


IGT

# Q3'22 RESULTS

Period ended September 30, 2022

## Cautionary Statement Regarding Forward-Looking Statements

This presentation may contain forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning International Game Technology PLC and its consolidated subsidiaries (the "Company") and other matters. These statements may discuss goals, intentions, and expectations as to future plans, trends, events, dividends, results of operations, or financial condition, or otherwise, based on current beliefs of the management of the Company as well as assumptions made by, and information currently available to, such management. Forward-looking statements may be accompanied by words such as "aim," "anticipate," "believe," "plan," "could," "would," "should," "shall", "continue," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "will," "possible," "potential," "predict," "project" or the negative or other variations of them. These forward-looking statements speak only as of the date on which such statements are made and are subject to various risks and uncertainties, many of which are outside the Company's control. Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may differ materially from those predicted in the forward-looking statements and from past results, performance, or achievements. Therefore, you should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include (but are not limited to) the factors and risks described in the Company's annual report on Form 20-F for the financial year ended December 31, 2021 and other documents filed from time to time with the SEC, which are available on the SEC's website at www.sec.gov and on the investor relations section of the Company's website at www.IGT.com. Except as required under applicable law, the Company does not assume any obligation to update these forward-looking statements. You should carefully consider these factors and other risks and uncertainties that affect the Company's business. Nothing in this presentation is intended, or is to be construed, as a profit forecast or to be interpreted to mean that the financial performance of International Game Technology PLC for the current or any future financial years will necessarily match or exceed the historical published financial performance of International Game Technology PLC, as applicable. All forward-looking statements contained in this presentation are qualified in their entirety by this cautionary statement. All subsequent written or oral forward-looking statements attributable to International Game Technology PLC, or persons acting on its behalf, are expressly qualified in their entirety by this cautionary statement.

## Comparability of Results

All figures presented in this presentation are prepared under U.S. GAAP, unless noted otherwise.

## Non-GAAP Financial Measures

Management supplements the reporting of financial information, determined under GAAP, with certain non-GAAP financial information. Management believes the non-GAAP information presented provides investors with additional useful information, but it is not intended to nor should it be considered in isolation or as a substitute for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. The Company encourages investors to review its financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Adjusted EBITDA represents net income (loss) from continuing operations (a GAAP measure) before income taxes, interest expense, net, foreign exchange gain (loss), net, other non-operating expenses (e.g., DDI / Benson Matter provision, gains/losses on extinguishment and modifications of debt, etc.), net, depreciation, impairment losses, amortization (service revenue, purchase accounting and non-purchase accounting), restructuring expenses, stock-based compensation, litigation expense (income), and certain other non-recurring items. Other non-recurring items are infrequent in nature and are not reflective of ongoing operational activities. For the business segments, Adjusted EBITDA represents segment operating income (loss) before depreciation, amortization (service revenue, purchase accounting and non-purchase accounting), restructuring expenses, stock-based compensation, litigation expense (income) and certain other non-recurring items. Management believes that Adjusted EBITDA is useful in providing period-to-period comparisons of the results of the Company's ongoing operational performance.

Adjusted EPS represents diluted earnings per share from continuing operations (a GAAP measure), excluding the effects of foreign exchange, impairments, amortization from purchase accounting, discrete tax items, and other significant non-recurring adjustments that are not reflective of on-going operational activities (e.g., DDI / Benson Matter provision, gains/losses on sale of business, gains/losses on extinguishment and modifications of debt, etc.). Adjusted EPS is calculated using diluted weighted-average number of shares outstanding, including the impact of any potentially dilutive common stock equivalents that are anti-dilutive to GAAP net income (loss) per share but dilutive to Adjusted EPS. Management believes that Adjusted EPS is useful in providing period-to-period comparisons of the results of the Company's ongoing operational performance.

Net debt is a non-GAAP financial measure that represents debt (a GAAP measure, calculated as long-term obligations plus short-term borrowings) minus capitalized debt issuance costs and cash and cash equivalents, including cash and cash equivalents held for sale. Cash and cash equivalents, including cash and cash equivalents classified as held for sale, are subtracted from the GAAP measure because they could be used to reduce the Company's debt obligations. Management believes that net debt is a useful measure to monitor leverage and evaluate the balance sheet.

Net debt leverage is a non-GAAP financial measure that represents the ratio of Net debt as of a particular balance sheet date to Adjusted EBITDA for the last twelve months ("LTM") prior to such date. Management believes that Net debt leverage is a useful measure to assess IGT's financial strength and ability to incur incremental indebtedness when making key investment decisions.

Free cash flow is a non-GAAP financial measure that represents cash flow from operations (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing IGT's ability to fund its activities, including debt service and distribution of earnings to shareholders.

Constant currency or constant FX is a non-GAAP financial measure that expresses the current financial data using the prior-year/period exchange rate (i.e., the month end exchange rates used in preparing the financial statements for the prior year). Management believes that constant currency is a useful measure to compare period-to-period results without regard to the impact of fluctuating foreign currency exchange rates.

A reconciliation of the non-GAAP measures to the corresponding amounts prepared in accordance with GAAP appears in the tables in this release. The tables provide additional information as to the items and amounts that have been excluded from the adjusted measures.

# STRATEGY UPDATE




POWERBALL®

# Revenue & Profit Growth Accelerates in Q3'22; Strong Financial Condition Driving Compelling Capital Returns

## Q3'22 revenue up 8%; 14% increase at constant currency

Contributions from each operating segment, led by Global Gaming

## 20% operating income margin at high end of Q3'22 expectations

Strong Global Lottery margin; substantial increase in Global Gaming profitability

## Q3'22 Adjusted EBITDA* up 7% at constant currency

Strong growth for Global Gaming; Global Lottery and Digital & Betting in line with PY

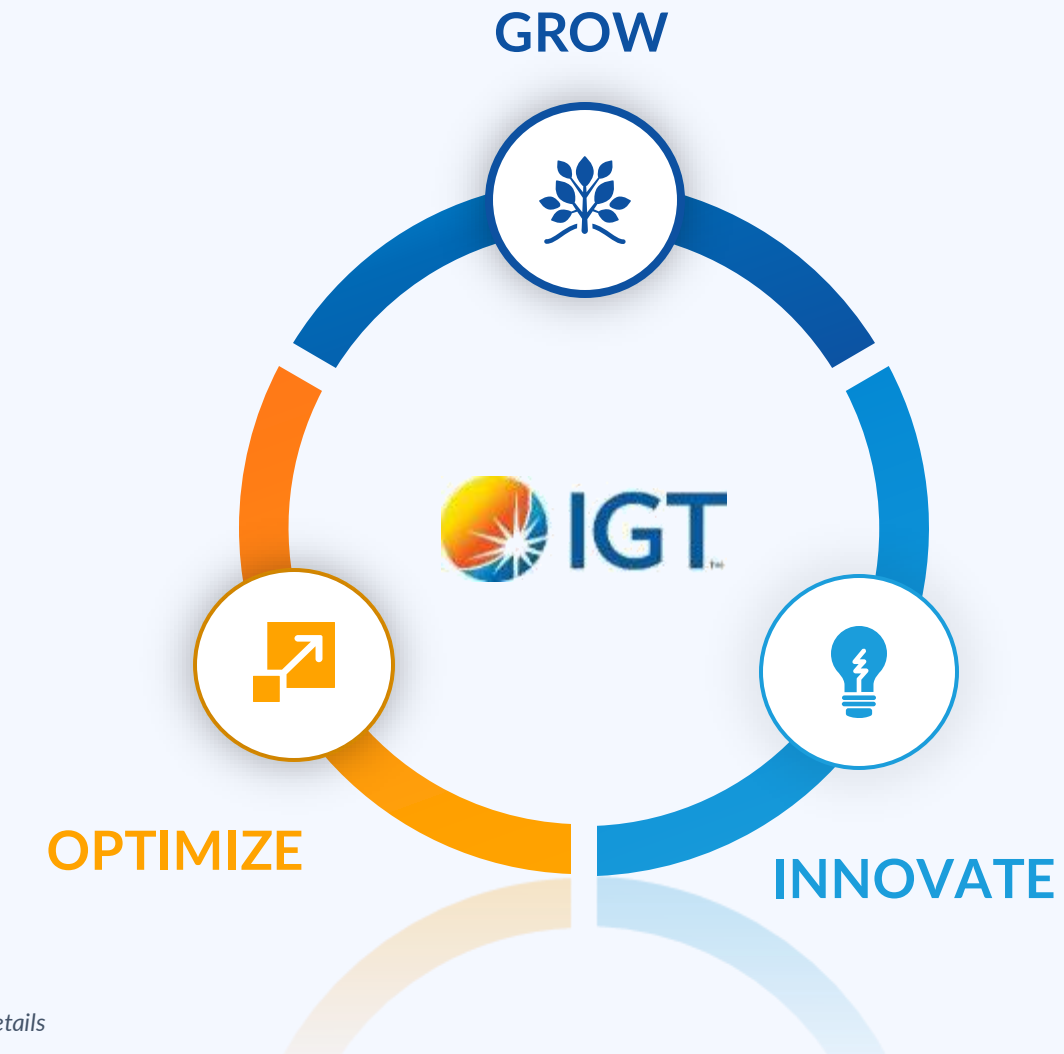
YTD Adjusted EBITDA margin 350+ bps above FY'19 level

## Significant reduction in gross debt; leverage* improves to 3.1x, the lowest level in IGT PLC's history

## Record return of capital to shareholders in a FY period

Annualized dividend implies ~4% yield at current share price

Repurchased 6% of float since November 2021




*Non-GAAP measure; see disclaimer on page 2 and reconciliations to the most directly comparable GAAP measures in Appendix for further details

# Attractive Growth Profile for Global Lottery's High-margin, Recurring Revenue Model

GROW

## Multi-year same-store sales (SSS) growth accelerated in Q3'22 across all game types

Strong instant ticket and jackpot performance

North America SSS 30+% higher than 2019 level

iLottery sales nearly double prior-year period on strength in GA, KY, and Belgium; *Cleopatra Clusters Jackpot* is IGT's most successful eInstant game launch ever

## Significant sequential improvement in Italy SSS

Continued momentum for instant ticket games

Draw game sales progressively approaching pre-COVID levels

## ~500 basis point improvement in YTD'22 operating profit margin vs. FY'19 level

Strong profit flow-through of higher sales base

Disciplined cost control despite meaningful increase in R&D investment

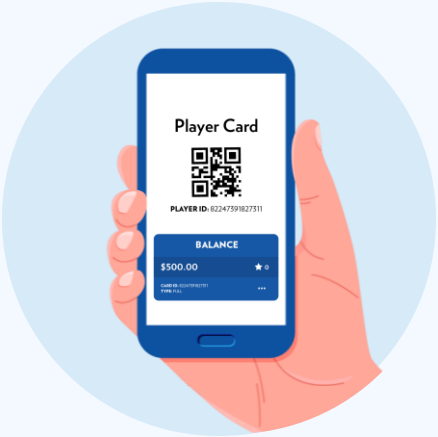


# Lottery Leadership Built on Compelling Solutions Grounded in Operator Expertise & Player Insights

INNOVATE

OMNIA






CONNECTED PLAY






# Strategic Lottery Portfolio Management Provides Increased Stability & Stronger Margin Profile

OPTIMIZE

## Secured four-year contract extension as primary technology supplier to the New York Lottery to August 2026

Among most successful U.S. lotteries

Builds on partnership of 35+ years

## Expanding modernization of Georgia Lottery with seven-year contract extension through September 2032

Upgrades to lottery and iLottery central systems

Cashless functionality to be added to 10,000+ retail terminals

## 10-year instant ticket printing & services contract with Texas Lottery extends partnership through August 2034

## Italy proximity payment/commercial services sale improves Global Lottery segment's underlying margin structure



# Sustained, Broad-based Global Gaming Momentum Marks Important Progress Toward 2025 Goals

GROW

## 30+% revenue growth drives operating income that is more than double PY level

Strong service margin performance

Disciplined cost control

## Record U.S. & Canada unit shipments for a Q3 and YTD period

Unit shipments complemented by record ASPs

Maintained #1 U.S. & Canada ship share in H1'22*

## Sequential improvement in installed base marks important milestone

Improved trends for WAP and MLP installed base and yields

*Prosperity Link™* won "Best Slot Product" at 2022 GGB Gaming & Technology Awards

Expect continued improvement for installed base in U.S. & Canada and ROW




*Per Eilers & Krejcik Gaming research

# G2E Highlights: We've Got Game!

INNOVATE

## Premium




MYSTERY of the LAMP

FESTIVAL LINK

CLEOPATRA GRAND

MONEY MANIA

**#1 New Premium Leased Game!**

Eilers&Krejcik Gaming

- Building on MLP Strength
- WAP Video Expansion
- Supporting Wheel of Fortune®

## For Sale Games




PeakDual™ 27




DiamondRS™

CATS Wild SERENGETI

DIAMOND JACKPOTS

- Peak Family Expansion
- Focus on For Sale MLPs
- Top-performing Hardware
- Classics & Evolutions

## Systems

One Account | One Wallet | One Step



- Leading cashless gaming transformation via Resort Wallet™ and IGTPay™ modules of IGT ADVANTAGE™ system solution
- Enterprise-wide cashless deployment at Station Casinos
- Cloud-based version of IGT ADVANTAGE™

# Focus on Strategic Global Gaming Opportunities & Process Improvements Yields Significant Profit Expansion

OPTIMIZE

## Global product responsibility enabling better decision making

Hardware and game development leveraged in more impactful way

Better management of supply chain challenges

## Focus on compelling areas of opportunity paying dividends

Core video sales, MLPs, and under-penetrated International markets

## Structural cost savings drive Q3'22 operating income margin up 370 bps from FY'19 level

Stronger gross margin profile

Operating expense leverage

## Significant opportunity for further margin improvement



# Digital & Betting Investments Delivering Robust Growth at Attractive Margins

GROW

## Revenue growth accelerates with iSoftBet acquisition

Q3'22 revenue up ~30%

North America GGR up for both iCasino and Sports Betting

## On pace to double new iCasino game launches to ~50/year

Live in over 25 jurisdictions

Omnichannel content a competitive advantage

Ability to develop exclusive games for customers

## Growing portfolio of turnkey sports betting customers

Powering over 80 sportsbooks

Won "Land-Based Product of the Year" for PeakBarTop™ with Sports Betting at 2022 Global Gaming Awards Las Vegas

## SaaS-like business model has attractive margin structure that should improve with scale



# On Solid Path to Delivering on FY'22 Commitments

YTD results highlight momentum across verticals

Current customer and player demand trends remain strong

Resilient, diversified portfolio with majority of profit streams secured by long-term contracts

Compelling returns profile

$224 million returned to shareholders through mid-October; record in a FY period

Annualized dividend implies ~4% yield at current share price

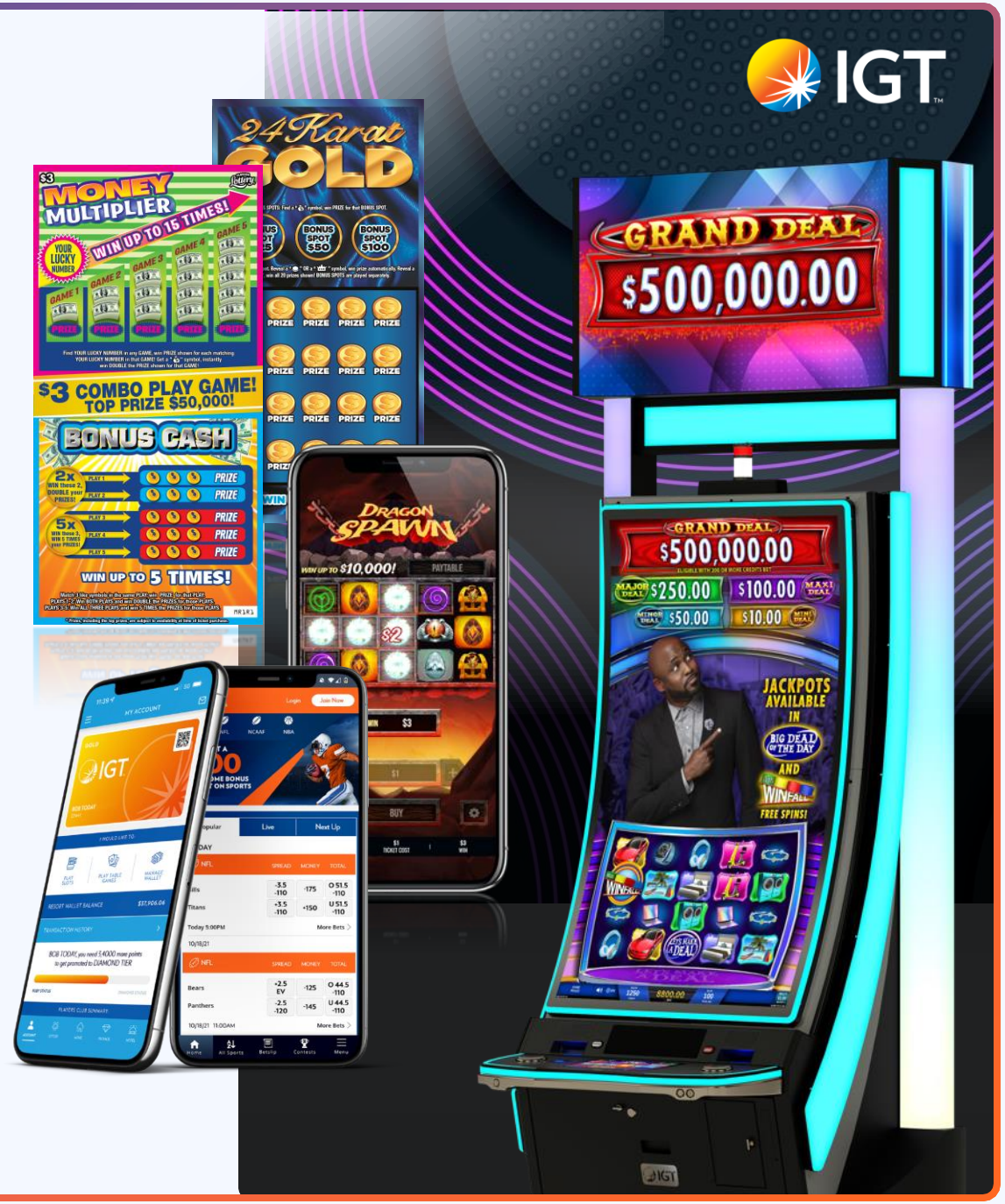
Repurchased 6% of float since November 2021






# FINANCIAL RESULTS

Period ended September 30, 2022



# Strong Underlying Y/Y Growth Delivered in Q3'22; On Track to Achieve FY'22 Outlook

| (Amounts in $ millions, unless otherwise noted) | Quarter Ended September 30, 2022 | 2021 | Y/Y Change (%) | Constant Currency Change | Nine Months Ended September 30, 2022 | 2021 | Y/Y Change (%) | Constant Currency Change |
|---|---|---|---|---|---|---|---|---|
| Revenue | 1,060 | 984 | 8% | 14% | 3,132 | 3,039 | 3% | 8% |
| Operating income | 211 | 212 | - | 9% | 691 | 716 | -3% | 4% |
| *Operating income margin* | *20%* | *22%* | *-2%* | *-1%* | *22%* | *24%* | *-1%* | *-1%* |
| Adjusted EBITDA | 402 | 407 | -1% | 7% | 1,245 | 1,299 | -4% | 2% |
| *Adjusted EBITDA margin* | *38%* | *41%* | *-3%* | *-3%* | *40%* | *43%* | *-3%* | *-2%* |
| Diluted EPS from continuing operations[(1)] | $1.30 | $0.31 | *319%* | | $1.66 | $0.22 | *655%* | |
| Adjusted diluted EPS* from continuing operations | $0.43 | $0.38 | *13%* | | $1.60 | $1.03 | *55%* | |



*(1) Diluted EPS includes non-operating items such as gain on sale of business, DDI/Benson legal settlement accruals, and loss on extinguishment of debt, as well as discrete tax items*
*Note: EUR/USD FX daily average 1.01 in Q3'22; 1.18 in Q3'21, 1.06 YTD Q3'22, 1.20 YTD Q3'21*
**Non-GAAP measure; see disclaimer on page 2 and reconciliations to the most directly comparable GAAP measures in Appendix for further details*

# Global Lottery Maintains Strong Multi-year Sales Growth; OI Margin Within 2025 Outlook Range

## 3+% global SSS growth driven by strong jackpot activity

## Global SSS growth up 20+% vs 2019

North America and rest of world sales strong across categories

Italy instant ticket sales up 20+% with draw games approaching pre-COVID level

## iLottery sales nearly double

Addition of draw games in Belgium

Robust eInstant growth in North America

## Strong operating income margin despite lower Italy contribution and increased investment in R&D



# Global Gaming Delivers 100+% Profit Growth on Strong Demand for Products and Services

## Global machine shipments of 8,965 units

U.S. & Canada deliver 6,407 units; 30% increase over 2019

Record U.S. & Canada ASP of $15,900

## Other product sales up 54% Y/Y on higher IP and multi-year poker site license revenue

## Global installed base rises 629 units sequentially; yields up 5% Y/Y

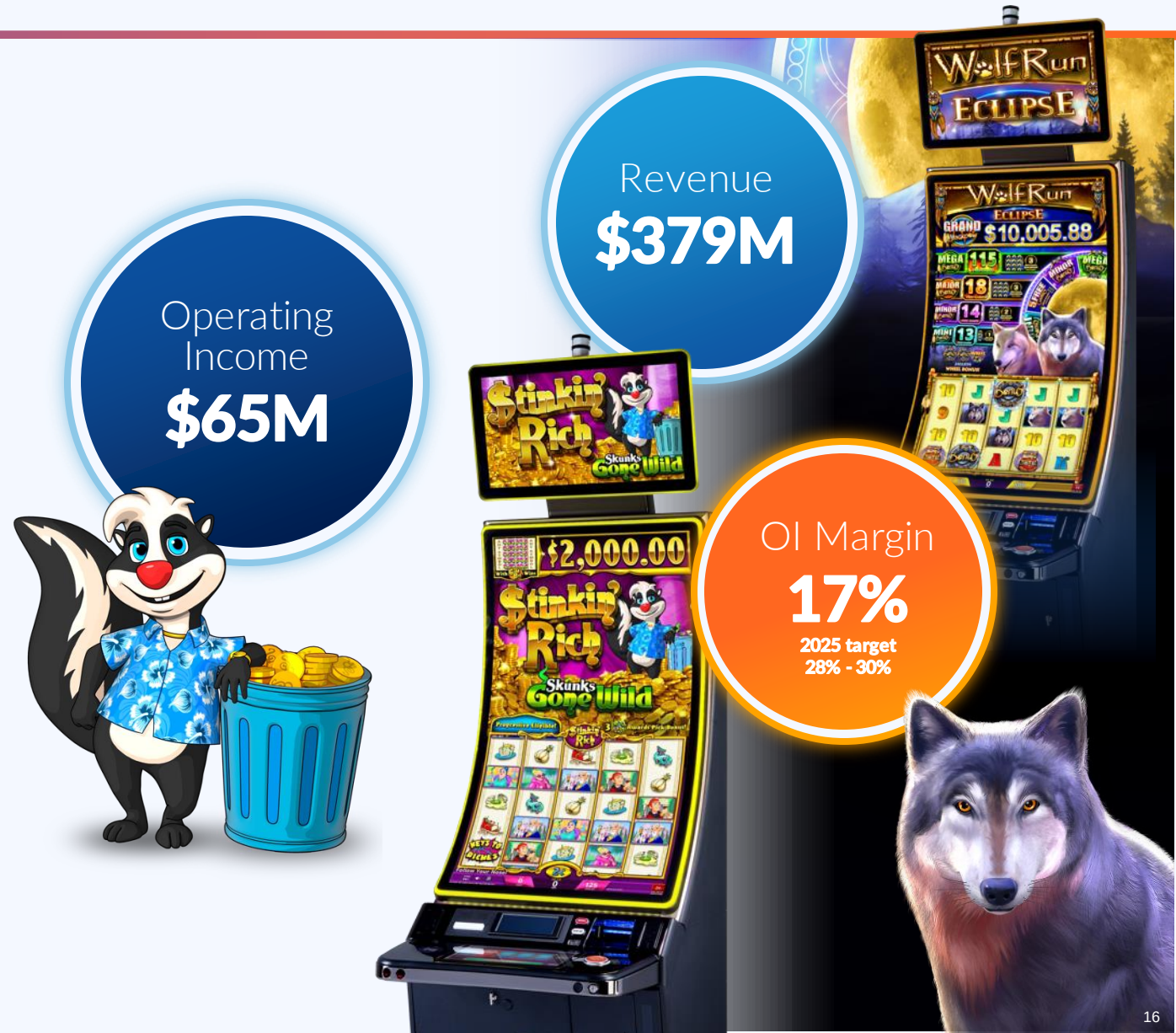
Sequential installed base improvement across geographies and premium/non-premium categories

U.S. & Canada yields rise 7% Y/Y to $43.73

## Operating income margin improves ~600 bps

Q3'22 and YTD'22 OI margin above FY'19 level

Improvement driven by strong operating leverage, partially offset by increased supply chain costs



# Digital & Betting Revenue Growth Accentuated by iSoftBet Acquisition

Continued double-digit revenue increase; up ~30%

iGaming drivers include iSoftBet acquisition, new markets in North America, and organic growth

Expanding sportsbook footprint

Solid operating income and OI margin

Significant achievement given continued investments to fund growth

Realization of margin benefit from acquisition expected in 2023 and beyond



# Asset Sale Drives Higher Debt Reduction in FY'22; Balanced Capital Allocation Strategy Intact

## Cash Flows (YTD as of 9/30/22)

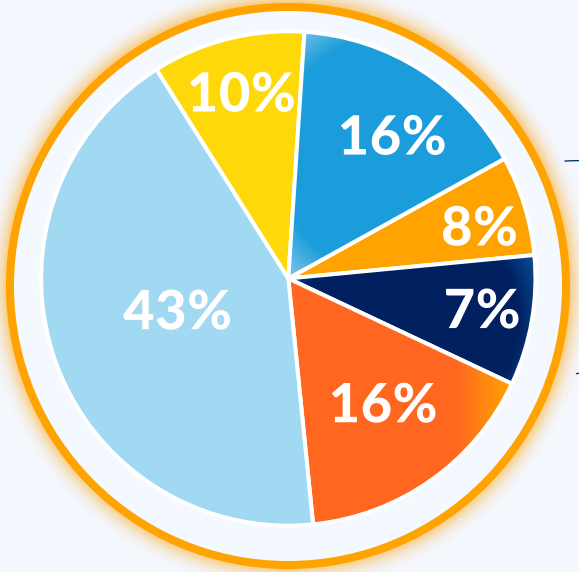
**$621M Cash from Operations**

$236M in Q3'22

**$395M Free Cash Flow***

$163M in Q3'22

## Allocation of Cash from Operations & Divestitures (YTD as of 9/30/22)




Shareholder returns

- Minority payments, net
- Capital expenditures
- Dividends to shareholders
- Share repurchases
- Debt reductions, net
- Business acquisitions, net

Investing cash flows an important component of capital allocation

Proceeds from Italy divestitures

Acquisition of iSoftBet

$224M returned to shareholders through mid-October

~4% annualized dividend yield at current share price

Repurchased 4.7M shares for $103M; average price of $21.52

~$156M repurchase authorization remaining



*Non-GAAP measure; see disclaimer on page 2 and reconciliations to the most directly comparable GAAP measures in Appendix for further details

# Enhanced Credit Profile Features Lower Leverage, Solid Liquidity, and No Significant Near-term Debt Maturities



Net debt leverage of 3.1x below 2022 target and near mid-point of 2025 target range

Successfully completed partial tender of certain Senior Secured Notes

$400M of 6.500% Notes due 2025 and €200M of 3.500% Notes due 2024

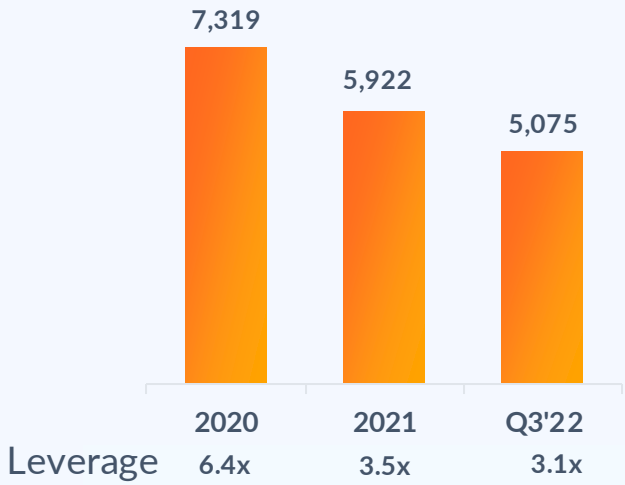
Total liquidity of $2.2B; $0.4B in unrestricted cash, $1.8B in additional borrowing capacity from undrawn credit facilities

Prudent mix of fixed/floating debt in rising interest rate environment

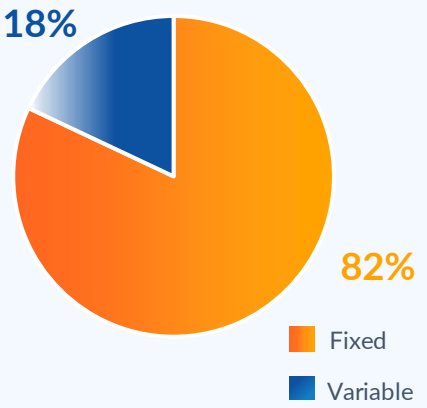




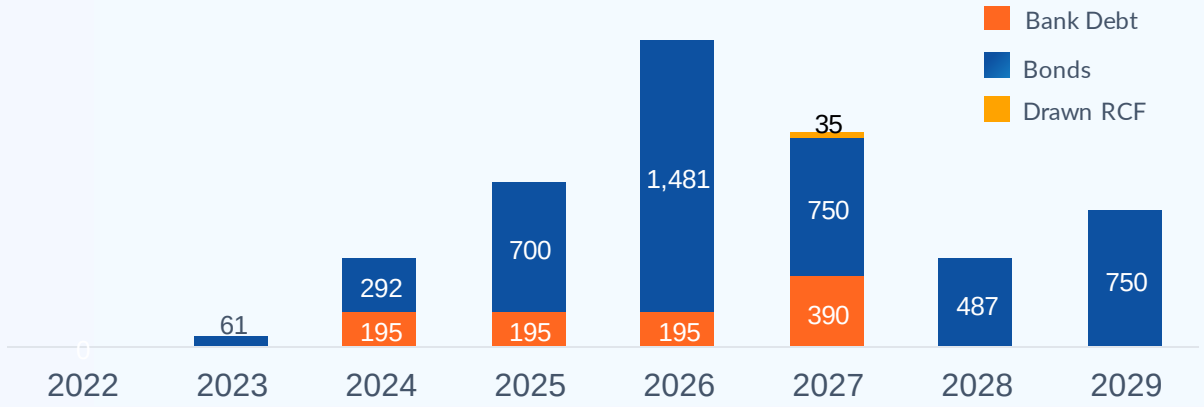
## Net Debt and Leverage




## Debt Composition




## Debt Maturity Profile




*Note: Amounts in $ millions unless otherwise noted*

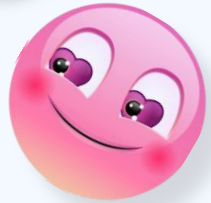
# Introducing Q4'22 Expectations; Targeting Upper Half of FY'22 Outlook Range





| | FY'22 | Q4'22 |
|---|---|---|
| Revenue | $4.1B – $4.2B | ~$1.0B |
| Operating Income Margin | 20% – 22% | 18% – 19% |
| Cash from Operations | $850M - $950M | |
| Capital Expenditures | ~$350M | |





## Q4'22 Outlook Assumptions

EUR/USD @ 1.00

Operating income margin includes ~150 - 200 basis point impact from iSoftBet acquisition step-up amortization, project-related costs, and restructuring expenses

# On Track to Deliver on FY'22 Commitments



## Strong Q3'22 Results

Revenue increases to $1.06B, up 14%[(1)], in upper half of outlook range

Operating income of $211M, up 9%[(1)]

Operating income margin of 20% at top end of outlook range

## Enhanced Credit Profile

Significant debt reduction

Net debt leverage of 3.1x; better than 2022 target and near mid-point of 2025 target range

Significant cash flow generation; balanced capital allocation strategy intact

## Compelling Shareholder Returns

Record capital returned to shareholders in YTD period

Repurchased 4.7M shares for $103M through mid-October; $21.52 avg. price per share

~4% annualized dividend yield at current share price

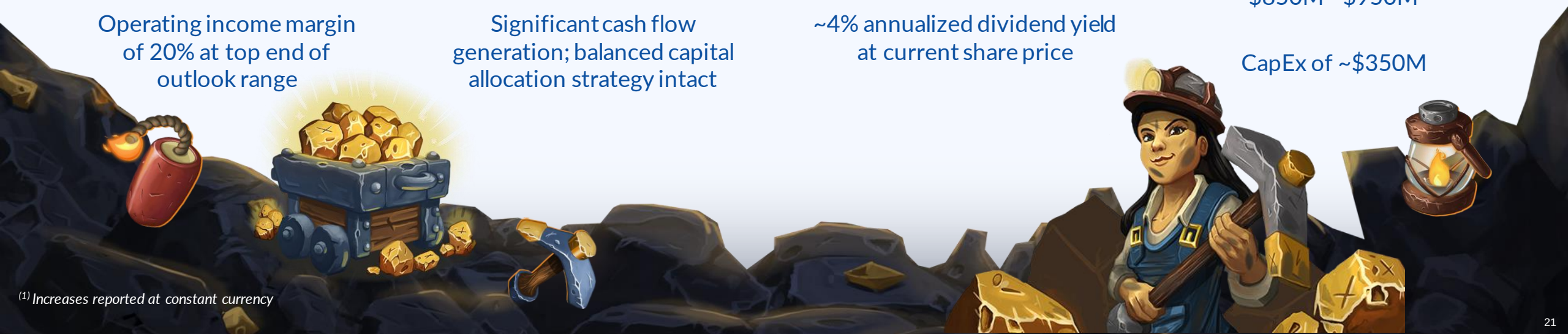
## Targeting Upper Half of FY'22 Outlook Range

Revenue of $4.1 – $4.2B

20% - 22% operating income margin

Cash from operations of $850M - $950M

CapEx of ~$350M



[(1)] *Increases reported at constant currency*


SAMURAI 888
LOTTERY
HEX BREAKER
$250,000 JACKPOT
WIN UP TO $250,000!
JOKER'S WILD
NUMERISSIMI

# Q&A

# APPENDIX

# Q3'22 Select Performance and KPI Data

| GLOBAL LOTTERY | Q3'22 | Q3'21 | Y/Y Change (%) | Constant Currency Change (%) | Q2'22 | Sequential Change as Reported (%) |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| **Service** | | | | | | |
| Operating and facilities management contracts | 561 | 590 | (5)% | 3% | 581 | (3)% |
| Upfront license fee amortization | (44) | (51) | 15% | —% | (46) | 5% |
| Operating and facilities management contracts, net | 518 | 539 | (4)% | 3% | 535 | (3)% |
| Other | 70 | 78 | (11)% | 3% | 85 | (18)% |
| **Total service revenue** | **588** | **617** | **(5)%** | **3%** | **621** | **(5)%** |
| **Product sales** | **39** | **35** | **12%** | **18%** | **27** | **42%** |
| **Total revenue** | **626** | **652** | **(4)%** | **4%** | **648** | **(3)%** |
| **Operating income** | **211** | **234** | **(10)%** | **—%** | **230** | **(9)%** |
| **Adjusted EBITDA** | **310** | **347** | **(11)%** | **(1)%** | **330** | **(6)%** |

| | Q3'22 Constant Currency Change (%) | Q3'21 Constant Currency Change (%) | Q2'22 Constant Currency Change (%) |
|---|---|---|---|
| **Global same-store sales growth (%)** | | | |
| Instant ticket & draw games | (0.5)% | 7.1% | (8.6)% |
| Multi-jurisdiction jackpots | 46.7% | 42.2% | 10.8% |
| **Total** | **3.3%** | **9.3%** | **(7.4)%** |
| **North America & Rest of world same-store sales growth (%)** | | | |
| Instant ticket & draw games | (0.2)% | 4.6% | (5.6)% |
| Multi-jurisdiction jackpots | 46.7% | 42.2% | 10.8% |
| **Total** | **4.7%** | **7.5%** | **(4.2)%** |
| **Italy same-store sales growth (%)** | | | |
| Instant ticket & draw games | **(1.5)%** | **16.3%** | **(17.5)%** |

*$ in millions except otherwise noted*

# Q3'22 Select Performance and KPI Data

| GLOBAL GAMING | Q3'22 | Q3'21 | Y/Y Change (%) | Constant Currency Change (%) | Q2'22 | Sequential Change as Reported (%) |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| **Service** | | | | | | |
| Terminal | 126 | 116 | 8% | 10% | 123 | 3% |
| Systems, software, and other | 58 | 56 | 4% | 7% | 56 | 4% |
| **Total service revenue** | **184** | **172** | **7%** | **9%** | **179** | **3%** |
| **Product sales** | | | | | | |
| Terminal | 140 | 81 | 72% | 77% | 108 | 30% |
| Other | 55 | 36 | 54% | 59% | 44 | 27% |
| **Total product sales revenue** | **195** | **117** | **67%** | **71%** | **151** | **29%** |
| **Total revenue** | **379** | **289** | **31%** | **34%** | **330** | **15%** |
| **Operating income** | **65** | **31** | **107%** | **113%** | **57** | **15%** |
| **Adjusted EBITDA** | **96** | **64** | **50%** | **55%** | **87** | **10%** |
| **Installed base units** | | | | | | |
| Casino | 47,411 | 48,434 | (2)% | | 46,765 | |
| Casino - L/T lease [1] | 1,116 | 1,144 | (2)% | | 1,133 | |
| **Total installed base units** | **48,527** | **49,578** | **(2)%** | | **47,898** | |
| **Installed base units (by geography)** | | | | | | |
| US & Canada | 32,303 | 34,347 | (6)% | | 32,270 | |
| Rest of world | 16,224 | 15,231 | 7% | | 15,628 | |
| **Total installed base units** | **48,527** | **49,578** | **(2)%** | | **47,898** | |

*$ in millions except otherwise noted*

[1] *Excluded from yield calculations due to treatment as sales-type leases*

# Q3'22 Select Performance and KPI Data

| GLOBAL GAMING (Continued) | Q3'22 | Q3'21 | Y/Y Change (%) | Q2'22 |
|---|---|---|---|---|
| **Yields (by geography)[1], in absolute $** | | | | |
| US & Canada | $43.73 | $40.79 | 7% | $42.64 |
| Rest of world | $6.32 | $5.64 | 12% | $6.20 |
| **Total yields** | **$31.09** | **$29.67** | **5%** | **$30.55** |
| | | | | |
| **Global machine units sold** | | | | |
| New/expansion | 1,005 | 1,009 | —% | 818 |
| Replacement | 7,960 | 4,692 | 70% | 6,378 |
| **Total machine units sold** | **8,965** | **5,701** | **57%** | **7,196** |
| | | | | |
| **US & Canada machine units sold** | | | | |
| New/expansion | 959 | 524 | 83% | 469 |
| Replacement | 5,448 | 3,451 | 58% | 4,580 |
| **Total machine units sold** | **6,407** | **3,975** | **61%** | **5,049** |
| | | | | |
| **Rest of world machine units sold** | | | | |
| New/expansion | 46 | 485 | (91)% | 349 |
| Replacement | 2,512 | 1,241 | 102% | 1,798 |
| **Total machine units sold** | **2,558** | **1,726** | **48%** | **2,147** |
| | | | | |
| **Average Selling Price (ASP), in absolute $** | | | | |
| US & Canada | $15,900 | $13,900 | 14% | $15,200 |
| Rest of world | $13,900 | $14,400 | (3)% | $13,400 |
| **Total ASP** | **$15,400** | **$14,100** | **9%** | **$14,600** |

*$ in millions except otherwise noted*

*[1] Excludes Casino L/T lease units due to treatment as sales-type leases; comparability on a Y/Y basis hindered due to fewer active units*

# Q3'22 Select Performance and KPI Data

| DIGITAL & BETTING | Q3'22 | Q3'21 | Y/Y Change (%) | Constant Currency Change (%) | Q2'22 | Sequential Change as Reported (%) |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Service | 54 | 43 | 27% | 34% | 43 | 28% |
| Product sales | — | — | (91)% | (91)% | — | (89)% |
| **Total revenue** | **54** | **43** | **27%** | **34%** | **43** | **27%** |
| | | | | | | |
| **Operating income** | **12** | **12** | **(5)%** | **(3)%** | **8** | **43%** |
| **Adjusted EBITDA** | **16** | **15** | **4%** | **6%** | **12** | **32%** |
| | | | | | | |
| **CONSOLIDATED** | | | | | | |
| **Revenue (by geography)** | | | | | | |
| US & Canada | 651 | 556 | 17% | 17% | 585 | 11% |
| Italy | 247 | 294 | (16)% | (1)% | 288 | (14)% |
| Rest of world | 161 | 134 | 21% | 32% | 148 | 9% |
| **Total revenue** | **1,060** | **984** | **8%** | **14%** | **1,021** | **4%** |

*$ in millions except otherwise noted*

# Q3'22 Summarized Income Statement

| | For the three months ended September 30, | | | |
|---|---|---|---|---|
| | 2022 | 2021 | Y/Y Change (%) | Constant Currency Change (%) |
| Service revenue | 826 | 832 | (1)% | 6% |
| Product sales | 234 | 152 | 54% | 59% |
| **Total revenue** | **1,060** | **984** | **8%** | **14%** |
| Total operating expenses | 849 | 772 | 10% | **15%** |
| **Operating income** | **211** | **212** | **—%** | **9%** |
| Interest expense, net | 73 | 79 | | |
| Foreign exchange gain, net | (37) | (6) | | |
| Other non-operating (income) expense, net | (139) | 1 | | |
| **Total non-operating (income) expenses** | **(103)** | **74** | | |
| Income from continuing operations before provision for income taxes | 315 | 138 | | |
| Provision for income taxes | 21 | 37 | | |
| **Net income** | **294** | **101** | | |
| Less: Net income attributable to non-controlling interests from continuing operations | 29 | 36 | | |
| **Net income attributable to IGT PLC** | **264** | **65** | | |
| **Net income attributable to IGT PLC per common share - diluted** | **$1.30** | **$0.31** | | |
| **Adjusted net income attributable to IGT PLC per common share - diluted** | **$0.43** | **$0.38** | | |

*$ in millions except per share amounts*

# Summarized Cash Flow Statement

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Net cash provided by operating activities** | **236** | **113** | **621** | **613** |
| Capital expenditures | (73) | (47) | (226) | (168) |
| **Free cash flow** | **163** | **66** | **395** | **445** |
| | | | | |
| Net cash provided by discontinued operations | 126 | 118 | 126 | 821 |
| Debt proceeds/(repayments), net | (800) | (318) | (606) | (1,472) |
| Repurchases of common stock | (39) | — | (93) | — |
| Shareholder dividends paid | (40) | — | (121) | — |
| Proceeds from sale of business | 497 | — | 497 | — |
| Proceeds from sale of assets | 2 | 3 | 15 | 15 |
| Business acquisitions | (142) | — | (142) | — |
| Other - Net | (71) | (94) | (263) | (331) |
| **Other Investing/Financing Activities** | **(467)** | **(290)** | **(588)** | **(967)** |
| **Net Cash Flow** | **(305)** | **(225)** | **(193)** | **(522)** |
| Effect of Exchange Rates/Other | (36) | (6) | (98) | (19) |
| Net Change in Cash and Restricted Cash | (341) | (231) | (292) | (541) |

*$ in millions; all amounts presented reflect continuing operations unless otherwise noted*

# Reconciliations of Non-GAAP Measures - Q3'22

| | For the three months ended September 30, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Global Lottery | Global Gaming | Digital & Betting | Business Segments Total | Corporate and Other | Total IGT PLC |
| Income from continuing operations | | | | | | 294 |
| Provision for income taxes | | | | | | 21 |
| Interest expense, net | | | | | | 73 |
| Foreign exchange gain, net | | | | | | (37) |
| Other non-operating income, net | | | | | | (139) |
| Operating income (loss) | 211 | 65 | 12 | 287 | (76) | 211 |
| Depreciation | 44 | 27 | 4 | 75 | — | 75 |
| Amortization - service revenue [1] | 46 | — | — | 46 | — | 46 |
| Amortization - non-purchase accounting | 5 | 2 | — | 7 | 1 | 8 |
| Amortization - purchase accounting | — | — | — | — | 40 | 40 |
| Stock-based compensation | 2 | 2 | — | 5 | 7 | 12 |
| Other [2] | — | — | — | — | 8 | 8 |
| **Adjusted EBITDA** | **310** | **96** | **16** | **422** | **(19)** | **402** |
| | | | | | | |
| Cash flows from operating activities - continuing operations | | | | | | 236 |
| Capital expenditures | | | | | | (73) |
| **Free Cash Flow** | | | | | | **163** |

*$ in millions; all amounts presented reflect continuing operations*
*[1] Includes amortization of upfront license fees*
*[2] Primarily includes transaction-related costs*

# Reconciliations of Non-GAAP Measures - Q3'22

| | For the three months ended September 30, 2022 | | |
|---|---|---|---|
| | Pre-Tax Impact | Tax Impact [1][2] | Net Impact |
| Reported EPS from continuing operations attributable to IGT PLC - diluted | | | 1.30 |
| Adjustments: | | | |
| Foreign exchange gain, net | (0.18) | 0.04 | (0.22) |
| Amortization - purchase accounting | 0.20 | 0.05 | 0.15 |
| Loss on extinguishment and modifications of debt, net | 0.06 | 0.00 | 0.06 |
| DDI / Benson Matter provision | 0.59 | 0.14 | 0.45 |
| Gain on sale of business | (1.37) | (0.01) | (1.36) |
| Other (non-recurring adjustments) | 0.05 | 0.00 | 0.04 |
| Net adjustments | | | (0.87) |
| **Adjusted EPS from continuing operations attributable to IGT PLC - diluted [3]** | | | **0.43** |

*$ in millions; all amounts presented reflect continuing operations*

*[1] Calculated based on nature of item, including any realizable deductions, and statutory tax rate in effect for the relevant jurisdiction*

*[2] The reported effective tax rate was 6.7%. Adjusted for the above items, the effective tax rate was 36.2%*

*[3] Adjusted EPS was calculated using weighted average shares outstanding of 203.1 million, which iincludes the dilutive impact of share-based payment awards*

# Reconciliations of Non-GAAP Measures - Q3'21

| | For the three months ended September 30, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Global Lottery | Global Gaming | Digital & Betting | Business Segments Total | Corporate and Other | Total IGT PLC |
| Income from continuing operations | | | | | | 101 |
| Provision for income taxes | | | | | | 37 |
| Interest expense, net | | | | | | 79 |
| Foreign exchange gain, net | | | | | | (6) |
| Other non-operating expense, net | | | | | | 1 |
| Operating income (loss) | 234 | 31 | 12 | 278 | (66) | 212 |
| Depreciation | 48 | 29 | 4 | 81 | — | 81 |
| Amortization - service revenue [(1)] | 54 | — | — | 54 | — | 54 |
| Amortization - non-purchase accounting | 8 | 1 | — | 10 | 1 | 11 |
| Amortization - purchase accounting | — | — | — | — | 40 | 40 |
| Stock-based compensation | 3 | 2 | — | 5 | 6 | 11 |
| **Adjusted EBITDA** | **347** | **64** | **15** | **426** | **(19)** | **407** |
| | | | | | | |
| Cash flows from operating activities - continuing operations | | | | | | 113 |
| Capital expenditures | | | | | | (47) |
| **Free Cash Flow** | | | | | | **66** |

*$ in millions; all amounts presented reflect continuing operations*

*[(1)] Includes amortization of upfront license fees*

# Reconciliations of Non-GAAP Measures - Q3'21

| | For the three months ended September 30, 2021 | | |
|---|---|---|---|
| | Pre-Tax Impact | Tax Impact [1][2] | Net Impact |
| Reported EPS from continuing operations attributable to IGT PLC - diluted | | | 0.31 |
| Adjustments: | | | |
| Foreign exchange gain, net | (0.03) | 0.06 | (0.09) |
| Amortization - purchase accounting | 0.19 | 0.05 | 0.15 |
| Net adjustments | | | 0.06 |
| **Adjusted EPS from continuing operations attributable to IGT PLC - diluted [3]** | | | **0.38** |

*$ in millions; all amounts presented reflect continuing operations*

*[1] Calculated based on nature of item, including any realizable deductions, and statutory tax rate in effect for the relevant jurisdiction*

*[2] The reported effective tax rate was 26.8%. Adjusted for the above items, the effective tax rate was 33.4%*

*[3] Adjusted EPS was calculated using weighted average shares outstanding of 206.9 million, which includes the dilutive impact of share-based payment awards*

# Reconciliations of Non-GAAP Measures - YTD Q3'22

| | For the nine months ended September 30, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Global Lottery | Global Gaming | Digital & Betting | Business Segments Total | Corporate and Other | Total IGT PLC |
| Income from continuing operations | | | | | | 445 |
| Provision for income taxes | | | | | | 74 |
| Interest expense, net | | | | | | 223 |
| Foreign exchange gain, net | | | | | | (59) |
| Other non-operating expense, net | | | | | | 8 |
| Operating income (loss) | 693 | 174 | 33 | 899 | (208) | 691 |
| Depreciation | 131 | 81 | 12 | 223 | (1) | 223 |
| Amortization - service revenue [1] | 146 | — | — | 146 | — | 146 |
| Amortization - non-purchase accounting | 18 | 5 | — | 23 | 2 | 25 |
| Amortization - purchase accounting | — | — | — | — | 117 | 117 |
| Stock-based compensation | 7 | 5 | 1 | 13 | 21 | 34 |
| Other [2] | — | — | — | — | 9 | 9 |
| **Adjusted EBITDA** | **996** | **264** | **45** | **1,305** | **(60)** | **1,245** |
| | | | | | | |
| Cash flows from operating activities - continuing operations | | | | | | 621 |
| Capital expenditures | | | | | | (226) |
| **Free Cash Flow** | | | | | | **395** |

*$ in millions; all amounts presented reflect continuing operations*

[1] *Includes amortization of upfront license fees*

[2] *Primarily includes transaction-related expenses*

# Reconciliations of Non-GAAP Measures - YTD Q3'22

| | For the nine months ended September 30, 2022 | | |
|---|---|---|---|
| | Pre-Tax Impact | Tax Impact [1][2] | Net Impact |
| Reported EPS from continuing operations attributable to IGT PLC - diluted | | | 1.66 |
| Adjustments: | | | |
| Foreign exchange gain, net | (0.29) | 0.12 | (0.41) |
| Amortization - purchase accounting | 0.57 | 0.14 | 0.43 |
| Loss on extinguishment and modifications of debt, net | 0.06 | 0.00 | 0.06 |
| Discrete tax items | — | (0.15) | 0.15 |
| DDI / Benson Matter provision | 1.32 | 0.32 | 1.00 |
| Gain on sale of business | (1.36) | (0.01) | (1.35) |
| Other (non-recurring adjustments) | 0.04 | 0.00 | 0.04 |
| Net adjustments | | | (0.06) |
| **Adjusted EPS from continuing operations attributable to IGT PLC - diluted [3]** | | | **1.60** |

*$ in millions; all amounts presented reflect continuing operations*

*[1] Calculated based on nature of item, including any realizable deductions, and statutory tax rate in effect for the relevant jurisdiction*

*[2] The reported effective tax rate was 14.3%. Adjusted for the above items, the effective tax rate was 26.9%*

*[3] Adjusted EPS was calculated using weighted average shares outstanding of 204.1 million, which includes the dilutive impact of share-based payment awards*

# Reconciliations of Non-GAAP Measures - YTD Q3'21

| | For the nine months ended September 30, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Global Lottery | Global Gaming | Digital & Betting | Business Segments Total | Corporate and Other | Total IGT PLC |
| Income from continuing operations | | | | | | 200 |
| Provision for income taxes | | | | | | 217 |
| Interest expense, net | | | | | | 264 |
| Foreign exchange gain, net | | | | | | (62) |
| Other non-operating expense, net | | | | | | 96 |
| Operating income (loss) | 871 | 7 | 28 | 906 | (190) | 716 |
| Depreciation | 144 | 92 | 11 | 247 | (1) | 246 |
| Amortization - service revenue [1] | 164 | — | — | 164 | — | 164 |
| Amortization - non-purchase accounting | 25 | 4 | — | 29 | 3 | 32 |
| Amortization - purchase accounting | — | — | — | — | 118 | 118 |
| Stock-based compensation | 5 | 4 | — | 10 | 12 | 22 |
| Other | — | — | — | — | 1 | 1 |
| **Adjusted EBITDA** | **1,209** | **107** | **39** | **1,355** | **(57)** | **1,299** |
| | | | | | | |
| Cash flows from operating activities - continuing operations | | | | | | 613 |
| Capital expenditures | | | | | | (168) |
| **Free Cash Flow** | | | | | | **445** |

*$ in millions; all amounts presented reflect continuing operations*

[1] *Includes amortization of upfront license fees*

# Reconciliations of Non-GAAP Measures - YTD Q3'21

| | For the nine months ended September 30, 2021 | | |
|---|---|---|---|
| | Pre-Tax Impact | Tax Impact [1][2] | Net Impact |
| Reported EPS from continuing operations attributable to IGT PLC - diluted | | | 0.22 |
| Adjustments: | | | |
| Foreign exchange gain, net | (0.30) | 0.08 | (0.38) |
| Amortization - purchase accounting | 0.57 | 0.14 | 0.43 |
| Loss on extinguishment and modifications of debt, net | 0.42 | — | 0.42 |
| Discrete tax items | — | (0.33) | 0.33 |
| Net adjustments | | | 0.81 |
| **Adjusted EPS from continuing operations attributable to IGT PLC - diluted [3]** | | | **1.03** |

*$ in millions; all amounts presented reflect continuing operations*

*[1] Calculated based on nature of item, including any realizable deductions, and statutory tax rate in effect for the relevant jurisdiction*

*[2] The reported effective tax rate was 52.0%. Adjusted for the above items, the effective tax rate was 34.7%*

*[3] Adjusted EPS was calculated using weighted average shares outstanding of 206.7 million, which includes the dilutive impact of share-based payment awards*