millions

- Represents cash taxes and cash interest paid on our existing debt, which has not historically been allocated to our business segments. Following the receipt of proceeds from the sale of our Lottery and Sports Betting businesses, we expect to significantly repay and restructure our existing debt. Accordingly, 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 discontinued operations
- 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
- 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 measures definitions above for further details



## SGMS Reconciliation of Free Cash Flow Conversion

	Three Months Ended December 31,	Year Ended December 31,
	2021	2021
<b>Combined Free Cash Flow<sup>(1)</sup></b>	\$ 100	\$ 443
<b>Combined AEBITDA<sup>(2)</sup></b>	346	1,331
<i>Free cash flow Conversion<sup>(3)</sup></i>	29%	33%

Note: Unaudited, U.S. Dollars in millions

(1) Refer to the "Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow – Continuing Operations and Combined Free Cash Flow" on slide 33

(2) 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 31

(3) Free cash flow conversion, as used herein, represents the ratio by which Combined AEBITDA is converted into Combined Free Cash Flow



APPENDIX **SGMS Reconciliation of Earnings (Loss) from Equity Investments to EBITDA from Equity Investments**

	Three Months Ended December 31,			
	2021		2020	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
<b>Earnings (loss) from equity investments</b>	\$ 2	\$ 7	\$ 1	\$ (4)
Add: Income tax expense	-	3	-	1
Add: Depreciation, amortization and impairments	-	8	-	8
Add: Interest income, net and other	-	-	1	5
<b>EBITDA from equity investments</b>	<b>\$ 2</b>	<b>\$ 18</b>	<b>\$ 2</b>	<b>\$ 10</b>
<b>Combined EBITDA from equity investments<sup>(1)</sup></b>		<b>\$ 20</b>		<b>\$ 12</b>

	Year Ended December 31,				
	2021		2020		2019
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations	Combined <sup>(1)</sup>
<b>Earnings (loss) from equity investments</b>	\$ 5	\$ 42	\$ 3	\$ (9)	\$ 24
Add: Income tax expense	-	10	-	3	9
Add: Depreciation, amortization and impairments	1	31	1	31	33
Add: Interest income, net and other	2	(3)	3	5	1
<b>EBITDA from equity investments</b>	<b>\$ 8</b>	<b>\$ 80</b>	<b>\$ 7</b>	<b>\$ 30</b>	<b>\$ 67</b>
<b>Combined EBITDA from equity investments<sup>(1)</sup></b>		<b>\$ 88</b>		<b>\$ 37</b>	



Note: Unaudited, U.S. Dollars in millions

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

# Legal

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