IGT

IGT's Proposal to the

TEXAS LOTTERY COMMISSION

for Scratch Ticket Manufacturing and Services

RFP No. 362-2022-0005
2022

Technical Proposal

PARTNERING TO SUPPORT TEXAS EDUCATION AND VETERANS

Confidential Information Statement

The enclosed Proposal, submitted to the Texas Lottery Commission ("TLC") in response to its Request for Proposals ("RFP") for Scratch Ticket Manufacturing and Services, contains trade secrets and commercial, financial, and other confidential information of IGT Global Solutions Corporation and its affiliates (together "IGT"), which is exempt from public disclosure pursuant to the Texas Public Information Act (Chapter 552, Government Code) and/or the Texas State Lottery Act, and/or other applicable law.

Pursuant to RFP Section 1.7, Proposals Subject to the Texas Public Information Act, IGT has clearly marked each instance of confidential information that is exempt from public disclosure with the following markings: "**Confidential information begins here.**" and "**Confidential information ends here.**" or "**CONFIDENTIAL**."

For each instance where confidential information appears in the Proposal, IGT has included a citation to the applicable statutory and/or other exemption(s) which protect(s) this information from public disclosure, including specific and detailed reasons for each item marked confidential. This documentation is provided in a catalog of confidential information (in table format) within IGT's Proposal and is included in Section 1.7.1, Confidentiality Table. This catalog provides a reference to the location within the Proposal where the confidential information is located, the applicable statutory exemption(s), and the specific details as to why each instance of confidential information is exempt from public disclosure, including relevant facts as to how disclosure would cause substantial competitive harm to IGT.

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Letter of Transmittal

March 23, 2022

Angela Zgabay-Zgarba CTCD, CTCM
Contracts & Facilities Manager
Texas Lottery Commission
P.O. Box 16630
Austin, TX 78761-6630
Phone: (512) 344-5215
contracts@lottery.state.tx.us

RE: Request for Proposal No. 362-2022-0005 for Scratch Ticket Manufacturing and Services

Dear Ms. Zgabay-Zgarba:

With this letter, IGT Global Solutions Corporation submits its Proposal in response to the Texas Lottery Commission's (TLC) Request for Proposals (RFP) for Scratch Ticket Manufacturing and Services and confirms it is both qualified and committed to providing the goods and services required in this RFP.

IGT Global Solutions Corporation and certain of its affiliated entities are referred to in this Letter of Transmittal and throughout the Proposal as "IGT."

As the Lottery Gaming System provider since the Texas Lottery start-up in 1992, and as a printing supplier for the past 12 years, in which time IGT has produced more than 330 scratch games for the TLC, IGT is uniquely qualified to provide the ticket manufacturing and associated services required in this RFP. We think it's fair to say the TLC knows what to expect from IGT in terms of customer service, product quality, and security.

Concerning the RFP's request for an automated scratch solution (in-lane), we have chosen the credit value option but remain in alignment with the TLC's desire to expand distribution of scratch ticket games in-lane.

IGT hereby accepts the terms and conditions set forth in Part 3 of the RFP, which will be included in the Contract. However, IGT asks the TLC to consider the limited exceptions, described in the insert entitled **Exceptions**, attached to and part of this Letter of Transmittal.

IGT Global Solutions Corporation 10 Memorial Boulevard Providence, RI 02903 Phone: 401.392.1000

Your Account Development Manager, Joe Lapinski, will be your primary point of contact for any questions about this Proposal. His contact information is included here:

Joe Lapinski, Account Development Manager, IGT
8520 Tuscany Way, Building 6, Suite 100
Austin, Texas 78754
(512) 908-4226
Joseph.Lapinski@IGT.com

The enclosed Proposal submitted in response to the RFP is valid and irrevocable for a term of one hundred and eighty (180) Days – as defined in the RFP – from the Day after the deadline for submitting proposals. I am legally authorized to bind IGT to the representations in this Proposal.

Thank you for this opportunity to present the enclosed Proposal to you for your consideration. We truly appreciate and value our partnership with the Texas Lottery and look forward to continuing that partnership through the new Contract term. My team and I are available to answer questions and to provide any additional information you require.

Best regards,

Joseph S. Gendron
Chief Operating Officer – Global Lottery
IGT Global Solutions Corporation
10 Memorial Boulevard
Providence, RI 02903
Phone: (401) 392-7631
Email: Jay.Gendron@IGT.com

Exceptions

In line with RFP Section 2.7., Letter of Transmittal, Subsection 2.7.2., IGT is noting an exception to the terms and conditions set forth in RFP Part 3. A specific and detailed reason for the exception is presented below.

3.32. Insurance

Following up on the Texas Lottery Commission's (TLC) answers to Round 1 Questions #21, #22, #23, and #24, as a part of the exception process IGT asks that the TLC consider the following request regarding Section 3.32., Insurance. We would be pleased to answer any questions or provide additional information to you regarding this request.

The insurance marketplace has undergone many challenges in the last few years. Insurers have reduced available capacity, narrowed coverages, and applied more stringent terms and conditions. This has resulted in certain coverages and deductibles at the 6% threshold not being available in the traditional insurance market.

IGT will work to ensure all insurance requirements outlined in RFP Section 3.32. are met to the satisfaction of the TLC. However, IGT would like to discuss certain aspects of the insurance requirements to the extent they may not be available in the traditional insurance market – specifically, as noted in the Q&A referenced above, certain requirements with respect to self-insurance, over-redemption, and licensed and admitted carriers.

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Executive Summary

Executive Summary

Making the Texas Lottery a Priority

As the long-time partner of the Texas Lottery Commission (TLC) across the entirety of Texas lottery operations, portfolios, and services, IGT Global Solutions Corporation (IGT) joins the TLC in seeking to secure long-term sustainable growth solutions for the TLC's scratch game business. The very character of the Texas Lottery – open to try new ideas and innovations, creating healthy vendor competition while maximizing budgets – has manifested itself in a 35% "post-Covid" scratch ticket sales increase and firmly planted the Texas Lottery on the path to even greater growth.

> Texas Lottery scratch sales increased $3.38 billion, or 35%, when comparing the two years prior to Covid to the two years after Covid – representing a *$1.66 billion per year* increase.

We move forward in step with the TLC, both of us knowing the importance of partnership, investment, and innovation to driving Texas Lottery success to new highs, even in a landscape that still portends pandemic-related unknowns.

IGT asserts that it is providing, in this Proposal, all the requirements of the TLC's RFP. IGT identifies, as options in the Proposal, a variety of goods and services beyond those specifically requested. Further, within our responses to every RFP requirement, we demonstrate our understanding of the requested goods and services and explain our proposed approach to providing that requirement. All of IGT's proposed goods and services meet the TLC's specific RFP requirements.

> We value the partnership we have with the Texas Lottery. We take it seriously and never for granted. It will continue to be the foundation of everything we do together, now and into the future.

Summary of IGT's Proposal

Part 4, Required Information: Part 4 of our Proposal presents IGT's experience and financial soundness as a leader that continues to move the lottery and gaming industries forward. It also highlights our expertise in service to the Texas Lottery.

Trusted Account Leadership and Support That Puts You First

The experience we put to work for the Texas Lottery every day is underpinned by honesty, accountability, attention to detail, and clear communication. You know you can count on us to do what we say we will do. You know we will tell it like it is. Regional Sales Director Walter Gaddy puts his passion for your account behind every concept, creative solution, and product strategy, like the one that established the Texas Lottery's remarkable Loteria franchise. Senior Account Services Representative Penny Whyte is well known to the Lottery, as she is at the center of our efforts to translate your requirements and feedback into quality games that resonate with your player base. Those IGT games, which continue to drive incremental sales, are produced under the watchful eye of Vice President and General Manager Instant Product Services Keith Cash, whose leadership has transformed our manufacturing processes, enhancing quality, security, and our printing capabilities. Our collective goal is simple – *excellence* – and our entire team strives to achieve that every day for the Texas Lottery.

Part 5, Historically Underutilized Business (HUB) Participation: IGT meets all of the exacting requirements for HUB compliance and has included its HUB Subcontracting Plan (HSP).

Part 6, Texas Lottery's Objectives, Goals and Expectations: In Part 6, IGT puts forth its acknowledgement and support of the TLC's goals, objectives, and expectations. We have a deep appreciation for the competitive vendor environment the Texas Lottery has created in support of the scratch ticket game business, in that:

- It motivates us to continually refine what we bring to this decades-old partnership – from the way we listen to understand, to our attentiveness to your retailers and players, to our level of responsiveness both in times of success and challenge. Look no further than last summer, when IGT prioritized Texas Lottery games over a six-week period, starting in mid-July, to ensure that all of the games you expected to be printed would be produced before the August 31st print deadline.
- It enables us to show you how the investments we have made in our business – from expertise to processes to technology – are an investment in yours.
- It challenges us to bring innovations that will support your goals and are worthy of your industry leadership in being first to bring new and enduringly successful concepts to market. Evidence can be found in game innovations such as Lotería and Super Ticket®, but also in marketing programs like the iHeart Advantage and in the depth of the presentation we provided in response to your invitation for "family of games" promotion ideas.

- It prompts our enhanced Instants Innovation Team to provide additional resources focused on innovation across support for scratch ticket game sales, system and warehousing capabilities, retail solutions and trends (partnerships; POS/enhanced visibility; points-of-access expansion; digital advertising and focus; post-covid trends in vending; in-lane), product (new game mechanics & play styles, printing enhancements, prize structure innovations, etc.), and research and analytics.

Part 7, Scratch Ticket Game Development: Here we introduce you to the best in the business: IGT's leaders of the key functions behind our products and services. Our teams interact fluidly, with one another, with third-party partners, and with your teams to deliver high-quality products and excellent customer service that will continue to grow your business. Our teams use insights from market research and data analysis to make strategic game recommendations, looking from all angles at your market in a manner that is derived from our proven framework.

The concepts, designs, and product strategies that IGT brings to your annual Yes/No meeting are thoroughly researched and thoughtfully selected through a strategic approach that we enhance and improve upon with your feedback.

Figure 1. An Enduring Success Story: Lotería continues to generate significant sales in Texas, and it is now available at nearly every price point, including at $50.

Part 8, Scratch Ticket Manufacturing and Services: In this Part, we detail our scratch game production capabilities and how we apply our expertise and the latest press and printing technologies to producing the highest-quality games for the Lottery. Our commitment to continual improvement underpins our commitment to your satisfaction. Scratch game production – from concept development to Executed Working Papers to pre-press to programming to packaging tickets as they come off the press – truly is sophisticated when you consider the professional disciplines that must collaborate and coordinate to bring a scratch game to market.

Our commitment to constant, ongoing improvement is evident in the many initiatives that have been implemented in our Lakeland, Florida, Instant Ticket Services facility.

TPIA §552.110

Confidential information begins here.

[redacted]

Confidential information ends here.

Game security also continues to evolve. Since 2012, we have worked with you on solutions that have helped ensure integrity while bringing more than 300 different scratch games to the Texas market – engineering solutions that provide new and important safeguards such as enhanced cyber security, advancements in game design, new quality and security checks during and after production, and automation throughout the manufacturing process. Looking to the future, as Texas continues to experience record growth during the new Contract, IGT will continue to analyze and expand production methods and resources as necessary.

You will find innovations and other capabilities, all goods and services beyond the RFP's specific requirements, presented as Specified, Invited, and Offered Options, also in Section 8.

A Partner for the Long Term

The Texas Lottery presents an interesting challenge and opportunity with this RFP for a contract with a 10-year horizon and a start date more than two years away. During that time span, many things may change materially: emerging technologies, enhancements to sales at retail, player preferences, game concepts and mechanics, and more. You know that we will apprise you of such opportunities whenever they arise.

During this longer Contract, there is something that you know will not change. We will continue to provide high-quality products that resonate with your market. We will continue to provide services that support your team and operation. We will continue to build upon the trusting and collaborative relationships we share with the Texas Lottery team.

You will continue to enjoy direct, hands-on local and corporate oversight from IGT Texas Account Development Manager Joe Lapinski and Chief Operating Officer – Global Lottery Jay Gendron, as well as the support of many Corporate marketing, analytics, and technology resources. All of our teams work as one in putting the importance of the Texas Lottery into daily practice. We will continue to put Texas first.

Our focus is on sustaining the growth of *your* bottom line for the long term. The Texas Lottery can continue to count on our entire organization as a true and transparent partner, one that invests meaningfully in your players, retailers, and business, collaborates with you on scratch ticket games that generate demand, increase year-over-year contributions to the Foundation School Fund and Texas Veterans, and helps you to achieve your overall goal of sustained long-term growth.

PART 1.

General Information

Part 1.

General Information

IGT has read, acknowledges, and agrees to all the requirements contained within RFP Part 1, General Information. Because an individual response is required for item 1.7., that response is provided below.

1.7. Proposals Subject to the Texas Public Information Act

1.7.1. Confidentiality Table

The Texas Lottery is subject to the Texas Public Information Act (Act). (Chapter 552, Government Code). Proposals submitted to the Texas Lottery in response to this RFP are subject (in their entirety) to release by the Texas Lottery as public information. A Proposal, or specific parts thereof, may however be shown by the Proposer to fall within one or more of the exceptions to disclosure provided in the Act, the State Lottery Act or other applicable law. Marking an entire Proposal as "confidential" or "copyrighted" is unacceptable. If a Proposer believes that parts of its Proposal are confidential under the Act, it should specify the confidential information by marking "Confidential" on each page or by each paragraph containing such information prior to submitting the Proposal to the Texas Lottery. In response to this section, Proposers shall provide the Texas Lottery with specific and detailed reasons for each item marked "Confidential". Vague and general claims to confidentiality are not acceptable. This detail is necessary so that the Texas Lottery will have sufficient information to provide to the Attorney General of Texas, if a ruling regarding the confidentiality of such information is requested. Failure of a Proposer to respond to such notification PAGE 9 REQUEST FOR PROPOSALS FOR SCRATCH TICKET MANUFACTURING AND SERVICES PART 1 GENERAL INFORMATION may result in the release of all or part of the Proposal as public information. It is the Proposer's obligation to submit briefing to the Attorney General setting forth the basis upon which the requested information should remain confidential. The Attorney General of Texas may determine all or part of a Proposal to be public information even though parts of the Proposal were marked "Confidential" by the Proposer. Additionally, see Sec. 552.0222 of the Act relating to contracting information that is considered public and must be released.

IGT has read, acknowledges, and agrees to this requirement.

To fully comply with this requirement, we have prepared a table that contains specific and detailed reasons for each item marked as "Confidential" in our Proposal. The completed **Confidentiality Table** is included as an insert following this page.

Confidentiality Table

IGT has identified each instance of confidential information in its Proposal with "**Confidential information begins here**" and "**Confidential information ends here**" or "**CONFIDENTIAL**" or "**Confidential**" markings. The information so marked is treated as proprietary and/or confidential by IGT and is therefore exempt from public disclosure pursuant to applicable Texas law.

In response to RFP Section 1.7., IGT has included the following table, which provides the Texas Lottery Commission with specific and detailed reasons for exemption from disclosure for each item marked confidential in its Proposal.

Section Number	Section Title	Location	Justification
	Executive Summary	Confidential information begins after the sentence ending with "…in our Lakeland, Florida, Instant Ticket Services facility." and ends before the sentence beginning "Game security also continues to evolve…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section of IGT's Proposal contains detailed information about technology used to generate the programming for each game. This information is treated as valuable Trade Secrets of IGT. IGT has invested resources and expertise in developing this enhancement, and the extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released, and would permit IGT competitors to improperly obtain economic value.
3.49.	Hiring of Lobbyist, Consultant, and/or Advisor; Supplemental Information	Confidential information begins after the sentence ending with "…February 1, 2022." and ends before the sentence beginning "IGT agrees to immediately notify…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (c), Exception: commercial and financial information** The information marked confidential in this section of IGT's Proposal presents information about the Company's lobbyists and consultants. This commercial information is not generally known and, if publicly disclosed, would cause substantial competitive and economic harm to the Company and unfairly advantage competing vendors.

Section Number	Section Title	Location	Justification
3.40.1 Insert	Litigation Summary	The entire “Litigation Summary” insert is confidential.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b)(c), Exception: Trade Secret, Commercial and financial information** The information marked confidential in this section presents information about litigation related to contract performance. All litigation information is treated as confidential both inside and outside of the Company and shared only on a need-to-know basis. Disclosure of this information would cause substantial competitive harm to the Company by providing valuable insight into the Company’s performance and confidential ongoing litigation. This information would offer unfair advantage to competing vendors.
4.1.5.b.	Penalties or Liquidated Damages	Confidential information begins after the sentence ending with “…set by our customers.” and ends at the end of Section 4.1.5.b.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b)(c), Exception: Trade Secret, Commercial and financial information** The information marked confidential in this section presents information about incidents involving liquidated damages assessments and their respective settlements. All liquidated damages information is treated as confidential both inside and outside of the Company and shared only on a need-to-know basis. Disclosure of this information would cause substantial competitive harm to the Company by providing valuable insight into the Company’s performance and confidential settlement negotiations. This information would offer unfair advantage to competing vendors.
4.1.5.d.	Litigation	Confidential information begins after the sentence ending with “…arising from contracts.” and ends at the end of Section 4.1.5.d.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b)(c), Exception: Trade Secret, Commercial and financial information** The information marked confidential in this section presents information about litigation related to contract performance. All litigation information is treated as confidential both inside and outside of the Company and shared only on a need-to-know basis. Disclosure of this information would cause substantial competitive harm to the Company by providing valuable insight into the Company’s performance and confidential ongoing litigation. This information would offer unfair advantage to competing vendors.

Section Number	Section Title	Location	Justification
4.1.1. Insert	Customer Summary	The entire “Customer Summary” insert is confidential.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b)(c), Exception: Trade Secret, Commercial and financial information** The information marked confidential in this insert contains detailed sensitive information about our customer contracts, including some contract values calculated based on non-public information. This financial and commercial information is not generally known and IGT expends significant resources to maintain the confidentiality of this information. If publicly disclosed, the release of this information would cause substantial competitive and economic harm to the Company and unfairly advantage competing vendors.
4.2.2.	Resumes and Supporting Information for Key Personnel	Confidential information begins after the heading “Account Manager” and ends at the end of Section 4.2.2.	**Texas Government Code Title 5, Chapter 552, § 552.102 (a), Exception: Personnel Information** The information marked confidential in this section contains detailed sensitive information about our key personnel. This is information in a personnel file, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.
Insert	Key Personnel Resumes	The entire “Key Personnel Resumes” insert is confidential.	**Texas Government Code Title 5, Chapter 552, § 552.102 (a), Exception: Personnel Information** The information marked confidential in this insert contains detailed sensitive information about our key personnel. This is information in a personnel file, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.
4.3.	Proposer References	Confidential information begins after the sentence ending with “…and that we use throughout this Proposal.” and ends at the end of Section 4.3.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b)(c), Exception: Trade Secret, Commercial and financial information** The information marked confidential in this section contains detailed sensitive information about our customer contracts. This financial and commercial information is not generally known and IGT expends significant resources to maintain the confidentiality of this information. If publicly disclosed, the release of this information would cause substantial competitive and economic harm to the Company and unfairly advantage competing vendors.

Section Number	Section Title	Location	Justification
4.5.1.	Conflict of Interest Disclosure	Confidential information begins after the sentence ending with "…result from these arrangements." and ends at the end of Section 4.5.1.	**Texas Government Code Title 5, Chapter 552, § 552.104, Exception: Information Related to Competition or Bidding § 552.110 (b)(c), Exception: Trade Secret, Commercial and financial information** The information marked confidential in this section presents information about the Company's commercial relationships and contracts with third-party entities that is otherwise not generally known to the public. In addition, many of these contracts contain non-disclosure provisions which prevent IGT from disclosing commercial relationships without third-party consent. This commercial information is not generally known and, if publicly disclosed, would cause substantial competitive harm to the Company and unfairly advantage competing vendors. In addition, IGT could suffer economic and legal harm resulting from the disclosure of this information in violation of any contract provision that expressly prohibits such disclosure.
6.3.1	Utilizing Multiple Vendors	Confidential information begins after the sentence ending with "…and it serves as a qualitative measure of our commitment. For example:" and ends before the sentence beginning "We look for opportunities…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's recommended games for the Texas Lottery. This information is treated as valuable Trade Secrets of IGT. IGT has invested resources and expertise in developing these games, and the extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
6.4.1.	New Products and Enhancements	Confidential information begins after the sentence ending with "…we can apply to your scratch game business." and ends before the heading "Instants Innovation Team."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed examples derived from IGT's game innovation processes. This information is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
6.4.1.	New Products and Enhancements	Confidential information begins after the sentence ending with "…and creatively to broad or specific customer needs." and ends at the end of Section 6.4.1.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed examples derived from IGT's game innovation processes. This information is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
7.2.1.1.	Game Recommendations	Confidential information begins after the sentence ending with "…receive game strategy ideas from all vendors." and ends before the sentence beginning "The collaborative efforts between our two teams…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's game development and recommendation practices and strategies, which are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
7.2.1.1.	Game Recommendations	Confidential information begins after the sentence ending with "…is now a staple in every Texas Lottery Game Plan." and ends before the heading "Recommendations for Special Games and Game Classes."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about the results IGT has gleaned from its business intelligence and analysis of the Texas Lottery's market and specific games, data which is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
7.2.1.1.	Game Recommendations	Confidential information begins after the sentence ending with "…as a leave-behind for you to review at your convenience." and ends before the heading "Licensed Games."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about the results IGT has gleaned from its business intelligence and analysis of the Texas Lottery's market and specific games, data which is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
7.2.1.1.	Game Recommendations	Confidential information begins after the sentence ending with "…in March 2022 all the way to the $50 price point." and ends before the text beginning "We will continue to support…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about the results IGT has gleaned from its business intelligence and analysis of the Texas Lottery's market and specific games, data which is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
7.2.1.1.	Game Recommendations	Confidential information begins after the sentence ending with "…and corporate support teams, we have been able to:" and ends before the heading "The Customer Service Aspect of Game Planning."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about the results IGT has gleaned from its business intelligence and analysis of the Texas Lottery's market and specific games, data which is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
7.4.	Creative Game Design	Confidential information begins after the sentence ending with "…variety of Texas Lottery players, both existing and new." and ends before the sentence beginning "For information on IGT's approach to game design…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's game development and recommendation practices and strategies, which are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
7.4.	Creative Game Design	Confidential information begins after the sentence ending with "…are also part of every ticket design." and ends before the sentence beginning "Once a game design meets our internal security and quality standards…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's game development and recommendation practices and strategies, which are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
Insert 7.7	Weekly Production Schedule Report	The entire insert entitled "Weekly Production Schedule Report" is confidential.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's printing schedule and is treated as valuable Trade Secrets of IGT. IGT's internal experts have dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.1.	Overview of Ticket Manufacturing Methods	Confidential information begins after the sentence ending with "…please see Section 7.4, Creative Game Design." and ends before the numbered item that begins "7. Shipment: Our shipping center…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's printing presses, their configuration, and their unique features and is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT's competitors to improperly obtain economic value. In addition, this section contains detailed information about the security processes that protect our printing facility and security features built into the scratch games to protect them from compromise. Improper release of this information could compromise the security and integrity of the Lottery's operations. This information is the subject of reasonable efforts to maintain its secrecy, both internally and externally.
8.1.	Overview of Ticket Manufacturing Methods	Confidential information begins after the sentence ending with "…for more on our Offered Options.)." and ends before the heading "Printing Press Capabilities."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's latest innovative digital printing platform which is unique to IGT. This information is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy as it gives insight into the unique ways in which we help customers grow their business. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
8.1.	Overview of Ticket Manufacturing Methods	Confidential information begins after the sentence ending with "…will be met well into the future." and ends before the heading "Highest Standards of Security and Integrity."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's printing presses, their configuration, and their unique features and is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT's competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.1.	Overview of Ticket Manufacturing Methods	Confidential information begins after the sentence ending with "…we share with you our security approach." and ends before the heading "Security Procedures and Controls Throughout Scratch Ticket Manufacturing."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about the security processes that protect our printing facility and security features built into the scratch games to protect them from compromise. Improper release of this information could compromise the security and integrity of the Lottery's operations. This information is the subject of reasonable efforts to maintain its secrecy, both internally and externally. It is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT's competitors to improperly obtain economic value.
8.1.	Overview of Ticket Manufacturing Methods	Confidential information begins after the sentence ending with "…a major reduction in material waste." and ends before the heading "Additional Security Programs and Controls."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's ISO Quality Management system and is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT's competitors to improperly obtain economic value. In addition, this section contains detailed information about the programming security innovations built into the scratch games to protect them from compromise. Improper release of this information could compromise the security and integrity of the Lottery's operations. This information is the subject of reasonable efforts to maintain its secrecy, both internally and externally.

Section Number	Section Title	Location	Justification
8.1. Insert	Side-by-Side: IGT's Presses at a Glance	The entire “Side-by-Side: IGT’s Presses at a Glance” insert is confidential.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This insert contains detailed information about IGT’s printing presses, their configuration, and their unique features and is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT’s competitors to improperly obtain economic value.
8.1. Insert	IGT's Production Process - From Concept to Completion	The entire “IGT’s Production Process – From Conception to Completion” insert is confidential.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT’s production process which is treated as a valuable Trade Secret to IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT’s scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.
8.3.3.	Ticket and Pack Sizes	Confidential information begins after the sentence ending with “…and will continue to comply with this requirement.” and ends at the end of Section 8.3.3.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's ticket sizes which are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.3.7.	Imaged Data	Confidential information begins after the sentence ending with "…and will continue to comply with this requirement." and ends at the end of Section 8.3.7.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's imaging system and its unique features that are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value. In addition, this section contains detailed information about the security features built into the scratch games to protect them from compromise. Improper release of this information could compromise the security and integrity of the Lottery's operations. This information is the subject of reasonable efforts to maintain its secrecy, both internally and externally.
8.3.7.f.	Game Data Security Guidelines	Confidential information begins after the sentence ending with "…and will continue to comply with this requirement." and ends at the end of Section 8.3.7.f.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's printing press, its configurations, and its unique features that are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value. In addition, this section contains detailed information about the security features built into the scratch games to protect them from compromise. Improper release of this information could compromise the security and integrity of the Lottery's operations. This information is the subject of reasonable efforts to maintain its secrecy, both internally and externally.

Section Number	Section Title	Location	Justification
8.3.7.g.	Imaged Data Must Not Be Damaged	Confidential information begins after the sentence ending with "…and will continue to comply with this requirement." and ends at the end of Section 8.3.7.g.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's printing press, its configuration, and its unique features that are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value. In addition, this section contains detailed information about the security features built into the scratch games to protect them from compromise. Improper release of this information could compromise the security and integrity of the Lottery's operations. This information is the subject of reasonable efforts to maintain its secrecy, both internally and externally.
8.3.7.i.	Imaging Must Meet Required Specifications	Confidential information begins after the sentence ending with "…and production processes to guarantee that we meet this requirement." and ends at the end of Section 8.3.7.i.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's imaging system and its unique features that are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
8.3.8.	Game Pack Numbers	Confidential information begins after the sentence ending with "…printed on the back of each ticket we supply to the Texas Lottery." and ends at the end of Section 8.3.8.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's game generation software and its unique features that are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.3.9.	Ticket Numbers	Confidential information begins after the sentence ending with "…are consecutive and not duplicated within a pack." and ends at the end of Section 8.3.9.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's game pack numbering process which is treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this process and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
8.3.16.	Scratch Ticket Coating	Confidential information begins after the bullet ending with "…This allows a player to easily detect any irregularities in the ticket." and ends at the end of Section 8.3.16.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's scratch-off material and its unique features that are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value. In addition, this section contains detailed information about the security features built into the scratch games to protect them from compromise. Improper release of this information could compromise the security and integrity of the Lottery's operations. This information is the subject of reasonable efforts to maintain its secrecy, both internally and externally.

Section Number	Section Title	Location	Justification
8.3.17.	Protective Coating/Seal Coat	Confidential information begins after the sentence ending with "…will continue to comply with this requirement." and ends at the end of Section 8.3.17.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's protective coating and its unique features that are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value. In addition, this section contains detailed information about the security features built into the scratch games to protect them from compromise. Improper release of this information could compromise the security and integrity of the Lottery's operations. This information is the subject of reasonable efforts to maintain its secrecy, both internally and externally.
8.4.1.	Quality Requirements	Confidential information begins after the sentence ending with "…delivered to the Texas Lottery." and ends at the end of Section 8.4.1.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's production process which is treated as a valuable Trade Secret of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.5.2.	Minimize Possibility of Tampering	Confidential information begins after the sentence ending with "…unviable, such as the following:" and ends before the sentence beginning "IGT performs a series…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's security practices which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.
8.6.4.	Inspection of Randomization	Confidential information begins after the sentence ending with "…comply with this requirement." and ends at the end of Section 8.6.4.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's randomization process which is treated as a valuable Trade Secret to IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.6.4. Insert	Random Number Generator Report	The entire “Random Number Generator Report” insert is confidential.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT’s randomization process which is treated as a valuable Trade Secret to IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT’s scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company’s business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.
8.8.	Prize Guarantees	Confidential information begins after the sentence ending with “…comply with this requirement.” and ends at the end of Section 8.8.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b)(c), Exception: Trade Secret, Commercial and financial information** The information marked confidential in this section presents information about the Company’s independent, certified third-party auditor that is otherwise not generally known to the public. This commercial information is not generally known and, if publicly disclosed, would cause substantial competitive harm to the Company and unfairly advantage competing vendors. In addition, IGT could suffer economic and legal harm resulting from the disclosure of this information in violation of any contract provision that expressly prohibits such disclosure.
8.8.4.	Top- or Other Tier-Level Prize Verification	Confidential information begins after the sentence ending with “…comply with this requirement.” and ends before the sentence beginning “Our End of Game (EOG) auditors….”	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT’s production process which is treated as a valuable Trade Secret to IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT’s scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.9.1.	Specific Security Measures	Confidential information begins after the sentence ending with "…and 8.31, among others." and ends at the end of Section 8.9.1.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's security practices which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.
8.12.1.	Reconstruction Report	Confidential information begins after the sentence ending with "…in the RFP Section 8.12.1. requirement above." and ends at the end of Section 8.12.1.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's new online self-service portal which is treated as a valuable Trade Secret of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.13.	Employee Security	Confidential information begins after the sentence ending with "…upon the Lottery's request." and ends at the end of Section 8.13.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's security practices which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.
8.15.	Production and Transfer of Game Production Data	Confidential information begins after the sentence ending with "…approved by the Texas Lottery." and ends at the end of Section 8.15.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's NextGen game-generation databases which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.16.1.	Importance of Security in All Phases	Confidential information begins after the sentence ending with "…for additional information on the security topic." and ends at the end of Section 8.16.1.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's security practices which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.
8.16.2.1.	Unauthorized Entry	Confidential information begins after the sentence ending with "…locking and alarm devices we use." and ends at the end of Section 8.16.2.1.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's security practices which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.16.2.2.	Visitor Log	Confidential information begins after the sentence ending with "…all visitors who enter our Lakeland facility." and ends at the end of Section 8.16.2.2.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's security practices which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.
8.16.2.3.	Access to Production and Storage Areas	Confidential information begins after the sentence ending with "…must be approved by the Texas Lottery." and ends at the end of Section 8.16.2.3.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's security practices which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.16.7.	Business Continuity Plan	Confidential information begins after the sentence ending with "…following bullets detail IGT's backup capabilities:" and ends at the end of Section 8.16.7.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's security practices which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.
8.27.1.	Guidelines for Scratch Ticket Testing	Confidential information begins after the sentence ending with "…the following criteria:" and ends at the end of Section 8.27.1.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's security practices which are treated as valuable Trade Secrets of IGT. Disclosure of this information would not only cause competitive and economic harm to IGT, it could also compromise the security and integrity of IGT's scratch tickets. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited and known internally only on a need-to-know basis. Improper disclosure of this information would cause competitive harm to IGT if released and permit IGT competitors to improperly obtain economic value.
8.32.	Back-Up Capabilities	Confidential information begins after the heading "Internal Backup Capabilities" and ends before the heading "External Backup Capabilities."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's internal and external backup capabilities which are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.32.	Back-Up Capabilities	Confidential information begins after the sentence ending with "…hurricanes and a pandemic." and ends before the sentence beginning "As the industry has seen…."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's internal and external backup capabilities which are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
8.33.2.	Internet Entry Promotional Second-Chance Drawings	Confidential information begins after the sentence ending with "…including those in the following table." and ends before the heading "Turnkey Marketing Programs."	**Texas Government Code Title 5, Chapter 552, § 552.104, Exception: Information Related to Competition or Bidding § 552.110 (b)(c), Exception: Trade Secret, Commercial and financial information** The information marked confidential in this section presents information about the Company's commercial relationships and contracts with third-party entities that is otherwise not generally known to the public. This commercial information is not generally known and, if publicly disclosed, would cause substantial competitive harm to the Company and unfairly advantage competing vendors. In addition, this section contains detailed information about IGT's second chance and loyalty programs, including details about our third-party partner's proprietary solution which is deployed in other jurisdictions. This information is treated as valuable Trade Secrets of IGT. IGT has invested resources and expertise in developing this information, and the extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
8.33.3.	Other Promotional Drawings	Confidential information begins after the heading "Examples of Other Promotional Drawings" and ends at the end of Section 8.33.3.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about the results achieved by the Texas Lottery using IGT's proprietary Winner's Choice turnkey program, including details about new promotions and marketing campaigns launching in January 2023. This information is treated as valuable Trade Secrets of IGT. IGT has invested resources and expertise in developing this information, and the extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.

Section Number	Section Title	Location	Justification
8.33.4.	Branded, Proprietary, and Licensed Games with Experiential and/or Merchandise Prizes, and Successful Proposer Sponsored Promotions or Contests	Confidential information begins after the sentence ending with "…have proven themselves over time." and ends before the heading "Acquiring Additional Licenses."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about the results achieved by the Texas Lottery using IGT licensed property games, including details about particular national and local promotional programs and merchandising. This information is treated as valuable Trade Secrets of IGT. IGT has invested resources and expertise in developing this information, and the extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
Insert	Licensed Property Product Cards	The entire "Licensed Property Product Cards" insert is confidential.	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This insert contains detailed information about the results achieved by the Texas Lottery using IGT licensed property games. This information is treated as valuable Trade Secrets of IGT. IGT has invested resources and expertise in developing this information, and the extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.
8.35.	Offered Options	Confidential information begins after the sentence ending with "…of quality and security." and ends before the heading "PlayBack™ Tickets."	**Texas Government Code Title 5, Chapter 552, § 552.110 (b), Exception: Trade Secret** This section contains detailed information about IGT's Offered Options, which includes detailed examples derived from IGT's game innovation processes, which are treated as valuable Trade Secrets of IGT. IGT has dedicated significant time and resources in developing this information and taken reasonable efforts to maintain its secrecy. The extent to which the information is known outside of the Company's business is very limited, could cause competitive harm to IGT if released and would permit IGT competitors to improperly obtain economic value.

PARTNERING TO SUPPORT TEXAS EDUCATION AND VETERANS

PART 2.

Proposal Process

Part 2.

Proposal Process

IGT has read, acknowledges, and has complied with the requirements contained within RFP Part 2, Proposal Process.

PARTNERING TO SUPPORT TEXAS EDUCATION AND VETERANS

PART 3.

Contractual Terms and Conditions

Part 3.

Contractual Terms and Conditions

IGT has read, acknowledges, and agrees to all the requirements contained within RFP Section 3, Contractual Terms and Conditions. Where an individual response is required (Sections 3.40.1., Disclosure of Litigation; 3.49., Hiring of Lobbyist, Consultant and/or Advisor; 3.50., Notices; 3.56., Certifications), the requirement and our response are provided here, as follows.

3.40.1. Disclosure of Litigation

The Proposer must include in its Proposal a complete disclosure of any material civil or criminal litigation or indictment either threatened or pending involving the Proposer. "Threatened litigation" as used herein shall include governmental investigations and civil investigative demands. "Litigation" as used herein shall include administrative enforcement actions brought by governmental agencies. The Proposer must also disclose any material litigation threatened or pending involving Subcontractors, consultants, and/or lobbyists. For purposes of this section, "material" refers, but is not limited, to any action or pending action that a reasonable person knowledgeable in the gaming industry would consider relevant to any gaming operation or any development such a person would want to be aware of in order to stay fully apprised of the total mix of information relevant to the gaming industry and its operations, together with any litigation threatened or pending that may result in a substantial change in the Proposer's financial condition, as described in Section 4.6.

IGT's **Litigation Summary** is included as an insert at the end of this section. It is a copy of the latest monthly report sent by IGT to the Texas Lottery Commission's Executive Director Gary Grief and MaryBeth Simpson.

3.49.
Hiring of Lobbyist, Consultant and/or Advisor; Supplemental Information

The Proposer shall list the names, addresses and telephone numbers for all lobbyists, consultants, and/or advisors who will perform services related to the Proposer's operations or interests in the State of Texas, under previously executed contracts, or during the three (3) years prior to the issuance of the RFP, who have performed services related to the Proposer's operations or interests in the State of Texas for the Proposer or any Subcontractors of the Proposer. The Successful Proposer shall immediately notify the Texas Lottery in the event of change of lobbyist, consultant, or advisor information.

Following is the list of IGT lobbyists, consultants, and advisors in Texas from February 1, 2019, to February 1, 2022.

TPIA §552.110

Confidential information begins here.

TPIA §552.110

Confidential information ends here.

IGT agrees to immediately notify the Texas Lottery should there be any change in this list.

3.50. Notices

The Proposer shall indicate in its Proposal the name and address of the person to whom any notices shall be given. Notices to the Texas Lottery shall be made by personal delivery or by certified (or registered) mail return receipt requested to the Texas Lottery at the address below unless the Proposer is notified in writing by the Texas Lottery of any change:

Texas Lottery Commission
Attention: Contracts Management and Procurement
P.O. Box 16630
Austin, Texas 78761-6630
Fax (512) 344-5058
Contracts@lottery.state.tx.us

Notices from the Texas Lottery may be delivered to IGT's Contract contact, as identified in Section 4.4, Contact Person:

Joe Lapinski, Account Development Manager, IGT
8520 Tuscany Way, Building 6, Suite 100
Austin, Texas 78754
512-908-4226
Joseph.Lapinski@IGT.com

3.56. Certifications

3.56.1.
Under Tex. Gov't Code §466.103, the Executive Director may not award a contract for the purchase or lease of facilities, goods or services related to lottery operations to a person who would be denied a license as a sales agent under Tex. Gov't Code §466.155. All Proposers must read and be familiar with Tex. Gov't Code §466.155, attached hereto as Attachment D. All Proposals shall include a completed Background Information Certification Form, attached hereto as Attachment D-1, which certifies that the Proposer has reviewed Tex. Gov't Code §466.155 and neither the Proposer nor any of the following persons would be denied a license as a sales agent under said section: (a) Proposer's officers, directors, investors, owners, partners and other principals, as more particularly described in Tex. Gov't Code §466.155 (collectively, Proposer Principals); or (b) any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of the Proposer or any of the Proposer Principals.

3.56.2.
Under §231.006 of the Tex. Fam. Code, the Proposer certifies that the individual or business entity named in the Proposal or Contract is not ineligible to receive the specified grant, loan or payment and acknowledges that the Contract may be terminated, and payment may be withheld if this certification is inaccurate. Furthermore, any Proposer subject to §231.006 must include names and social security numbers of each person with at least 25% ownership of the business entity submitting the Proposal. This information must be provided prior to Contract Award.

3.56.3.
Under §2261.053 of the Tex. Gov't Code, a state agency may not accept a bid or award a contract that includes proposed financial participation by a person who, during the five-year period preceding the date of the bid or award, has been: (1) convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005; or (2) assessed a penalty in a federal civil or administrative enforcement action in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005; or convicted of any offense related to the direct support or promotion of human trafficking. In submitting a Proposal under this RFP, the Proposer certifies as follows: "Under Section 2261.053 of the Texas Government Code, the contractor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate."

3.56.4.
The Proposer certifies that: (a) the Proposer has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted Proposal; and (b) neither the Proposer nor the firm, corporation, partnership, or institution represented by the Proposer, nor anyone acting for such firm, corporation, partnership, or institution has violated the antitrust laws of the State of Texas (Tex. Bus. & Comm. Code §15.01, et seq.), or the antitrust laws of the United States (15 U.S.C.A. Section 1, et seq.), nor communicated directly or indirectly the submitted Proposal to any competitor or any other person engaged in such line of business.

3.56.5.
The Proposer certifies that it is in compliance with Tex. Gov't Code §669.003, relating to contracting with the executive head of a state agency. If §669.003 applies, the Proposer will complete the following information in order for the Proposal to be evaluated:

Name of Former Executive
Name of State Agency
Date of Separation from State Agency
Position with Proposer
Date of Employment with Proposer

3.56.6.
The Proposer certifies that if a Texas address is shown as the address of the Proposer, the Proposer qualifies as a Texas Resident Bidder as defined in Tex. Gov't Code §2252.001.

3.56.7.
The Texas Lottery is federally mandated to adhere to the directions provided in the President's Executive Order (EO) 13224, Executive Order on Terrorist Financing – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, effective 9/24/2001 and any subsequent changes made to it via cross-referencing respondents/vendors with the Federal Government's System for Award Management (SAM, https://www.sam.gov/), which is inclusive of the United States Treasury's Office of Foreign Assets Control (OFAC) Specially Designated National (SDN) list.

3.56.8.
Under §2155.004 of the Tex. Gov't Code , the Proposer has not received compensation from the Texas Lottery for participating in the preparation of the specifications for this RFP and certifies as follows: "Under Section 2155.004, Government Code, the vendor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate."

3.56.9.
Under §2252.907 of the Tex. Gov't Code, the Successful Proposer is required to make any information created or exchanged with the State under this Contract, and not otherwise excepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge to the State.

3.56.10.
Under §2271.002 of the Tex. Gov't Code, the Executive Director may not award a contract for goods or services unless the contract contains a written verification from the Proposer that it: (1) meets exemption criteria under §2271.002; or (2) will not boycott Israel during the term of the contract. Proposer shall state any facts that make it exempt from the boycott certification in its bid. By signing and submitting a Proposal, the Proposer certifies that it does not boycott Israel and will not boycott Israel during the term of the Contract.

3.56.11.
Under §2252.152 of the Tex. Gov't Code, a state agency may not award a contract to a company engaged in business with Iran, Sudan, or known to have contracts with or provide supplies or services to a foreign terrorist organization. The Proposer certifies it is not ineligible to receive a state contract under Texas Gov't Code §2252.152.

3.56.12.
Under §2155.0061 of the Tex. Gov't Code, a state agency may not accept a Proposal or award a contract if the contract includes the financial participation who, within a five-year period from the date of the Proposal or award, has been convicted of any offense related to the direct support or promotion of human trafficking. The Proposer certifies that the individual or business entity named in

this Proposal is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate.

3.56.13.
Under Tex. Gov't Code §2274.002, a state agency may not award a contract for goods or services unless the contract contains a written verification from the bidder that it: (1) does not boycott energy companies; and (2) will not boycott energy companies during the term of the contract. By signing and submitting a Proposal, the Proposer certifies that it does not boycott energy companies and will not boycott energy companies during the term of the Contract.

3.56.14.
Under Tex. Gov't Code §2274.002, a state agency may not award a contract for goods or services unless the contract contains a written verification from the bidder that it: (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate during the term of the contract against a firearm entity or firearm trade association. By signing and submitting a Proposal, the Proposer certifies that it does not discriminate against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the Contract.

3.56.15.
The Proposer agrees to comply with Tex. Gov't Code §2155.4441, pertaining to service contract use of products produced in the State of Texas.

3.56.16.
Under §161.0085 of the Health and Safety Code, a state agency may not enter into a contract payable with state funds with a business in this state that requires a customer to provide any documentation certifying the customer's COVID-19 vaccination or post-transmission recovery on entry to, to gain access to, or to receive services. By signing and submitting a Proposal, the Proposer certifies that it does not require a customer to provide any documentation certifying a customer's COVID-19 vaccination or post-transmission recovery upon entry to, to gain access to, or to receive services and will not require such during the term of the Contract.

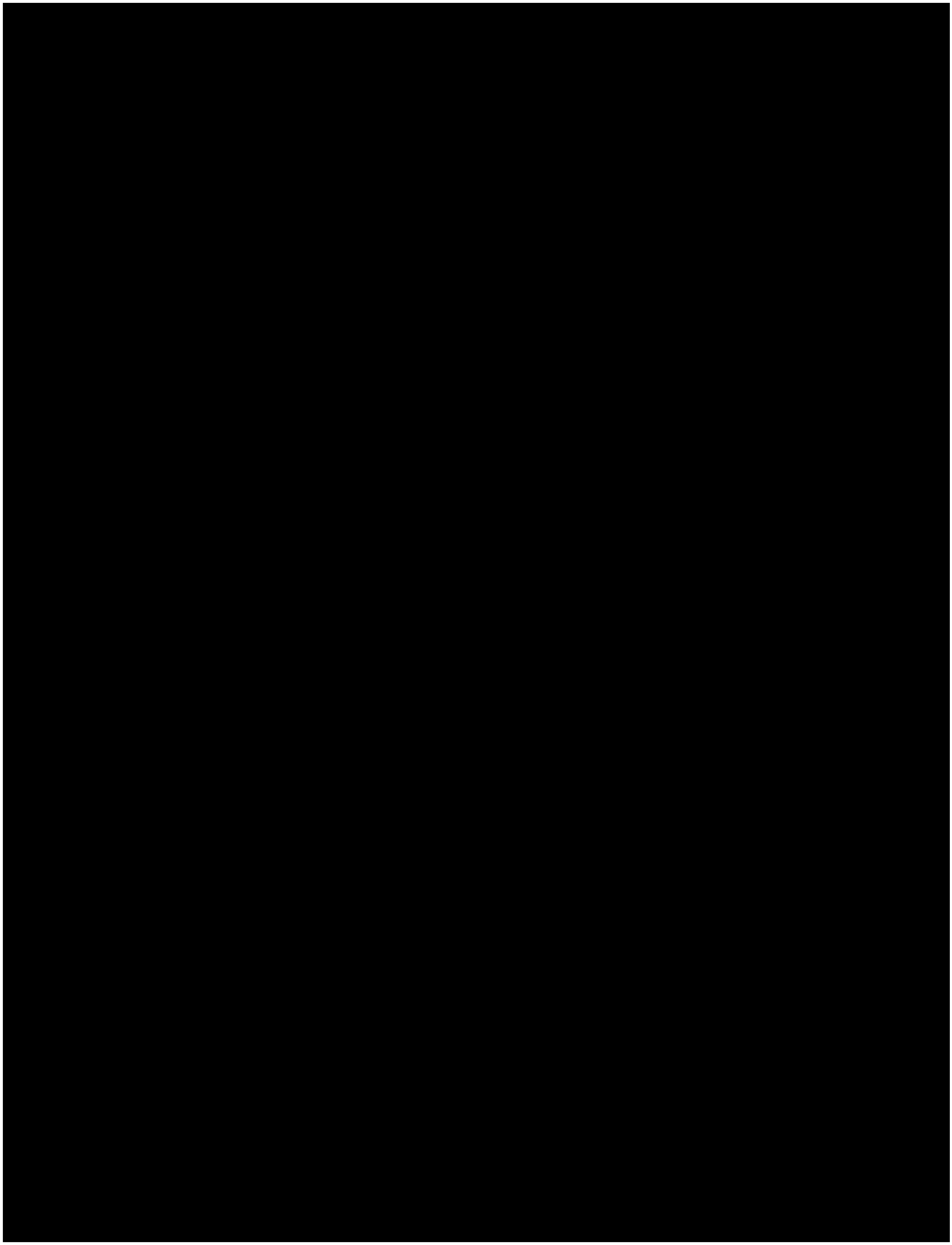
IGT acknowledges and agrees to the RFP requirements contained in this section, including the new laws outlined in 3.61 – 3.63.

Where specific sections of the TEX. GOV'T CODE ANN, TEX. FAM. CODE ANN, and TEX. BUS. & COMM. CODE ANN are cited, IGT certifies it is in compliance with the specified codes and meets all requirements.

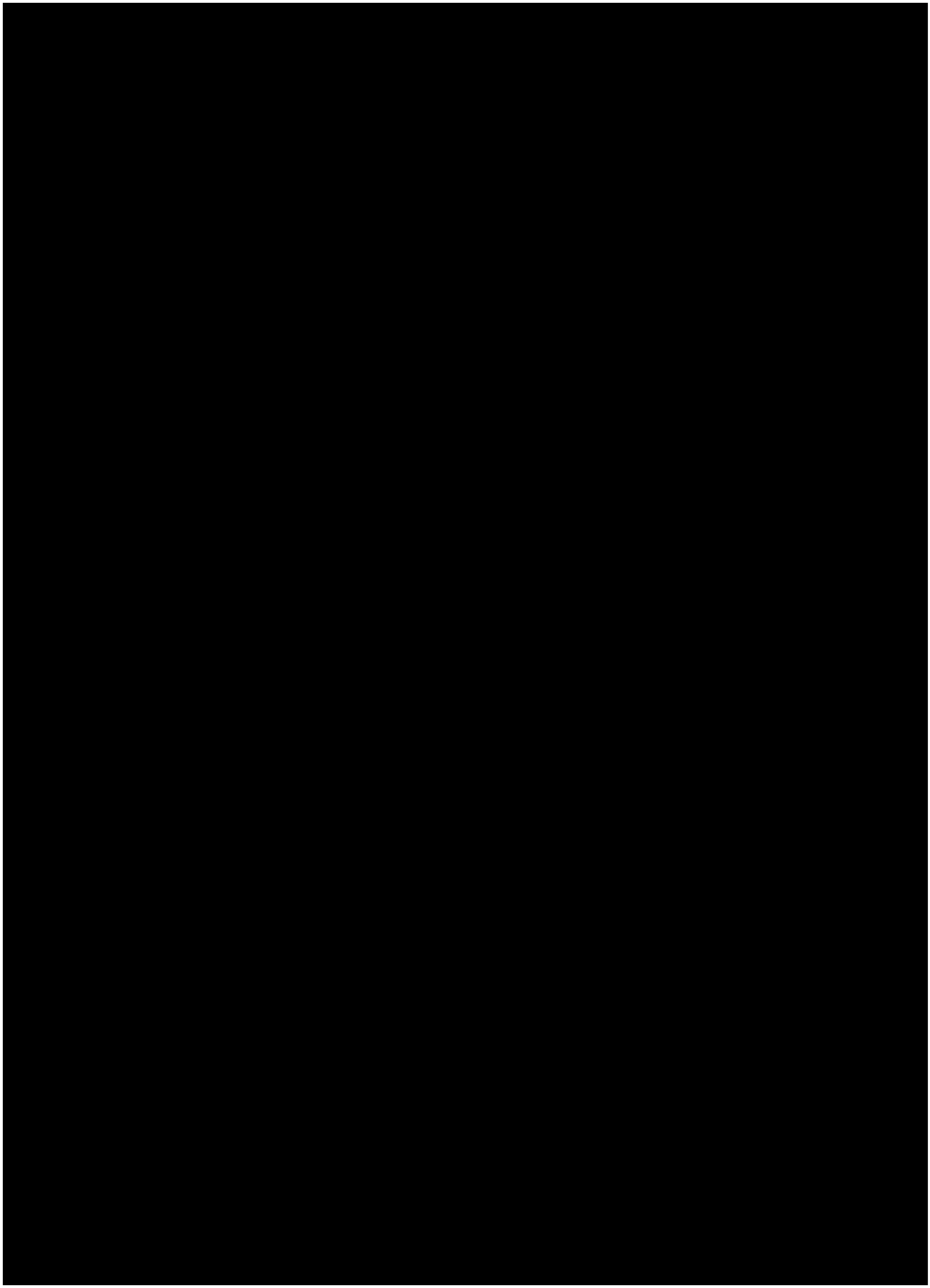
The required Attachment D-1, Background Information Certification, has been completed and is provided at the end of this Proposal.

TPIA §552.110

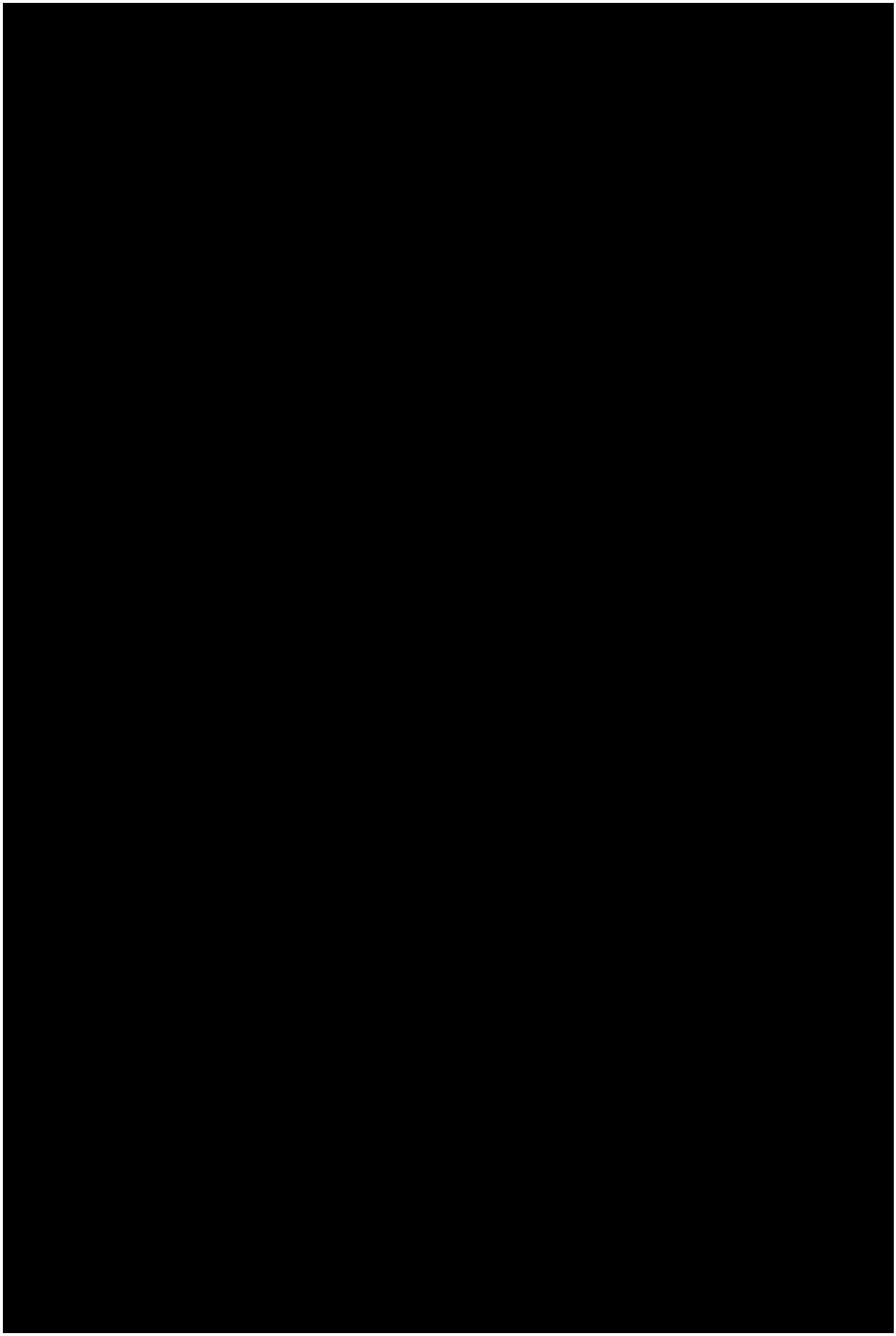
CONFIDENTIAL INFORMATION

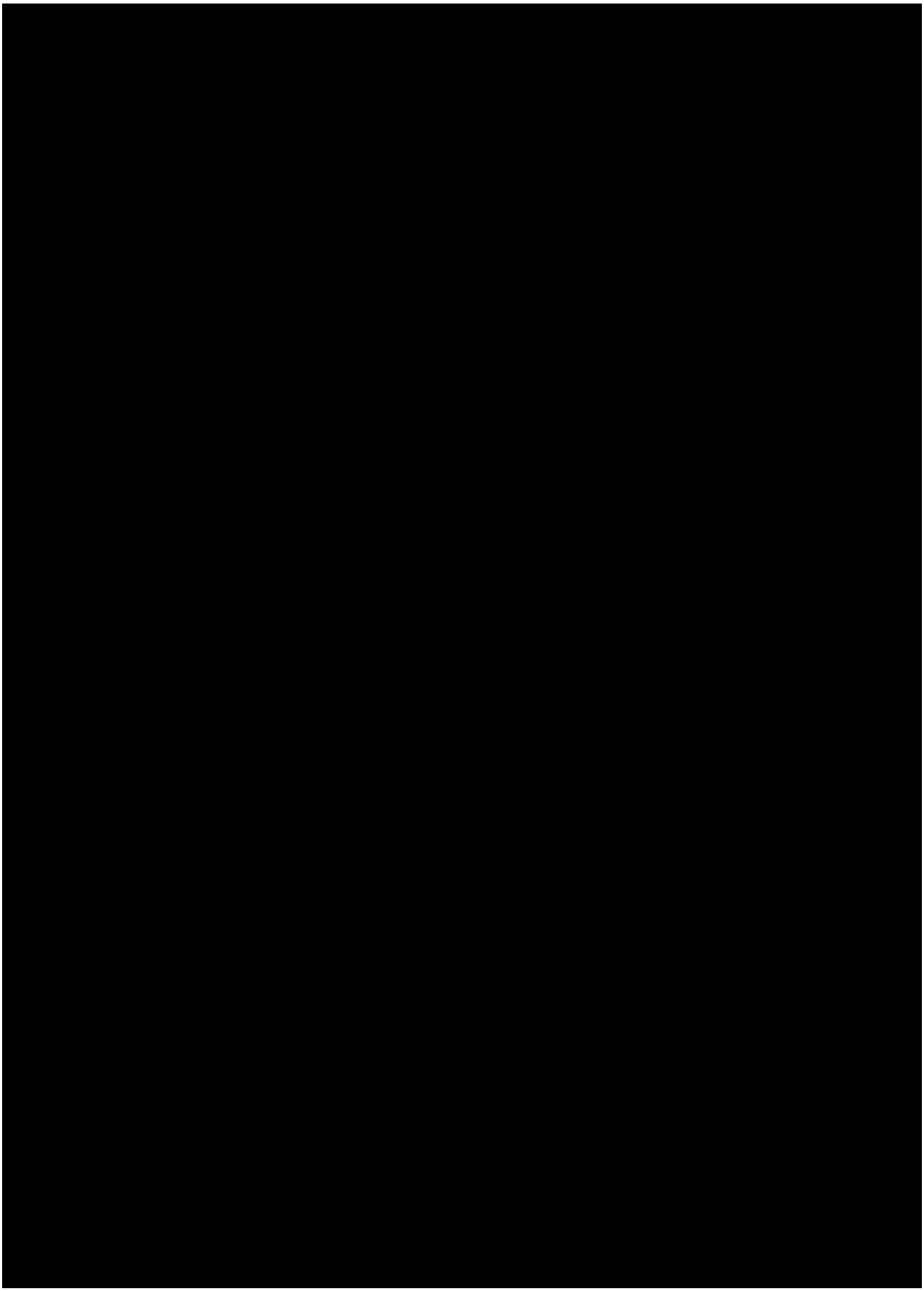


TPIA §552.110



Litigation Summary





TPIA §552.110

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PARTNERING TO SUPPORT TEXAS EDUCATION AND VETERANS

PART 4.

Required Information

4.1.

Experience of Proposer

IGT has read, acknowledges, and complies with all of the requirements of RFP Section 4.1.

4.1.1. Information Relating to Experience

Each Proposer shall provide the following information relating to its experience:

IGT provides the following information relating to its experience.

4.1.2. Years of Experience

Proposers must indicate the number of years' experience the Proposer has in manufacturing scratch tickets and providing related services as specified in this RFP. Each Proposer shall include descriptions and verifiable references (including names, titles, addresses and telephone numbers) documenting its experience for all engagements of comparable complexity and sensitivity for the past five (5) years.

IGT has the experience to continue serving as a partner to the Texas Lottery during the next Contract term. We have been manufacturing scratch tickets since 2007 and have consistently upgraded the production capabilities at our Instant Ticket Services facility in Lakeland, Florida, with revolutionary technology, security, and automation. Our Instant Ticket Services team provides all related services specified in the RFP, including analytics and research support, portfolio assistance, and responsive customer service.

The Texas Lottery is one of IGT's longstanding printing customers, and one of the largest. We've printed tickets for the Lottery since 2010 – more than 330 games over the years, with a retail value of more than $19.7 billion. Because of the strength of our partnership, we always make the Texas Lottery a top priority. For example, during the busy summer of 2021, we dedicated our Gallus press exclusively to Texas game production for six consecutive weeks to ensure all games that needed to be printed in the FY21 budget year were printed by the August deadline. In fact, we've stepped in multiple times and produced games earlier than expected to help offload games from other vendors to ensure your print budget was fully utilized.

Customers of size and complexity similar to that of the Texas Lottery include the lotteries in Florida, Indiana, New Jersey, Virginia, and Italy. Detailed information about these jurisdictions and all other IGT Instant Ticket Services customers can be found in the **Customer Summary** insert at the end of this section.

4.1.3.
Experience Providing Similar Services

Proposers must indicate any previous State of Texas or other lottery experience providing similar services, including name of agency or lottery, type of work performed, and duration of project. Proposers must have a minimum five (5) years of related lottery experience in scratch ticket printing in North America and at least three (3) current clients who are members of the North American Association of State and Provincial Lotteries (NASPL). Proposers with less than the minimum required lottery experience and fewer than three (3) current NASPL clients will be disqualified and their Proposals will be rejected and not evaluated.

As mentioned, IGT has been a qualified scratch ticket printer within the lottery industry for 15 years, and within Texas for the past 12 years. However, our lottery experience in Texas has even deeper roots. We've operated the Texas Lottery's Lottery Gaming System since the Lottery's start-up in 1992, 30 years ago. We currently provide the Lottery's Lottery Gaming System, data center operations, retail equipment and support, warehouse and distribution, call center, and marketing services. We also supply and manage the Lottery Sales team that supports the Lottery's retail operations.

IGT is a top-level Associate Member of the North American Association of State and Provincial Lotteries (NASPL). Associate Membership is the premiere medium for a lottery vendor to have its voice heard in the lottery industry; like the Texas Lottery, IGT participates in NASPL programs and initiatives throughout the year. As indicated in our **Customer Summary** insert, we have more than 30 customers who are NASPL members, far exceeding your requirement.

4.1.4.
Comparable Engagements

Each Proposer shall provide descriptions for all engagements of comparable complexity and sensitivity to the requirements of this RFP that have been conducted within the past five (5) years. The description of comparable engagements shall be detailed and cover the contracts the Proposer and any subcontractors have had and all experience similar to this Contract which qualifies the Proposer to meet the requirements of this Contract, including but not limited to:

a. *Size of contract (including value).*
b. *Reason for contract termination/expiration, if contract is no longer in effect.*
c. *Types of services directly provided by the Proposer and whether the Proposer was the contractor or subcontractor.*
d. *Term and type of contract, including effective dates.*
e. *Any problems encountered.*

With your $6.6 billion in scratch ticket sales in FY2021, there are few lotteries who've enjoyed the same level of success as the Texas Lottery. We are proud to have supported you along with your other multi-vendor partners in achieving that success.

IGT also produces scratch ticket games for the Florida Lottery, the only customer ranked ahead of Texas in terms of total scratch sales in CY21 as reported by La Fleurs. Other high-volume IGT printing customers include Indiana, Mississippi, Virginia, and West Virginia in the U.S. and Italy internationally.

Information about our comparable customers and all others can be found in the **Customer Summary** insert; the spreadsheet includes the information required by items (a) through (d) of this 4.1.4. requirement. For information about item (e), please refer to Section 4.1.5.b., Penalties or Liquidated Damages, below.

4.1.5.
Past Five Years

The Proposer shall state whether or not any of the following have occurred during the last five (5) years:

IGT provides the following information about the last five (5) years.

4.1.5.a.
Contract Termination

The Proposer has had a contract terminated, and, if so, shall provide full details, including the other party's name, address and telephone number.

IGT Global Solutions Corporation has not had a contract terminated within the last five (5) years.

4.1.5.b.
Penalties or Liquidated Damages

The Proposer has been assessed any penalties or liquidated damages under any existing or past contracts, and, if so, note the reason for and the amount of the penalty or liquidated damages for each incident.

IGT's continuous quality program is International Organization for Standardization (ISO)-certified and has led to numerous built-in safeguards. When mistakes do occur, we own them. As seen in the following Liquidated Damages table, we uphold the contractual standards set by our customers.

TPIA §552.110

Confidential information begins here.

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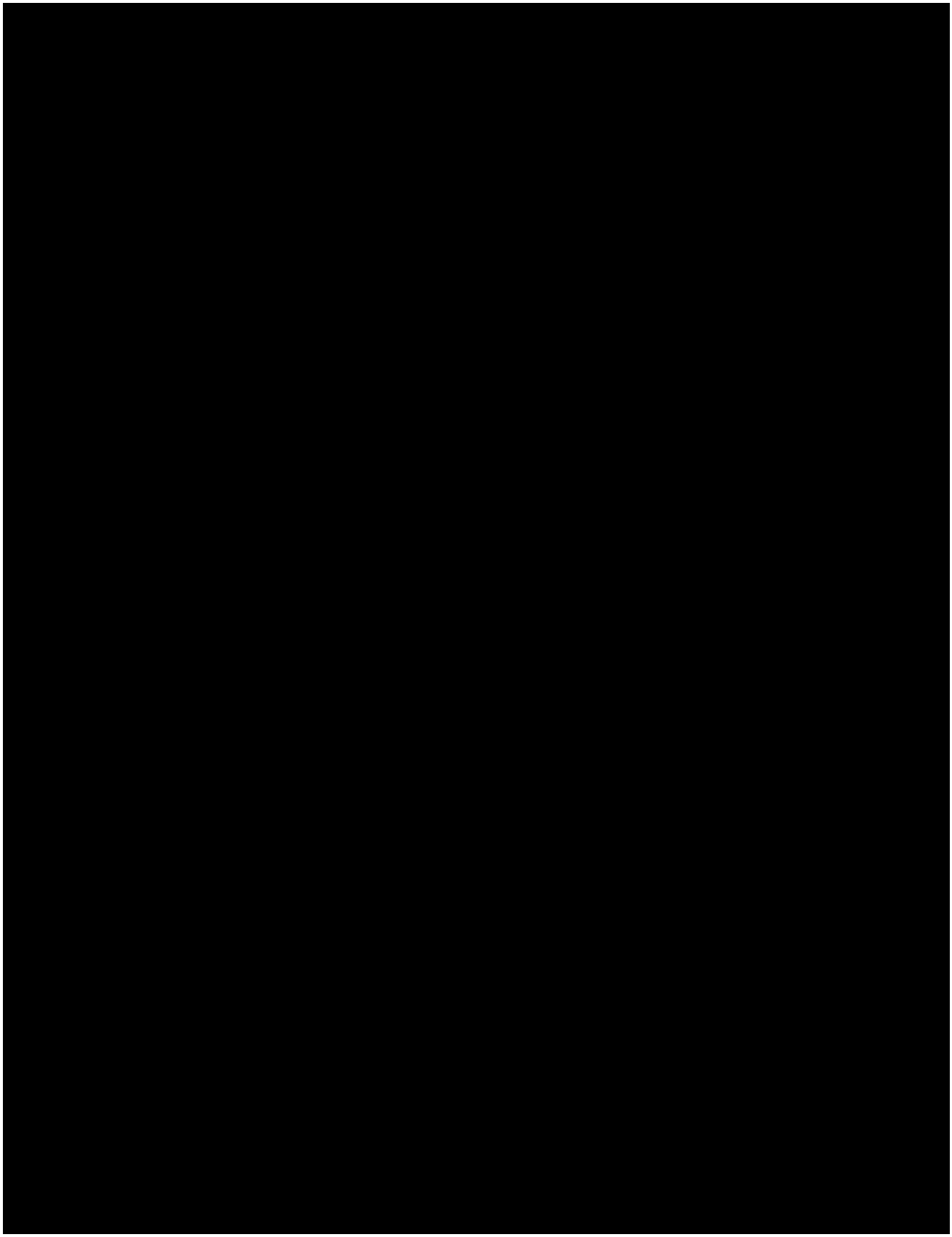


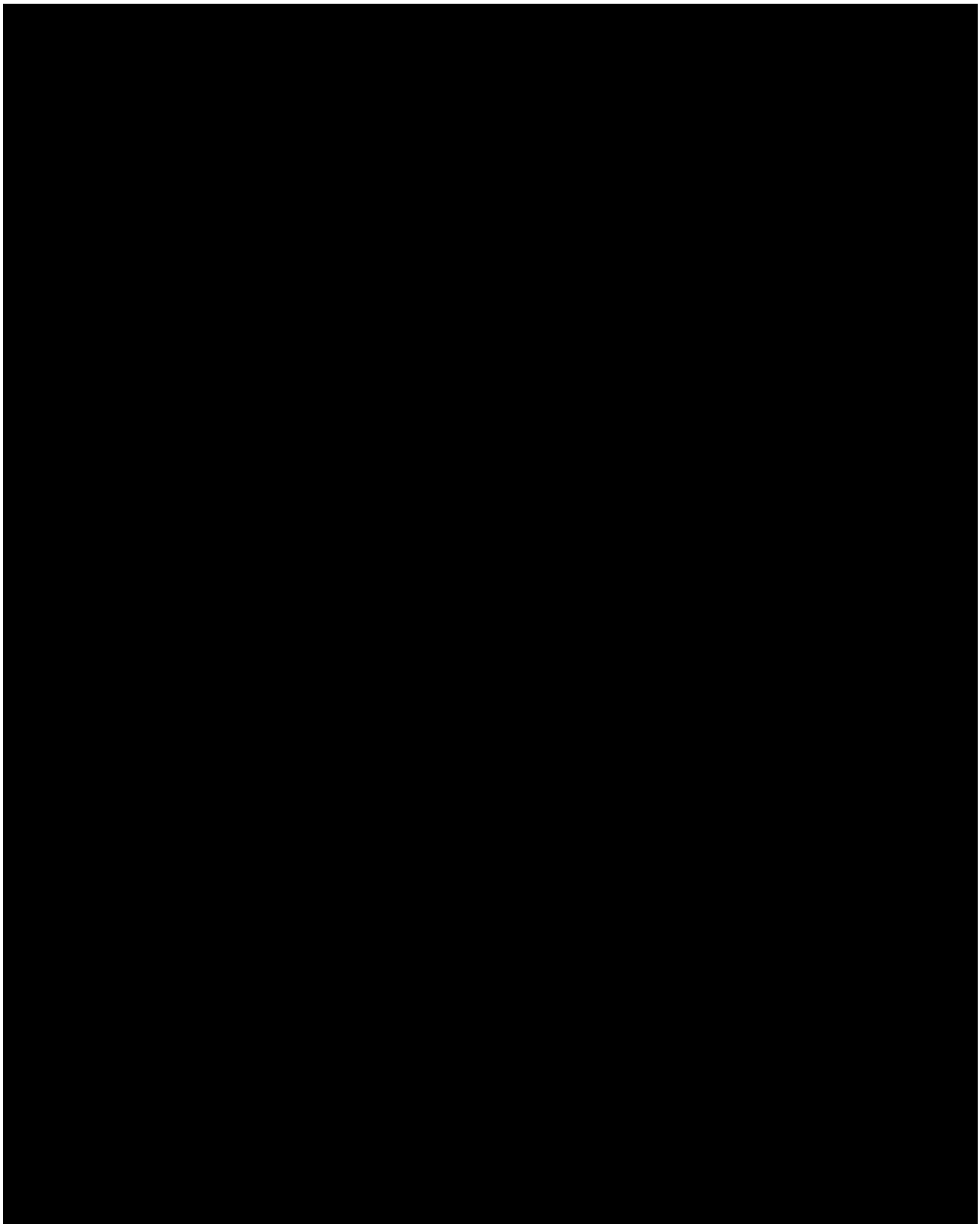


Figure 4.1 – 1.

Confidential information ends here.

4.1.5.c.
Disciplinary Actions or Judgments

The Proposer was the subject of (i) any disciplinary action for substandard work and unethical practices or (ii) any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the Proposer to engage in any business, practice or activity.

During the last five years, IGT Global Solutions Corporation has not been the subject of any disciplinary action for substandard work or unethical practices, nor has it been the subject of any order, judgment, or decree of any federal or state authority barring, suspending, or otherwise limiting the right of IGT to engage in any business, practice, or activity.

4.1.5.d.
Litigation

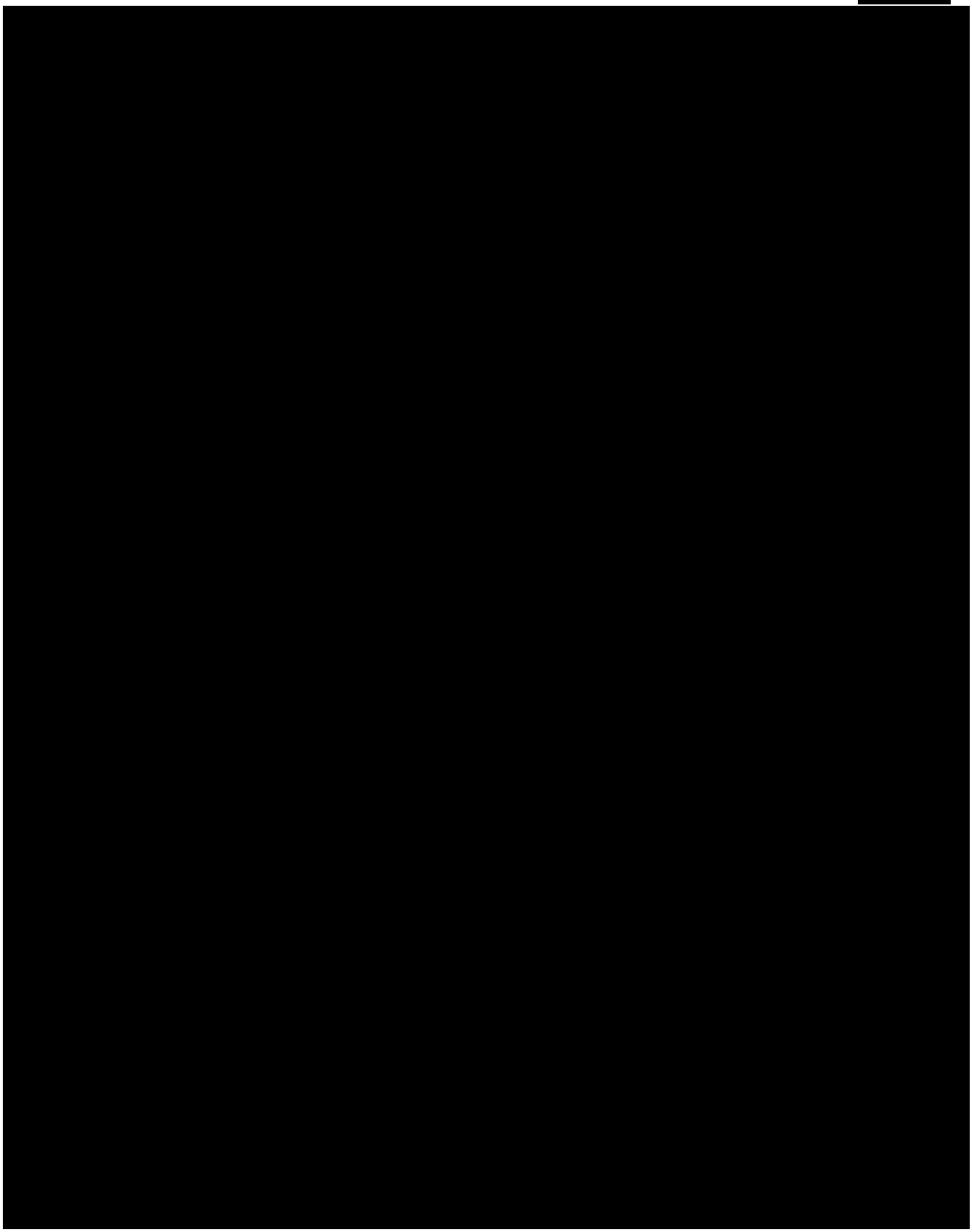
The Proposer has been involved in any litigation related to contract performance.

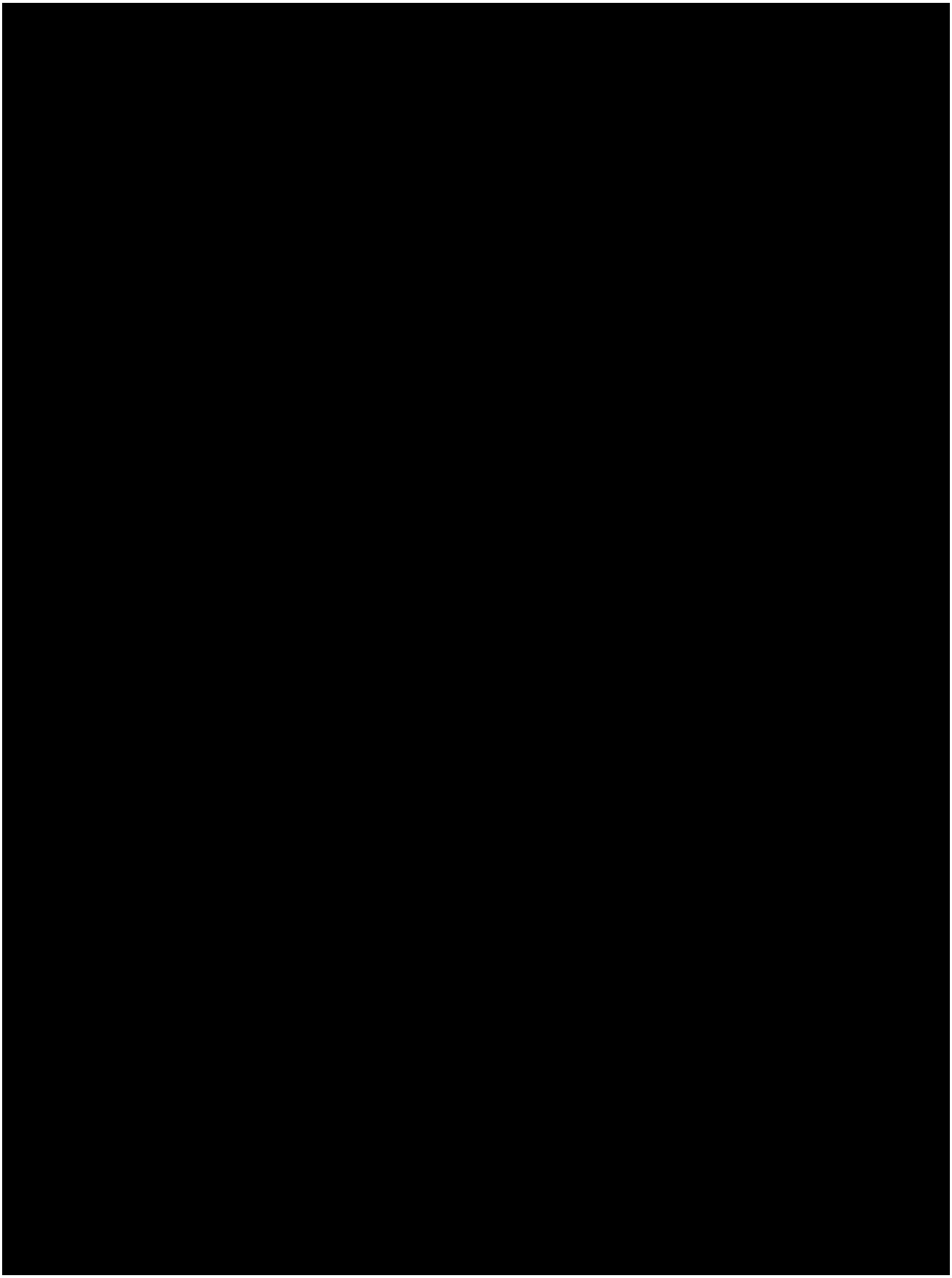
The following is a list of pending litigation and cases that have closed within the last five (5) years involving lottery games or arising from contracts.

TPIA §552.110

Confidential information begins here.

TPIA §552.110





[redacted]

Confidential information ends here.

4.1.6.
Understanding of Requested Services

The Proposer must demonstrate its understanding of the requested services and must address specifically, in writing, the Proposer's approach to providing each requirement in this RFP.

To demonstrate our understanding of the requested services, IGT's Proposal describes, in detail, our approach to satisfying each requirement in the RFP. Furthermore, IGT supports its response with the infrastructure, resources, financial assets, and administrative oversight necessary to provide the required game planning, scratch game development, and manufacturing services.

TPIA §552.110

[redacted]

TPIA §552.110

[redacted]

TPIA §552.110

4.2.

Experience of Personnel

4.2.1. Dedicated Account Services Team

The Successful Proposer must provide a dedicated account services team to assist with scratch ticket game development.

IGT has read, acknowledges, and will comply with this requirement.

IGT has been a successful partner to the Texas Lottery during the current contract, and is excited at the opportunity to continue to do so again. Our dedicated Account Services team has significant experience working with the Texas Lottery and will continue to provide high-quality services for the success of your scratch ticket game program.

Led by Walter Gaddy, your Account Manager, this team of professionals will assist you throughout the entire scratch game life cycle, from game development and production to marketing support and more. Complemented by a vast array of corporate resources, the team will have the support and insight to ensure you receive high-quality games and services throughout the new Contract period.

4.2.2.
Resumes and Supporting Information for Key Personnel

Each Proposer must provide the resumes and supporting information for key personnel (including name, title and detailed job experience) who will be assigned to the Texas Lottery Account Team. The Account Team shall include, but not be limited to, the following positions:

- *Account Manager - responsible for managing the Successful Proposer's relationship with the Texas Lottery. Coordinates, directs and implements the Successful Proposer's scratch ticket game development processes. Confers with Texas Lottery to assess needs, determine goals and establish plans while ensuring the accuracy of each phase of the production process.*
- *Account Services Representative(s) - responsible for serving as the day-to-day liaison with the Texas Lottery ensuring the successful and timely completion of working papers and/or Customer Specifications Document and any and all communications between the Texas Lottery and the Successful Proposer as related to scratch ticket game development.*
- *Quality Control individual or team - responsibilities include accuracy of all content and ensuring there are no errors in the working papers and/or Customer Specifications Document, printing processes and continuous quality inspection of final product.*
- *Information Technology individual or team - responsibilities include the accuracy of all game data in each scratch ticket game as specified in the working papers and/or the Customer Specifications Document and security requirements.*
- *Graphic Artists - responsible for creative design and final ticket graphic output.*

IGT has read, acknowledges, and complied with this requirement.

IGT's Account Services Team will provide the Texas Lottery with high-quality customer support throughout the Contract term. We've provided brief biographies for all members of the team and for individuals providing corporate support. We've also provided resumes for all individuals listed in this section; they include each individual's name, job title, job experience, and other relevant information. The resumes can be found in the insert entitled **Key Personnel Resumes** at the end of this section.

Dedicated Account Services Team

Account Manager

TPIA §552.102(a)

Confidential information begins here.

[redacted]

Account Services Representative

[redacted]

Quality Control

[redacted]

Information Technology

TPIA §552.102(a)

[redacted]

[redacted]

Graphic Artists

[redacted]

IGT

Corporate Resources

TPIA §552.102(a)

Executive Support

Marketing Support

TPIA §552.102(a)

Marketing Leadership

Marketing Promotions & Licensed Properties

[redacted]

Market Research

[redacted]

Marketing Analytics

TPIA §552.102(a)

IGT

Lakeland Printing Resources

TPIA §552.102(a)

Game Development

[redacted]

Manufacturing, Quality & Security

[redacted]

Confidential information ends here.

4.2.3.
Account Team Members

At a minimum, the Account Team members must demonstrate knowledge and experience as it applies to the following job functions:

- *(a) Prize structure design*
- *(b) Game design elements including names, themes, play formats, color selection, proprietary production processes, etc.*
- *(c) Graphic design*
- *(d) Secure computer game tape/production file generation*
- *(e) Production scheduling*
- *(f) Secure scratch ticket manufacturing processes*
- *(g) Quality control and assurance*

(h) Packaging and distribution
(i) Lottery sales, industry trends and market analysis relating to game recommendations
(j) Product management
(k) Information technology
(l) Ticket Accounting
(m) Security

IGT has read, acknowledges, and will comply with this requirement.

IGT confirms that its dedicated Account Services team and complementary corporate resources demonstrate knowledge and experience as it applies to the job functions outlined in points (a) – (m) of this requirement.

Their expertise has also been outlined in their biographies provided in the previous requirement, as well as in their resumes, which are located in the insert entitled **Key Personnel Resumes** following this section.

IGT has a long history of providing these services to customers across the globe, as well as to the Texas Lottery specifically. Our deep experience is crucial to our unique and continued ability to provide the Lottery with high-quality support for its growing scratch ticket game program.

4.2.4. Marketing Support

The Texas Lottery does not rely on its scratch ticket manufacturers for traditional marketing support. Therefore, the Texas Lottery does not require personnel assigned to this account to be based in Austin, Texas.

IGT has read and acknowledges this requirement.

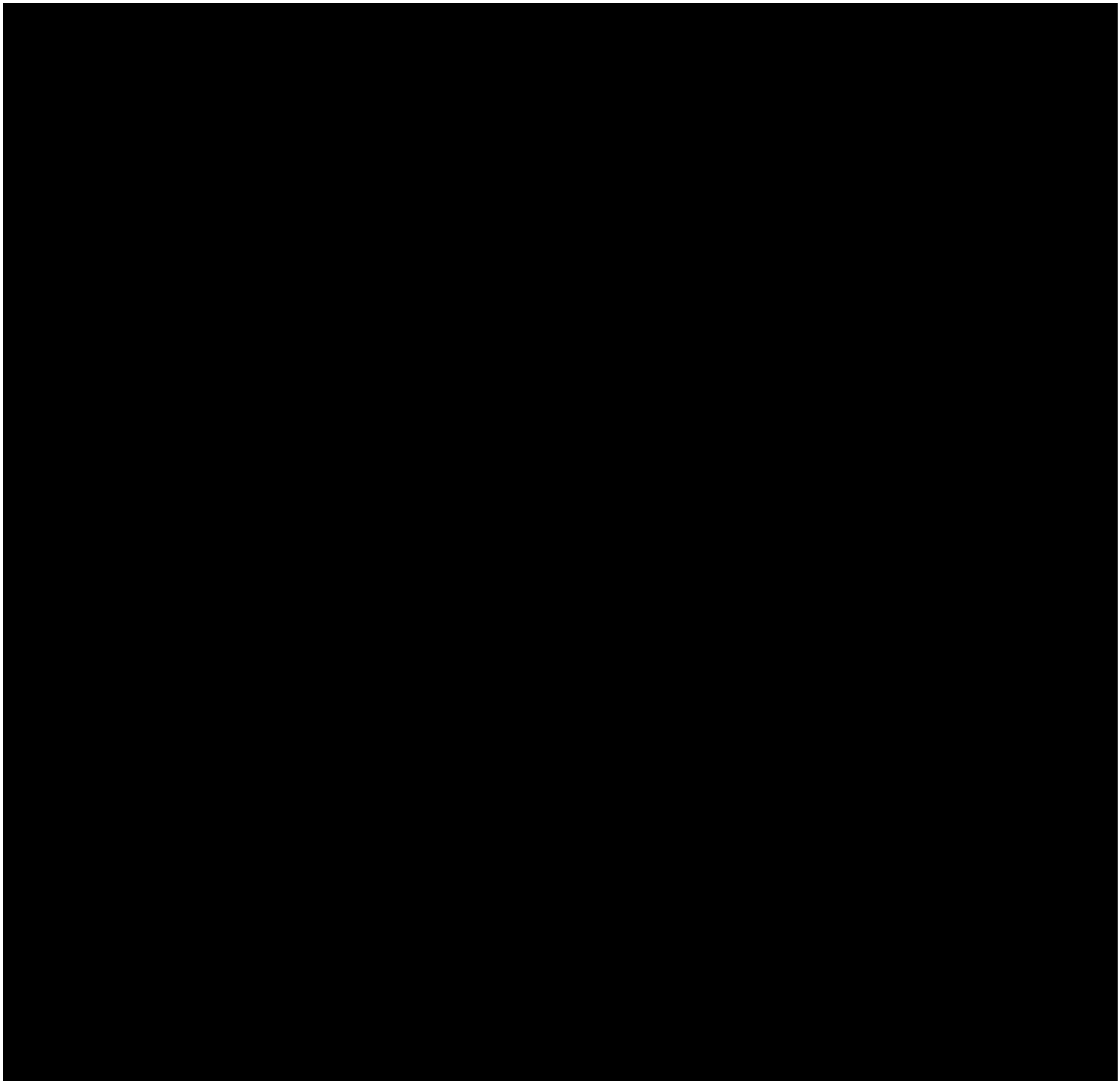
4.2.5. Written Notification of Key Personnel Changes

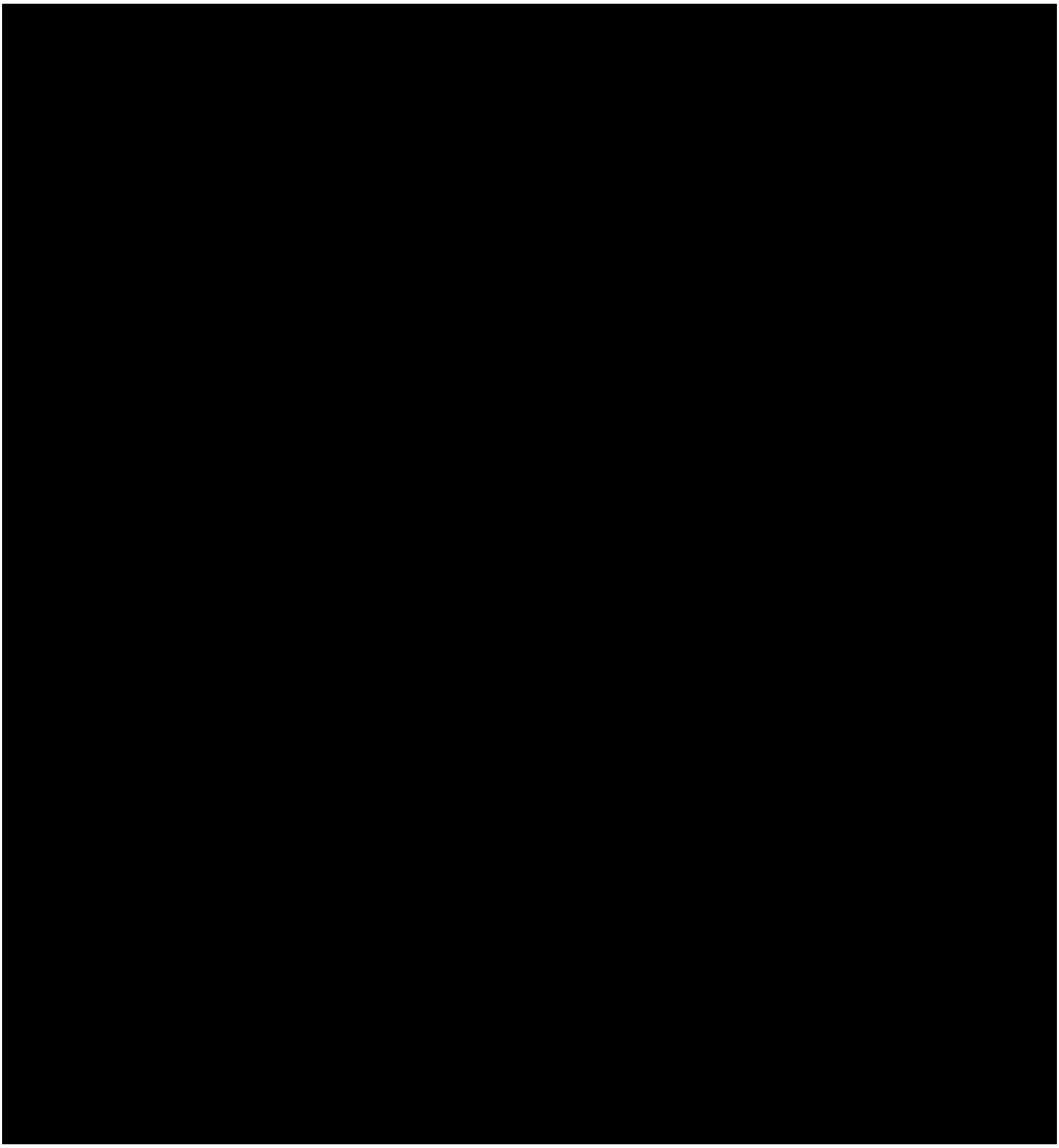
In accordance with Section 3.11, the Successful Proposer shall provide the Texas Lottery written notification of any key personnel changes involving the Account Manager or Account Services Representative(s).

IGT has read, acknowledges, and will comply with this requirement.

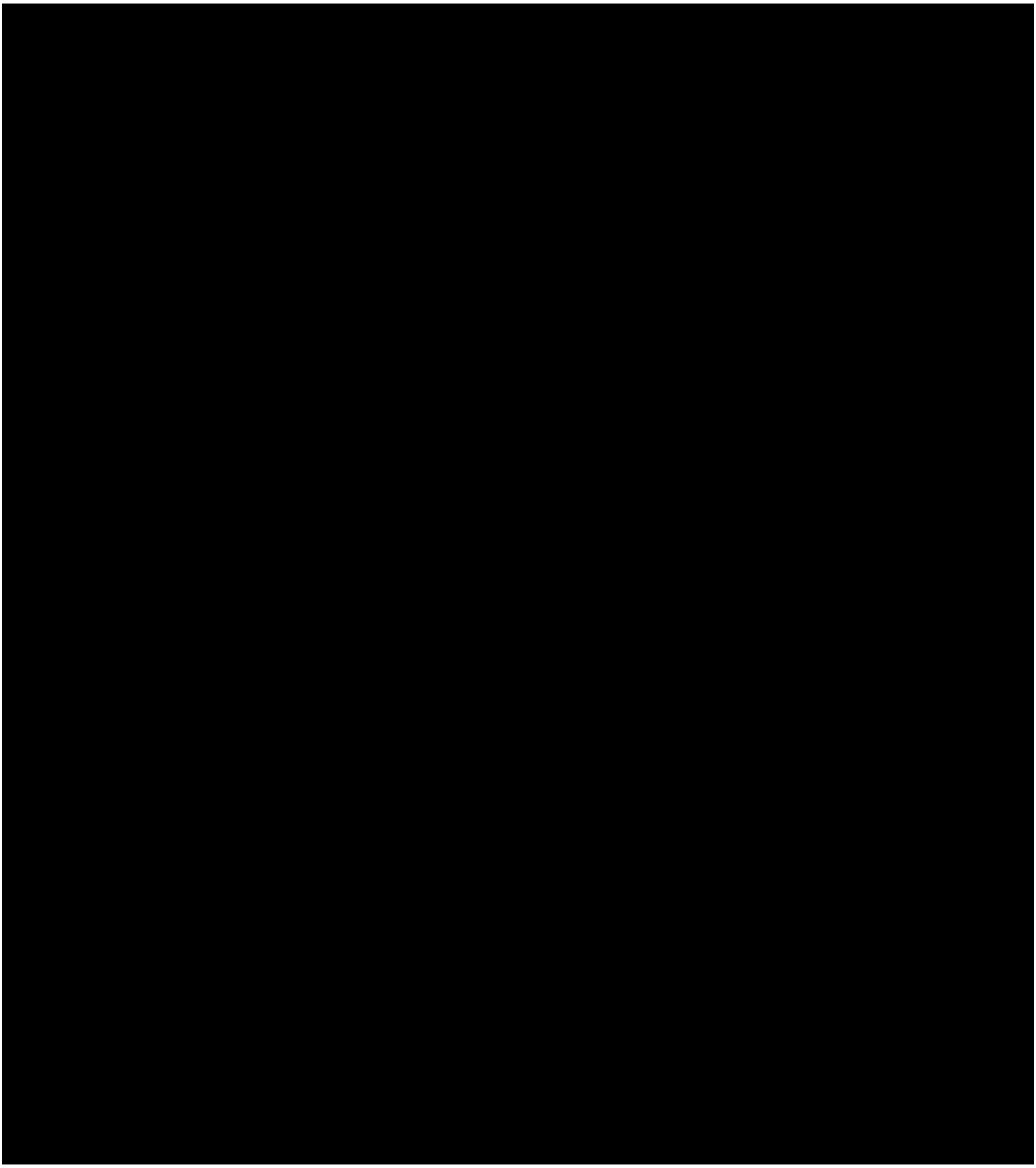
TPIA §552.102(a)

Key Personnel Resumes





TPIA §552.102(a)



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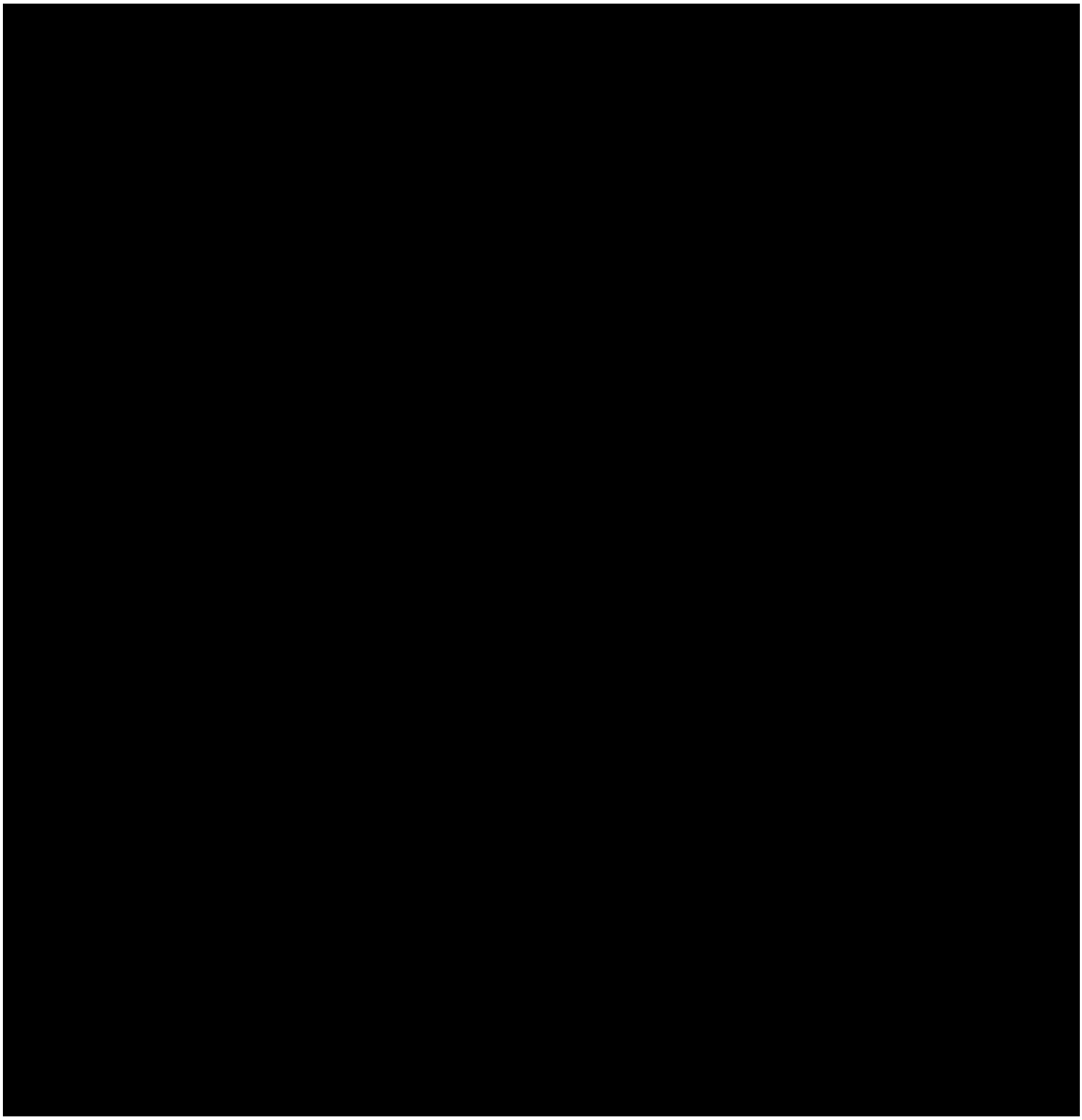

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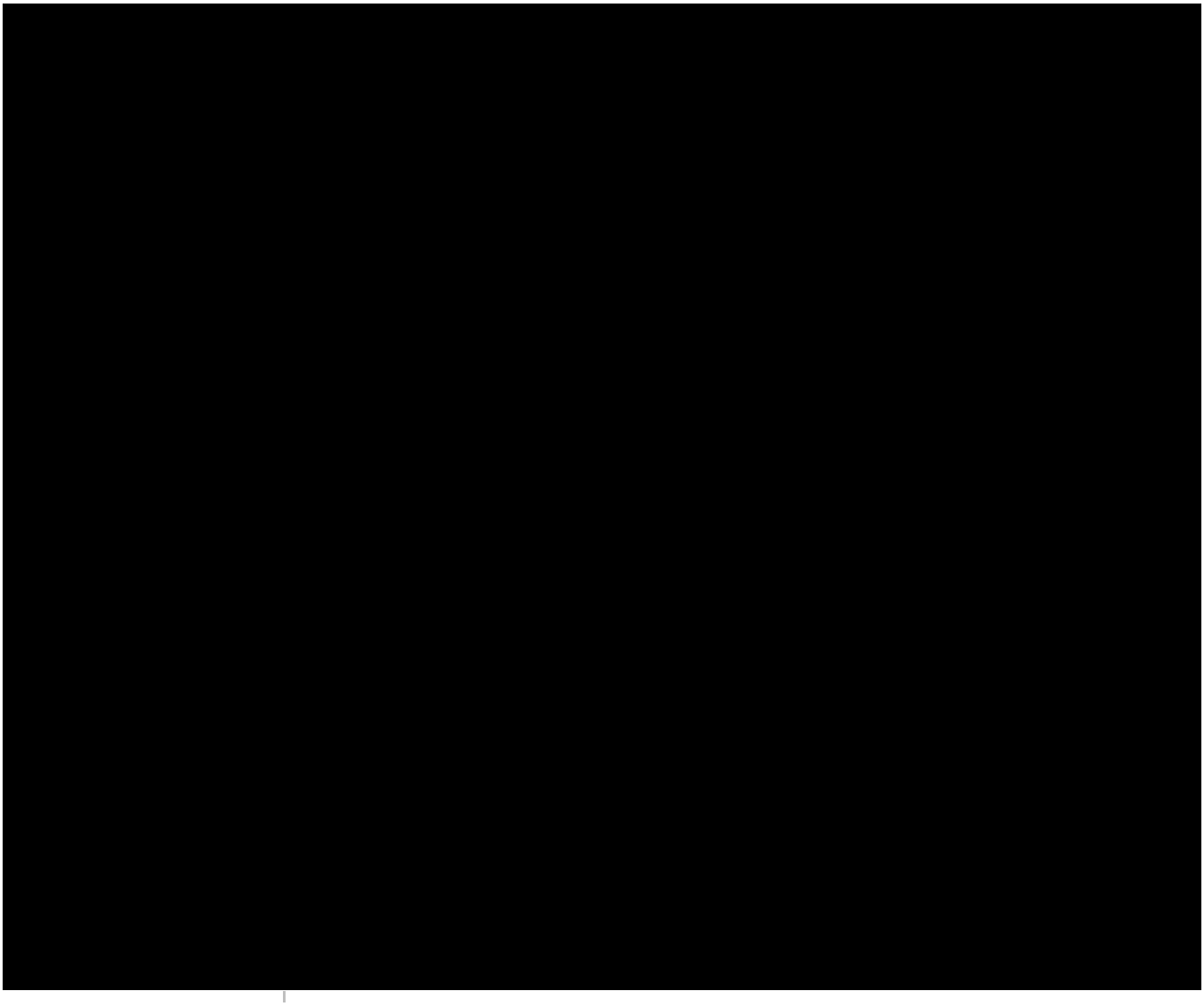

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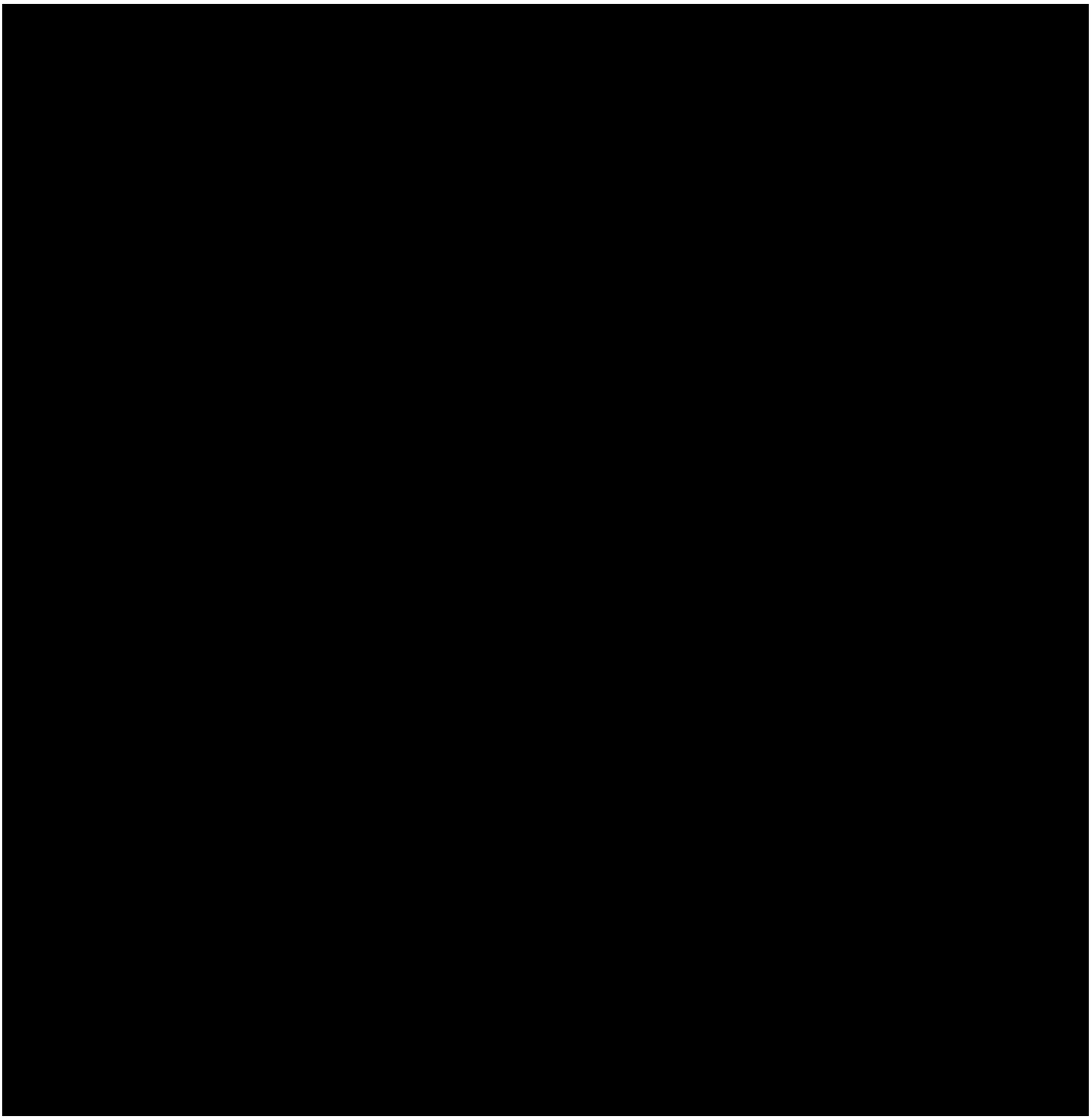
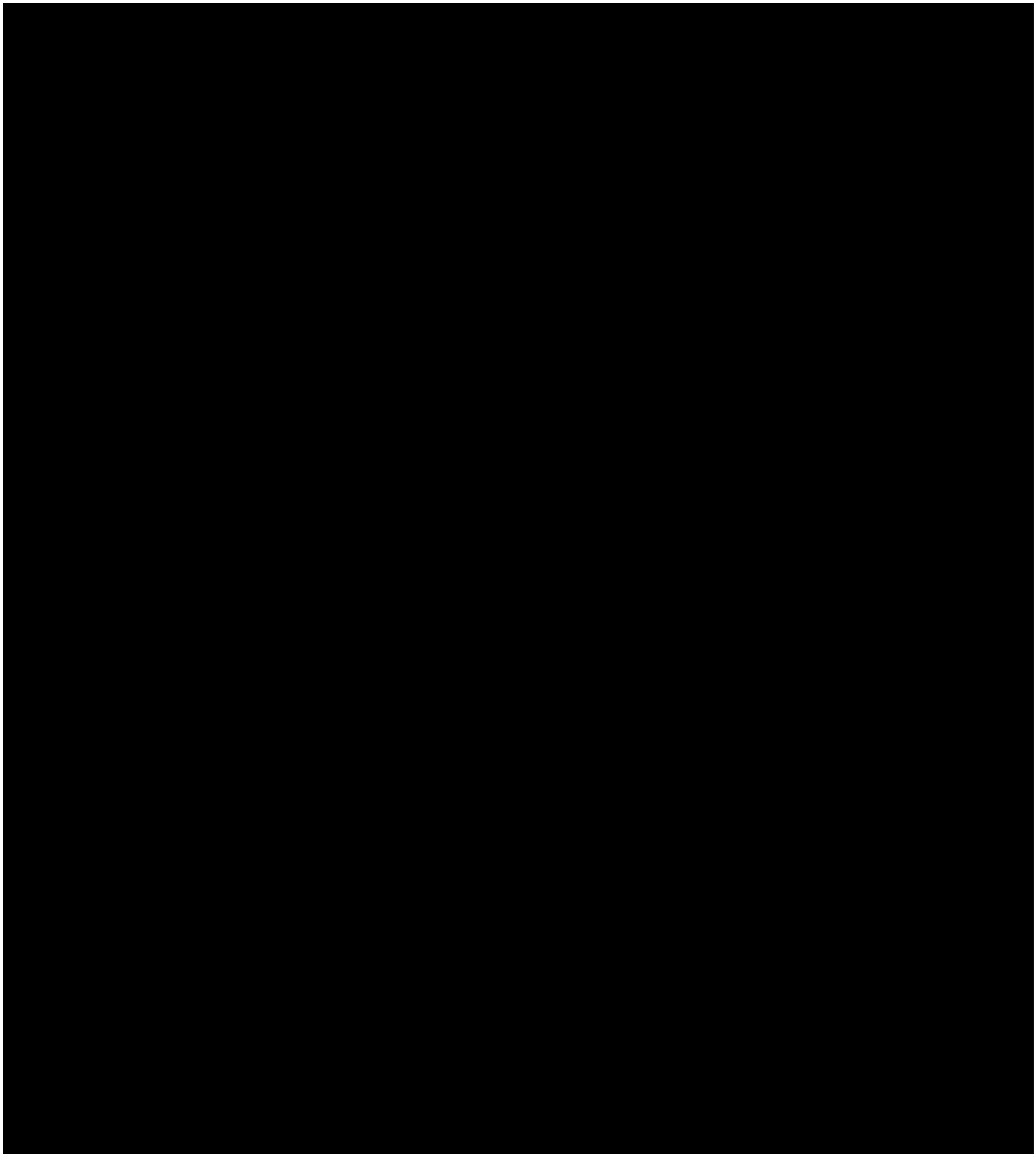


TPIA §552.102(a)

TPIA §552.102(a)



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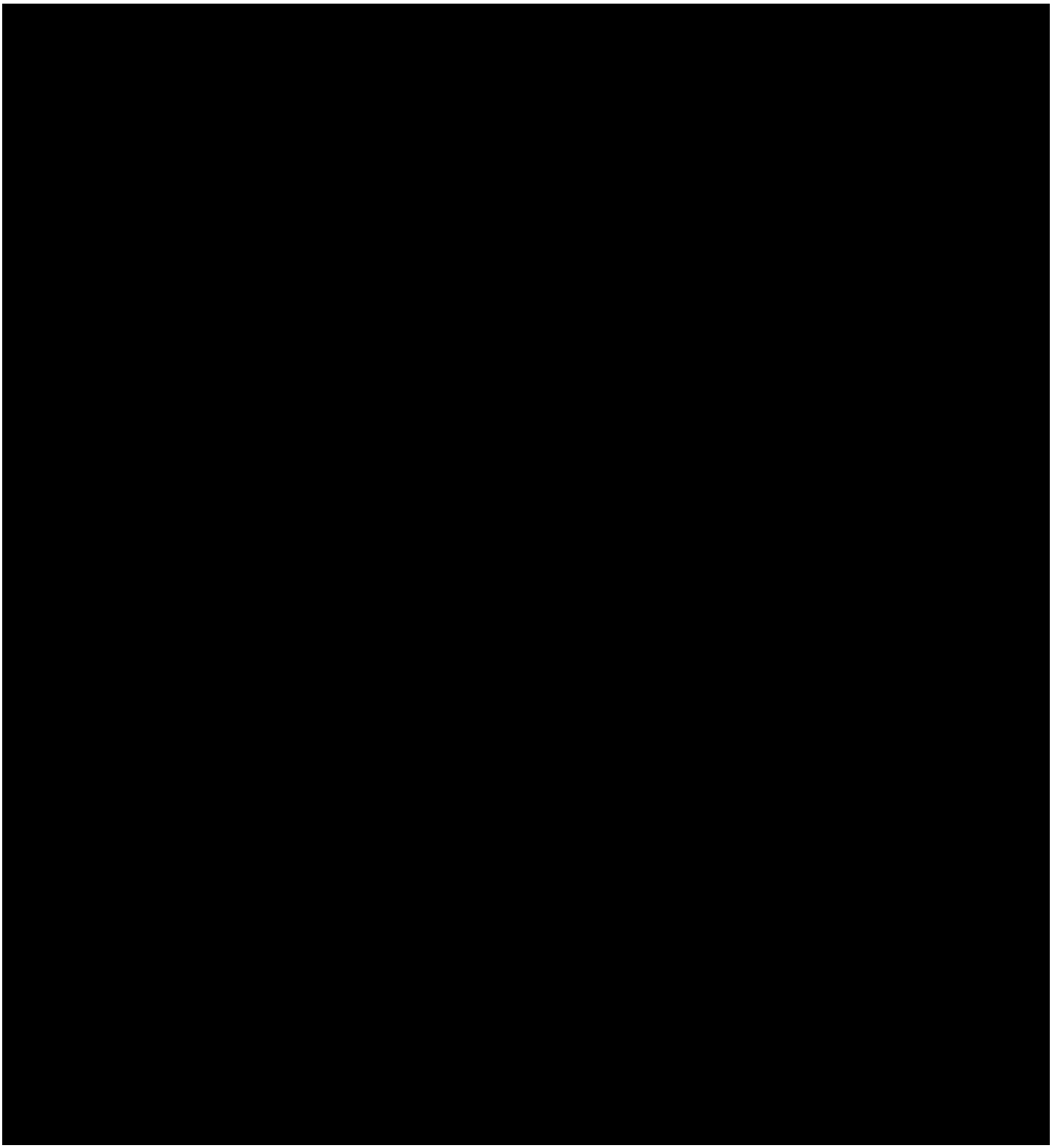

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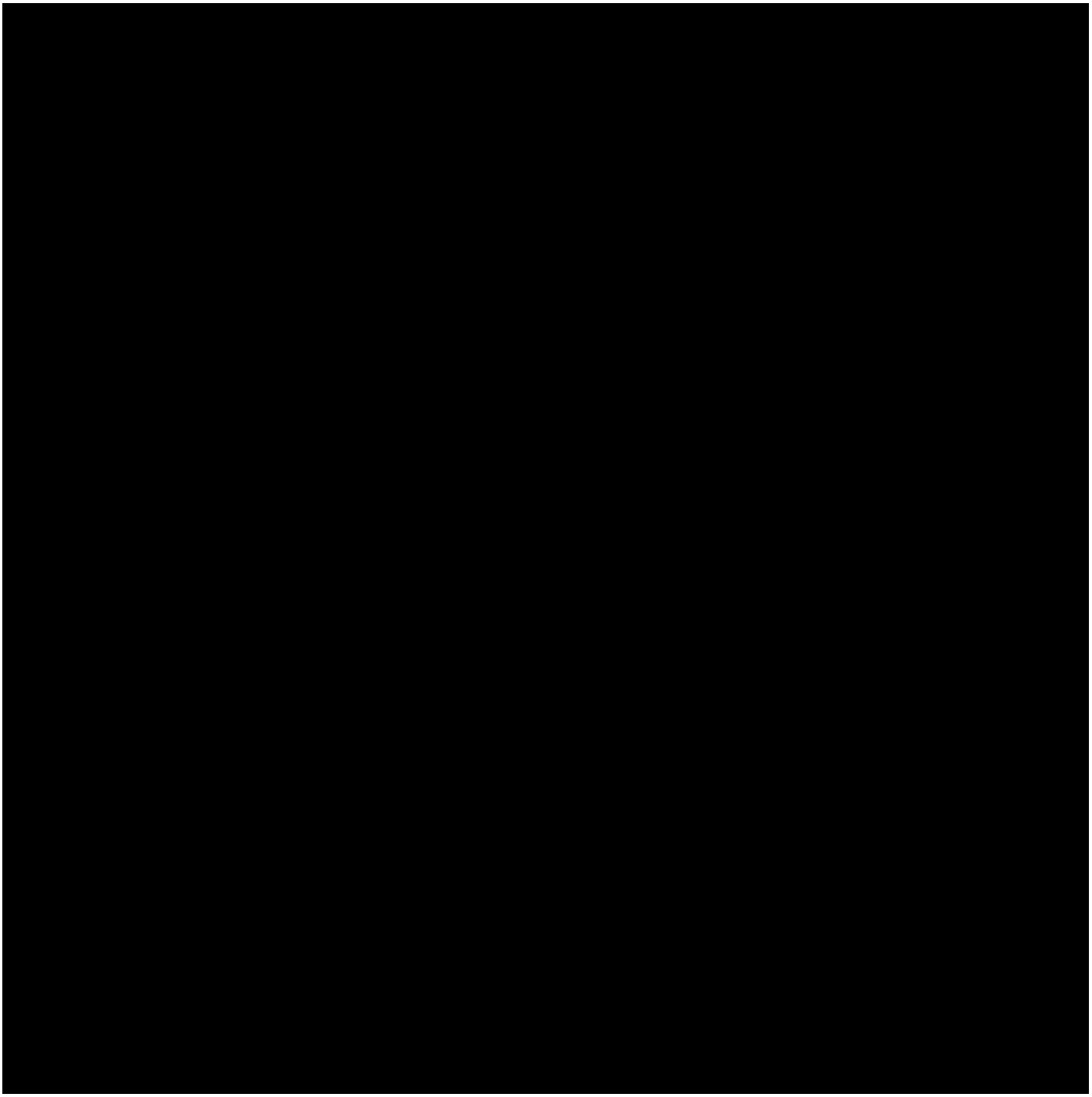

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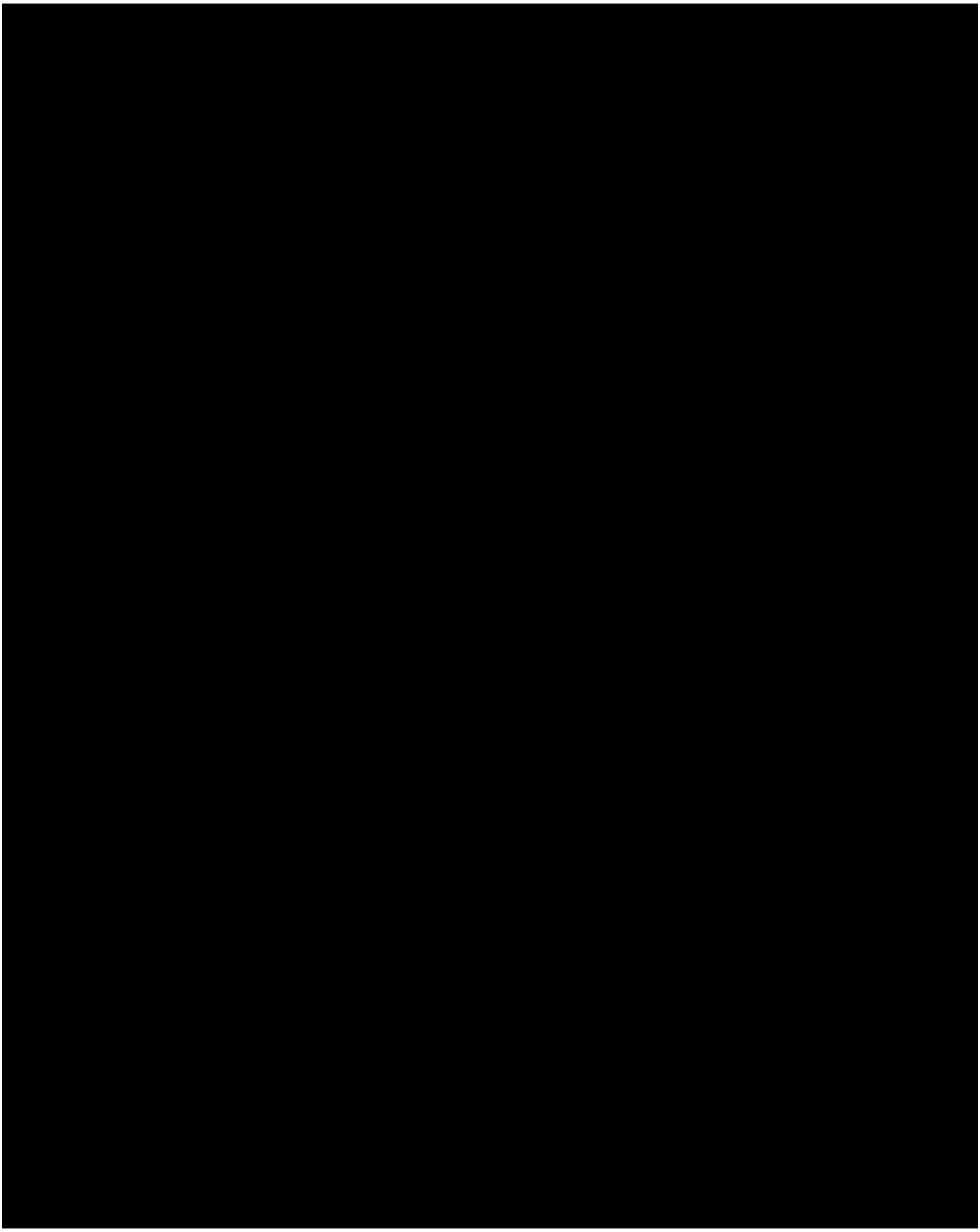

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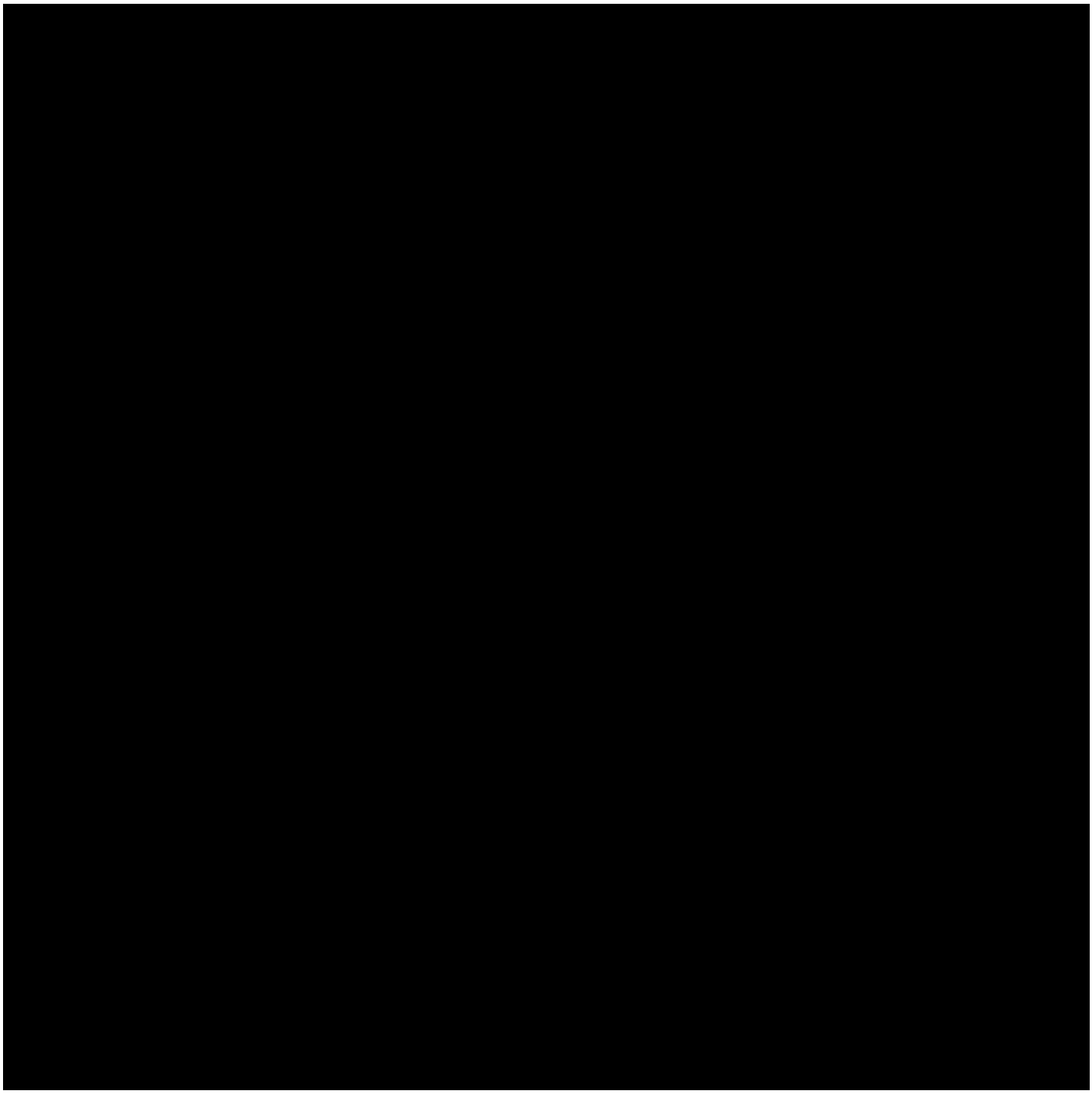

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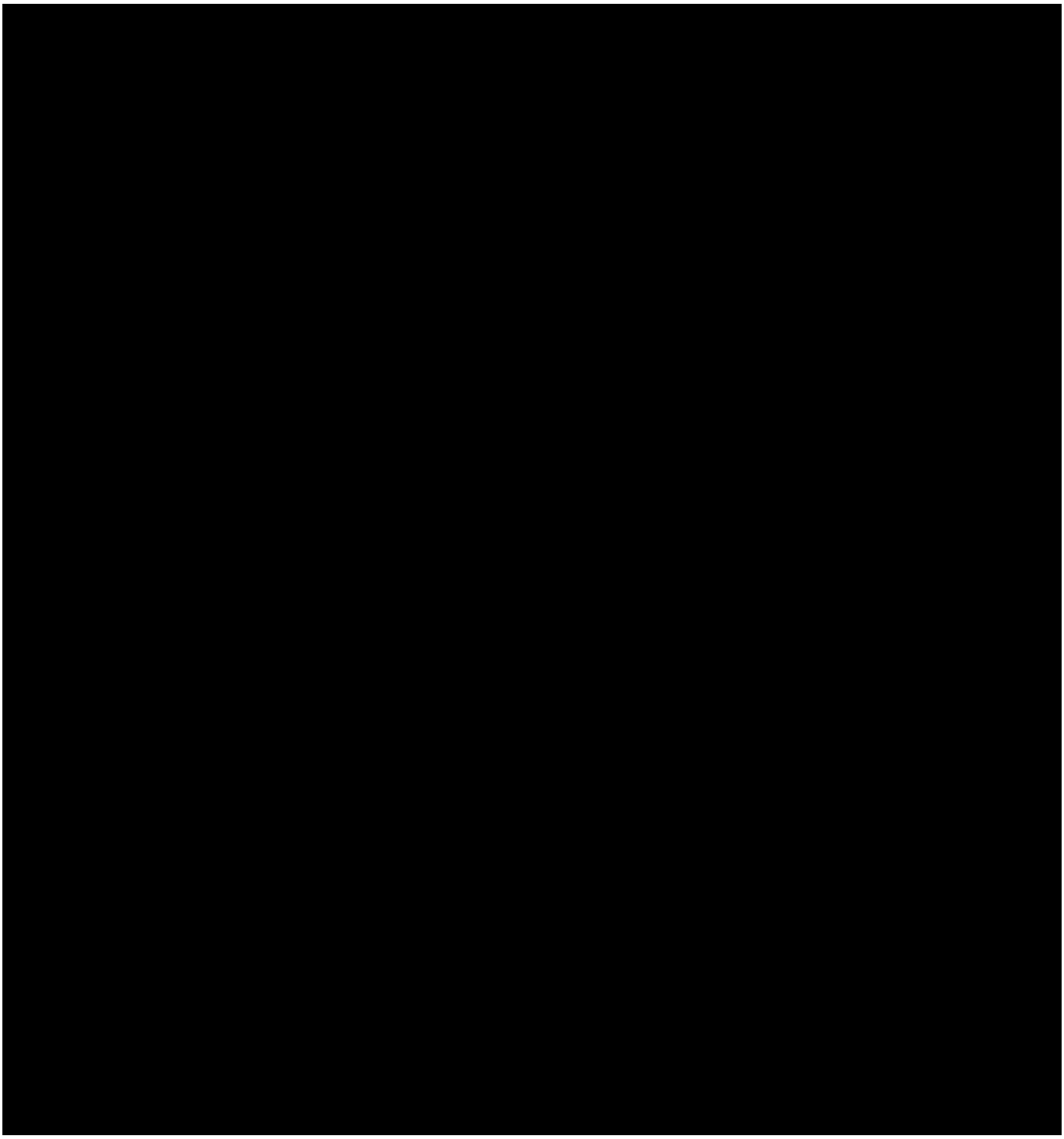

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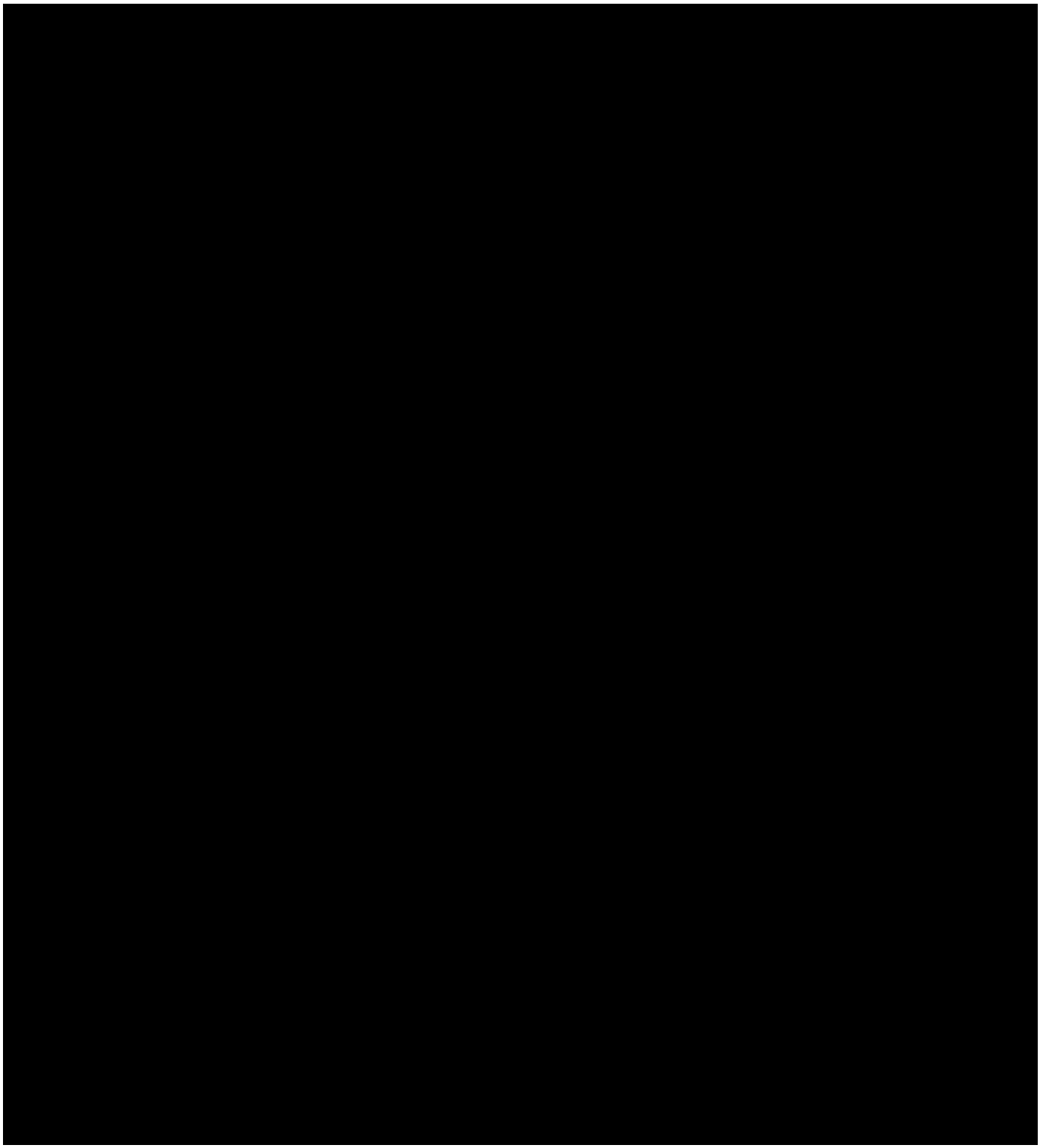

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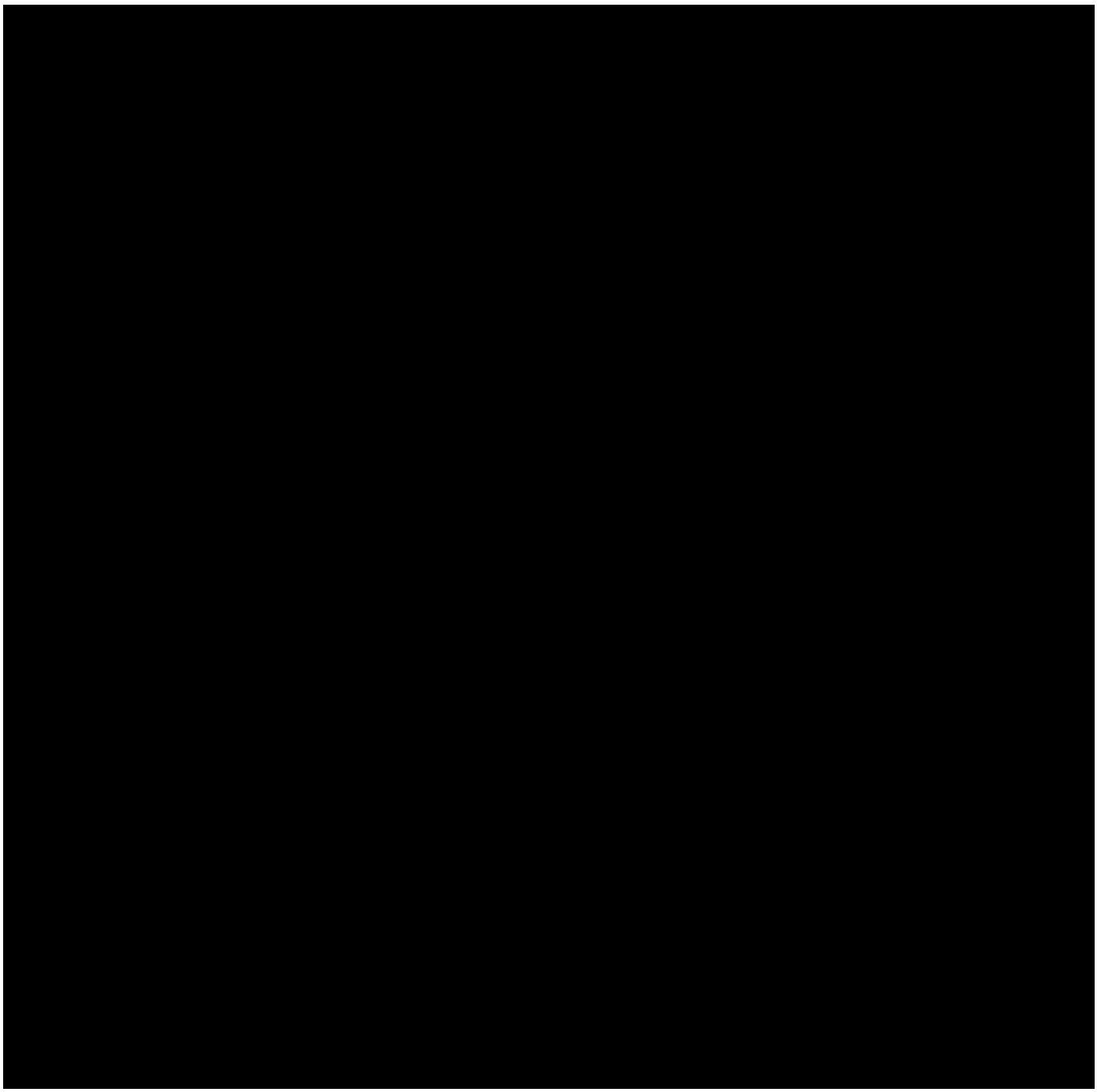

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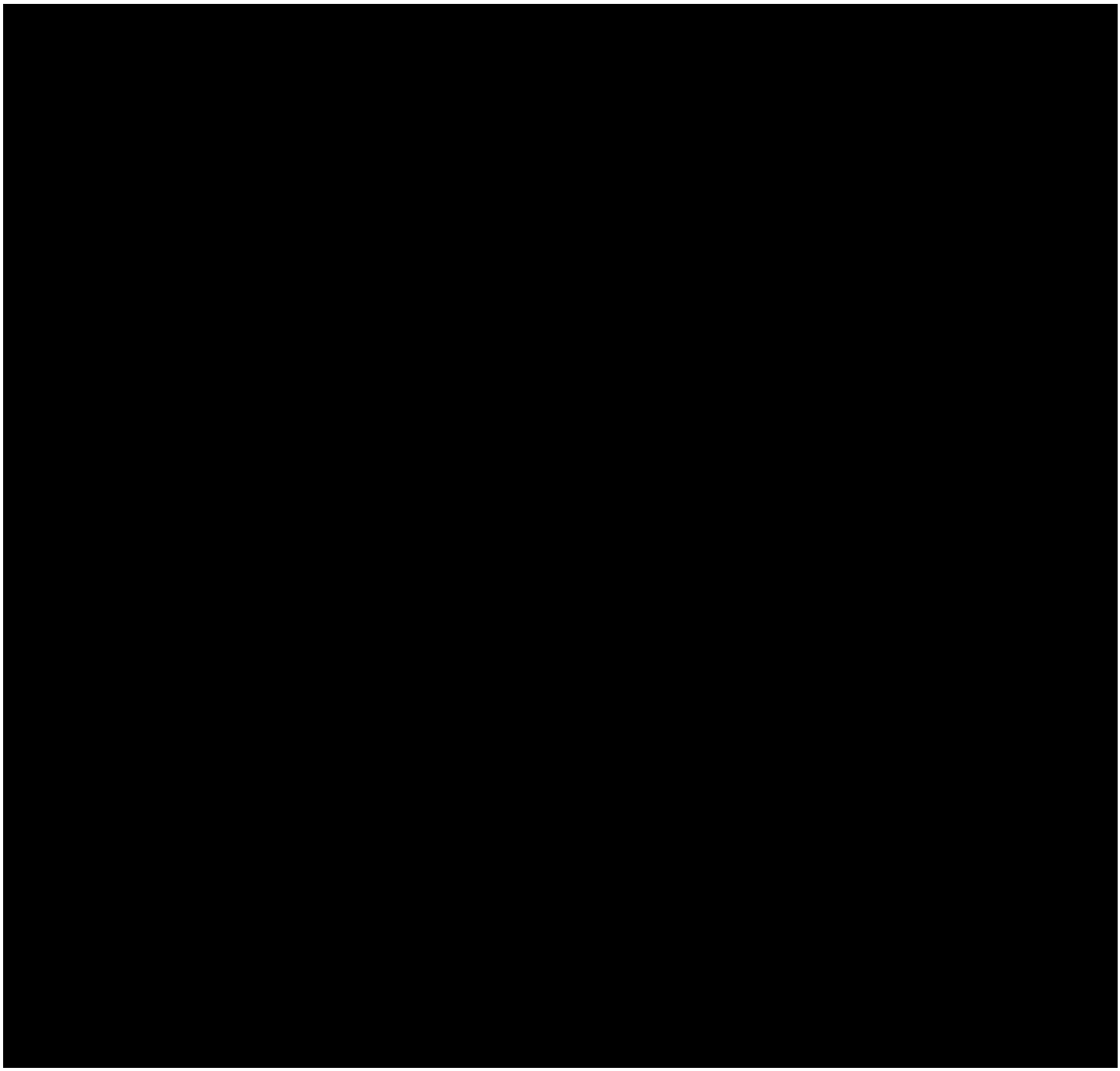

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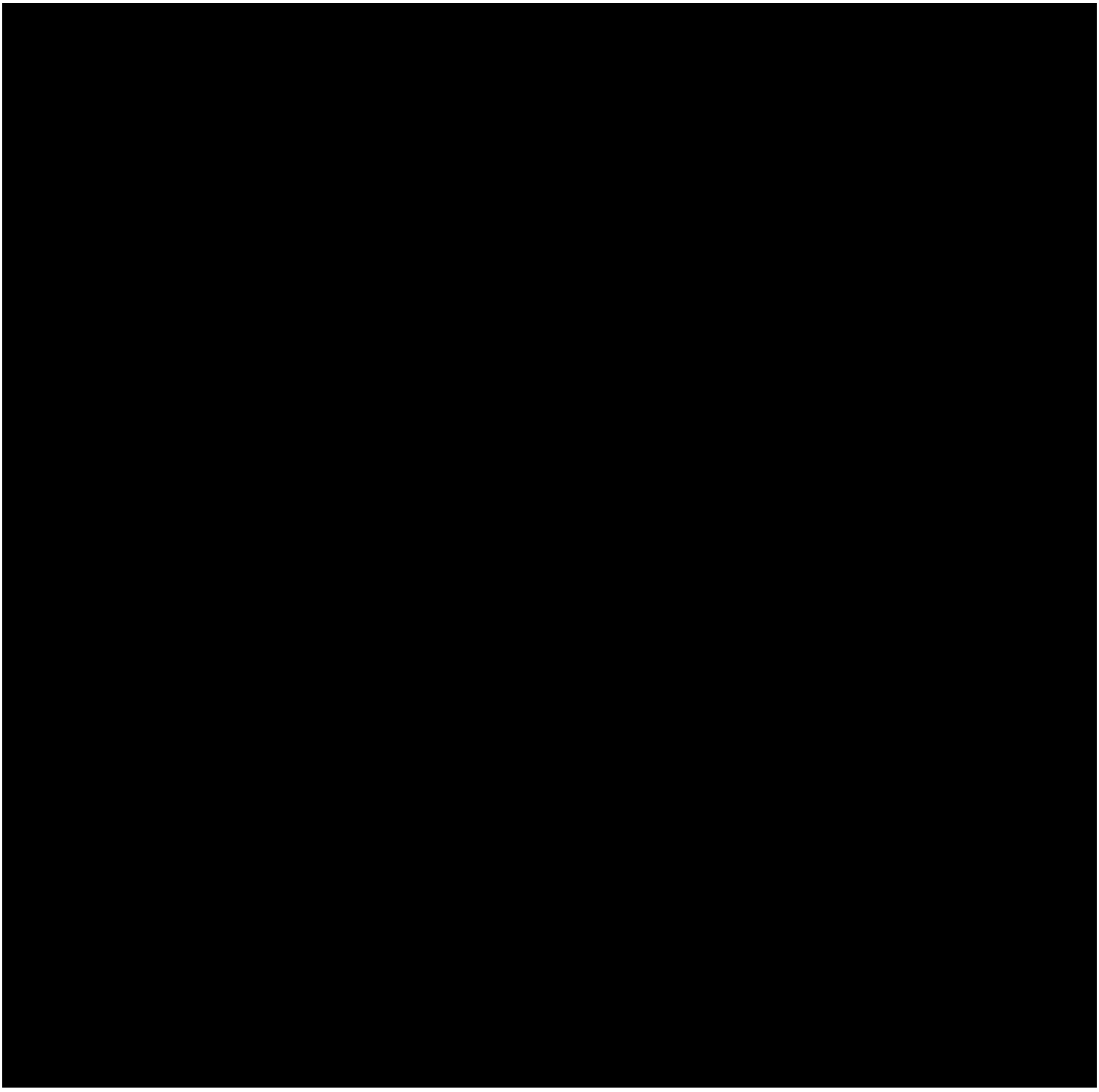

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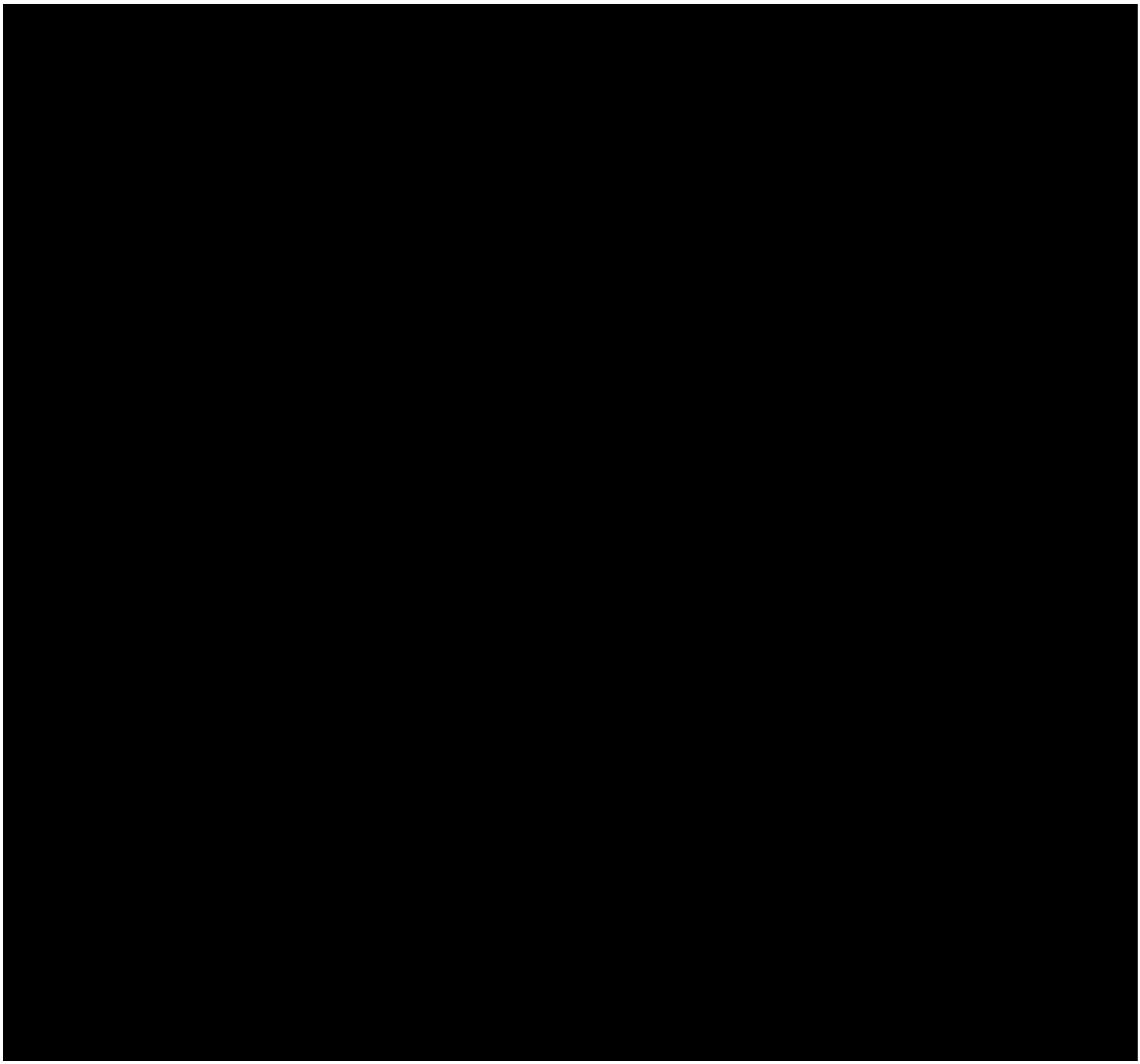

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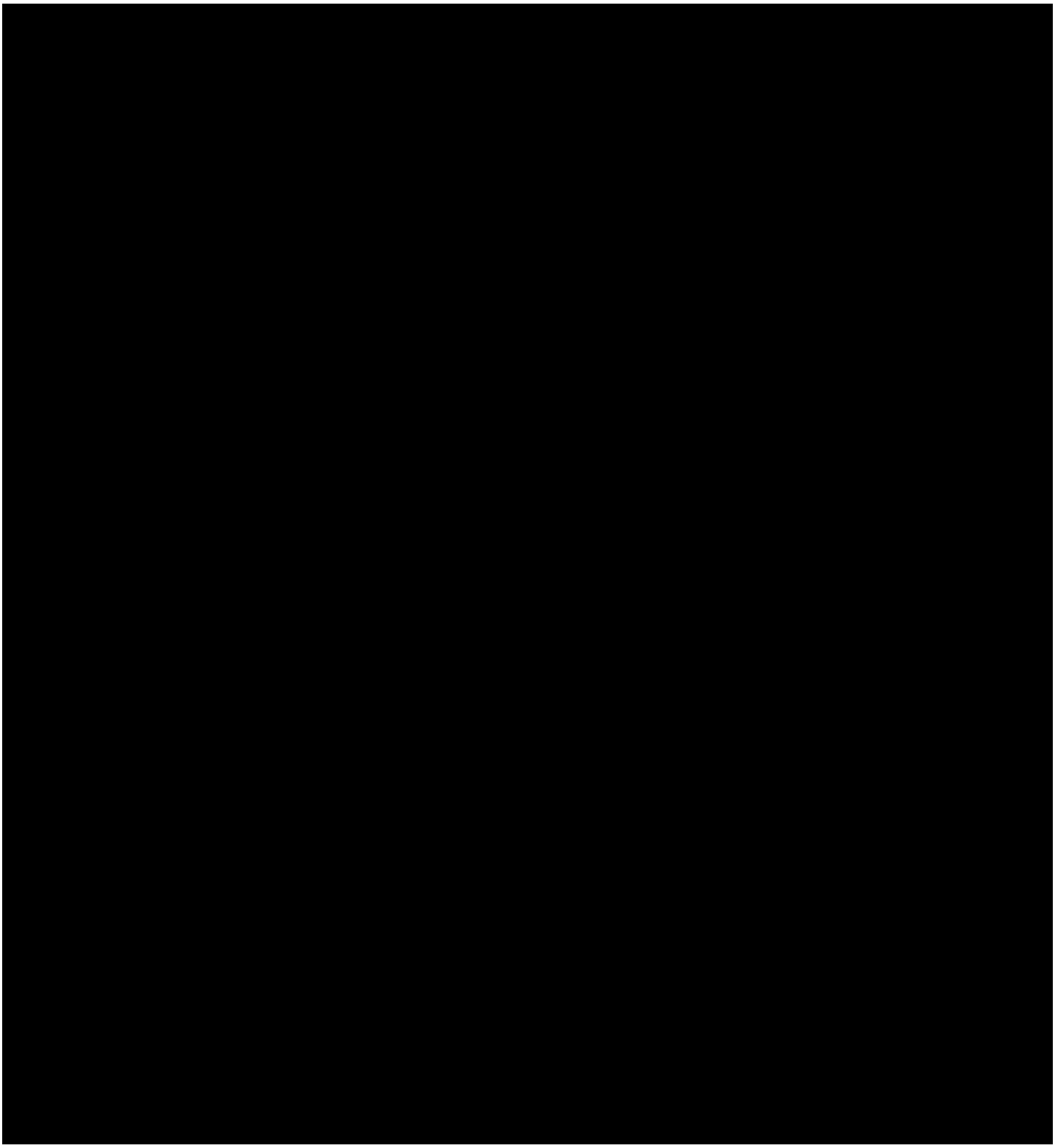

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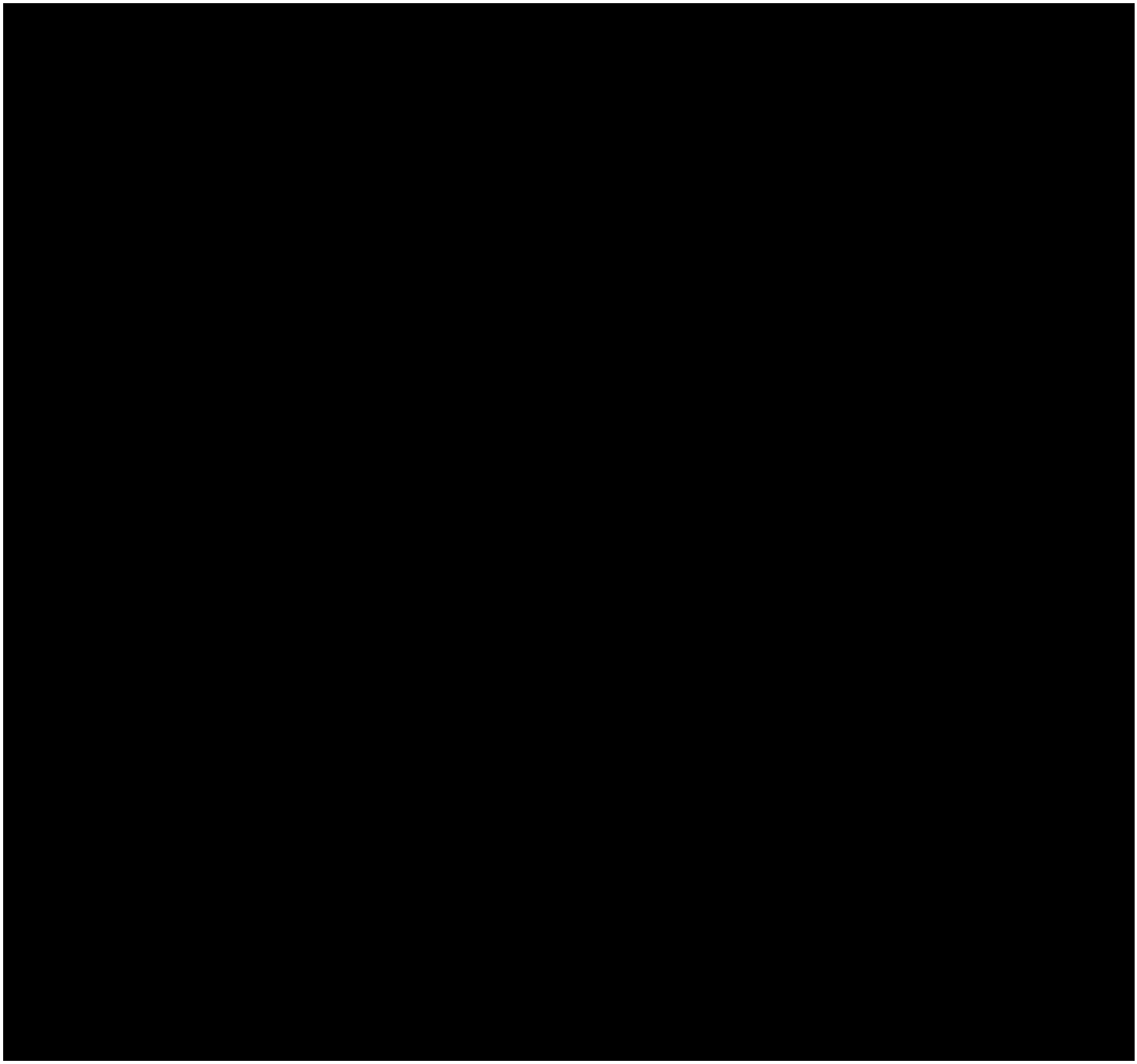

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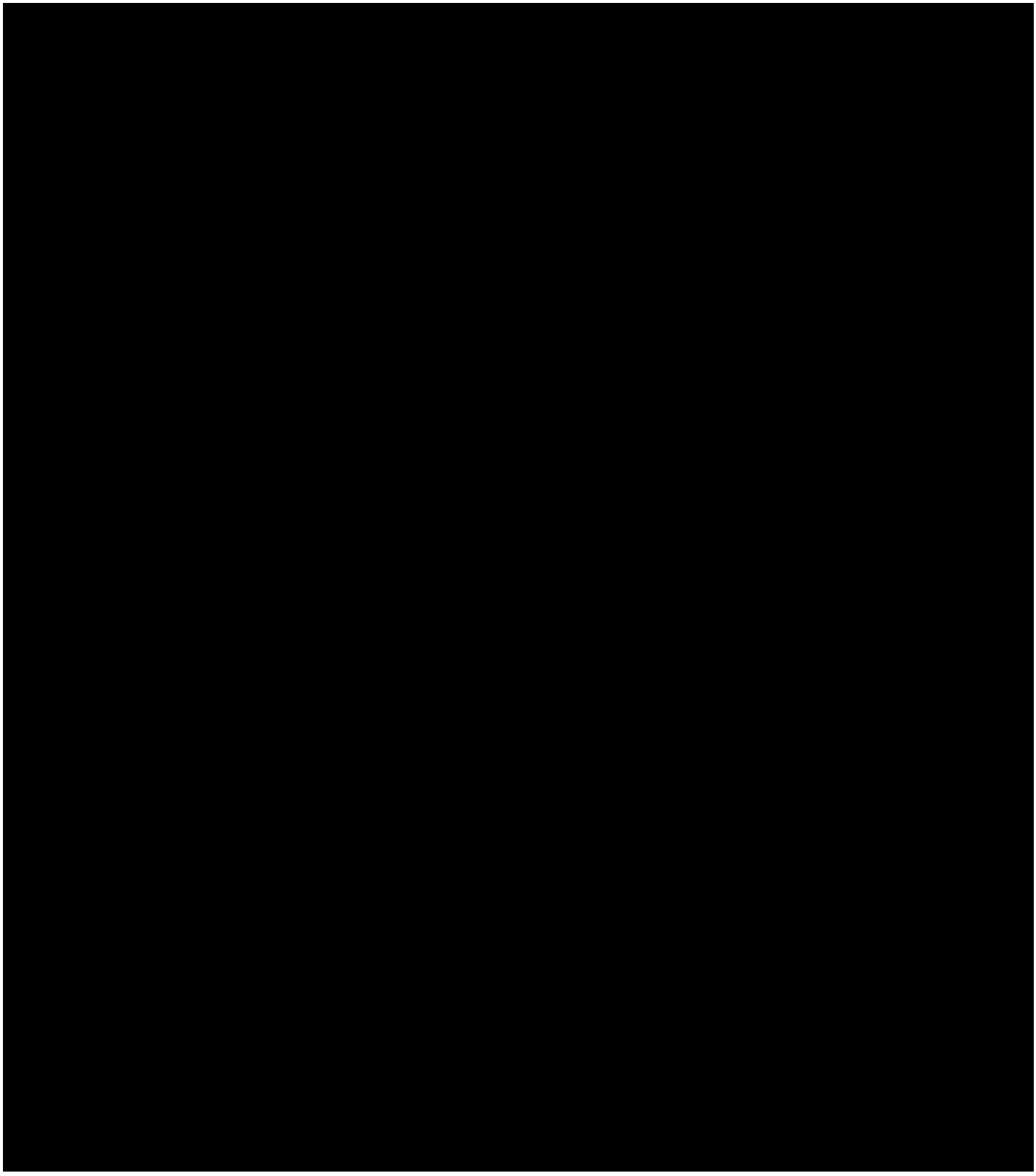


TPIA §552.102(a)

4.3.

Proposer References

A minimum of five (5) verifiable references must be provided that include the contact person, name of company, phone, e-mail address and descriptions of services provided. Proposers' references shall include references for which the Proposer has provided similar services as described in Parts 6, 7 and 8 of this RFP within the last five (5) years.

The Texas Lottery reserves the right to verify all information in the Proposal submitted by the Proposer and seek other information it deems necessary to conduct a thorough review.

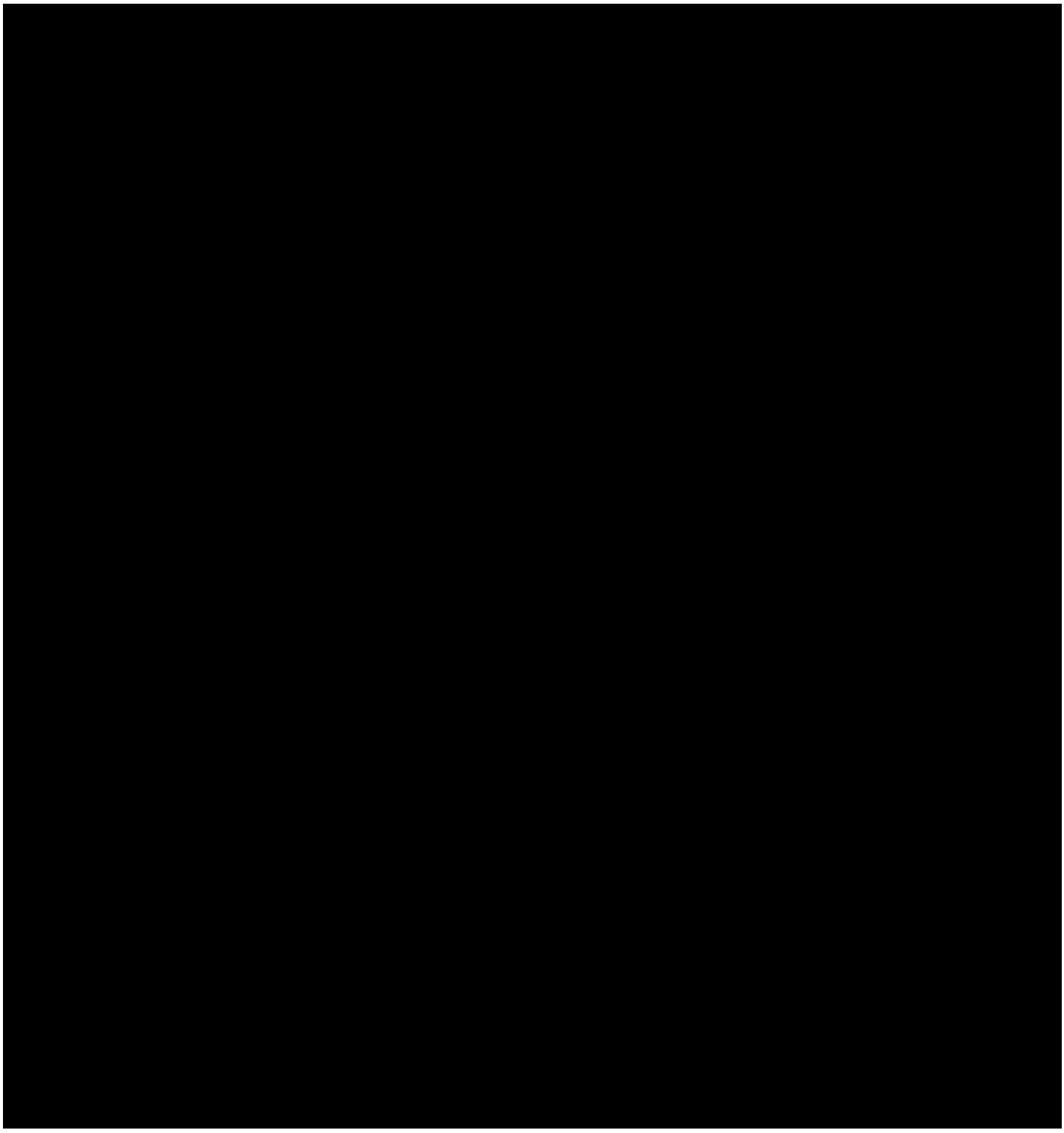
IGT has read, acknowledges, and complies with this requirement.

In addition to the references provided below, we have included a complete list of our current customers in the **Customer Summary** insert located at the end of Section 4.1. While each of the following lotteries has their own term for their scratch ticket games (instant, scratch-off, etc.), we've chosen to use "scratch" for all, in line with the term used by the Texas Lottery and that we use throughout this Proposal.

TPIA §552.110

Confidential information begins here.

[redacted]



[redacted]

Confidential information ends here.

4.4.

Contact Person

IGT has read, acknowledges, and complies with this requirement.

4.4.1. Contact Person for the Proposal

Each Proposer shall provide the name, address, telephone number, and email address of a person to contact concerning questions regarding its Proposal.

Joseph Lapinski
IGT Texas Account Development Manager
8520 Tuscany Way, Bldg. 6, Suite 100
Austin, Texas 78754
512-908-4226
Joseph.Lapinski@IGT.com

4.4.2. Contact Person for the Contract

Each Proposer shall provide the name, address, telephone number, and email address of a person to contact (if different than the person identified in Section 4.4.1) concerning the Contract.

Joseph Lapinski
IGT Texas Account Development Manager
8520 Tuscany Way, Bldg. 6, Suite 100
Austin, Texas 78754
512-908-4226
Joseph.Lapinski@IGT.com

4.5.

Conflict of Interest

4.5.1. Conflict of Interest Disclosure

The Proposer must disclose any actual, potential or perceived conflict of interest relative to the performance of the requirements of this RFP. The Proposer must disclose any personal or business relationship of (a) itself; (b) any of its principals, officers, directors, investors, owners, partners, and employees (collectively, Proposer Personnel); (c) any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of residence of any Proposer Personnel; (d) any affiliate; or (e) any Subcontractor with (1) any employee or representative of the Texas Lottery (including the Texas Lottery Executive Director and its commissioners) or (2) the Lottery's vendors with contracts over $100,000. The list for all Texas Lottery contracts over $100,000, including major and prime contracts, is regularly updated at the following website link:

https://www.texaslottery.com/export/sites/lottery/About_Us/Doing_Business_with_TLC/Contracts_Over_$100x000/

Failure to promptly disclose any such relationship may be a cause for disqualification of a Proposal.

IGT has reviewed the disclosure requirements and the list of prime Texas Lottery vendors provided in RFP Section 4.5.1.

IGT confirms that no IGT Proposer Personnel or their family members (as specified in RFP Section 4.5.1 above) has a relationship with any employee or representative of the Texas Lottery.

IGT discloses to the Texas Lottery all IGT Subcontractors that supply commodities or contribute toward completing work for the Lottery, and we will continue to do so under the new Contract. As part of our procedures, IGT requests approval from the Texas Lottery for all IGT Subcontractors completing work for the Lottery, and we maintain all documentation. IGT has contacted its Subcontractors asking for disclosure of any business relationships noted above.

To IGT's knowledge, these Subcontractors have no actual or potential conflict of interest relative to the performance of the requirements of this RFP. Sun Chemical and Rayonier (formerly TEMBEC) both disclosed they do business with Pollard Banknote Limited (Pollard) and Scientific Games (SG). International Ink disclosed they supply ink to Pollard. KJK Logistics, Inc. disclosed it does business with SG. But neither Sun Chemical, Rayonier, International Ink, nor KJK Logistics perceives any actual or potential conflict of interest that may result from these arrangements.

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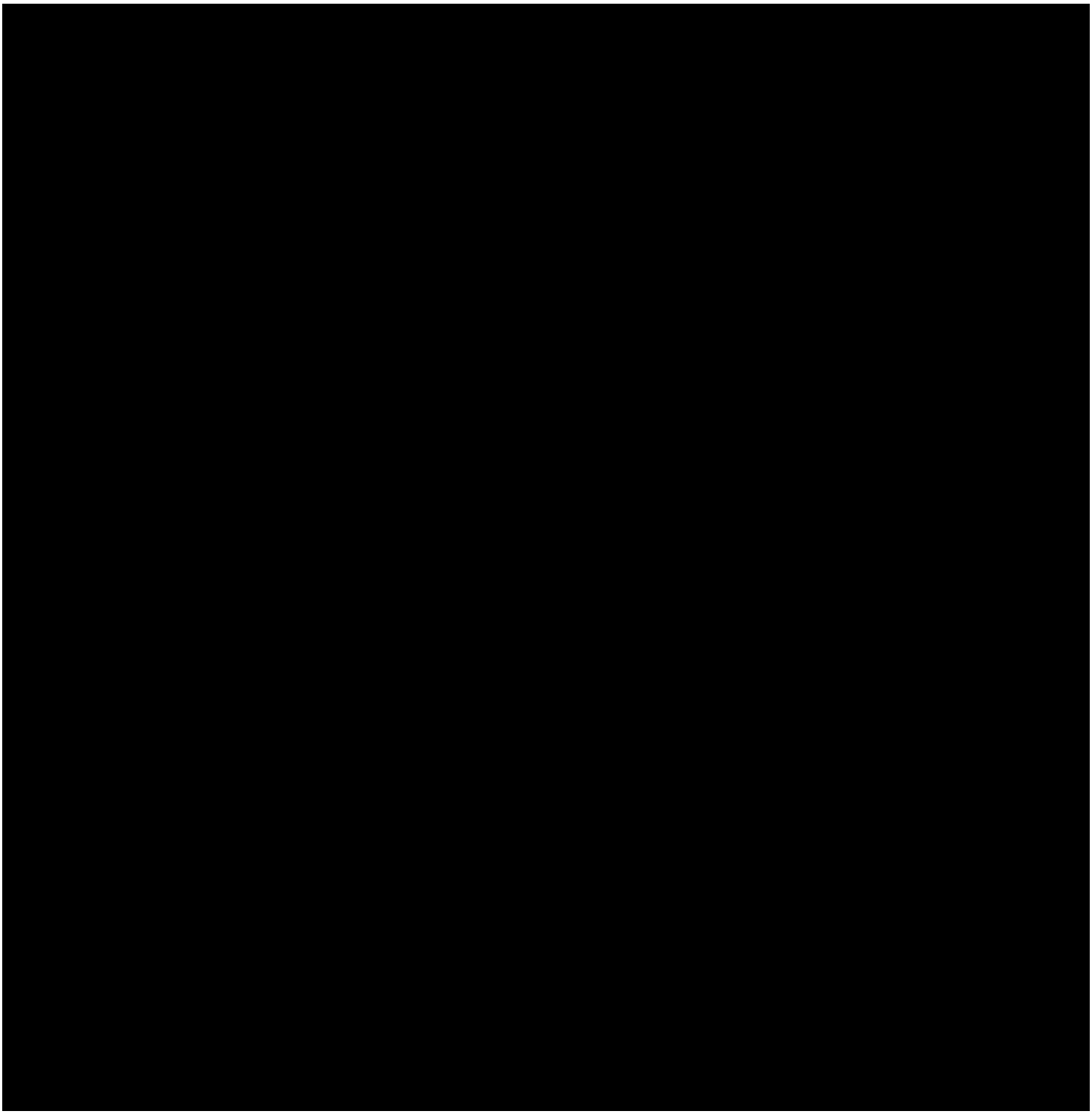

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Confidential information ends here.

4.5.2. Continuing Disclosure

This is a continuing disclosure requirement. The Successful Proposer shall disclose to the Texas Lottery in writing any actual, potential or perceived conflict of interest, relative to the performance of the requirements of this RFP, both prior to Contract Award and after Contract Award, at the time the conflict is identified. Failure to promptly notify the Texas Lottery may be a cause for rejecting the Proposal, sanctioning the Successful Proposer, or exercising any other appropriate remedy under the Contract.

IGT has read, acknowledges, and agrees to the continuing disclosure requirement specified in the RFP.

IGT will disclose to the Texas Lottery, in writing, any actual, potential, or perceived conflict of interest related to the performance of the requirements of this RFP, both prior and after Contract Award. IGT will notify the Texas Lottery promptly if any conflict is identified and acknowledges that failure to do so may be cause for rejecting the Proposal, sanctioning IGT, or exercising other appropriate remedies under the new Contract.

4.6.

Financial Soundness

IGT has read, acknowledges, and complies with all the requirements in RFP Section 4.6.

4.6.1. Evidence of Financial Responsibility and Stability

Each Proposer must provide evidence of financial responsibility and stability for performance of the Contract and must demonstrate the ability to finance the project described in submission.

The Texas Lottery can have full confidence in IGT's financial stability and economic capability to perform the Contract requirements. Our market leadership combined with long-term international and domestic contracts creates stable and predictable earnings and cash flow.

Just this month, IGT announced that its 2021 revenue increased 31% to $4.1 billion on double digit growth across segments. The Company met or exceeded all 2021 financial goals and generated more than $770 million in free cash flow, including record-level cash flows for a quarterly period, in the fourth quarter, due to strong performance and disciplined cash management.

IGT PLC Financial Strength Indicators

Year	IGT PLC Revenue	IGT PLC Free Cash Flow
2021	$4.1 Billion	$771 Million
2020	$3.12 Billion	$340 Million
2019	$4.8 Billion	$530 Million

Figure 4.6 – 1.

4.6.2.
Evidence of Financial Soundness

Each Proposer shall provide evidence of financial responsibility and stability based on any and/or all of the following:

IGT Global Solutions Corporation has provided evidence of its financial responsibility and stability based on the information provided in the following Proposal subsections.

4.6.2.1.
Sole Source of Financial Resources

If the Proposer is the sole source of financial resources, the Proposer must submit financials showing the Proposer's ability to finance the project on its own with current resources;

IGT Global Solutions Corporation is not the sole source of financial resources. Please see Section 4.6.2.2., Subsidiary Status, below, for information on IGT Global Solutions Corporation's ultimate parent company, International Game Technology PLC.

4.6.2.2.
Subsidiary Status

If the Proposer is the subsidiary of a parent corporation and the parent corporation is providing financial resources or assurance, the parent corporation must complete Attachment B, and the Proposer must submit financials for both the Proposer and the parent;

IGT Global Solutions Corporation is a wholly owned, indirect subsidiary of International Game Technology PLC, a publicly traded company (NYSE: IGT).

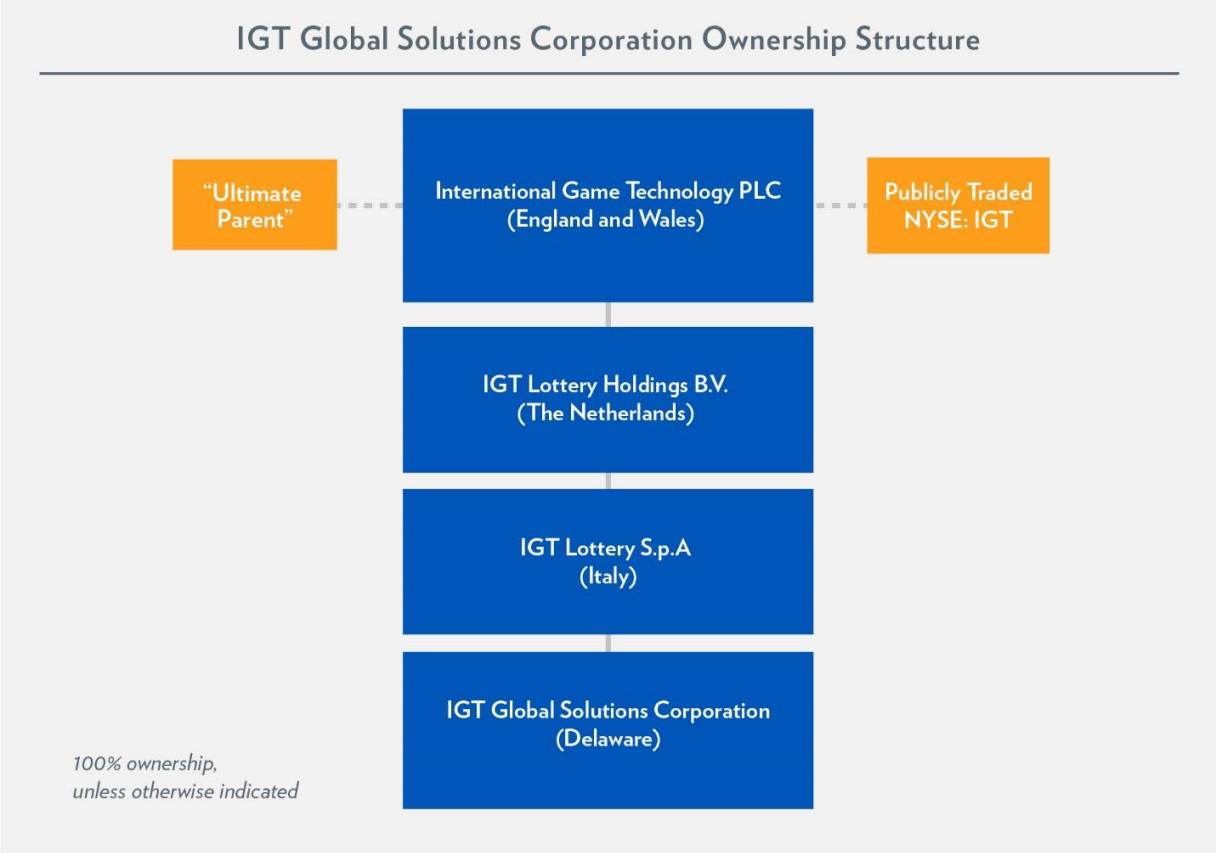

Figure 4.6 – 2.

Considerable financial resources are available to IGT Global Solutions Corporation, as a subsidiary of International Game Technology PLC, to support the requirements contained in this RFP and the Contract arising from the RFP. Accordingly, and as required, International Game Technology PLC has completed **Attachment B, Financial Commitment and Responsibility**, which can be found at the end of this section.

We have also supplied audited consolidated financial statements for International Game Technology PLC, which include the results of IGT Global Solutions Corporation. For completeness, we have provided the 2020 and 2021 Consolidated Audited Financial Statements for International Game Technology PLC. Please refer to the Original Technical Proposal, specifically the USB labeled **Audited Financial Statements**.

4.6.2.3. Joint Venture or Group Status

If the Proposer is a joint venture or a group of affiliated companies, the Proposal must include financials for each member or affiliate of such joint venture or group, as applicable.

IGT Global Solutions Corporation is not a joint venture nor is it a group of affiliated companies.

4.6.2.4.
Additional Documentation

If the Proposer is relying on financial resources other than items 1 through 3 above, then the Proposer shall submit the following documentation with its Proposal:

IGT Global Solutions Corporation is not relying on financial resources other than those described in items 1 through 3 above.

4.6.3.
Availability of Information

If the information in Section 4.6.2 is not available at the time of submission, the Proposer shall provide other proof of financial responsibility acceptable to the Texas Lottery prior to the deadline for submission of Proposals.

The information requested in RFP Section 4.6.2. is available at the time of submission; therefore, IGT Global Solutions Corporation has provided it with its Proposal.

4.6.4.
Additional Information

The Texas Lottery reserves the right to require any additional information necessary to determine the financial responsibility and stability of the Proposer.

IGT Global Solutions Corporation acknowledges and agrees that the Texas Lottery reserves the right to require any additional information necessary to determine the financial integrity and responsibility of IGT Global Solutions Corporation.

4.6.5.
Certification of Change in Financial Condition During Contract

The Proposal must include a certification that the Proposer will notify the Texas Lottery of a change in financial condition during the Contract term. If a Proposer experiences a substantial change in its financial condition prior to the award of the Contract, or if the Successful Proposer experiences a substantial change in its financial condition during the term of the Contract, the Texas Lottery must be notified of the change in writing at the time the change occurs or is identified. Failure to notify the Texas Lottery of such substantial change in financial condition will be sufficient grounds for rejecting the Proposal or terminating the Contract. For the purposes of this section, examples of a substantial change in financial condition are events such as insolvency, bankruptcy or receivership.

If named as a Successful Proposer, IGT Global Solutions Corporation certifies that it will notify the Texas Lottery in writing of any change in financial condition during the Contract term and any renewal thereof. If IGT Global Solutions Corporation experiences a substantial change in its financial condition prior to the award of any contract pursuant to the RFP or experiences a substantial change in its financial condition during the term of the Contract or any extension thereof, it will notify the Texas Lottery of the change in writing at the time the change occurs or is identified.

IGT Global Solutions Corporation acknowledges that failure to notify the Lottery of such substantial change in financial condition will be sufficient grounds for rejecting the Proposal or terminating any Contract. IGT Global Solutions Corporation has read, acknowledges, and agrees that examples of substantial changes in financial condition include events such as insolvency, bankruptcy, or receivership.

INSERT
Attachment B, Financial Commitment and Responsibility

ATTACHMENT B
FINANCIAL COMMITMENT AND RESPONSIBILITY

This financial commitment and responsibility statement is to be completed by the parent corporation's chief financial officer.

IGT Global Solutions Corporation is a fully-owned subsidiary of
(Subject)

International Game Technology PLC and that as such International Game Technology PLC
(Parent) (Parent)

is fully responsible for any and all financial obligations under this RFP or resulting contract of

IGT Global Solutions Corporation .
(Subject)

Signature: _____

Title: Executive Vice President and Chief Financial Officer, International Game Technology PLC

Date: 03-01-22

4.7.

Background Investigations

4.7.1. Vendor Background Investigation

Under Tex. Gov't Code § 466.103, the Executive Director of the Texas Lottery is prohibited from awarding a contract for goods or services related to lottery operations to a person or legal entity who would not qualify for a sales agent license under the requirements of Tex. Gov't Code§ 466.155.

The Texas Lottery Commission may initiate investigations into the backgrounds of (a) any Apparent Successful Proposer; (b) any of the Apparent Successful Proposer's officers, directors, investors, owners, partners and other principals, as more particularly described in Tex. Gov't Code § 466.155 (collectively, Apparent Successful Proposer Principals); (c) any of the Apparent Successful Proposer's employees; (d) any of the Apparent Successful Proposer's Subcontractors, or the Subcontractors' officers, directors, investors, owners, partners, principals or employees (collectively, Subcontractor Personnel); or (e) any other associates of the Apparent Successful Proposer it deems appropriate. The Texas Lottery Commission may also request background information for a spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of the Apparent Successful Proposer, any Apparent Successful Proposer Principals, or Apparent Successful Proposer employees described above. Such background investigations may include fingerprint identification by the Texas Department of Public Safety and the Federal Bureau of Investigation, and any other law enforcement agency.

The Apparent Successful Proposer shall be obligated to provide such information about any Apparent Successful Proposer Principals, Apparent Successful Proposer employees, and Subcontractor Personnel as the Texas Lottery may prescribe.

The Apparent Successful Proposer also agrees that the Texas Lottery may conduct background investigations of such persons. The Texas Lottery may reject a Proposal and/or terminate the Contract based solely upon the Apparent Successful Proposer's failure to provide information to complete a background investigation or the results of these background investigations.

IGT has read, understands, and will comply with the Texas Lottery's requirements concerning any potential background investigations.

4.7.2.
Contractually Defined Vendor Principal(s) Background Investigation

The Texas Lottery may initiate background investigations on the Apparent Successful Proposer Principals who will be directly involved in selling or leasing the goods or performing the services that are the subject of this RFP or the Contract. This includes any oversight function performed by such individuals. For purposes of this section and the attachments, these individuals are called "contractually defined vendor principals."

IGT has read, understands, and will comply with the Texas Lottery's requirements concerning any potential background investigations of contractually defined vendor principals.

4.7.3.
Vendor Employee Background Investigations

The Successful Proposer agrees that, during the term of the Contract and any extension thereof, it shall be obligated to provide such information about any principals, employees, and Subcontractor Personnel as the Texas Lottery may prescribe. The Successful Proposer also agrees that the Texas Lottery may conduct background investigations of such persons.

The Texas Lottery will conduct vendor employee background investigations on any of the Successful Proposer's principals, employees, and Subcontractor Personnel who meet one (1) or more of the following criteria:

- *they perform services that may impact the security and integrity of the core gaming business as determined by the Texas Lottery;*
- *they provide audit, financial, legal, or compliance services;*
- *they provide goods and/or services that control or monitor access to lottery premises;*
- *they have unescorted access to TLC facilities; and/or*
- *they have direct access to TLC information systems.*

IGT has read, understands, and will comply with the Texas Lottery's requirement concerning any potential employee background investigations on any IGT principals, employees, or subcontractor personnel who meet the criteria outlined above.

4.7.4.
Apparent Successful Proposer

If requested by the Texas Lottery, the Apparent Successful Proposer may be required to complete and return the following forms within ten (10) Working Days, or as otherwise directed by the Texas Lottery, after the written Announcement of the Apparent Successful Proposer is issued:

a. *Vendor Background Investigation Form (Attachment E).*
b. *Certified List of Vendor Principals Form (Attachment E-1).*
c. *Certified List of Contractually Defined Vendor Principals Form (Attachment E-2).*
d. *Consent to Background Investigation and Release of Person Information Form (Attachment E-4). A separate form shall be completed for each vendor principal included on Attachment E-2 Certified List of Contractually Defined Vendor Principals Form and each vendor/Subcontractor employee included on Attachment E-3 Vendor Employee Background Investigation List.*
e. *Vendor Employee Background Investigation List (Attachment E-3)*

IGT has read, understands, and will comply with any potential requests by the Texas Lottery to complete and return the forms within Attachment E within 10 Working Days after Contract announcement.

4.8.

Disclosure of Interested Parties

Tex. Gov't Code §2252.908 states that a governmental entity or state agency may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties (Form 1295) to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency. The Texas Ethics Commission has adopted rules requiring the business entity to file Form 1295 electronically with the Ethics Commission (See https://www.ethics.state.tx.us/rules/commission/ch46.php). If requested by the Texas Lottery, the Apparent Successful Proposer may be required to complete and file the Form 1295 with the Ethics Commission after the written Announcement of the Apparent Successful Proposer is issued and prior to contract execution.

IGT has read, acknowledges, and will comply with all requests from the Texas Lottery concerning Form 1295.

PART 5.

Historically Underutilized Business (HUB) Participation

Part 5.

Historically Underutilized Business (HUB) Participation

IGT has read, acknowledges, and complies with RFP Part 5 and its subsections.

As required, IGT has included one (1) signed original and two (2) copies of all required HSP documentation in the format required by the Comptroller of Public Accounts. Please refer to the separate binder labeled HUB Subcontracting Plan (HSP).

PART 6.

Texas Lottery's Objectives, Goals and Expectations

Part 6.

Texas Lottery's Objectives, Goals and Expectations

IGT is aligned with the Texas Lottery's objectives, goals, and expectations. Throughout this section, we demonstrate how our collaborations, recommendations, and commitment to innovation and creativity manifest themselves in industry-best products, support services, and innovation initiatives that will help the Texas Lottery maximize and sustain its desired sales growth.

6.1.

Overview

Part 6 of this RFP contains the Texas Lottery's objectives, goals and expectations for this procurement. Parts 7 and 8 comprise the Scope of Services for any Contract resulting from this RFP.

IGT has read and acknowledges this requirement.

As the Texas Lottery's long-time partner and having printed scratch ticket games for you since 2010, we are always looking ahead, taking a futuristic view, all based on helping you meet and exceed your objectives, goals, and expectations. Every meeting, every presentation, every product, and every recommendation seeks one result: to maximize revenue to the State of Texas to support the Foundation School Fund and the Texas Veterans Commission Fund for Veterans Assistance.

6.2.

Texas Lottery Objective

The Texas Lottery's objective is to maximize revenue to the State of Texas through the selection of "industry best" games and those consistent with the Texas Lottery's current product mix and scratch ticket strategy. The Texas Lottery evaluates games based on a variety of criteria including, but not limited to, sales performance, ticket theme, play style, planned start date and overall fit within the overall scratch ticket portfolio and budget authority. Using these criteria and others, the Texas Lottery also includes branded, proprietary or licensed games which it believes present the best opportunity for maximizing ticket sales and generating revenue for the State.

IGT has read and acknowledges this requirement.

The Texas Lottery will enter into its new scratch game Contract having achieved unheard-of growth over this past pandemic-impacted year. Achieving 19.4% growth in scratch game sales far exceeded the Texas Lottery's aggressive sales targets, an amazing accomplishment for a large, mature lottery.

We are proud that our games – including industry-best games such as Loteria, the Gems 7's family, and licensed games like Caesars® – have contributed to your growth. We commit to continue providing you with game and service solutions that will help you sustain a high level of growth for your scratch game business. The iHeartRadio turnkey second chance program supporting your Cash Blitz family of games, scheduled to launch in January 2023, delivers across all marketing and promotional platforms and is another example of our ability to provide a comprehensive product and promotional solution designed to grow your scratch game business and expand your advertising reach. Our futuristic view tells us that the upcoming Contract will call for a slightly different way of working. Simply by virtue of the new Contract's length, the planning, collaboration, and execution of solutions will require a longer view.

Proving that the games we recommend to you are "industry best" requires evidence. We provide that evidence during our Yes/No meetings with you and throughout the year. For example, in the Yes/No presentations, we provide a series of reports – of Texas Lottery performance vs the industry and of high-performing games by price point and by other elements such as theme, play style, and top prize. We include the reports at the back of our presentation book so that you can see exactly how data and insights from Texas, the industry, and other lotteries has informed our recommendations. Detail about these reports and their use can be found in Section 7.2, Game Planning.

The partnership we share with you will continue to be our foundation. Taking a longer and futuristic view will consistently challenge us to compete for your scratch business; to be aligned with your objectives, goals, and expectations; to commit to bringing meaningful innovations that will resonate with your market; and to continue to evolve the manufacturing technology and technique that underpins the quality of our Texas Lottery games.

Whether it be the recommendations we make in the annual Yes/No meeting or during our ongoing collaboration, we always seek to bring you more than we have before – and that will continue to be our approach during the new Contract.

6.3.

Texas Lottery Goals and Expectations

Having worked closely with the Texas Lottery over the years, we've come to understand how you want to operate and manage your scratch game business and how we can best support it. Our goal is always to provide ideas, strategies, and content that meet your expectations and that you can use to achieve your goals. We also look for guidance from you on how we can improve on what we bring to the Yes/No meetings and other get-togethers throughout the year. Your operating model pushes us to be better and to provide games and services reflective of your lottery-growth and sales expectations.

6.3.1. Utilizing Multiple Vendors

In working toward its objective to maximize revenue to the State of Texas through the selection of "industry best" games and those consistent with the Texas Lottery's current product mix and scratch ticket strategy, the Texas Lottery believes that utilizing multiple vendors for scratch ticket manufacturing and services promotes competition, optimizes vendor performance and enhances business resumption capabilities.

IGT has read and acknowledges this requirement.

We have always been a proponent of your multi-vendor approach. It challenges us to do our best, and to provide our best, to compete for the privilege to produce your scratch ticket games.

The presentation you see annually at the Yes/No meeting is the culmination of a year's worth of work to bring you our industry-best games, and it serves as a qualitative measure of our commitment. For example:

Confidential information begins here.

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TPIA §552.110

Confidential information ends here.

- We look for opportunities to bring you more content every year (and you've asked for more in recent years). We also work within your process for developing and executing against your yearly game plan /roadmap, and we appreciate that it's a formal process (within your set of sound business practices) in place to support the 90+ games you launch annually.
- Your guidance, as well as your feedback on our presentations and recommendations, has helped us improve what we bring to the Yes/No and other meetings throughout the year. We recognize that our recommendations are just one piece of your game plan, so we've evolved our Texas Lottery content and presentations using your cumulative feedback to continually align it with both your business practices and your plan.

- Our goal is to develop our presentations in a way that encourages discussion and covers as much material as possible within the allotted time. And we know that the less *we* talk, the more we can learn from you.
- We take your feedback on the games you like, revise them, and send the revised content – sometimes in the form of a contract proof – to you for another look.

6.3.2. Multiple Successful Proposers for Superior Quality, Service, and Competitive Pricing

The Texas Lottery desires to select multiple Successful Proposers that demonstrate superior technical quality and service and that offer competitive pricing.

IGT has read and acknowledges this requirement.

Competition brings out the best in competitors. We are comfortable working in that environment. It's good for all of us. And we approach the Texas Lottery, our #1 customer in volume, with our best competitive advantages:

- **People:** We understand how important product quality and customer service, security, etc., are and that they must be delivered or business volume can be impacted. Our Account Services team demonstrates their commitment to you and your account daily. The team provides continuity of service from people you know and who know you and your business, always providing the right staffing support and resources. Regional Sales Director Walter Gaddy, Account Representative Penny Whyte, Senior Director of Business Development Amy Morin, Vice President and General Manager Keith Cash, Senior Director of Manufacturing Operations Rob Anderson, Director of Quality, Security, and Compliance Richard Modawell, Senior Manager Account Services Heather Nunez, and Manager of Graphic Arts Katy Pettis – all with the support of our IGT Texas Account Development Manager Joe Lapinski – make the Texas Lottery their priority.
- **Processes/Production:** You've seen and acknowledged the evolution of our manufacturing capabilities – from game development, programming, and production to delivery – and the difference it has made in the quality of the games we provide you. Key manufacturing initiatives have been accomplished and have paved the way for programming and product enhancements. For example, we can now produce tens of millions of unique grids for Crossword games, and new technologies have allowed us to bring new game and printing innovations to market. New and ongoing initiatives promise improved business, products, and services (and greater quality and service) in line with your goals, objectives, and expectations.
- **Product:** Since we printed our first scratch ticket game for the Texas Lottery in 2010, we have produced some of your most enduring and successful games, such as Super Ticket®, the Loteria line extensions, and the Gems 7s and X Multiplier families. Creative promotional programs and innovations like our new Infinity Instants™ platform (an **Offered Option**), described in Section 6.4., Innovation and Creativity, and Section 8.35., Offered Options, will help drive incremental sales and support you in maximizing your contributions to the Foundation School Fund and the Veterans Commission Fund for Veterans Assistance.

We will continue to compete for your business every day, every week, and every year of the new Contract by providing innovative products and solutions along with superior customer service.

6.3.3. Common Prices

The Texas Lottery, through negotiations with all Apparent Successful Proposers, desires to establish common prices for the goods/services included in the Base Price and certain Specified Options as identified in the Sealed Cost Proposal (Attachment H).

IGT has read, acknowledges, and will comply with this requirement.

6.3.4. Comparable Number of Games

As an incentive to accept the common prices established by the Texas Lottery and at the agency's sole discretion, Successful Proposers may be offered an opportunity to produce a comparable number of games for a set period (as determined by the Texas Lottery in its sole discretion) following Contract Award. The Texas Lottery, in its sole discretion, will determine the quantity and volume of ticket production awarded to each Successful Proposer and expressly reserves the right to cancel or increase game orders consistent with the considerations in Sections1.1.7 and 1.1.8, together with other factors including, but not limited to, technical quality and customer service; however, the Texas Lottery does not intend to establish comparability by price point, ticket size, print quantities and other similar factors.

IGT has read and acknowledges this requirement.

We understand the Lottery's desire for common prices. Our goal is to continue to work with you to achieve this objective as we always have done.

6.3.5. Rejection of Common Prices

Any Proposer(s) that rejects the Texas Lottery's common prices still may be awarded a Contract in the Lottery's sole discretion, principally to allow the Texas Lottery to use the Proposer's proprietary printing process(es) and licensed game inventory – but is not assured a certain number of games.

IGT has read and acknowledges this requirement.

6.4.

Innovation and Creativity

6.4.1. New Products and Enhancements

The Texas Lottery does not intend to limit the creativity of interested parties or preclude contracted vendors from bringing forward new products or product enhancements during the life of the Contract. The Texas Lottery continually evaluates operations to determine the most cost-effective, reliable, market-oriented solutions that offer the best value to the State, and to identify innovations that 1) meet Texas Lottery requirements, 2) maximize revenue to the state of Texas, and 3) are clearly within the statutory authority of the Texas Lottery. Throughout the Contract term, the Successful Proposer shall promptly notify the Texas Lottery of changes, service/product enhancements, new product offerings, and innovations that were not available at the time of Contract Award and not required under another Contract provision.

The Texas Lottery makes no commitment to quantity or timing for acquisition or deployment of such changes, service/product enhancements, new product offerings, or innovations. However, should the Texas Lottery determine any such changes, service/product enhancements, new product offerings, or innovations are of potential value to the State (and meet the aforementioned criteria), the Texas Lottery and the Successful Proposer shall meet in good faith to mutually develop and agree on detailed specifications, prices, terms, and conditions for the deployment of such items, including incorporating any associated cost in the Base Price, if appropriate. All proposed innovations must be authorized by Texas law, and do not include video lottery, casino gaming, internet-based lottery sales, fantasy sports, or any other activities not authorized by law.

IGT acknowledges and will comply with RFP requirement 6.4.1. This requirement is consistent with our understanding of how the Texas Lottery runs its business. We know from experience how important creativity and innovation are to the ongoing success of the Texas Lottery. We will continue to align our approach to innovation and creativity with providing those products and services that meet your requirements and expectations. We demonstrate that commitment throughout this section.

We view creativity and innovation as the underpinning of our physical tickets and beyond – i.e., across our games, technology, printing, retail, etc. We also view creativity and innovation as central to *all aspects* of your scratch game business. In fact, we define innovation, within the scope of scratch games, as broader than simply *printing*. Innovation can come in many forms beyond the look, feel, and form of a physical ticket. Our evolved scratch-game processes, tools, and technologies, for example, are also innovations. Together, they can enhance product quality and unleash new opportunities for you to maximize sales and contributions to education and veterans' assistance. Our approach to innovation spans all of our product, service, process, and management areas across all gaming categories and global markets and extends from scratch game and draw game concepts to commercial gaming, digital transformation, and crossover opportunities between game types and channels.

In our response to the requirement of RFP Section 6.2., Texas Lottery Objective, we described how we make sure that the games we recommend are "industry best." Data, analytics, and insights inform the innovation that support our new products and enhancements. Such innovation is evident in the ongoing game development we pursue for and between your annual Yes/No presentations, in the promotions we create for your games, in the way we drive continuity of highly successful brands like Loteria, and how we identify families of games that will resonate best in your market.

For example, the 7s family shown below was the first 7s family released in Texas, in December 2017.

Figure 6.4 - 1.

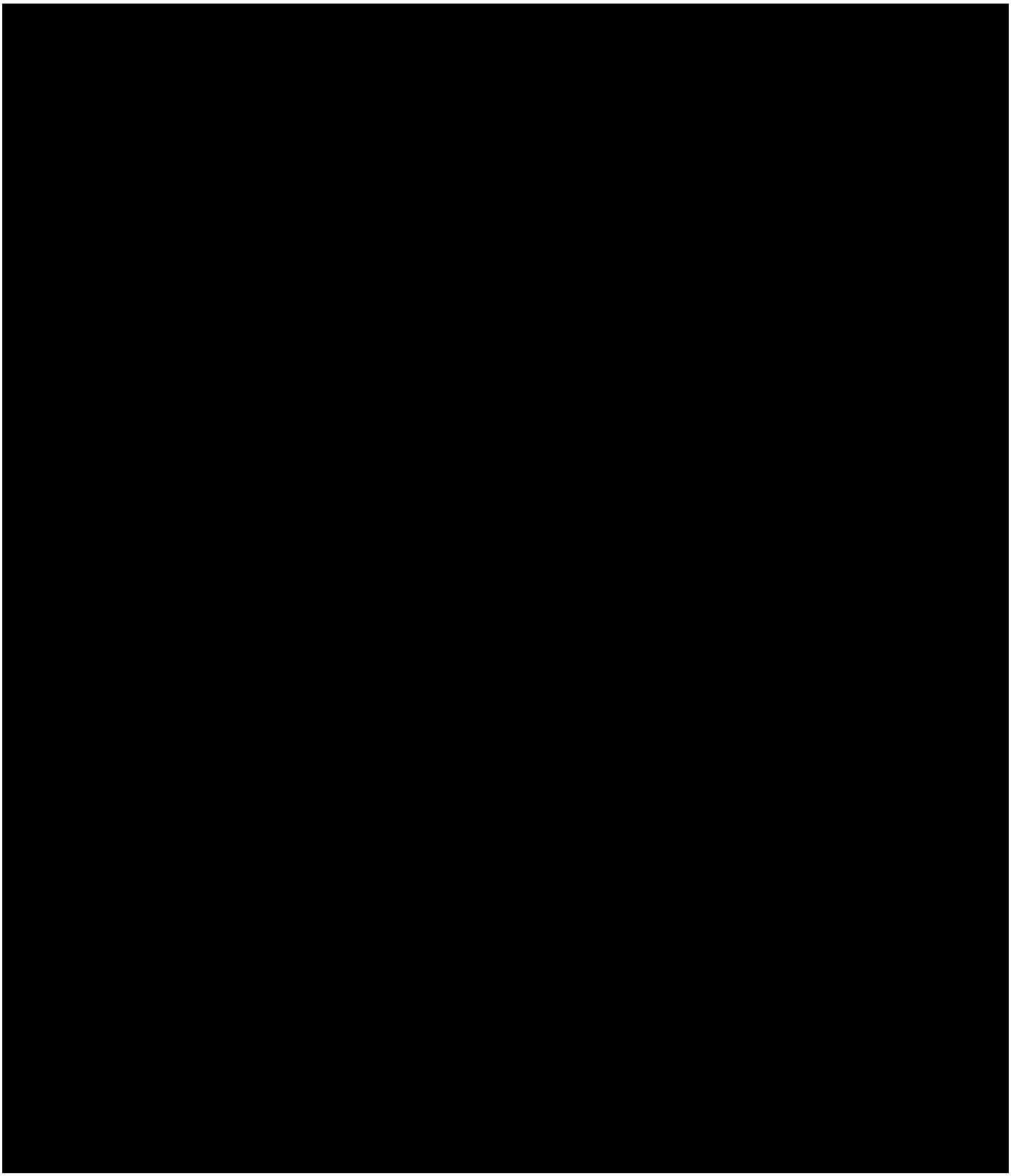
We identified this opportunity by looking at the historical sales performance of your games. You had a rich, successful record with products that had a "numbers" theme, with the "7s" theme being the top-performer in the group. This wasn't unique to Texas, as 7s-themed games have proven successful in the gaming industry for years and across all forms of gaming. What was unique to Texas was the transformation of this popular and proven theme into a robust family of games across multiple price points. Since the 7s family was first introduced, in 2017, IGT and the Texas Lottery have released a 7s family two other times, in CY20 and CY21. And the 7s family has been a mainstay in Texas since that first family launch.

New Technologies and Production Capabilities

In the following pages, we provide insight into the latest innovations we can apply to your scratch game business.

TPIA §552.110

Confidential information begins here.



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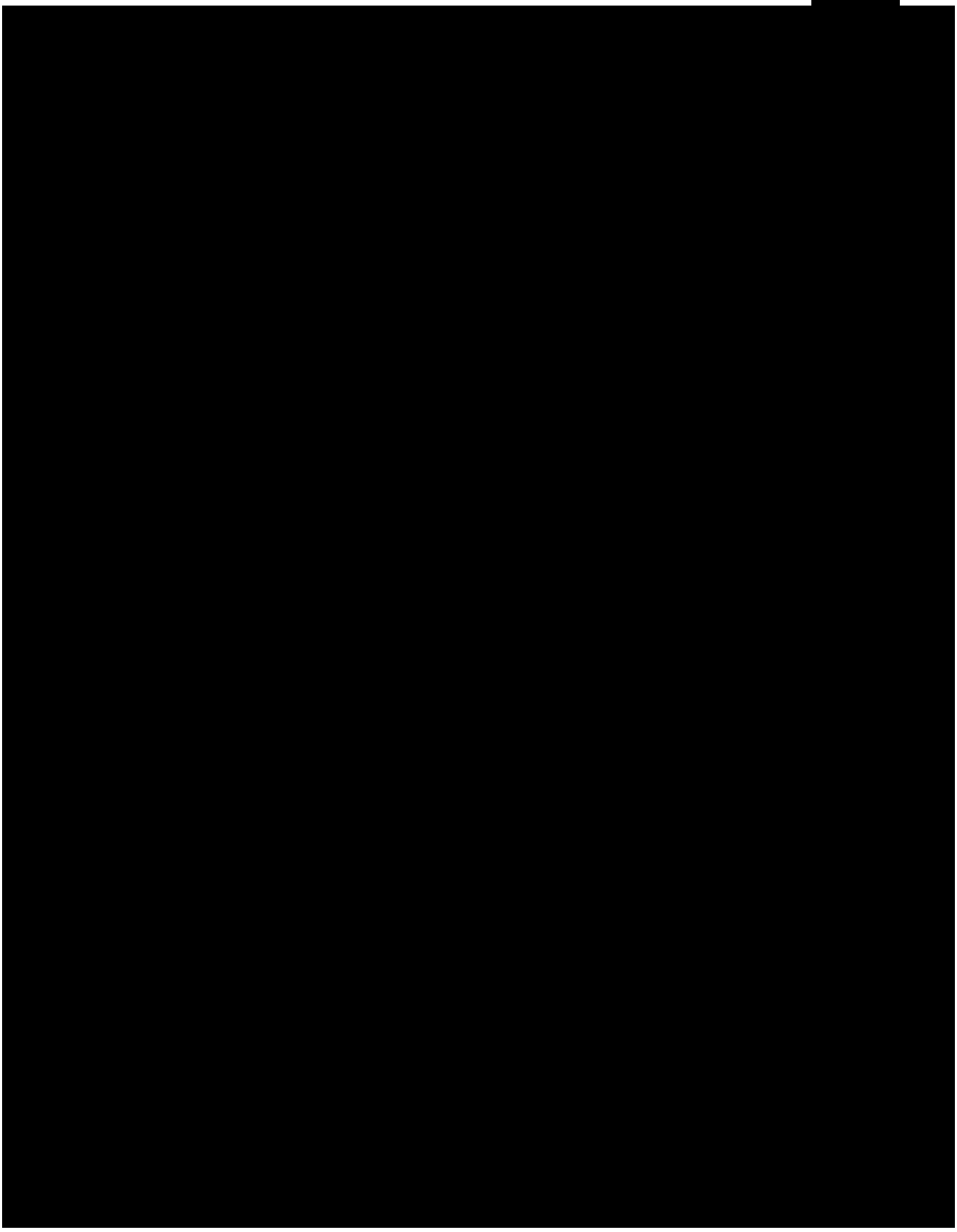

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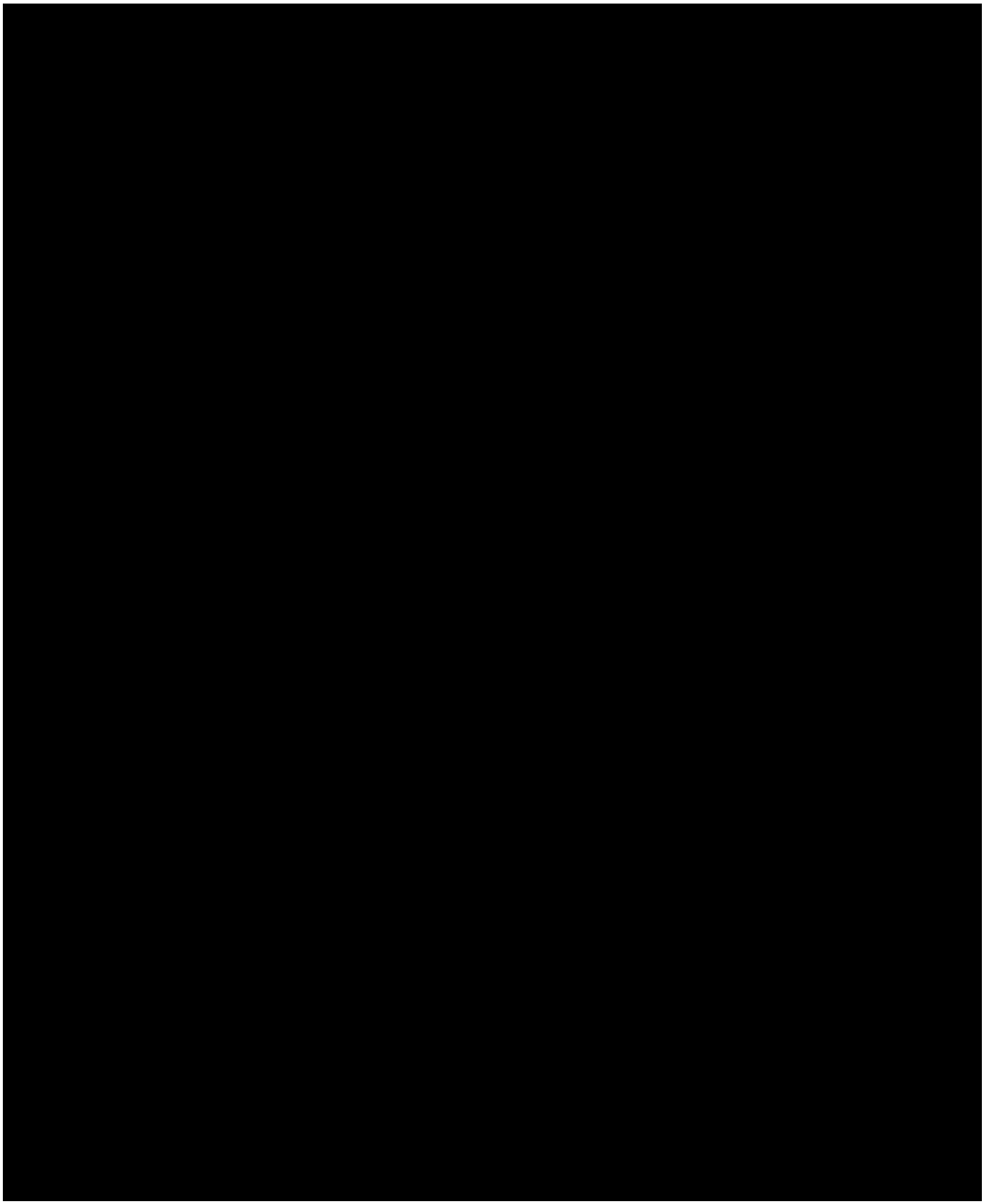

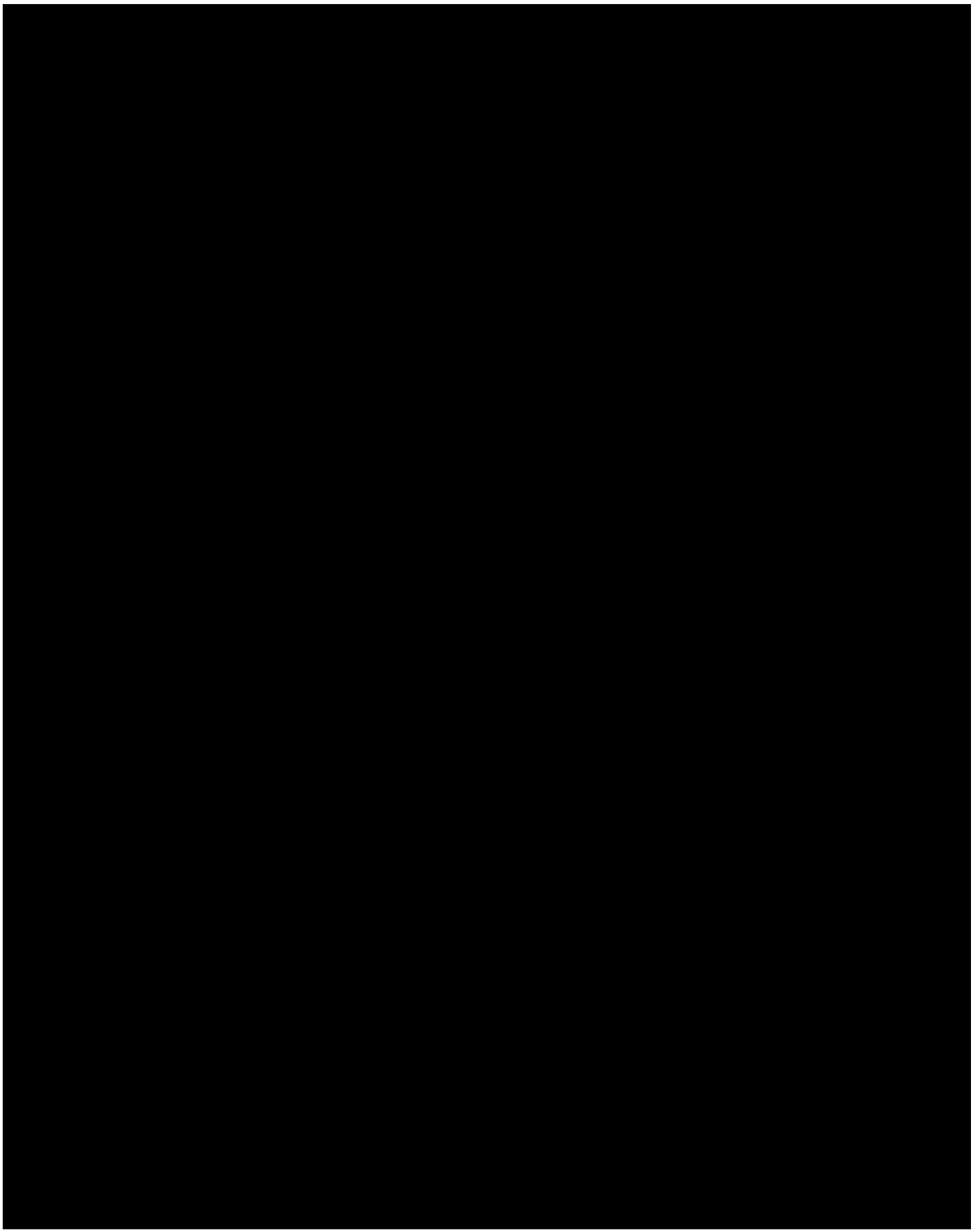

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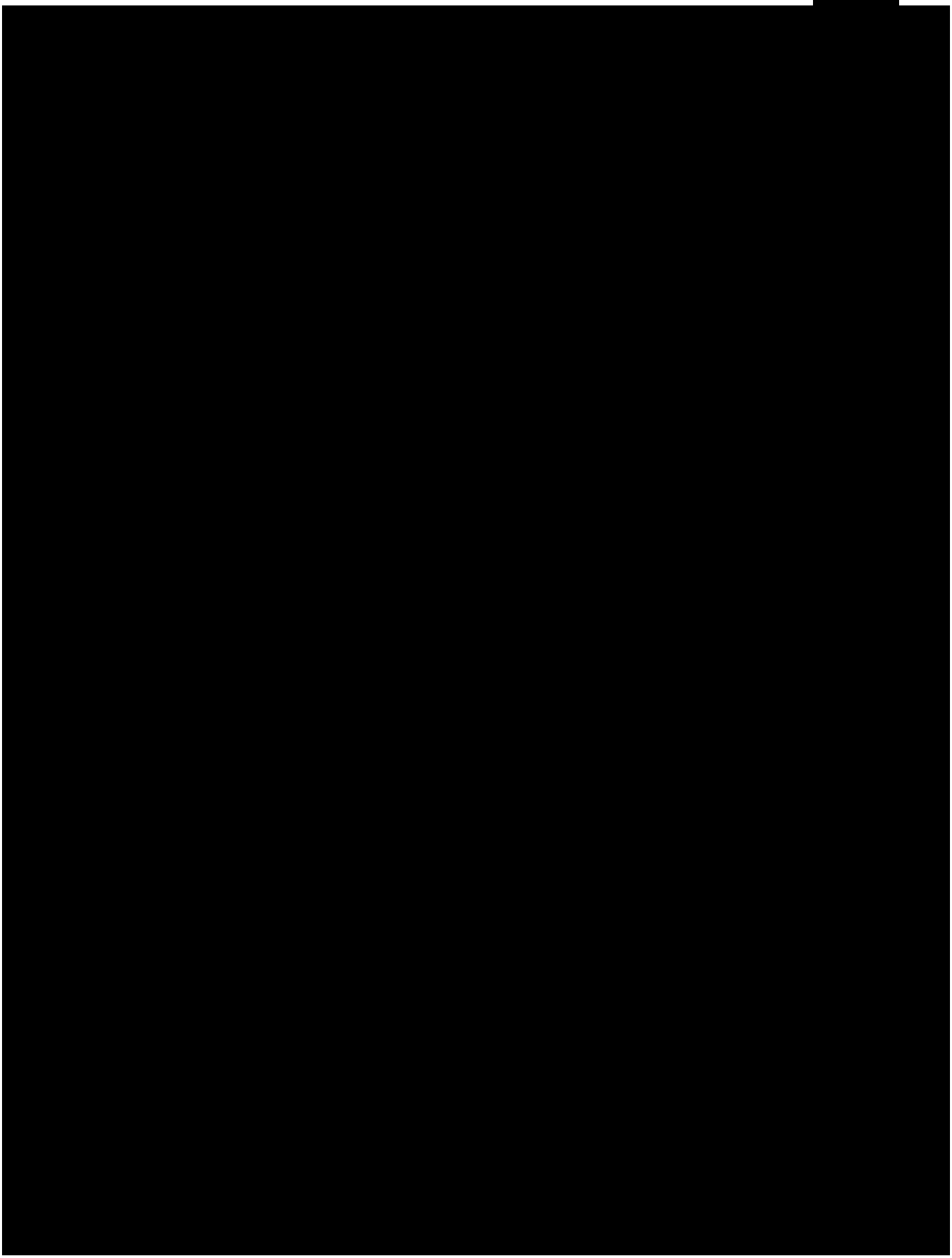

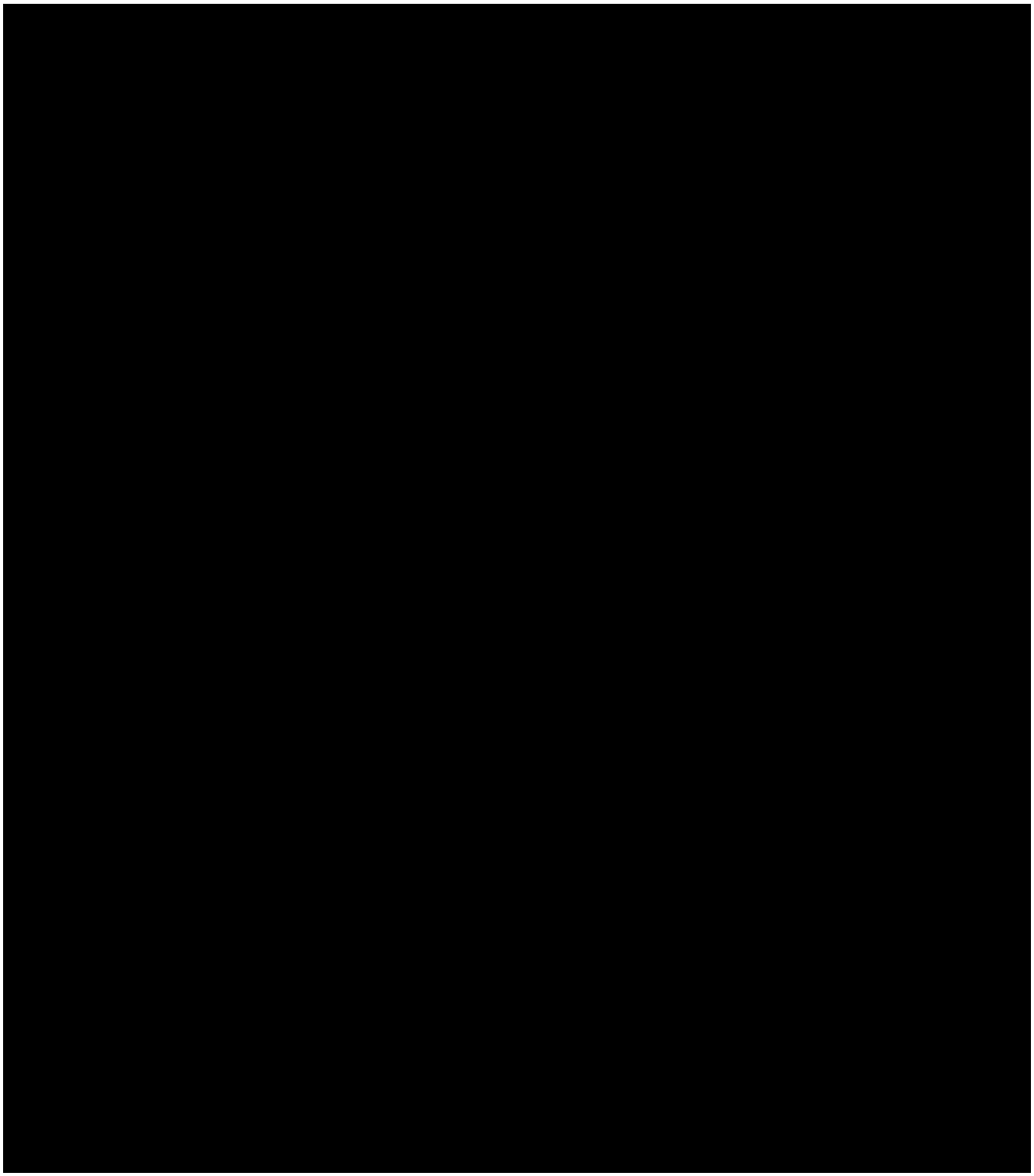

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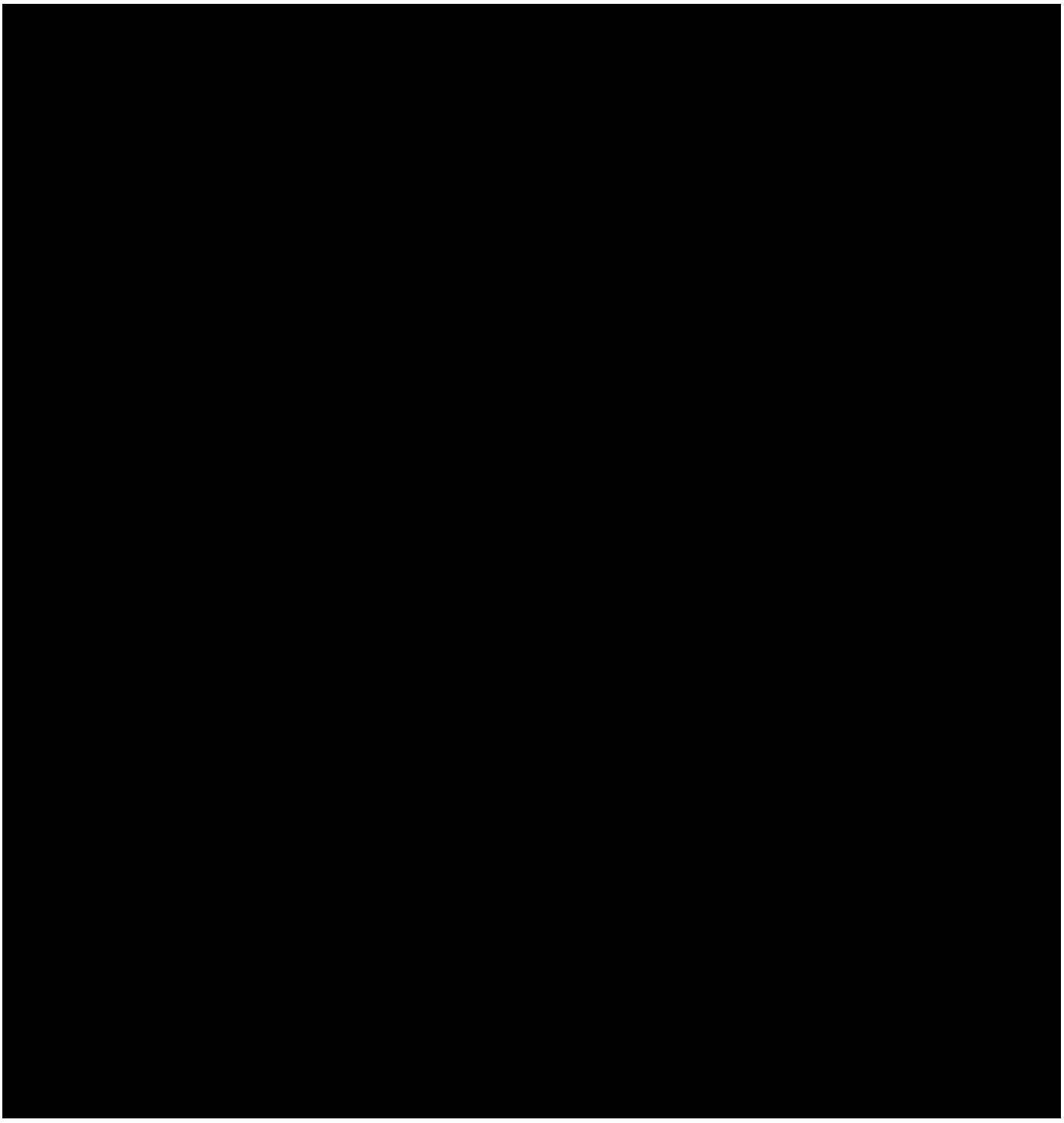

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Instants Innovation Team

We have expanded and enhanced our Instants Innovation team. The team is composed of domestic and international experts with broad industry experience, led by Giancarlo Perrotta, who most recently oversaw IGT's successful scratch business in Italy. The team reflects our company's belief that innovation exists across the business, so our experts represent our scratch product and support of scratch games via systems, analytics, and retail. This new team will work closely with the IGT Texas Account team to provide even greater support for new products and innovations.

Brainstorming Innovative Games (BIG) Team

Because consumers crave variety in the games they play, research figures prominently in our game innovation initiatives. And game concept development, in particular, is an active, ongoing process. To provide a continual flow of new, revenue-driving ideas to our customers, we established our BIG Team to develop entertaining game designs and themes, unique play actions, and other new products. The focus of the BIG Team's sessions is to find new ways to generate scratch ticket excitement that drives incremental sales growth.

We look forward to creative game-design collaboration with the Texas Lottery, from concept development through production. We will share new concepts generated from our ongoing process for new game concept development, inspired by research, trends, and successful IGT games, and then brought to life by our talented graphic design team.

Our Super Ticket® and one of the unique play mechanics added to your $5 Loteria game are just two examples of the innovations and enhancements that have originated in BIG Team sessions.

Creating BIG Ideas with the Texas Lottery

Planned and implemented by Senior Director, Business Development, Amy Morin (at left) and Marketing Manager Cleo Andersen-Tarnell (at right), BIG Team sessions can be conducted at your office or at our Lakeland facility, and at any time during each year, depending on your preference. A BIG session is more than a few hours or a half-day meeting. It is typically a one-to-two-day event featuring many brainstorming and breakout sessions for ideation and in-depth discussion of concepts that have the potential to move forward to design and production.

BIG's cross-functional team of IGT employees meets multiple times per year in focused creative sessions to develop new themes, play actions, and game designs. The BIG Team is composed of members from every discipline within IGT (e.g., scratch game, draw game, digital gaming, and video lottery) and from our sales, marketing, and technology organizations.

Figure 6.4 - 11. Collaboration on New Game Concepts: BIG can generate many new or enhanced scratch ticket games that truly reflect Texas and its culture.

The next figure depicts successful IGT games whose concepts originated in BIG Team sessions.

Figure 6.4 - 12. BIG Results for Our Lottery Customers: These games and game characteristics originated in BIG Team sessions; once launched, they lit up sales and subsequently succeeded in additional jurisdictions.

The group also collaborates with outside entities, sometimes in joint meetings with peer lotteries, when appropriate. They collaborate with IGT game developers across portfolios, including individuals working in 15 sites around the world in support of game ideation and concept testing.

The BIG Team is positioned to respond quickly and creatively to broad or specific customer needs.

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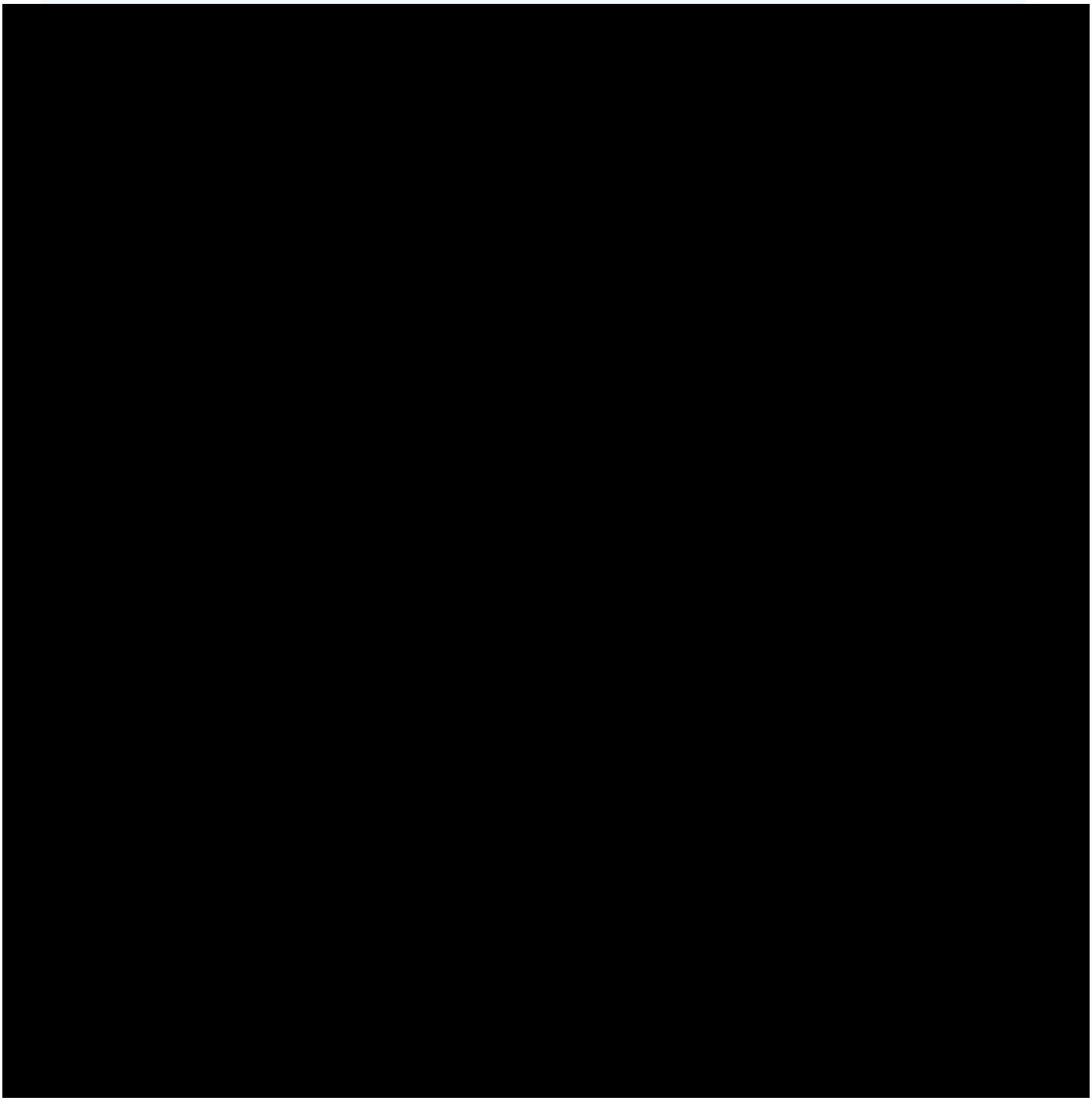

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PARTNERING TO SUPPORT TEXAS EDUCATION AND VETERANS

PART 7.

Scratch Ticket Game Development

7.1.

Staffing

At a minimum, the Successful Proposer must provide the positions required under Section 4.2 of this RFP for the Texas Lottery account. If any staff proposed under Section 4.2 change during the term of any Contract resulting from this RFP, the Successful Proposer shall replace such staff with staff comparable in experience and training. That replacement shall be made subject to the Texas Lottery's approval. The Successful Proposer shall provide the resume of the person who is proposed to be hired or placed on the Texas Lottery's Account Team and shall receive written approval from the Texas Lottery prior to the person working on the account.

IGT has read, acknowledges, and will comply with this requirement.

As we do today, IGT will provide the Texas Lottery with qualified replacement staff, comparable in experience and training, should the need arise during the Contract. We'll also provide the Lottery a copy of the proposed person's resume and receive written approval from the Texas Lottery before any proposed replacement person (or proposed new hire on our Account Team) begins working on the Lottery's account.

We propose to continue to have Walter Gaddy and Penny Whyte, who have supported the Lottery for 10+ years, be your primary contacts for day-to-day interaction with your team. Walter and Penny will be supported by the highly qualified team of experts mentioned in Section 4.2, Experience of Personnel. This team has already been working alongside the Lottery and will continue to work diligently for your success. More information on this team can be found in Section 4.2 and in the insert, entitled **Key Personnel Resumes**, which is located at the end of that section. The insert provides comprehensive information on all listed Account Services staff.

7.2.

Game Planning

7.2.1. Game Planning Services Support

Game planning services support will be required of the Successful Proposer. The Successful Proposer shall work closely with the Texas Lottery to identify scratch ticket games that meet the criteria and requirements of the Texas Lottery. The Successful Proposer shall provide suggested game designs for inclusion in the plan. At a minimum, the Successful Proposer shall provide:

IGT has read, acknowledges, and will comply with this requirement.

IGT fully understands that, as a Successful Proposer, its role in the Texas Lottery's game planning process will be to provide game recommendations, product strategies, and content that supports your game planning.

> Though we formally present games to the Lottery once a year in a single Yes/No product meeting, our game planning efforts on your behalf are an ongoing initiative.

What differentiates IGT in terms of game planning services is data – the data we put behind our recommendations, the deep-dive analytics we conduct on your games and market (and will continue to conduct) to uncover growth opportunities that will help you maximize your Game Plan's success. Data is the foundation of the priority we place on your business, of collaborating with you on key product strategies. All derived from data, industry information, and Texas trends.

We understand the importance of our role and the contribution we can make in supporting your *$6.5B and growing* scratch game business through our game planning services; following is a description of those services and our support.

7.2.1.1.
Game Recommendations

Recommendations for each price point and theme, including the game name and play style, together with an album of representative tickets produced by the Successful Proposer. The recommendations should be made for tickets that are considered "industry best", have had positive responses in focus testing, have strong sales performance in other jurisdictions, and/or have indexed well in comparison with other games. Recommendations should be supported by trend and data analysis.

IGT has read, acknowledges, and will comply with this requirement.

IGT will continue to make "industry best" scratch game recommendations to the Texas Lottery. As in the past, our presentations will demonstrate the culmination of another year of listening to you, reviewing your portfolio and those of other IGT customers, and then laying out an album of recommended games that will support additional growth for your scratch game business. The album will include a thoughtful collection of IGT tickets that represent each price point and theme, including game name and play style, with evidence that demonstrates either positive focus group results or strong sales performance in other jurisdictions as shown through solid indexing. Our recommendations will continue to be supported by trend and data analysis.

IGT is an enthusiastic participant in the Texas Lottery's Yes/No meeting. This annual opportunity is another example of how the Texas Lottery stands apart from other lotteries in the way it manages its scratch game business. It is a unique event in which the Lottery has the opportunity to select from among an entire market's worth of games and receive game strategy ideas from all vendors.

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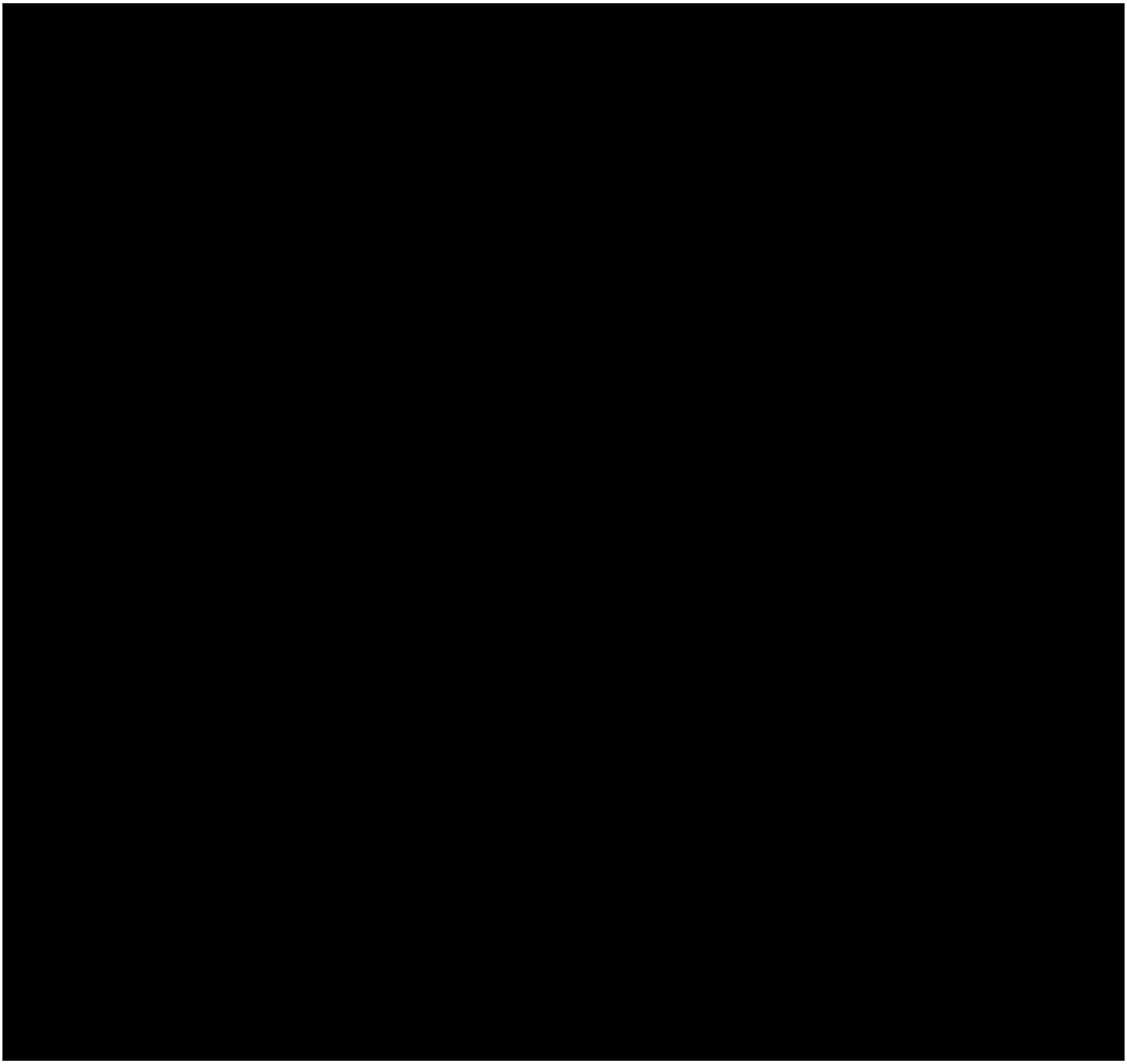

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The collaborative efforts between our two teams have brought about:

- **Loteria:** Since introducing the first non-licensed Loteria game in 2015 and saving the Lottery millions in fees, Loteria continues to drive incremental sales growth, and is now or soon will be available at price points from $1 to $50.
- **A Family of Games Strategy:** As early proponents of this strategy, we worked together to create the building blocks. Now families of games are always included in the annual game plan. For example:
  - **The Multiplier (X) Family:** This family is now a mainstay in your family of games mix.

- **The Cash Blitz Family:** This family of games will launch in January 2023 tied to an iHeart Media promotion.
- **The 7s Family:** This family was adapted to the Texas market based on its success in other jurisdictions. Its evolution and sales success are indicated in the following figures. The family is now a staple of every Texas Lottery Game Plan.

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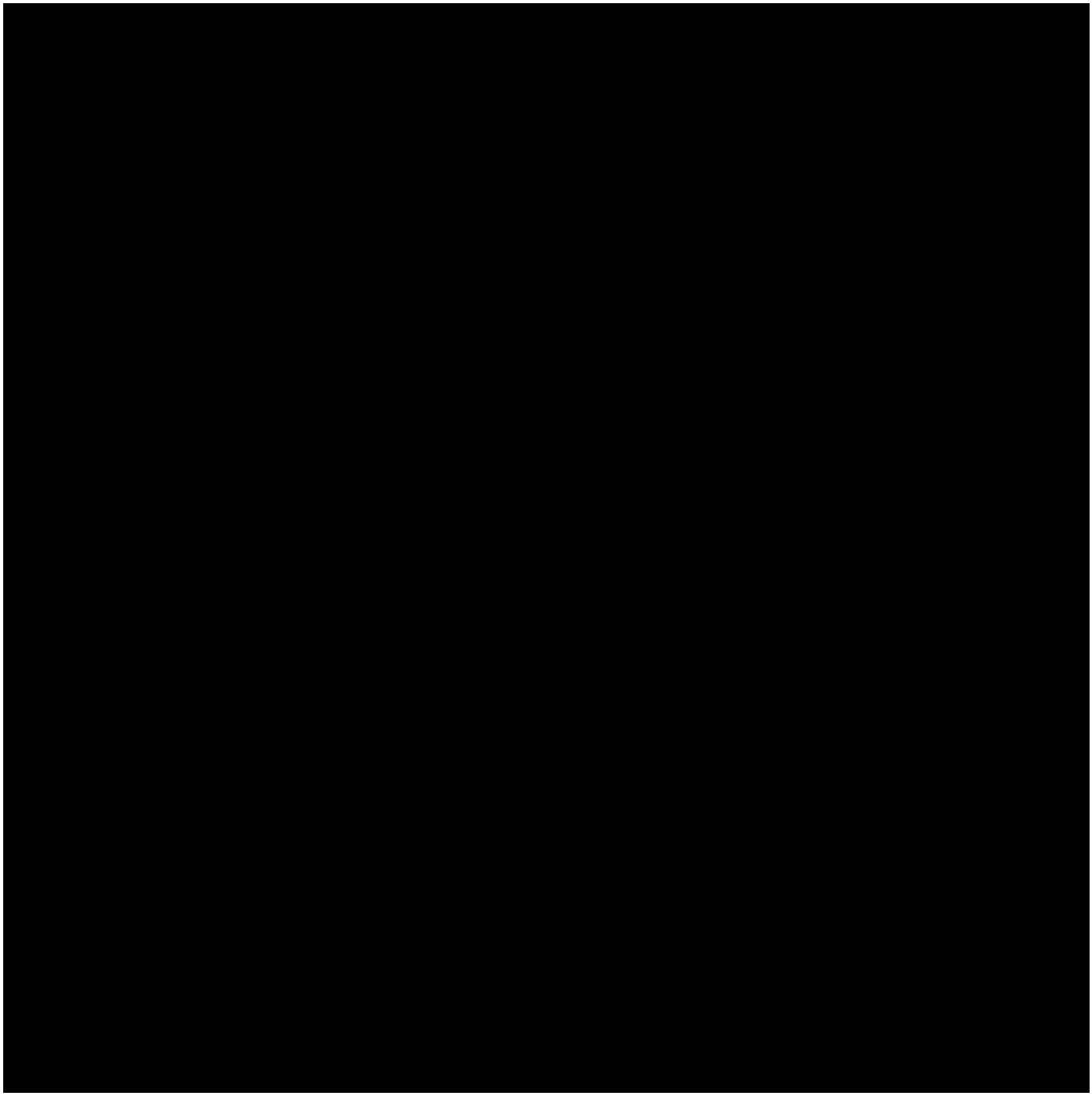

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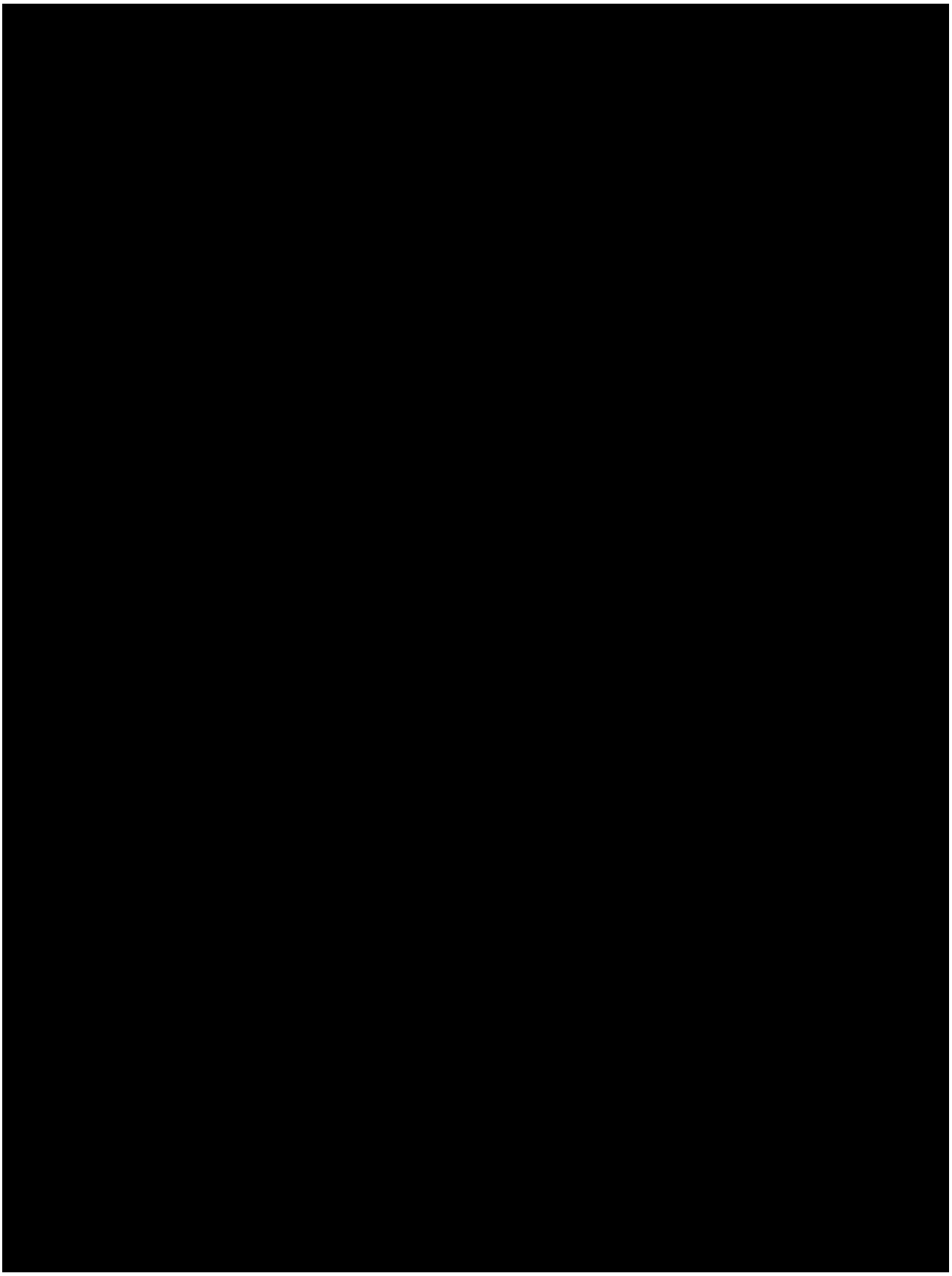

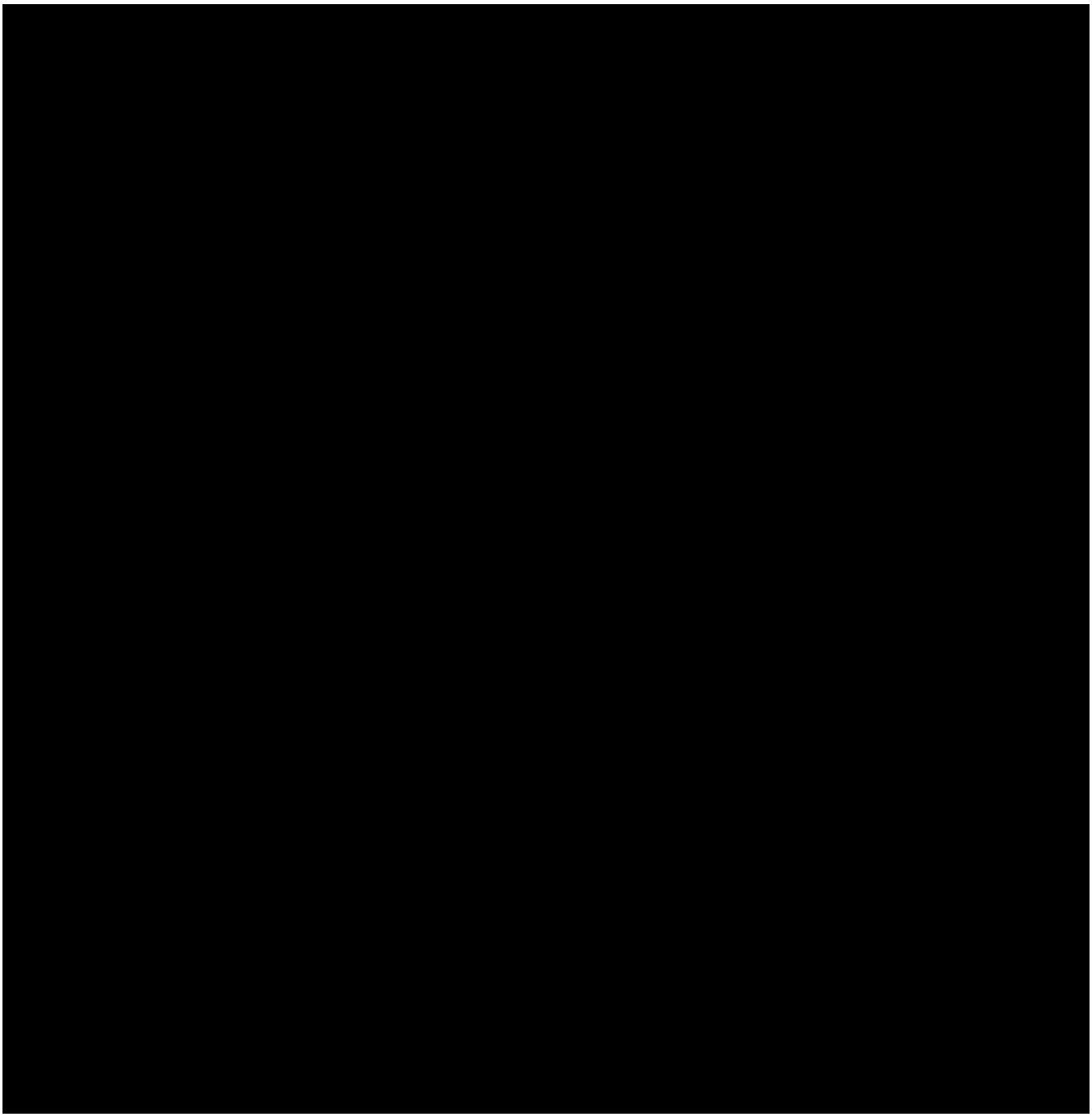

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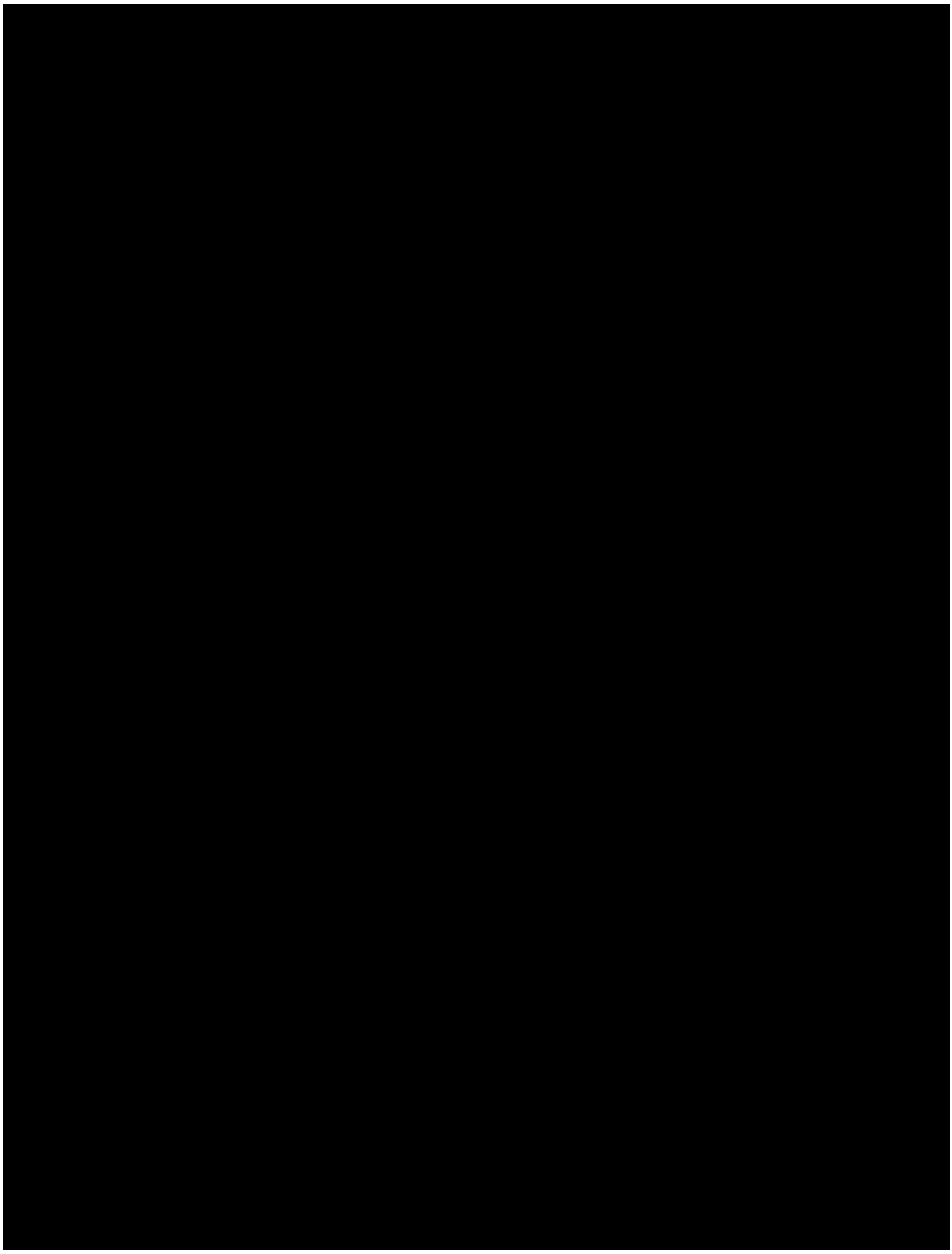

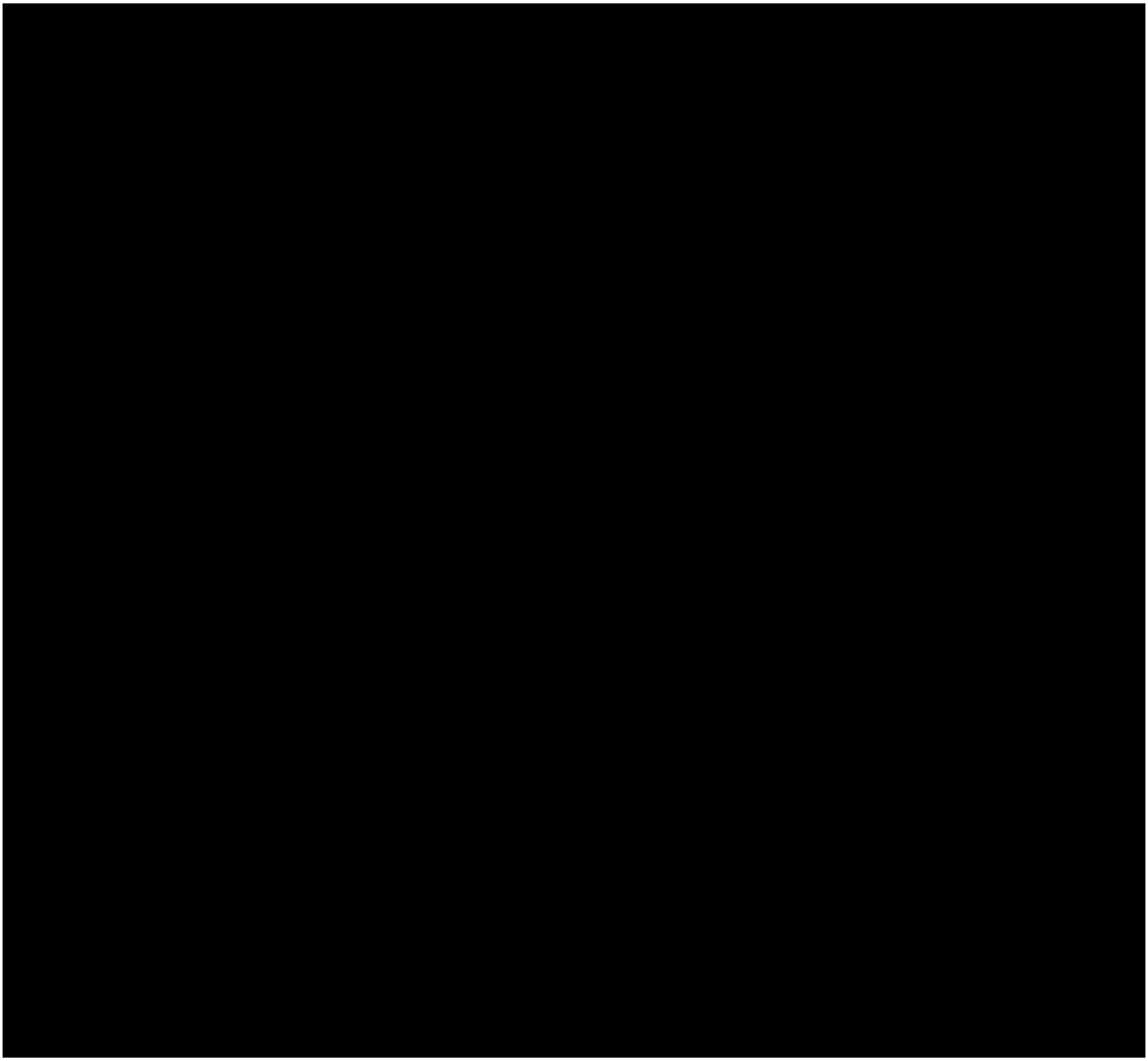

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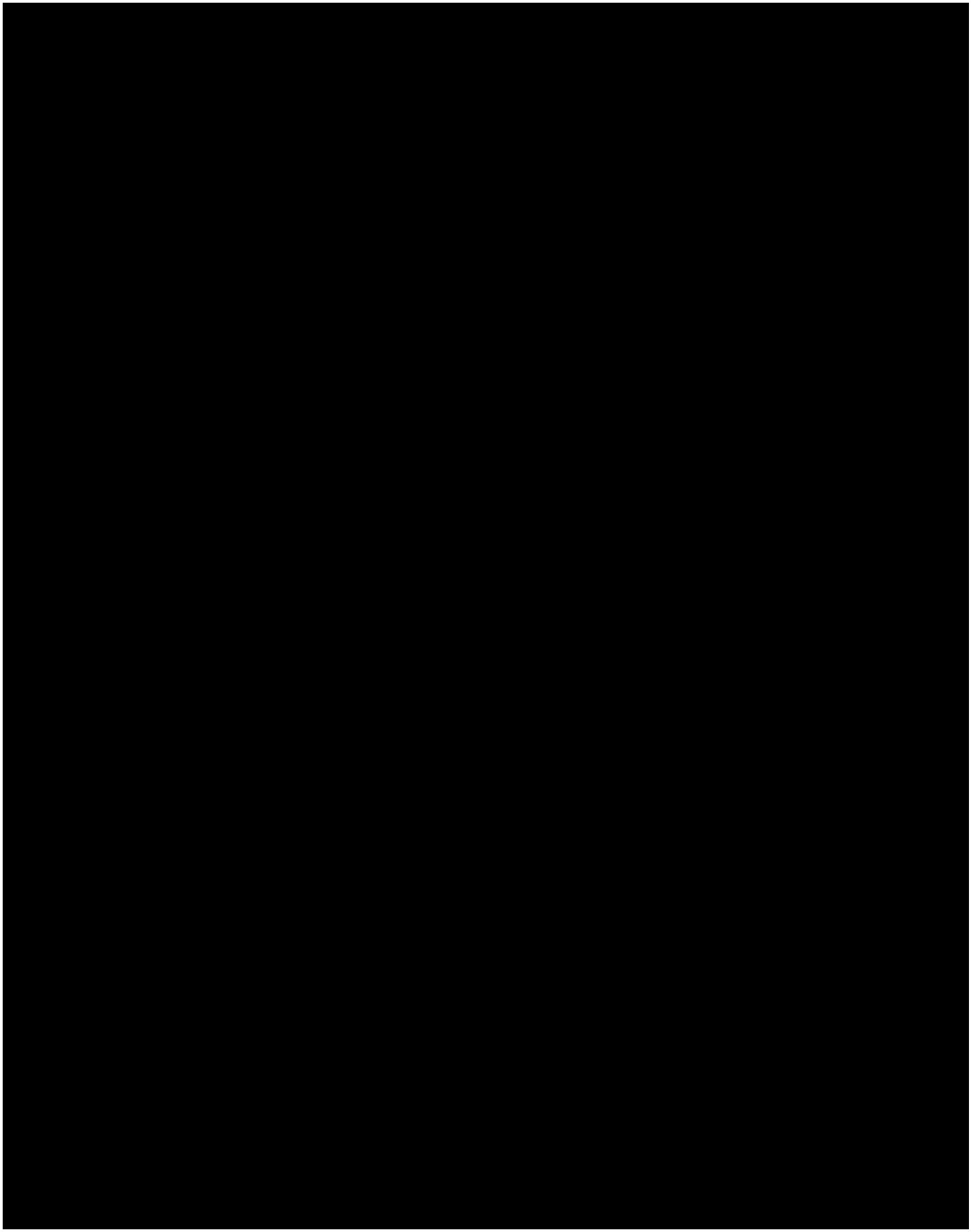

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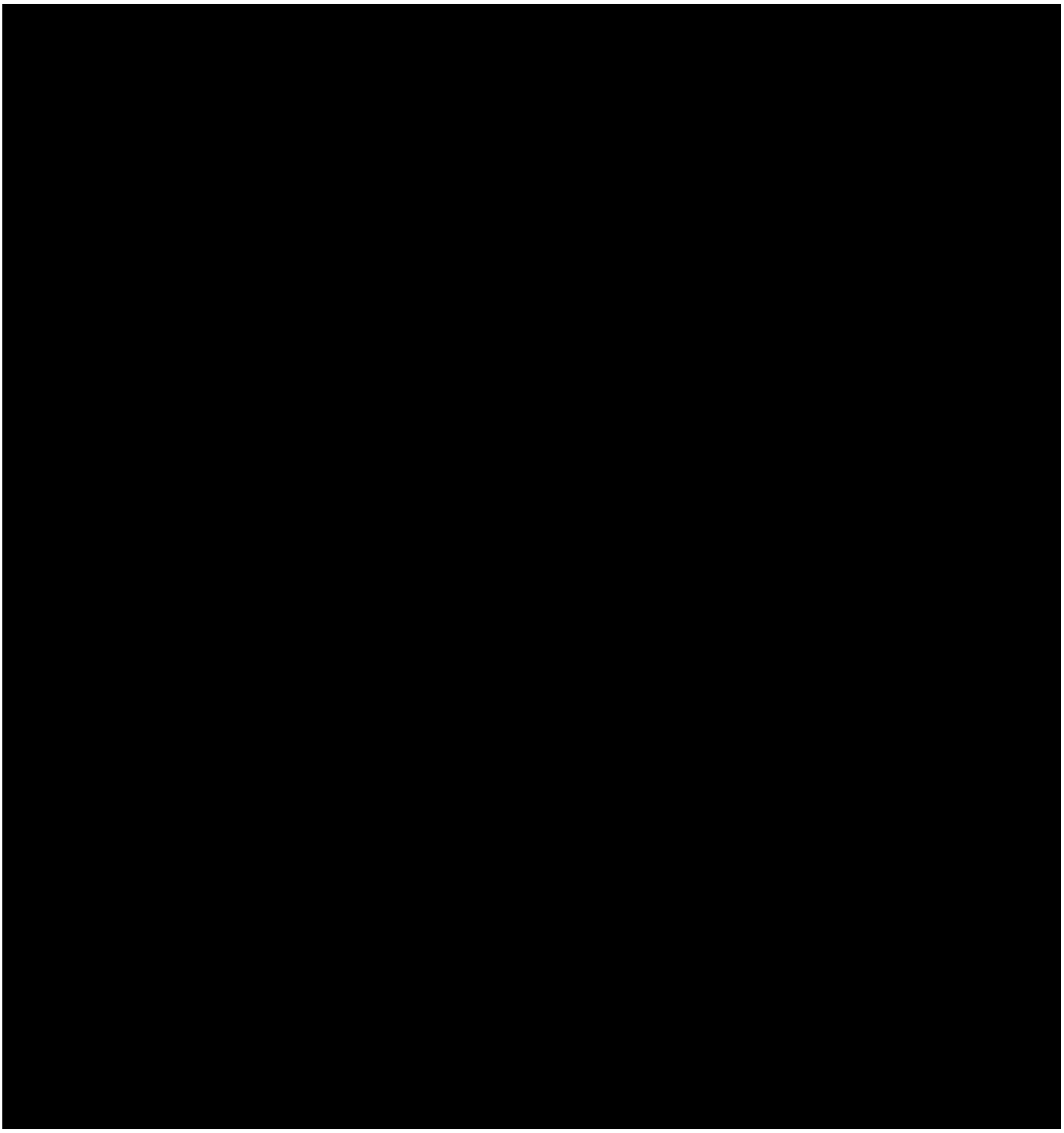

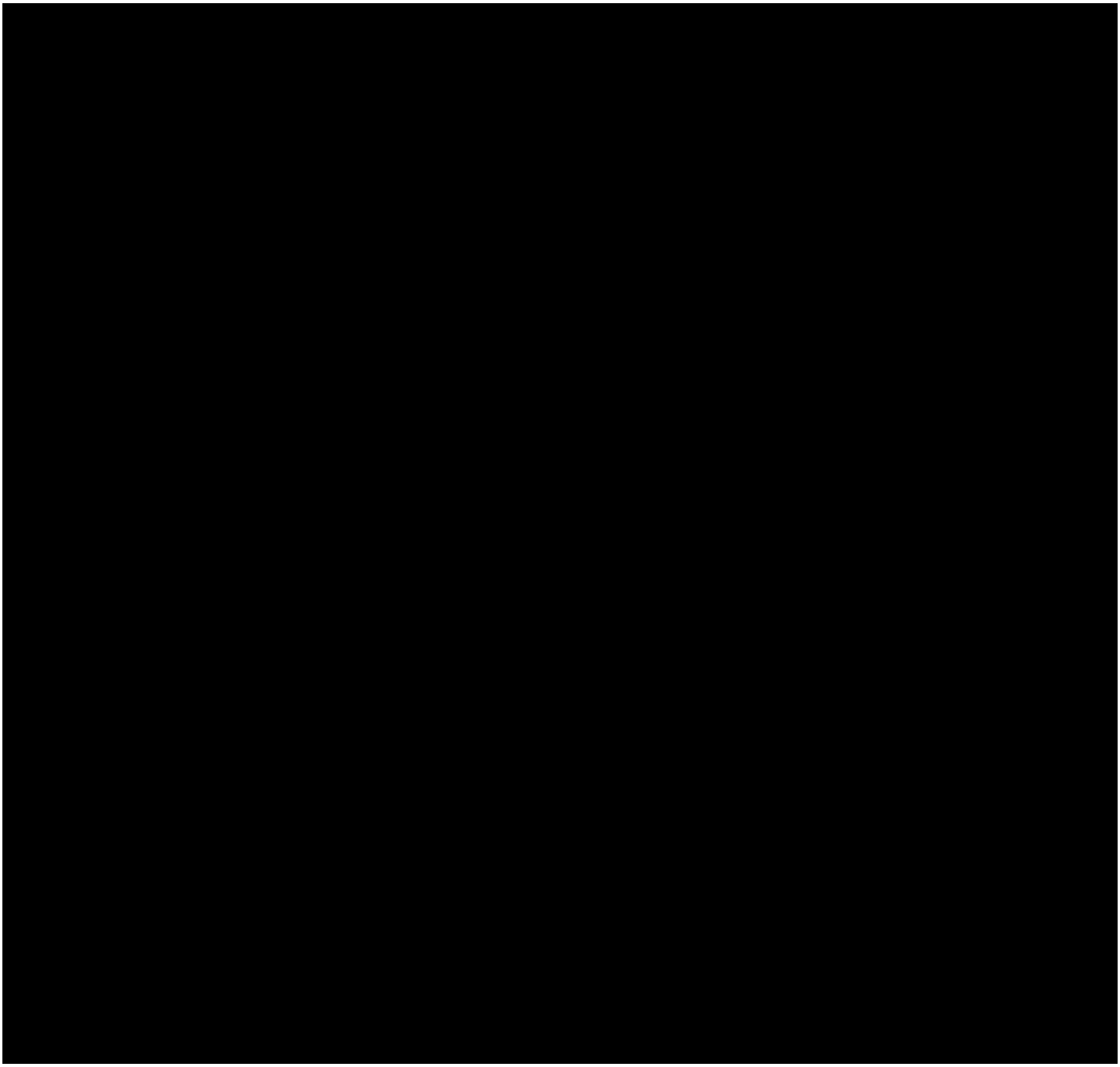

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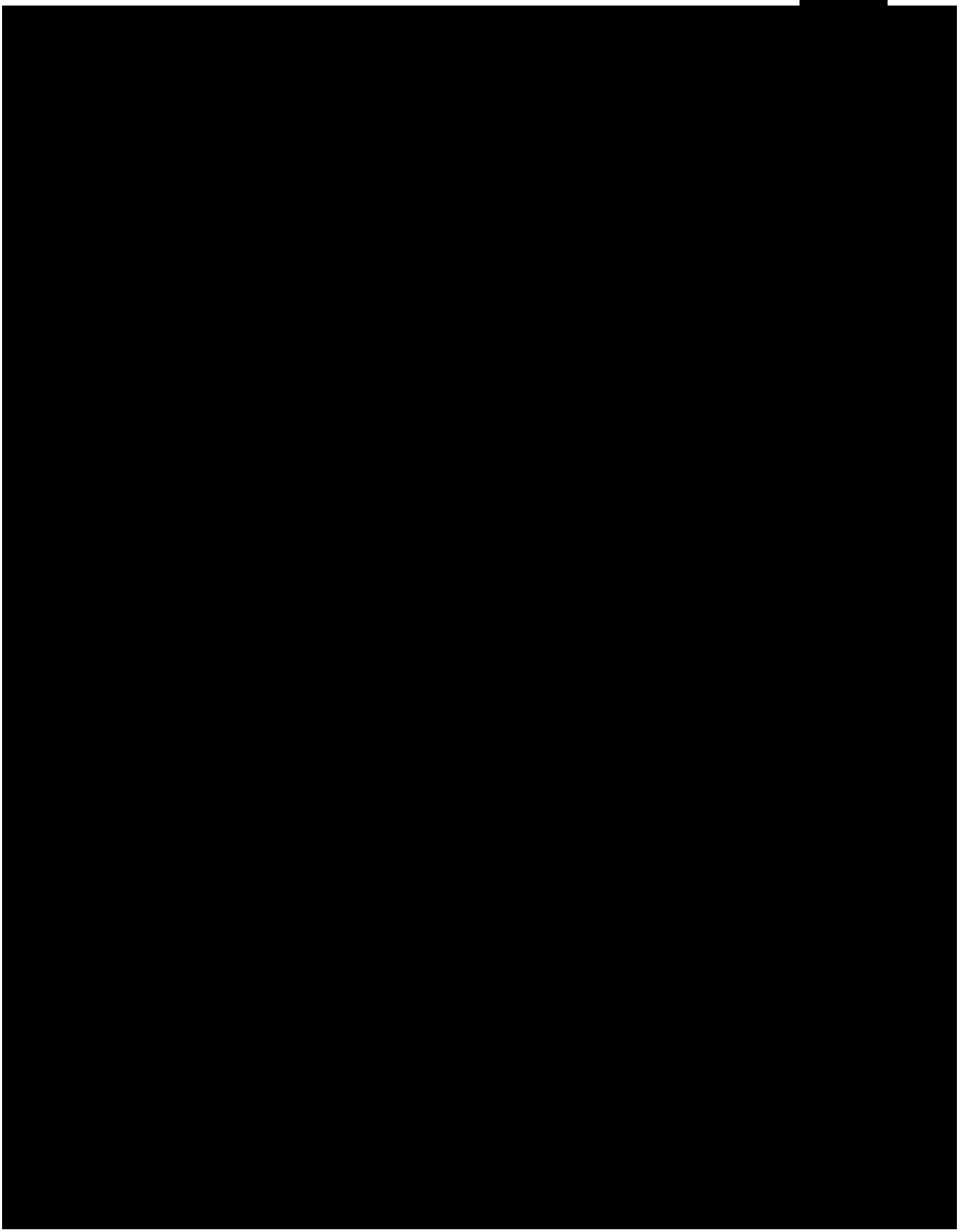

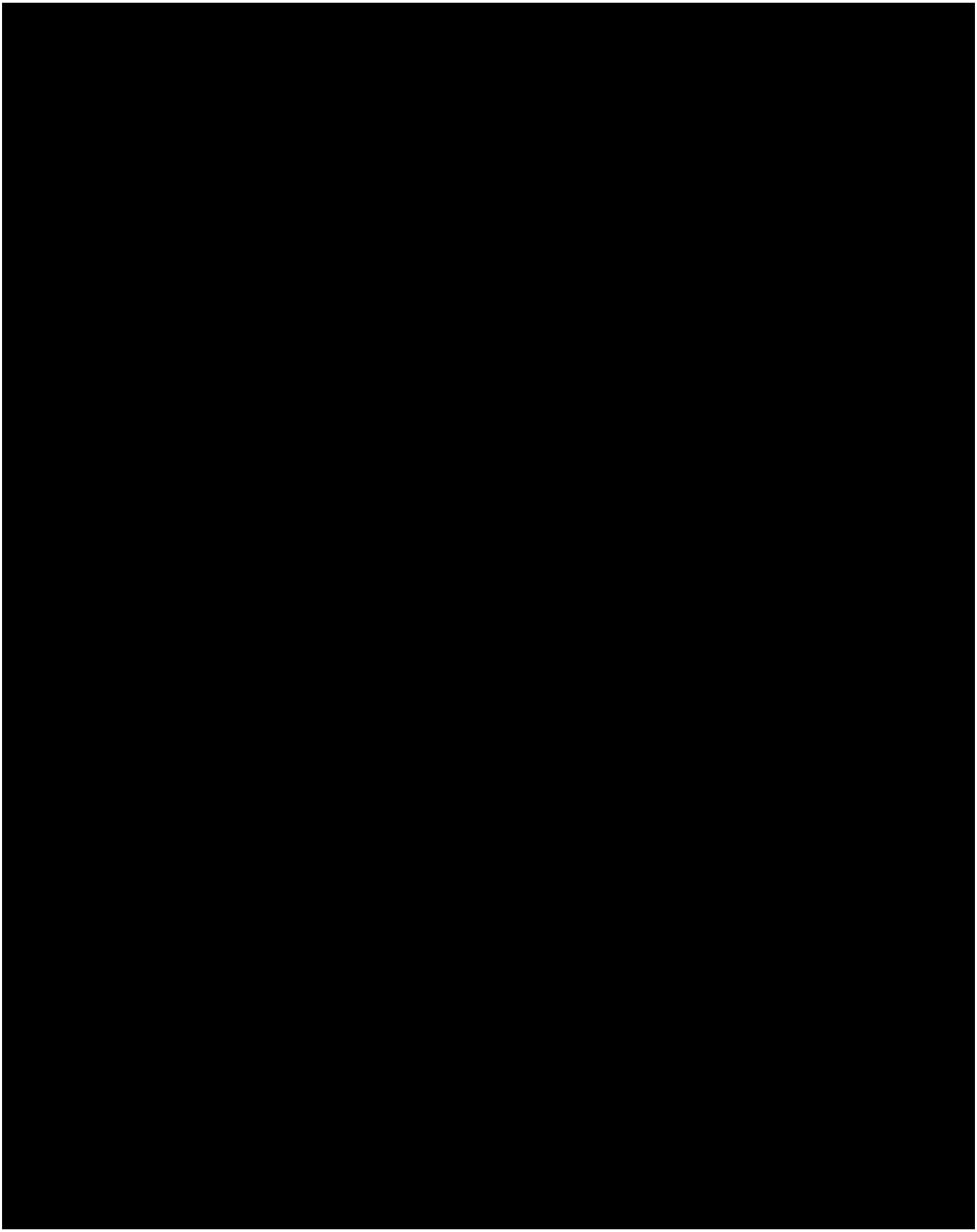

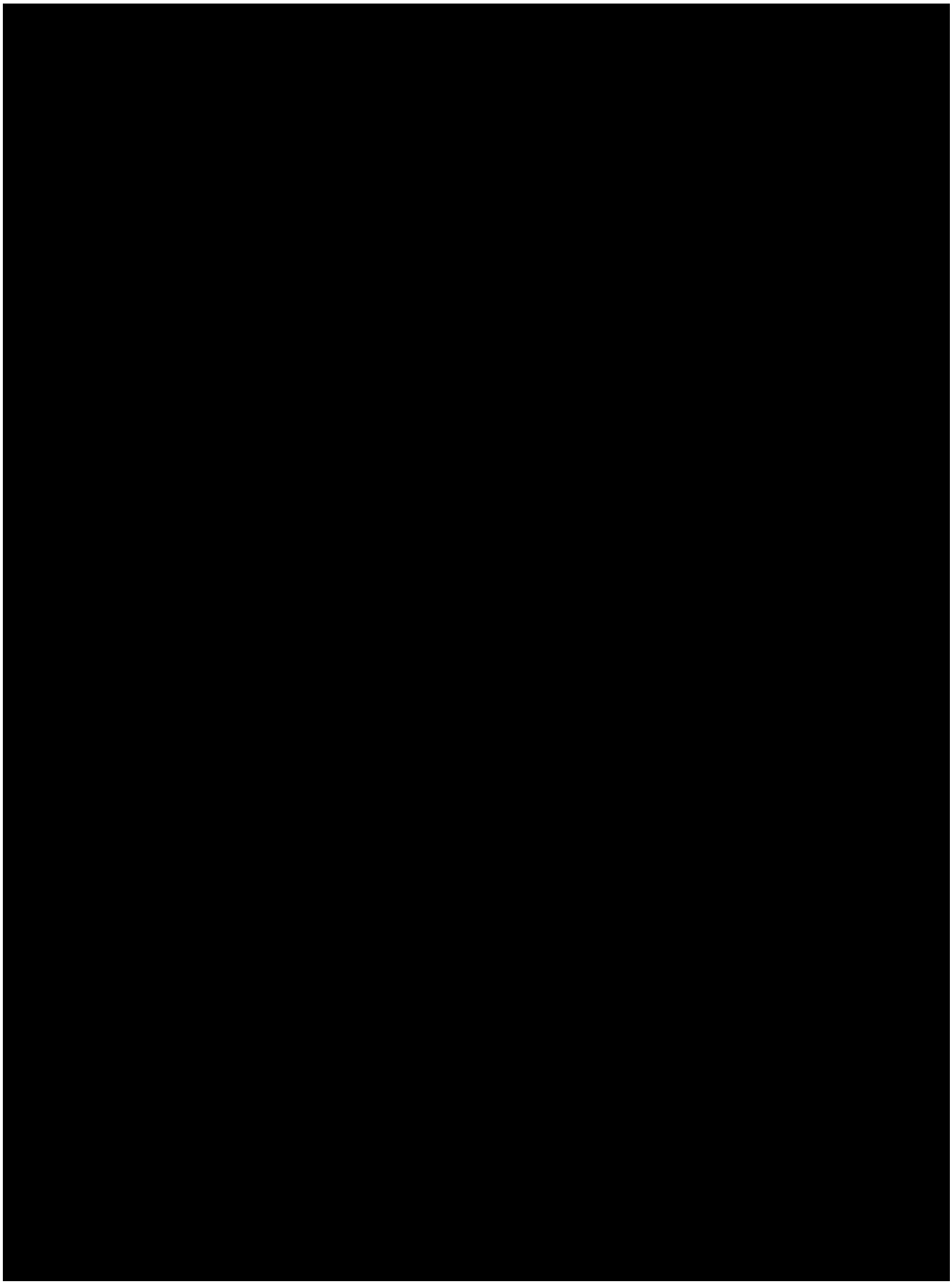

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Recommendations for Special Games and Game Classes

Industry, customer, and game analyses enable us to include recommendations for trendy new games with unconventional aspects. Even if there is not sufficient time to cover these extra offerings within the Yes/No meeting time frame, we prepare the information as a leave-behind for you to review at your convenience.

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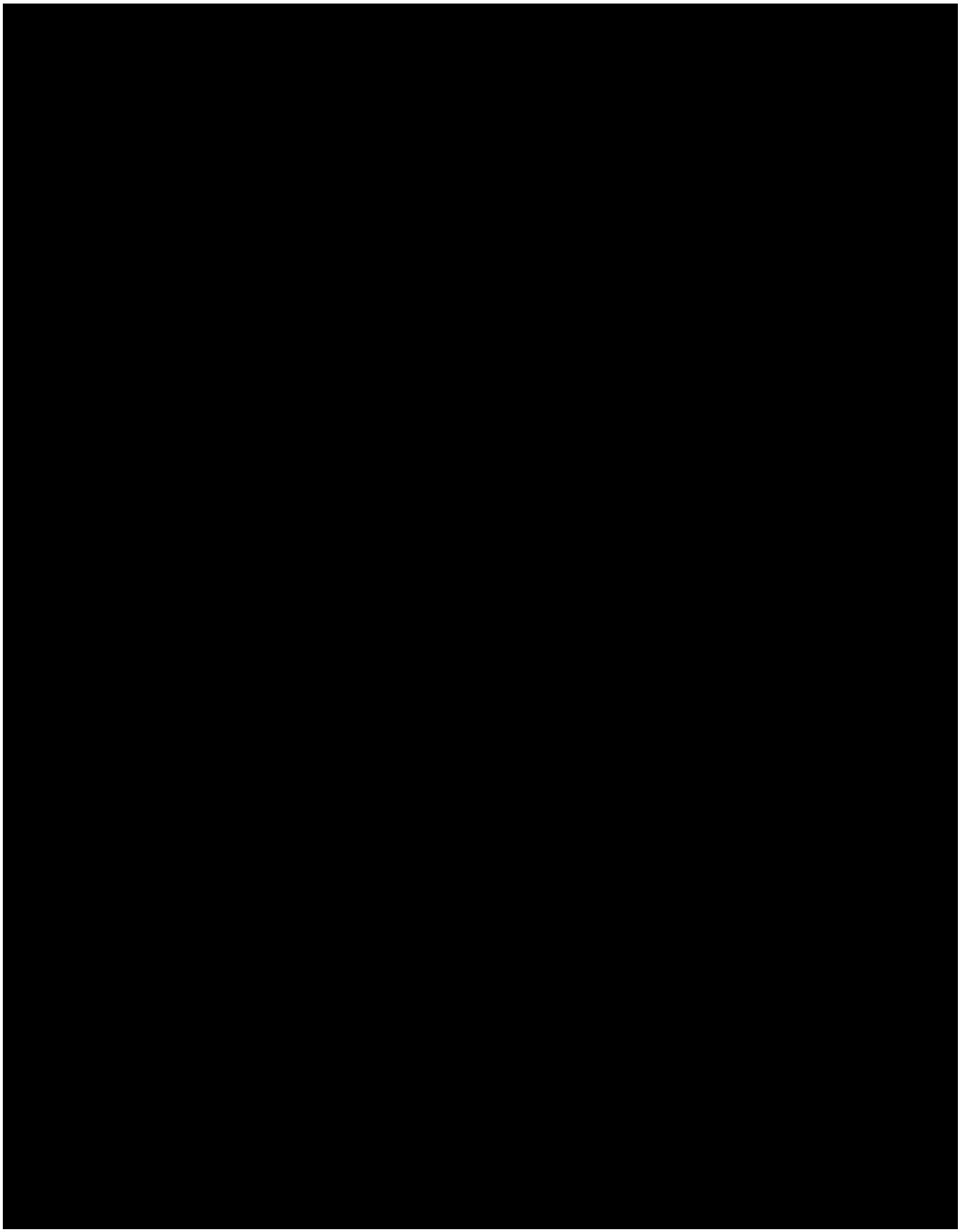

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Licensed Games

In recent years, the inclusion of licensed games has become a part of the Yes/No meeting. As such, we continue to prepare recommendations for a select group of affordable licensed games that would gain you positive sales and profitability and significant player impact, all while staying within your budget.

We bring real value to your process – and your players. Our recommendations are based in data analysis and insights. Our appreciation for your budgets means we will continue to put a lot of effort into bringing you the best games that will resonate with your players while saving money wherever possible. The best example of this approach is the highly successful expansion of non-licensed Loteria games, which we have produced for you since 2015, saving you an estimated $18.7M per year in license fees based on current sales and which are now fixtures across the portfolio, from the new $1 version launching in March 2022 all the way to the $50 price point.

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We will continue to support the Lottery in maximizing every available dollar for critical marketing intelligence gathering. Specifically, we have identified two areas where we can provide marketing research services to you as an **Offered Option** (See also Section 8.35., Offered Option.):

- **Scratch-Specific Player Segmentation Research:** Past-year scratch game players are selected to participate in a web-based survey. The survey focuses on purchase experience factors and game attributes as the basis of segmentation. We focus less on attitudinal factors to drive segment classification, preferring instead to focus on product needs and expectations that can be influenced or controlled by a lottery through product management.
- **Web-Based Quantitative Scratch Ticket Concept Testing:** Ticket preference comparisons are made between segments of interest, and either paired-choice or share-of-wallet countertop simulation methods are used to gauge overall potential as well as niche appeal. This quantitative testing of finished or nearly finished scratch ticket concepts can be used to gauge initial appeal to consumers of interest, including current scratch players and/or potential scratch players.

Some of these projects could include cost-effective research methods where, for example, a survey project might use a Lottery-provided sample and be serviced via IGT's Cvent survey platform – saving potentially thousands of dollars on sample acquisition costs. These projects will allow for the collection of player perceptions, attitudes, needs, and insights that can support product design and strategic planning decisions.

The role of marketing intelligence and analysis in game planning cannot be overstated, and we know that the Lottery holds it in high importance as well. Our team in Lakeland, led by Todd Bauman, works tirelessly to look from every possible angle at every game attribute and opportunity. Together with IGT's dedicated Texas Account team and corporate support teams, we have been able to:

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The Customer Service Aspect of Game Planning

Our customer service function is a key component of our game recommendation process for your game planning. It also reflects the strong partnership and working relationship between our teams. Penny Whyte, IGT's Account Services Representative for the Texas Lottery, takes great pride in her service to the Lottery and continually looks for ways to increase your satisfaction.

For example, though it sounds simple, we are committed to soliciting your feedback. Over the years, we have requested and scheduled meetings to obtain your feedback on how we are doing. Those conversations informed and improved the service we provided to the Lottery. We intend to continue to ask for your feedback as we seek ways to continue to improve our customer service support.

IGT invests significant resources and the expertise of our total global printing organization in support of the Texas Lottery's scratch game business success. The extent of our game planning support assures you of a well thought out and analytically supported presentation and recommendation of concepts will continue to inform and assist you in preparing your scratch game plan.

7.2.1.2. Game Development Services

Game Development Services to include but not be limited to graphic design, game design, artwork, prize structures and play style.

In addition, newly developed ticket design concepts without prior sales history may be presented to the Texas Lottery for consideration.

IGT has read and acknowledges this requirement.

Based on the Lottery's final scratch Game Plan, production involves multiple professional disciplines collaborating and coordinating on parallel production tasks. These tasks result in the timely, sequential completion of hundreds of elements and reviews. It is orchestrated, audited, and merged before each game even reaches the press. Our robust infrastructure of dedicated professionals, procedures, equipment, and tools ensures that every game we produce reaches the Lottery ready for distribution and sale. Our established and improved production process provides the Lottery with scratch games that engage players, and not only perform well but have staying power in the marketplace to drive sales.

Design Process

Our best game recommendations for the Texas Lottery come from our collaboration with you and our game design experts. Walter Gaddy and Penny Whyte work closely with you to determine game attributes, consider price point, theme, play action, ticket size, prize structure, ticket-design elements like call outs, and much more.

As you have experienced, we know that our role is to provide our expertise to bring you the content that will resonate with your players to drive sales growth. We bring you our best new and proven designs, premium content, innovative concepts and, when appropriate, examples of successful games we've produced for other customers. Data is at the core of every recommendation, so our marketing intelligence and game design experts collaborate to create, review, and modify game designs.

Graphic Design Team

Our team of talented designers is one of the most important creative resources we have. Your scratch tickets reflect the passion they put into every design. They are well educated and experienced in graphic design; they understand the lottery industry, the retail environment in which tickets are sold, and the player experience.

Our designers conceptualize and skillfully integrate up to 22 layers of inks, coatings, display graphics, and imaging during the press run. They adhere to best practices to ensure the overprint patterns, colors, and security tints combine to maximize security. They also incorporate security, game design features such as theme, play style, price point, and play mechanics, the Lottery's design parameters, and the press printing parameters for optimal color and registration.

The core of IGT's Creative Design team works out of our Instant Ticket Services facility in Lakeland, Florida, and consists of a team of designers that has doubled in size and brings knowledge from a multitude of fields to their work on scratch ticket artwork.

They are not alone in their efforts to produce creative, eye-catching, and engaging ticket designs. The team has access to more than 70 IGT graphic designers around the world across our lottery, video lottery, digital, and gaming portfolios.

A Worldwide Network: *The Lottery's scratch games will benefit from the expertise, culture, and perspective that IGT's 70+ designers worldwide, working in the 15 locations shown above, have to offer.*

Artwork

We work closely with the Lottery to develop creative ticket artwork. IGT's graphic designers, along with Walter Gaddy and Penny Whyte, know your design expectations and customize the design concepts, accordingly, understanding the kinds of designs that will be favorably received by Texas players, even at the earliest stages of the design process. We have more than doubled the team of designers who create your scratch ticket art.

Our designers are passionate about their work and will take a game concept and turn it into memorable ticket art that sells the game. They use their skills to ensure that each ticket's design includes all the components that make it secure yet stand out at retail to attract players.

Prize Structures

Winning customer experiences are our strategic focus for game development for the Texas Lottery, and prize structure development is at the very heart of delivering these to players. Our prize structures are game specific, focused on the objective of that game.

We work with the Texas Lottery, to create optimal prize structures. Prize structure innovation is a fundamental part of our ability to provide successful scratch game development, across the entire portfolio to help meet the objectives for the category.

Scratch game prize structures define how winning play experiences are delivered to and received by players. While promotional materials, displays, and ticket artwork help drive a player or a potential player to try a game, it is the play outcome that ultimately determines the nature of the play experience. Consequently, optimizing a game's prize structure to serve the needs and aspirations of the players you expect to be playing that game is fundamental to maximizing player satisfaction, driving repeat play, and deepening players' trust that rewarding experiences can and do happen when they play.

The guiding principles we apply to game development enable us to customize and optimize the prize structures that will bring play satisfaction and repeat play.

Details about these elements of the game development process and the expertise of the IGT professionals who perform them, can be found in the sections that follow, and especially in Sections 7.4., Creative Game Design, 7.6., Artwork, 7.8., Working Papers, and 8.1., Overview of Ticket Manufacturing Methods.

Newly Developed Ticket Design Concepts

IGT will continue to provide newly developed and relevant ticket design concepts, and those without prior sales history, as they become known between your annual Yes/No meetings.

Developing new scratch game concept is an ongoing effort at IGT year-round. Our Brainstorming Innovative Games (BIG) Team, detailed in Section 6.4., Innovation and Creativity, meets several times during the year to brainstorm new concepts. Past sessions, including some conducted with the IGT Texas Account Team, have generated games and game enhancements, such as SuperTicket™ and one of the new play mechanics for the line extensions of Loteria, that continue to thrive and sustain substantial sales in Texas.

Additional details on BIG Team support initiatives are also described in Section 6.4.

Alongside BIG Team results, any new concepts we bring to you will be supported by data and information. For example, we know that analytics continues to grow in importance to the Lottery, and we will continue to provide it. Michael Kumar's and the local IGT-Texas onsite team's regular visits to the Lottery to engage with your team and the IGT-Texas team is a continual investment we make in your business. By continuing these efforts and engaging with the Lottery, Walter Gaddy, and other account leadership from our IGT Instants organization, we align with your penchant for trying new things by informing you immediately of relevant new concepts and opportunities. Looking more long-term, these efforts can help to further our new game pipeline for the Texas Lottery.

Finally, in addition to continually analyzing and learning about your market, we will continue to look to the industry and to partner organizations such as Foresight Factory and Environics, who provide key insights into consumer trends and scratch game performance, respectively.

7.2.2.
Scratch Ticket Game Plan

The Texas Lottery works directly with the Texas Lottery Operations and Services vendor (currently IGT Texas) in the development of its comprehensive Scratch Ticket Game Plan. The comprehensive Scratch Ticket Game Plan will identify all elements of the games to be introduced, including the deadline to receive working papers, launch date, price point, top prize, theme, and print quantity. The Scratch Ticket Game Plan will be provided to the Successful Proposer and updated as deemed necessary by the Texas Lottery. The Texas Lottery shall make all final decisions regarding the selection and inclusion of scratch ticket games in the Game Plan.

IGT has read, acknowledges, and will comply with this requirement.

We know and value the way you run your business, including the opportunity to collaborate on the elements of the Scratch Ticket Game Plan to inform your final decisions.

7.2.3.
Marketing Planning Meetings and Commission Meetings

At the request of the Texas Lottery, the Successful Proposer may be required to attend marketing planning meetings and commission meetings at the Texas Lottery headquarters or virtually.

IGT has read and will comply with this requirement.

We regularly attend marketing planning meetings, including those with the IGT Texas on-site team and Michael Kumar from our U.S. Sales Development organization, which take place every other Wednesday. We also attend other planning meetings on such topics as licensed properties, second chance promotions, and other marketing topics, as warranted.

We always have a company representative at commission meetings, in-person when possible and virtually when not possible, and without having to be asked or told, and we will continue to do so.

7.3.

Individual Scratch Ticket Game Development Schedule

7.3.1. Draft Working Papers

For those games within a Fiscal Year Scratch Ticket Game Plan, it is the expectation of the Texas Lottery that each Successful Proposer designated to produce their games will prepare and deliver draft working papers according to the deadline noted in the Scratch Ticket Game Plan for each game.

IGT has read, acknowledges, and will comply with this requirement.

We commit to prepare and deliver draft Working Papers to the Texas Lottery according to the deadline noted in the Scratch Ticket Game Plan for each game assigned to us during the term of the new Contract. We will continue to accommodate your needs as to the format and content of the information in the Working Papers.

7.3.2. Total Estimated Cost for Games Listed in Game Plan

Upon request, each Successful Proposer shall provide the total estimated cost for their games listed in the Scratch Ticket Game Plan.

IGT has read, acknowledges, and will comply with this requirement.

7.3.3.
Draft Artwork and Prize Structure for Games Not Included in Game Plan

Upon request, each Successful Proposer shall provide draft artwork and prize structure for games not included in the Scratch Ticket Game Plan to the Texas Lottery within five (5) Working Days from the request. These games may subsequently be added to the Scratch Ticket Game Plan and will follow the required deadlines in the Scratch Ticket Game Plan.

IGT has read, acknowledges, and will comply with this requirement.

As we do today, upon request from the Texas Lottery, IGT will provide draft artwork and prize structures for games not included in the Scratch Ticket Game Plan within five (5) Working Days from the request. We acknowledge that these games may subsequently be added to the Scratch Ticket Game Plan and we will follow the required deadlines in that plan.

7.3.4.
Review and Approve of All Artwork and Prize Structures

The Texas Lottery must review and approve all artwork (scratch ticket and pack insert) and prize structures prior to the Successful Proposer providing draft working papers to the Texas Lottery.

IGT has read, acknowledges, and will comply with this requirement.

IGT acknowledges that the Texas Lottery must review and approve all artwork and prize structures prior to our sending the draft Working Papers to the Lottery.

Before initial artwork and proposed prize structures are sent to the Lottery for review and approval, we currently and will continue to conduct an internal review of these items. The initial artwork is reviewed to ensure that:

- The design and layout meet the printing requirements of our presses.
- The artwork includes play instructions that are appropriate for the game play mechanics.
- The callouts on the artwork are consistent with the prize structure.
- The ticket size is consistent with the Lottery's requirements.
- The design meets all security standards and protections.

Our review of the proposed prize structure ensures all calculations are error-free, prizes are consistent with the callouts on the ticket, and the prize payout and distribution of prize funds within the prize structure are consistent with your product standards.

7.3.5.
Requested Changes

The Successful Proposer shall provide accurate and complete draft working papers that are free of errors for the Texas Lottery's review. The Texas Lottery conducts a thorough review of draft working papers. This may result in multiple rounds of review and requested changes. When the Texas Lottery has completed a review and provided requested changes, the Successful Proposer must provide the next version of working papers to the Texas Lottery within two (2) Working Days. If the Successful Proposer believes that any of the Texas Lottery's requested changes would not be beneficial or appropriate, the Successful Proposer must contact the Texas Lottery to discuss the concern. The Successful Proposer must deliver tickets to the Texas Lottery's warehouse no later than the delivery date specified in the final executed working papers.

IGT has read, acknowledges, and will comply with this requirement.

We acknowledge that the Lottery conducts a thorough review of draft Working Papers, which may result in multiple rounds of requested changes. IGT will provide final Working Papers to the Lottery within two (2) Working Days once the Lottery completes its reviews and provides all requested changes.

We also acknowledges that we must contact the Lottery if we believe any of your requested changes would not be beneficial or appropriate. We also commit to deliver tickets to your warehouse no later than the delivery date specified in the final executed Working Papers for each game.

7.3.6.
Post Executed Changes

Post Executed Changes. Any changes to the final executed working papers must be in writing and approved by the Executive Director or his designee. Post executed changes must be executed by the Texas Lottery Executive Director or his designee prior to production of the game.

IGT has read, acknowledges, and will comply with this requirement.

IGT acknowledges that any changes to the final executed Working Papers must be in writing and approved by the Executive Director of the Texas Lottery or his designee. IGT also confirms that any post executed changes that affect ticket production must be executed by the Lottery's Executive Director or his designee prior to production of the game.

Our goal is to produce error-free Working Papers for each Texas Lottery game. Multiple reviews ensure that amendments or post executed changes are kept to a minimum. However, changes do sometimes occur after execution. Any such changes will be noted on a post executed change-order form, be reviewed by the appropriate departments, and then be approved by the Lottery before being incorporated. The amended executed Working Papers will then be issued to you and all of our internal production departments.
We routinely work to reduce post executed changes by tracking and reviewing them to understand their sources and target their reduction.

7.4.

Creative Game Design

The Successful Proposer shall provide creative game and graphic design of scratch ticket games including mechanical artwork and specifications of the game ticket layout consistent with Texas Lottery security requirements and methods.

IGT has read, acknowledges, and will continue to comply with this requirement.

Scratch Ticket Design

IGT's Creative Design Team

The most important creative resource IGT has is its Creative Design team. Our professional designers take a scratch ticket game concept and turn it into eye-catching ticket art. They possess a deep understanding of the retail environment where tickets are sold and the precise qualities that make these tickets attractive to consumers. Our designers will make sure that each Texas Lottery ticket design is unique and intriguing to draw in players without sacrificing security and integrity.

Texas is one of the most diverse states in the country. The Lottery, in its multi-vendor sourcing model, recognizes the importance of an equally diverse offering to appeal to the state's citizens. As your long-time partner, we understand the importance of having a variety of unique designs for you to select from for each game launch. Each IGT designer working on Texas Lottery scratch tickets – such as Crystal Fahrner, who's designed the majority of Texas Loteria tickets, and Megan Ritonya, who designed the family of games you've selected for next year – applies their own artistic style and technique to create designs that will achieve your objectives. Our designers look forward to doing the same for you under the new Contract. The result will be a unique offering of scratch tickets that stands out in the retail environment and appeals to the tastes of a wide variety of Texas Lottery players, both existing and new.

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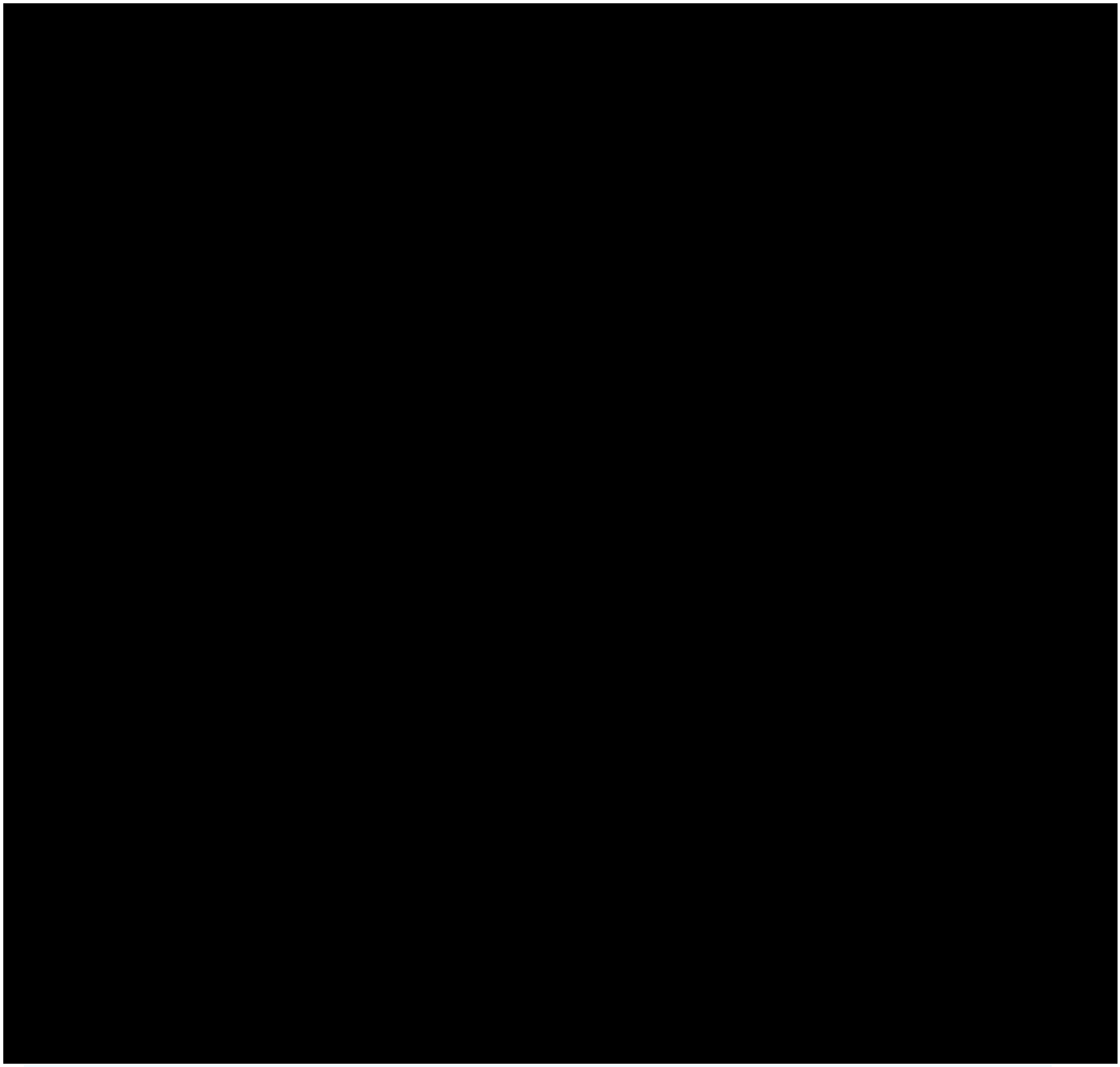

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For information on IGT's approach to game design, including game play and prize structure development, please refer to the "Our Approach to Design" heading below and to Section 7.2., Game Planning.

Design Requests

When Walter Gaddy, your IGT Account Manager, submits a Texas Lottery design request, our Manager of Creative Design, Katy Pettis, will assign the project to a designer based on that specific request, just as she does today. Having multiple designers, each with a unique perspective, can be beneficial for particular requests or series of requests, such as when preparing Focus Group samples.

Our designers also work closely with Penny Whyte, your Account Services Representative, to ensure the artwork specifications are correct in the game's Working Papers and that the designers can interact with the Lottery directly should the need arise.

More information on Katy and Penny can be found in Section 4.2, Experience of Personnel.

Collaborating with Pre-Press Specialists

To ensure the physical security of a ticket, the ticket's design must work with multiple printing processes and the chemistry of a variety of inks and coatings. To make that happen, our designers work closely with our Pre-Press team to merge lottery designs and press parameters to bring game concepts to realization and, finally, to the marketplace.

Our pre-press specialists, led by Pre-Press Manager Hordur Bjarnason, handle the technical steps that enable this process. These steps are some of the most critical to producing secure, high-quality scratch games. Hordur has more than 25 years of pre-press experience and more than 5 years of experience working with flexography and flexographic presses.

Our Design Approach

Our design team will continue to provide design strategies to the Texas Lottery and to review Lottery-provided concepts to ensure they incorporate industry and consumer-packaging best practices, including the following:

- **Attract Attention**: To grab consumers' interest, our designers keep the following in mind:
  - **Color Combinations**: Certain color combinations are known to attract the eye and thus draw consumer focus to key elements of a ticket: the top prize(s), the number of winning tickets, and the number of chances to win.
  - **Proximity to the Consumer**: Ticket artwork must readily communicate a game's main selling points to shoppers near the scratch ticket point of sale, as well as those farther across the store.
- **Hold Interest**: Once shoppers are attracted to a ticket, that ticket must hold their attention. To make that happen, our designers make the most of:
  - **Themes**: Certain subjects, such as money or card-game themes, or a special feature like a second chance drawing.
  - **Callouts**: These are special copy or marketing elements on a ticket, for example, a no-breakeven game ticket with a colorful banner that proclaims, "Prizes starting at $75!"
- **Encourage Purchase**: Potential players must be encouraged to buy the game before they can be distracted by other things in the store. For this, the designers use:
  - **Graphic Presentation**: Imagery and graphics that are appropriate to the game theme, such as stacks of bills or a chest of gold coins on a money-themed ticket.
  - **Player Appeal and Creativity**: The play style must appeal to players, play the way they expect it to play, and match the theme. (Play styles can vary in terms of complexity, depending on how experienced the targeted players are. To ensure games achieve sales goals, we use research to match the designs to player preferences.)
  - **Play Value**: The value of the prize (such as cash, trip, or car) must be worth the price of buying the ticket. Play value is also found in the top prize, the number and kind of prizes in a game, and the chances to win.

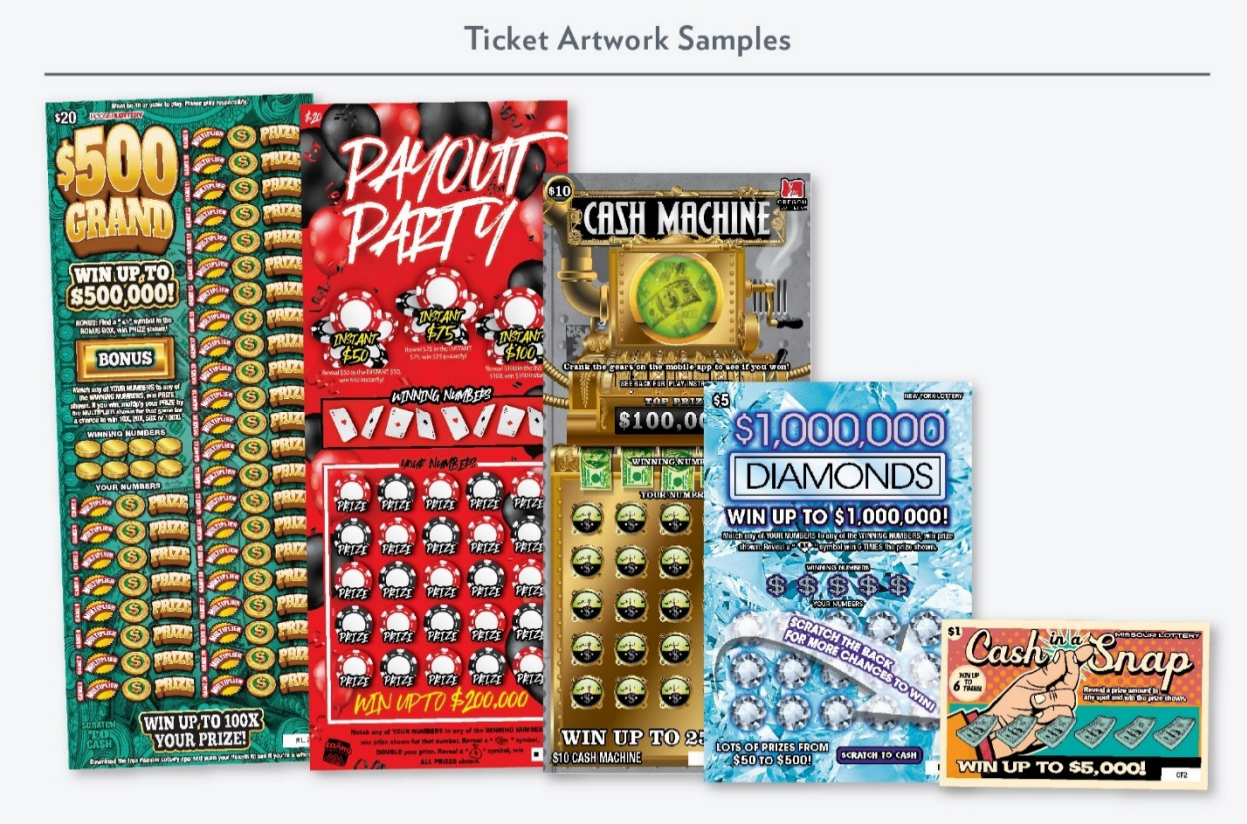

Figure 7.4 – 3. Player Appeal: Color combinations, special copy that draws attention to the top prize, graphics that align with a game's theme are among the many ticket design features that can turn a shopper into a player.

Our designers ensure that a game's play style, layout, game mechanics, and play instructions are appropriate and clear and that the ticket's graphic design does not cause any confusion about whether or not a ticket might be a winner. They must then conceptualize and skillfully integrate the up to 22 layers of inks, coatings, and imaging that will be applied during the press run so that the overprint patterns, colors, and security tints will combine to provide maximize security. On top of that, they must incorporate the following into the artwork of the ticket:

- A lottery's design parameters as defined in the Working Papers and Customer Specifications.
- Game features such as theme, play style, price point, play mechanics, etc.
- Security features that prevent compromise.
- The press' printing parameters for optimal color and registration.

Our game designers understand the fundamental importance of security and have a set of requirements they follow in designing all games. For example, every game they design integrates features that protect that game from compromise techniques, and they ensure that straightforward but important concepts – such as avoiding the use of graphic elements that duplicate game symbols – are also part of every ticket design.

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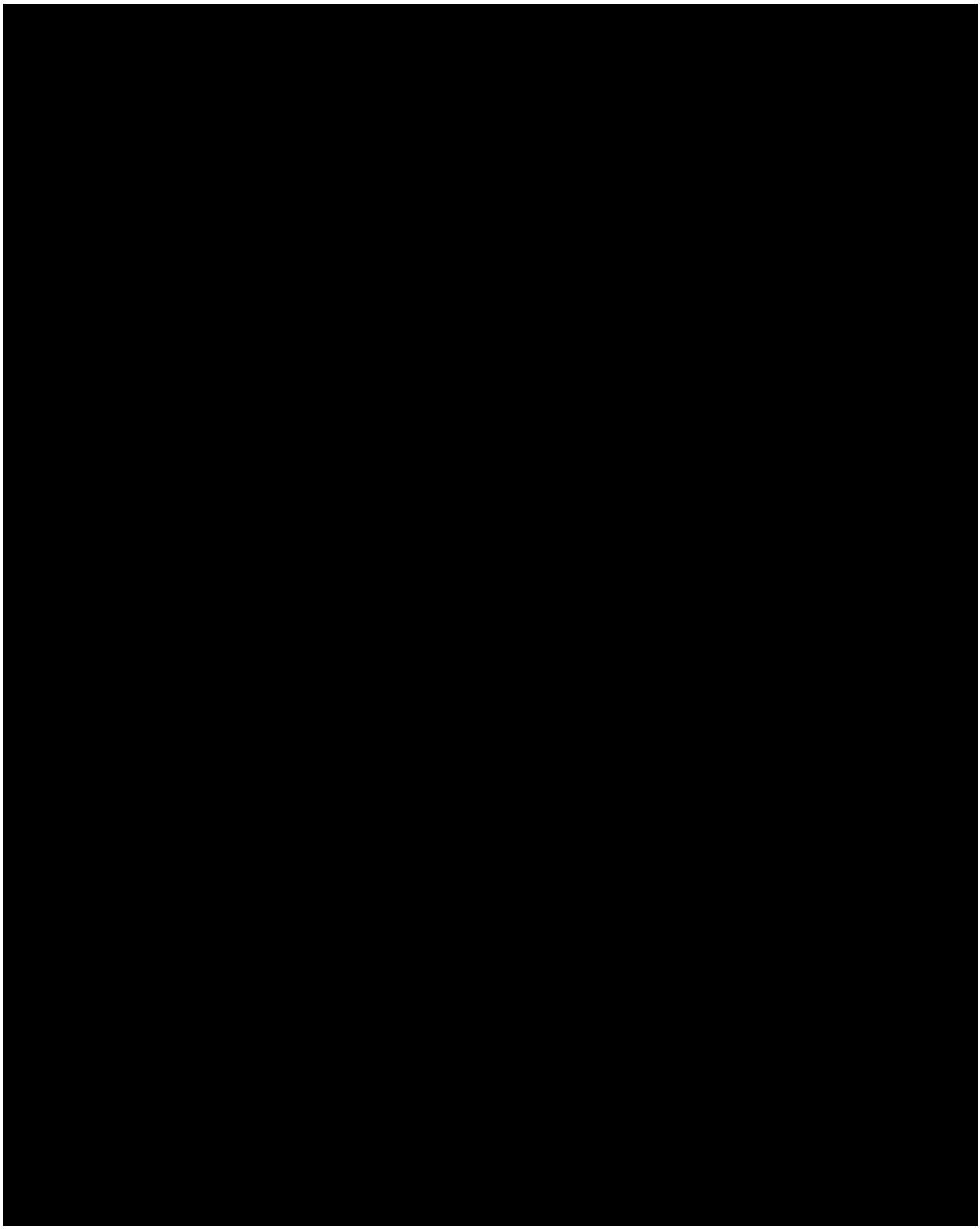

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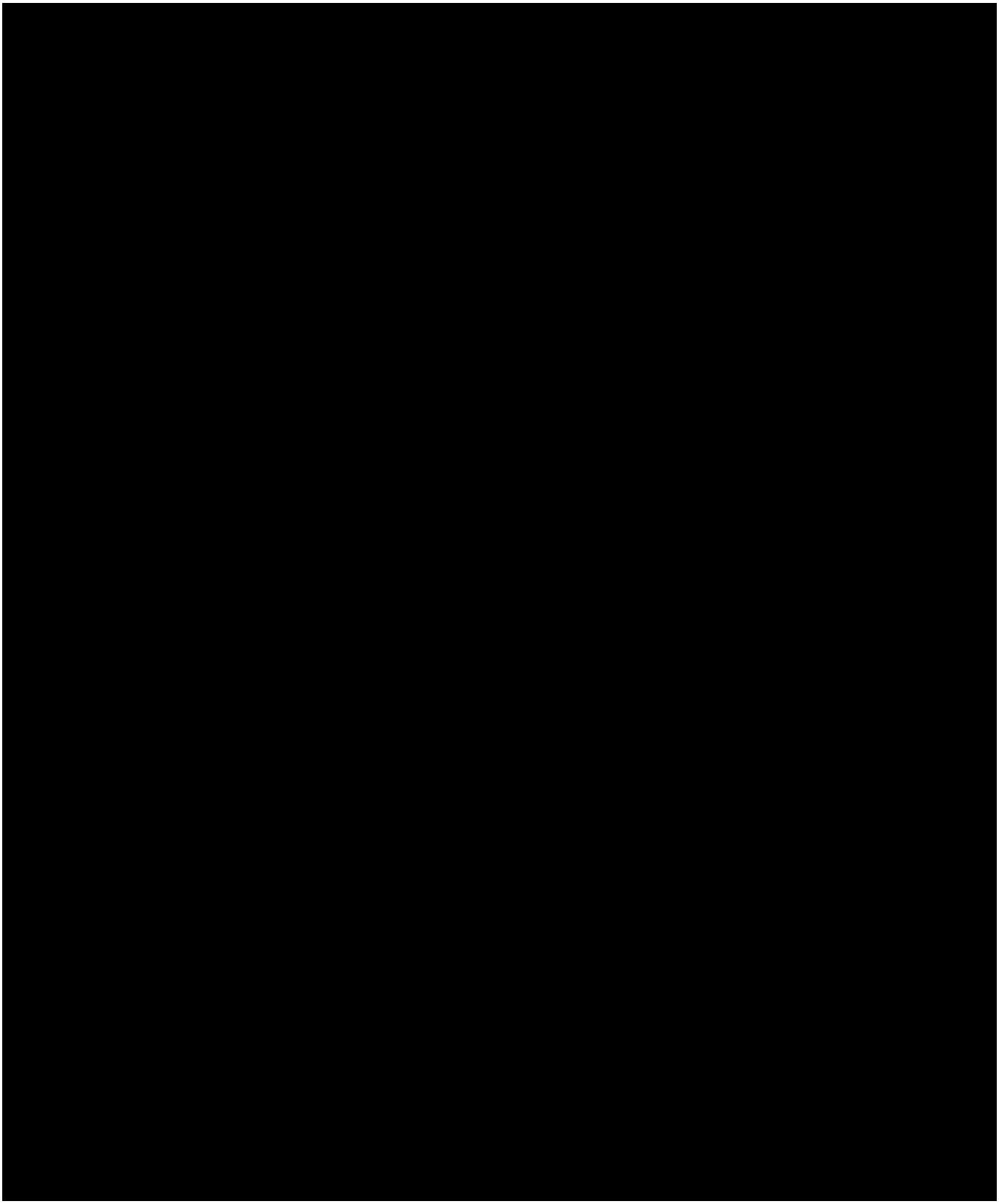

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Once a game design meets our internal security and quality standards, we will provide the design to the lottery customer for final approval. Following final approval, the Working Papers are prepared for submission to the customer. After the customer approves the Working Papers, the pre-press work begins, including programming, plate production, and other make- ready tasks. During the press run, our Quality Assurance (QA) personnel and the operators and technicians on the production floor conduct inspections and multiple security tests, depending on the customer's requirements.

Designers' Tools

To generate artwork for games and refine game concepts provided to us by our customers, our designers use the latest tools and applications. Moreover, they are highly accomplished and expert in our printing process and press technology, and they apply that expertise right from the initial concept stage to each design to ensure our customers will be provided with print-ready quality art. This means no major or last-minute changes will have to be made to the ticket design to accommodate press restrictions.

To create eye-catching, compelling ticket art, our design team is equipped with the latest software tools. They use Adobe Creative Cloud (CC) to create, edit, and refine ticket designs, as well as these tools:

- Illustrator CC.
- Photoshop CC.
- InDesign CC.
- Flash Builder Premium.
- Flash Professional CC.
- Dreamweaver CC.
- Fireworks CS6.
- Acrobat DC.

Each application is color-calibrated to match the colors produced by our flexographic presses. The calibration is critical to our ability to print the exact ticket colors – and the ticket designs – you want.

7.5.

Graphic Capabilities & Data Transfer

7.5.1. Maintain Compatibility and Efficient Communication

To provide for timely graphic design and approval of artwork, it is necessary for the Successful Proposer to maintain compatibility and efficient communication with the Texas Lottery. The Successful Proposer shall be required to archive the final artwork for each scratch ticket game for the duration of the Contract.

IGT has read, acknowledges, and will comply with this requirement.

IGT will maintain compatibility and efficient communication with the Texas Lottery for timely graphic design and approval of artwork. As we do today, we will archive the final artwork for each scratch ticket game for the duration of the Contract.

7.5.2. Compatible Software

The Successful Proposer must either use compatible software or provide software to transmit data, to the Texas Lottery's specifications, to exchange artwork files and other files with the Texas Lottery. The cost to acquire or upgrade the application software shall be the responsibility of the Successful Proposer and shall not be included in the Proposal. The Successful Proposer must utilize the Texas Lottery's Scratch Workflow Automation Program (SWAP) to securely transmit working paper versions and issues. The Successful Proposer will be provided with technical specifications and access for SWAP.

IGT has read, acknowledges, and will comply with this requirement.

As we do for the Texas Lottery today, we will exchange artwork and other files with the Lottery using Secure File Transfer Protocol (SFTP) that meets the Lottery's specifications and is compatible with the Lottery's computer system. Should upgrades to the application software or the acquisition of new software be necessary, IGT will provide the upgrade or the software. The cost for any such upgrades or software has not been included in this Proposal.

IGT will continue utilizing the Texas Lottery's SWAP to securely transmit Working Paper versions and issues.

7.6.

Artwork

IGT has read, acknowledges, and will comply with this requirement.

7.6.1. Provision of Color Artwork in Electronic Format Within 3 Working Days of Final Execution of Working Papers

Upon execution of the final working papers for each game, the Successful Proposer must provide color artwork in electronic format including an unscratched version of the ticket, a scratched version of the ticket revealing a top prize winning combination of play symbols, and the back of the ticket which includes the UPC code, and all other elements specified in the final working papers and/or approved Customer Specifications Document. This artwork must be provided within three (3) Working Days of the execution of the final working papers. Artwork must be provided in an Adobe Illustrator file with all font information converted to outline, and linked files provided in a Photoshop TIF file.

Upon execution of the final Working Papers for each game, IGT will provide color artwork in the electronic format specified by the Texas Lottery, as we do today. The artwork will include an unscratched version of the front of the ticket; a scratched version of the front of the ticket revealing a top prize-winning combination of play symbols; the back of the ticket which includes the UPC code; and all other elements specified in the final Working Papers and/or approved Customer Specifications. We'll provide the artwork within three (3) Working Days of the execution of the final Working Papers, as required. We acknowledge that artwork must be provided in an Adobe Illustrator file with all font information converted to outline, and linked files provided in a Photoshop TIF file.

7.6.2.
Provision of Images of Approved Artwork from the Executed Working Papers

The Successful Proposer shall provide images of the approved artwork from the executed working papers to be used to support each scratch ticket game produced. The size and format of the image will be indicated in the working papers for each game or in the approved Customer Specifications Document. The Texas Lottery may also request the layered artwork files for product marketing support.

IGT will continue to provide the Lottery with images of the approved artwork from the executed Working Papers to be used to support each scratch ticket game we produce. We acknowledge that the size and format of the image must be indicated in the Working Papers for each game or in the approved Customer Specifications Document. We will provide the layered artwork files for product marketing support should you request them.

7.7.

Production Schedule Report

The Successful Proposer shall be required to develop and provide to specified Texas Lottery staff a weekly report that provides current updates on production schedules for all games, including, at a minimum:

a. *Game number*
b. *Game name*
c. *Ticket quantity*
d. *Ticket size*
e. *Pack size*
f. *Scheduled press date*
g. *Scheduled ship date*
h. *Scheduled delivery date*
i. *Number of trucks for delivery*
j. *Date of shipment of test packs to the Texas Lottery's testing vendor.*

The dates listed on the production schedule report are for planning purposes only. In the event of any conflict or contradiction between or among the dates listed on the production schedule report and the deliverables schedule in the executed working papers, the working papers will control.

IGT has read, acknowledges, and will comply with this requirement.

As we do for the Texas Lottery today, IGT will continue developing, and providing to specified Texas Lottery staff, a weekly report that provides current updates on production schedules for all games assigned to us and that includes, at a minimum, RFP items "a" through "j" listed above. A sample copy of a **Weekly Production Schedule Report** is presented as an insert following this section.

We acknowledge that the dates listed on the production schedule report are for planning purposes only and, in the event of any conflict or contradiction between or among the dates listed on the production schedule report and the deliverables schedule in the executed Working Papers, the Working Papers will control.

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7.8.

Working Papers

7.8.1. Designated Format

Working papers for each scratch ticket game will be generated by the Successful Proposer in a format approved by the Texas Lottery. Executed working papers must be complete and free of any errors. Production of any scratch ticket game will not proceed until the Texas Lottery Executive Director or their designee approves and executes the final working papers and the working papers are executed by the Successful Proposer. Any changes made after the execution of working papers must be approved through the execution of a post executed change and signed by the Texas Lottery Executive Director or designee. Scratch ticket game development schedules will be established by the Texas Lottery and working papers executed in order to facilitate an orderly process for the production and delivery of scratch ticket games. The Texas Lottery reserves the right to cease production of any executed game that has not been printed yet. The Successful Proposer may invoice the Texas Lottery for actual costs incurred up to the cancellation date; the Texas Lottery agrees to pay such costs up to a maximum of $4,000 per game.

IGT has read, acknowledges, and will comply with this requirement.

Once the ticket art and prize structure for a game are approved by the Texas Lottery, IGT will generate Working Papers in the format approved by the Lottery, just as we do today. Executed Working Papers will be complete and free of errors. We understand that production of any scratch ticket game will not proceed until the Lottery's Executive Director or designee has approved and executed the final Working Papers and IGT has also executed the Working Papers. We understand that any changes made after Working Papers execution must be approved through the execution of a post-executed change with a signature by the Texas Lottery Executive Director or designee.

We acknowledge that the Texas Lottery reserves the right to cease production of any executed game that has not yet been printed. IGT appreciates that the Lottery will accept an invoice for the actual costs incurred up to the cancellation date, with such costs being limited to a maximum of $4,000 per game.

7.8.2. Specifications

Working papers for each Texas Lottery scratch ticket game will at a minimum include, but not be limited to, specifications for the following:

a. *Game name, number, date and version*
b. *Color version of ticket, covered, uncovered and overlay at 100% and for tickets under 5", at a larger resolution for legibility purposes.*
c. *Back of ticket at 100% and for tickets under 5%, at a larger resolution for legibility purposes.*
d. *Ticket size and paper stock to be used.*
e. *Universal Product Code (UPC) number, which is unique to each game.*
f. *Placement of bar code on uncovered ticket.*
g. *Front display colors, overprint colors, and security tint colors*
h. *Description of play style*
i. *Quantity ordered*
j. *Orientation of ticket front and back, and press layout configuration.*
k. *Pack size and configuration*
l. *Prize structure including: game name, number, date and version, ticket price point, production quantity, percent of prize payout, net revenue generated, each tier level for prizes and play action indicating how each tier is won, odds per prize level, overall odds of winning any prize in the game and consolidated odds if there is more than one (1) way to win a prize, winners per pack and per pool, prize cost and percent of prize fund dedicated to each prize level, and percent of prize fund dedicated to low-, mid- and high-tier prize levels, designation of low, G-tier (if included), mid- and high-tier prizes, Guaranteed Low-End Prize Structure (GLEPS) for each pack of tickets - broken out into a minimum of four (4) different GLEPS patterns and number of winners per pack. Prize structure may include information pertaining to prizes awarded via promotional second-chance drawings, if applicable. Prize structure may be required to show a statement that all top prizes and combinations of prizes totaling the top prize are guaranteed.*
m. *Ticket layout for front and back imaging.*
n. *Description of location and/or float of the validation number, bar code and UPC code.*
o. *Detail of all actual size of legends, play spots, captions, numbers/symbols, and prize spots*
p. *Programming parameters or constraints as directed by the Texas Lottery.*
q. *Deliverables schedule.*
r. *Order and price confirmation page. (The Texas Lottery SWAP system will provide electronic means for sign-off approval by the Texas Lottery.)*
s. *Color ink details, including proposed options such as varnish, tints, metallic inks, fluorescent inks, etc.*
t. *Any other production requirements, including but not limited to holographic material applications, alternative ticket stock, hologram applications, etc.*
u. *As required, licensed property documentation, promotion details, non-cash prize details, etc.*

IGT has read, acknowledges, and will comply with this requirement.

The Working Papers IGT provides for each Texas Lottery scratch ticket game will continue to include, but not be limited to, RFP items "a" through "u" listed above. Should you determine that additional elements need to be included in the Working Papers for your games, or that certain elements are no longer necessary, we will be happy to modify the Working Papers accordingly.

7.9.

Customer Specifications Document

Each game must adhere to the requirements detailed in the Customer Specifications Document and the executed working papers. The Customer Specifications Document must be complete and free of any errors.

IGT has read, acknowledges, and will comply with this requirement.

Each game IGT produces for the Texas Lottery will adhere to the requirements detailed in the Customer Specifications Document approved by the Lottery and the executed Working Papers for the specific game.

IGT will maintain a Customer Specifications Document for the Texas Lottery that is complete and free of any errors. We will continue to update the document as necessary throughout the Contract term.

PART 8.

Scratch Ticket Manufacturing and Services

8.1.

Overview of Ticket Manufacturing Methods

Proposers must provide a detailed description of the methods to be employed in the manufacturing of tickets. Each of the major manufacturing steps must be identified and described. The Texas Lottery is committed to ensuring the highest standards of security and integrity are incorporated in its products. Proposers should provide details regarding security procedures and controls.

IGT has read, acknowledges, and complies with this requirement.

Ticket Manufacturing Methodology

In this section, we describe our ticket manufacturing methodology. We also highlight our investment in technology and capabilities that will help the Texas Lottery optimize its scratch ticket game business and thus continue generating revenue for the Foundation School Fund and the Texas Veterans Commission's Fund for Veterans Assistance.

IGT acknowledges and shares the Lottery's commitment to incorporating the highest standards of security and integrity in the manufacturing of scratch tickets. In this section, we outline the many security procedures and controls in place throughout our manufacturing process.

Major Steps in the Manufacturing of Tickets

All games printed for the Texas Lottery will continue to be produced within IGT's secure Instant Ticket Services facility in Lakeland, Florida, under the watchful eye of the IGT Instant Ticket Services team. The team follows a seven-phase process to manufacture scratch tickets. We have included an insert that offers a detailed description of each of the seven phases. It is entitled **Instant Ticket Production Process** and is located at the end of this section.

The following list summarizes each phase:

1. **Portfolio Planning and Game Design**: In this phase, IGT will support the Lottery's ongoing portfolio planning by offering a wide variety of product options to help fill out the annual game plan. Each design created and offered to the Lottery will be carefully selected with the objective of maintaining the tremendous sales momentum you've sustained. During this phase, our designers will ensure that a game's play style, layout, and game instructions are viable and then conceptualize and skillfully integrate the layers of inks, coatings, display graphics, and imaging that will be applied during the press run. They'll also ensure the overprint patterns, colors, and security tints combine to maximize the security of each game produced. For more details on the design process, please see Section 7.4., Creative Game Design.

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7. **Shipment:** Our shipping center efficiently and securely processes, stores, and loads scratch ticket shipments. For security purposes, the shipping area is physically segregated from the production floor. Access to the area is controlled by our secure, electronic key-card-access system and continuously monitored from the facility's Security Control Center (SCC). After loading, cable lock seals with a unique number are applied to the doors of each trailer carrying Texas Lottery tickets.

Recent and Upcoming Enhancements to IGT's Ticket Manufacturing Process

IGT is excited to share the following enhancements to our production process. Some, such as our revolutionary digital printing platform, Infinity Instants™, are brand new, while others are upcoming automations that will increase our overall manufacturing capacity. (Infinity Instants is an **Offered Option**. Please turn to Section 8.35., Offered Options, for more on our Offered Options.)

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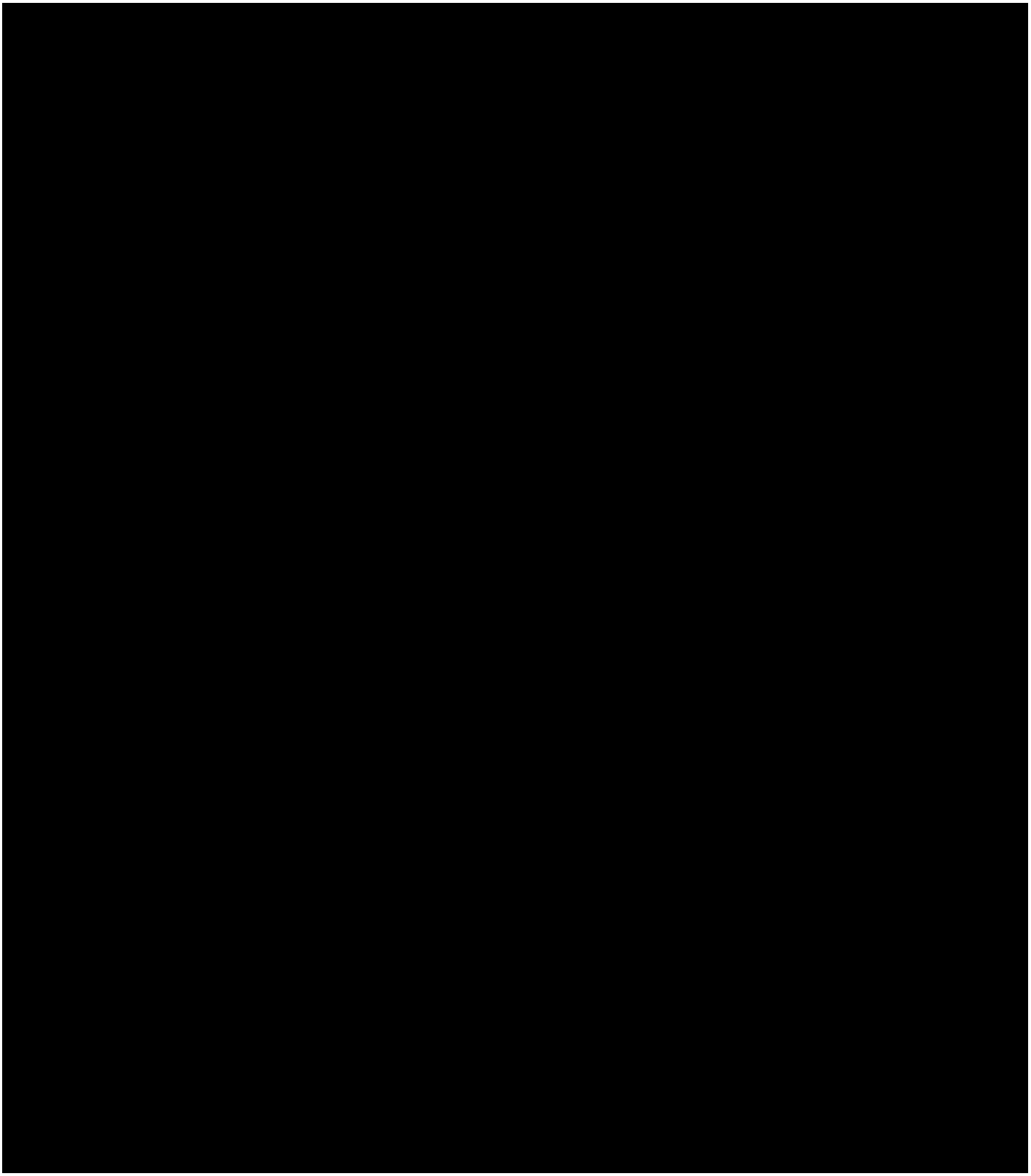

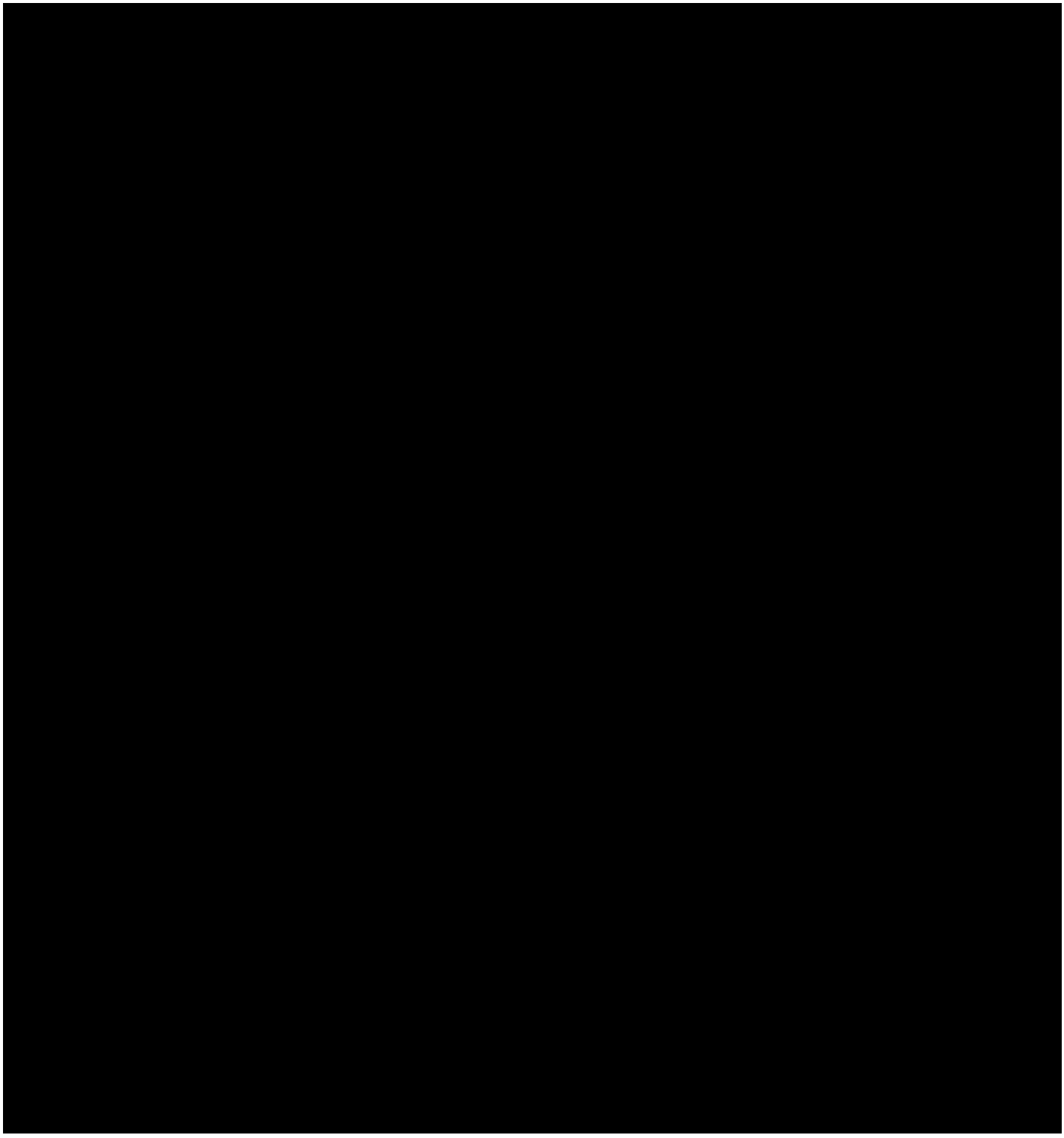

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Printing Press Capabilities

IGT's manufacturing technology features two flexographic presses: the TRESU and the Gallus. Each was designed to support the specific and diverse needs of our customer base. In 2019, we invested significantly in upgrading the Gallus press' registration and servo drive systems.

The TRESU, having a different setup than the Gallus, complements and has expanded our production capabilities, scheduling flexibility, and capacity. The capacity of the two presses now totals 14 billion standard units (8 square inches) annually. More available capacity gives our customers the added assurance that their business needs will be met well into the future.

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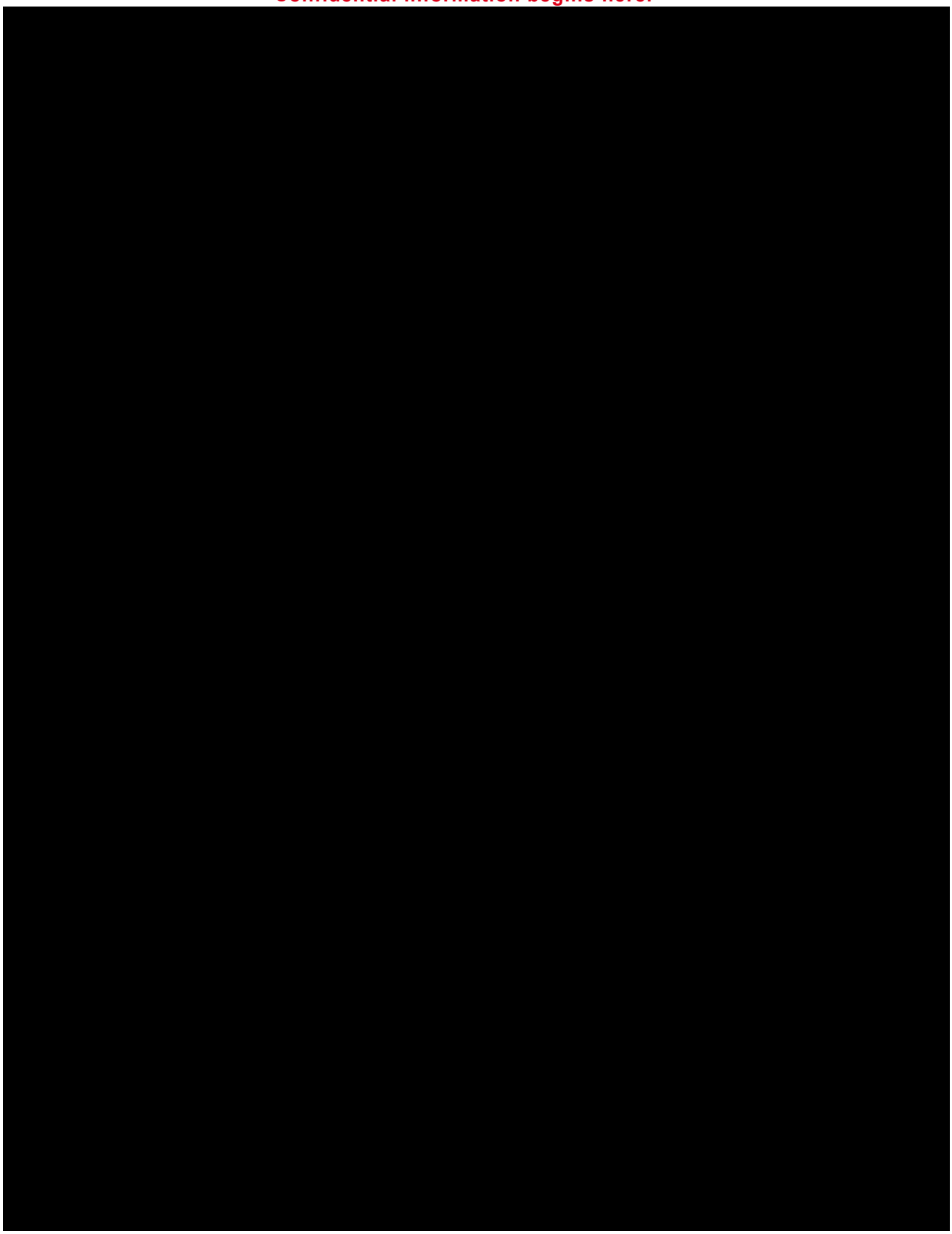

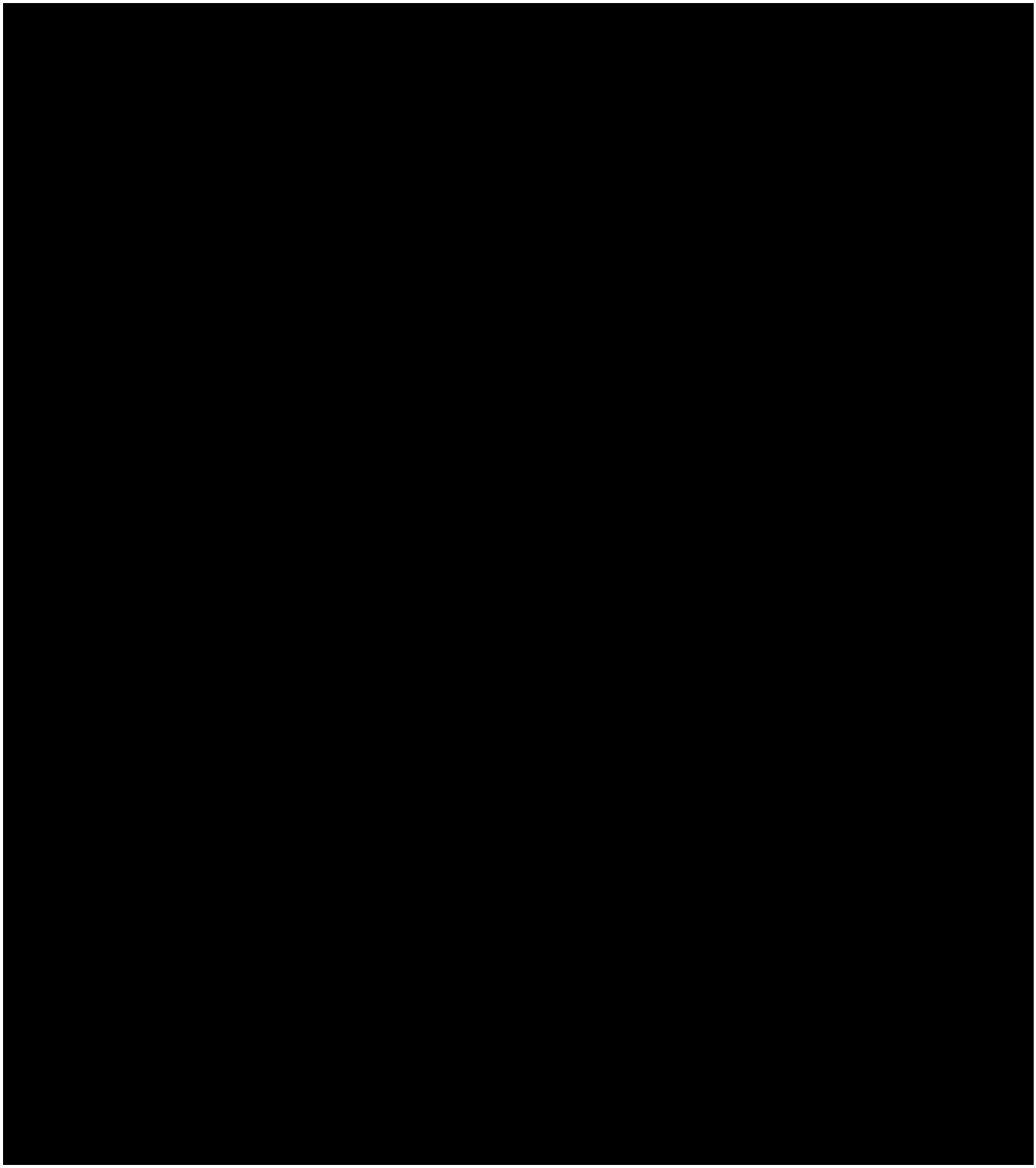

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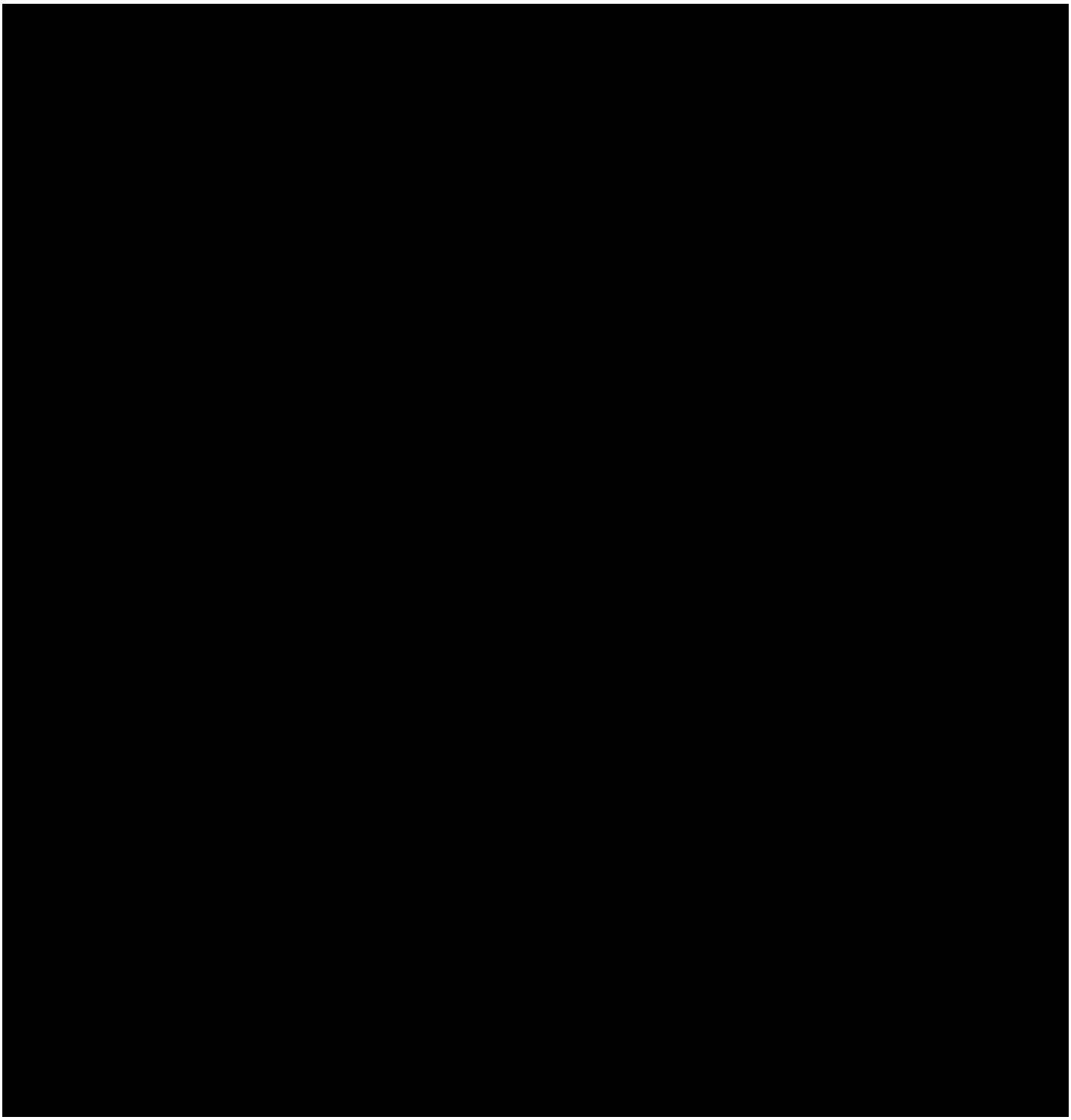

Highest Standards of Security and Integrity

IGT's approach to security begins with an established company-wide information security framework, under the auspices of the IGT Information Security Group, that encompasses a set of policies, standards, methodologies, services, and mechanisms to maintain mission integrity with respect to people, processes, technology, information, and supporting infrastructure across the Company. That framework guides our scratch ticket security program. Within that framework, the IGT Instant Ticket Services' general business operations, production facility, production process and associated components, and various other elements of the business are continually reviewed for opportunities for improvement in terms of security. In common with all IGT employees, the IGT Instant Ticket Services team stays current with the latest security protocols and standards and team members are required to complete annual security training modules.

Security is one of our core company values, as noted at the beginning of our Proposal. In addition to mandatory annual training, we actively engage with lottery jurisdictions and vendors on security matters, partner with forensic labs to determine the most effective methods of security testing, and regularly host security companies and audit personnel.

In this section, we share with you our security approach.

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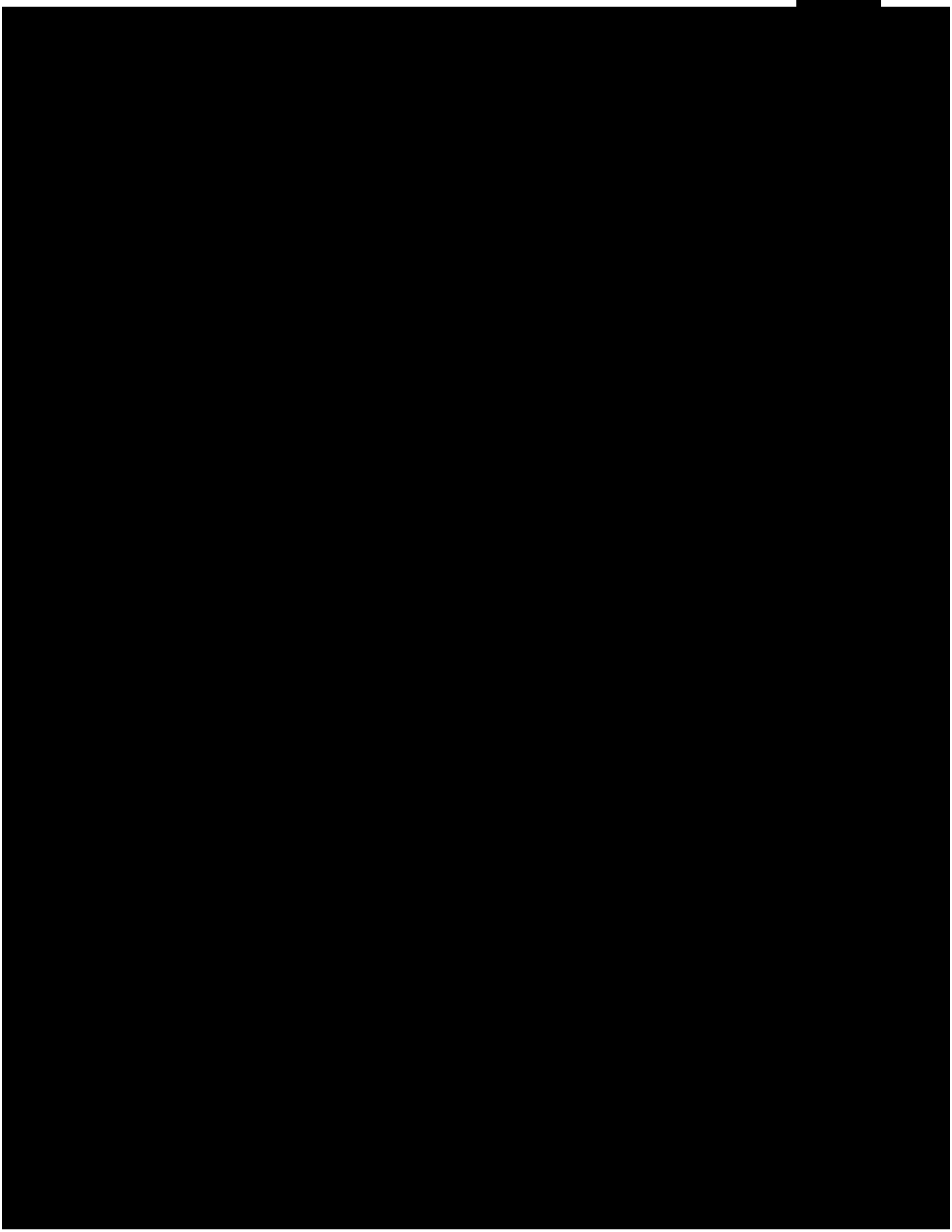

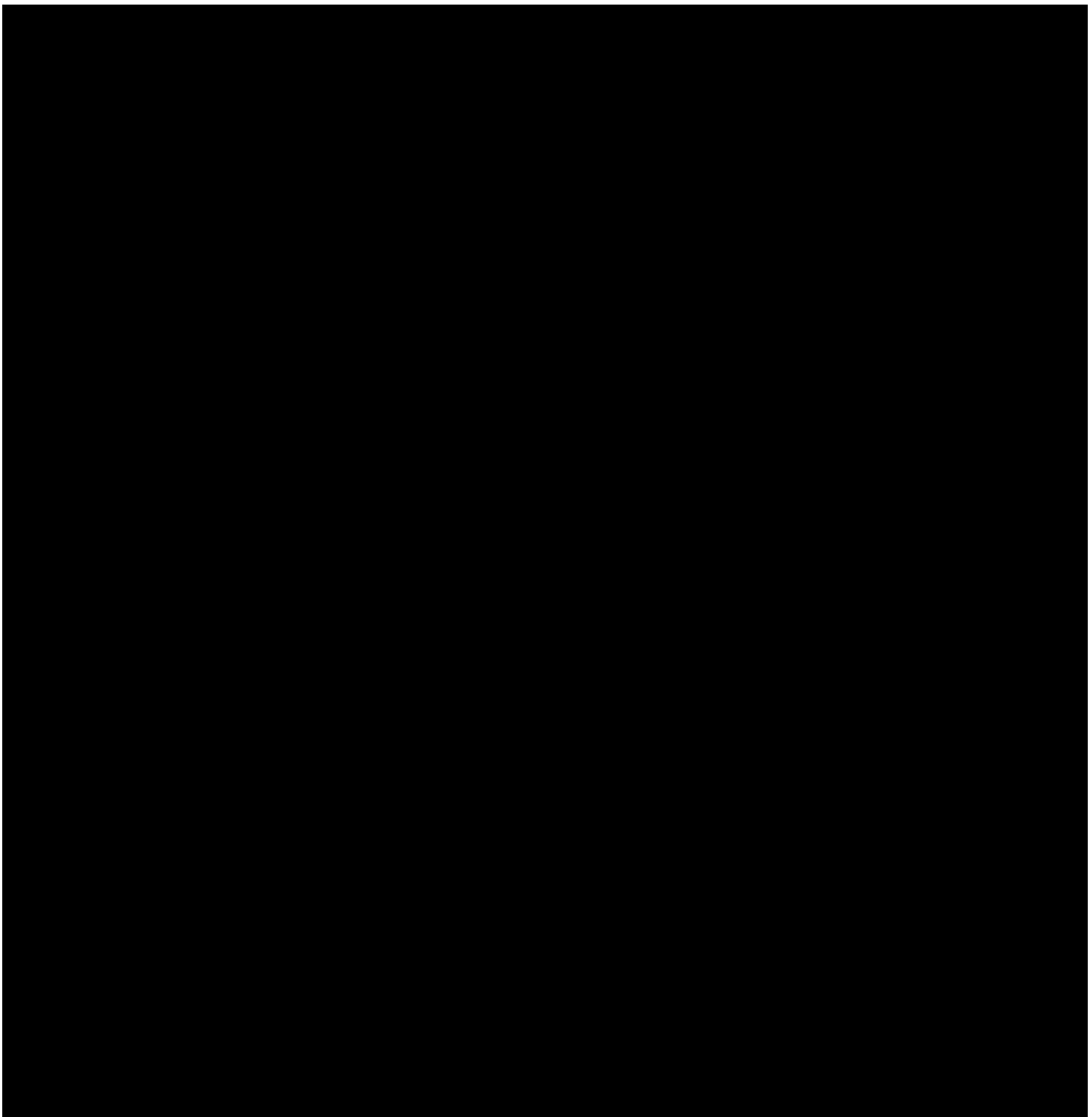

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Security Procedures and Controls Throughout Scratch Ticket Manufacturing

Not only does a secure production process protect the integrity of the individual tickets produced, it also protects the integrity of the lottery selling those tickets. For the Texas Lottery, that secure process contributes to the trust players have in the Texas Lottery which, in turn, enables the Lottery to continue maximizing profits and ultimately funding for education and veterans assistance programs.

In this section, we share the Quality Control (QC) and security methods we follow throughout production – including during pre-press, printing, and EOG data file preparation – which ensure that all tickets delivered to you will meet all of your specifications and requirements. The consistent Quality Assurance (QA) checks/tests that are part of our QC program, and that we perform throughout production, allow us to minimize the impact of a problem *at every stage of production.* And that results in a quicker problem resolution and a major reduction in material waste.

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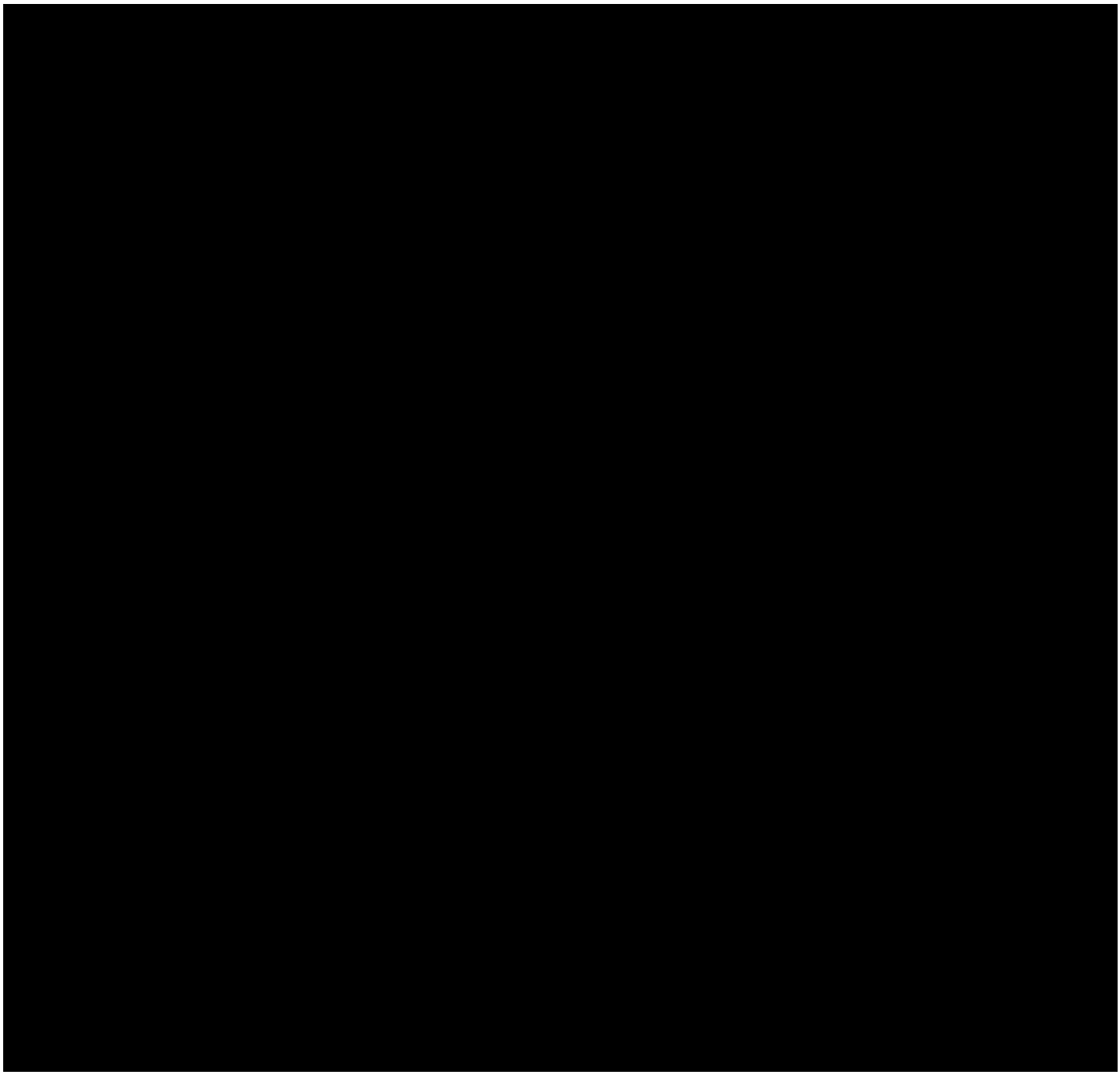

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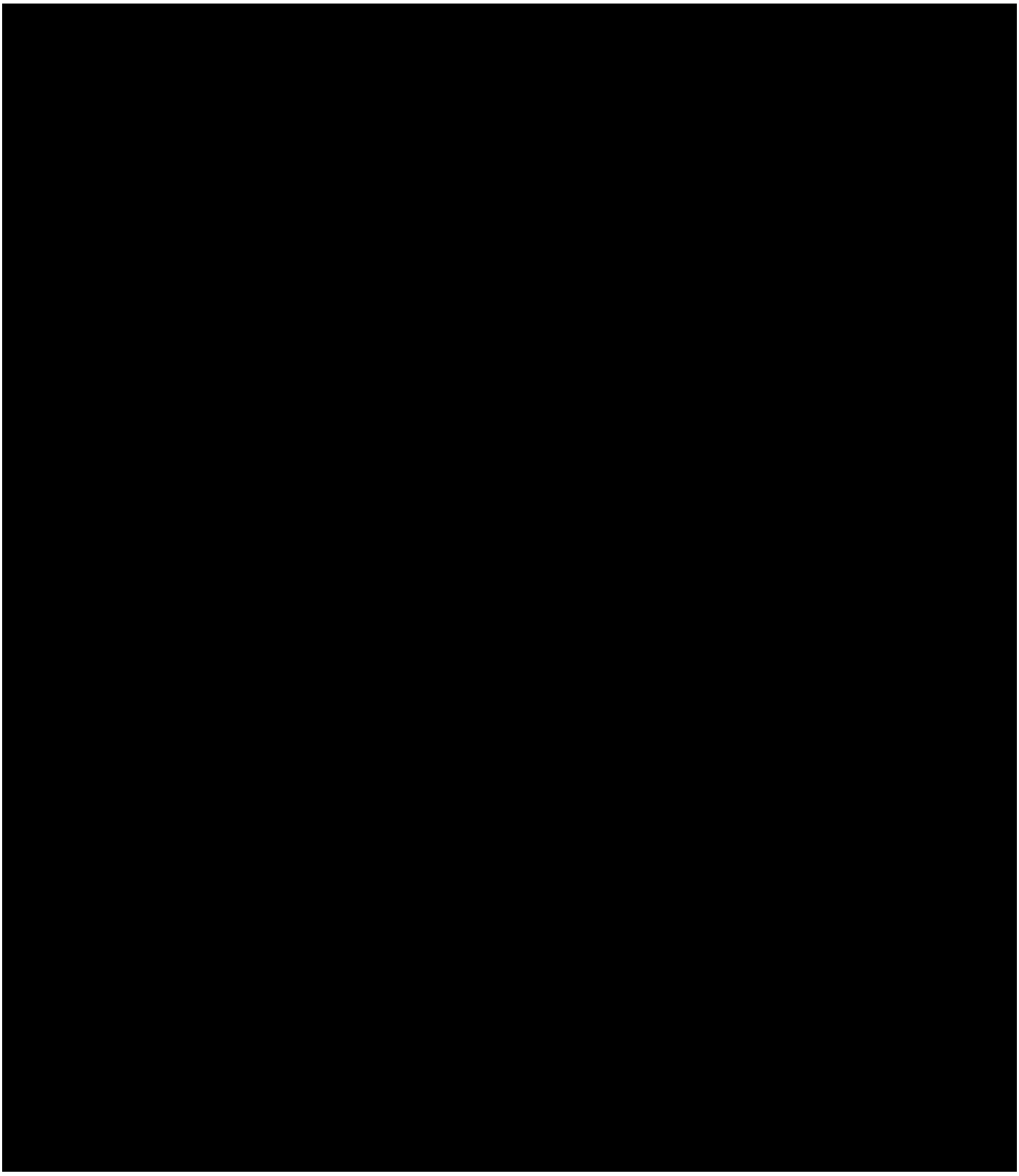

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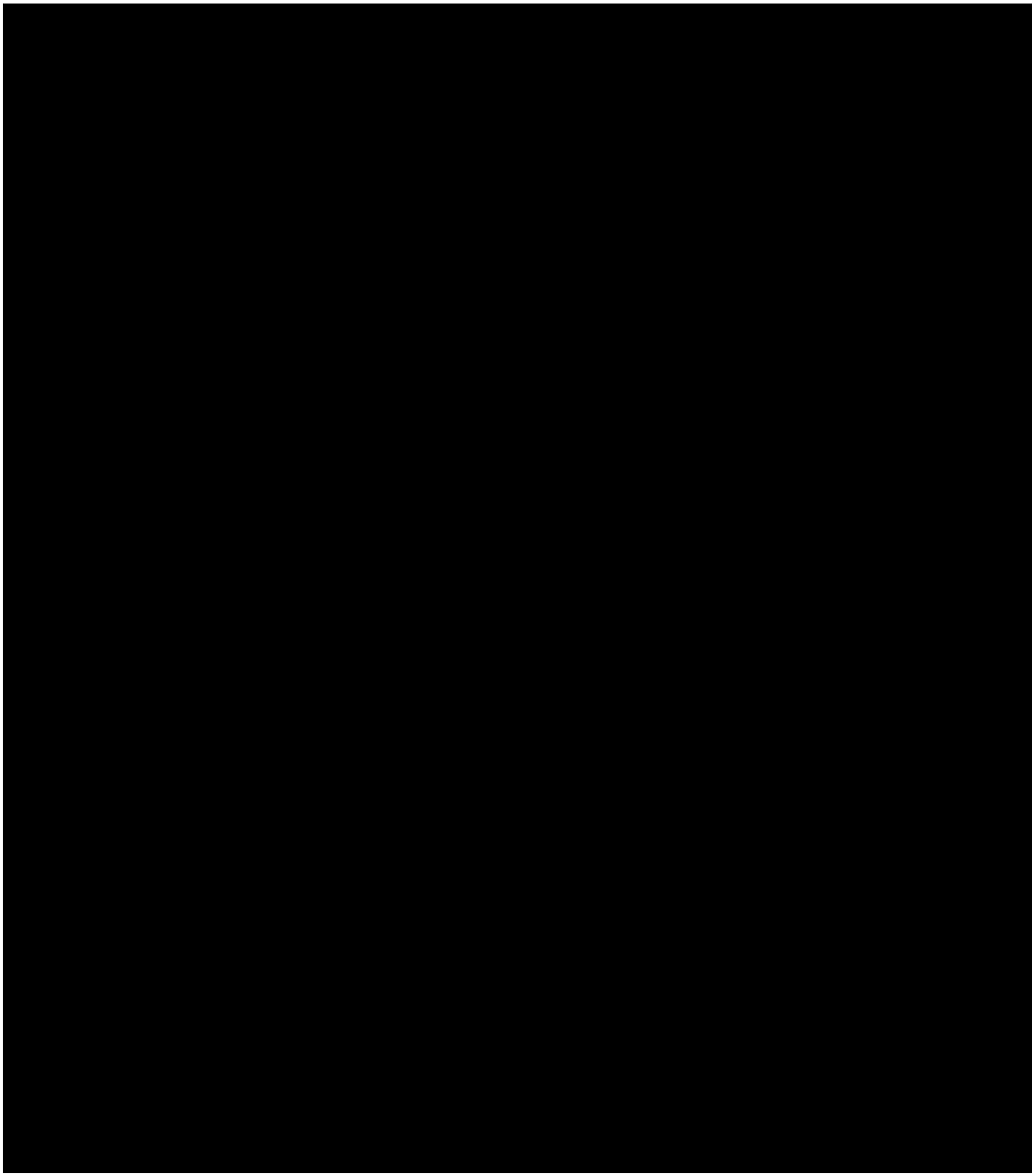

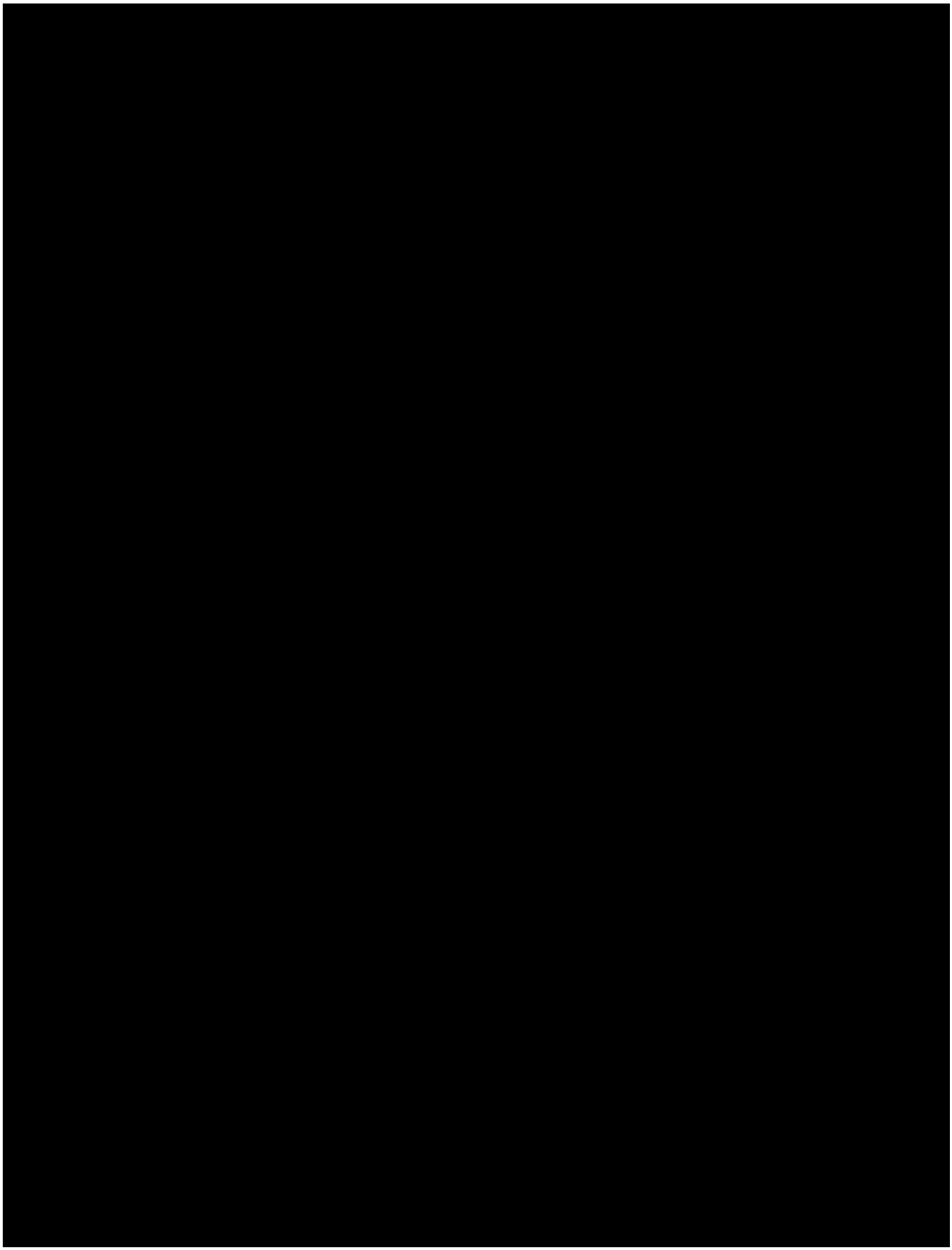

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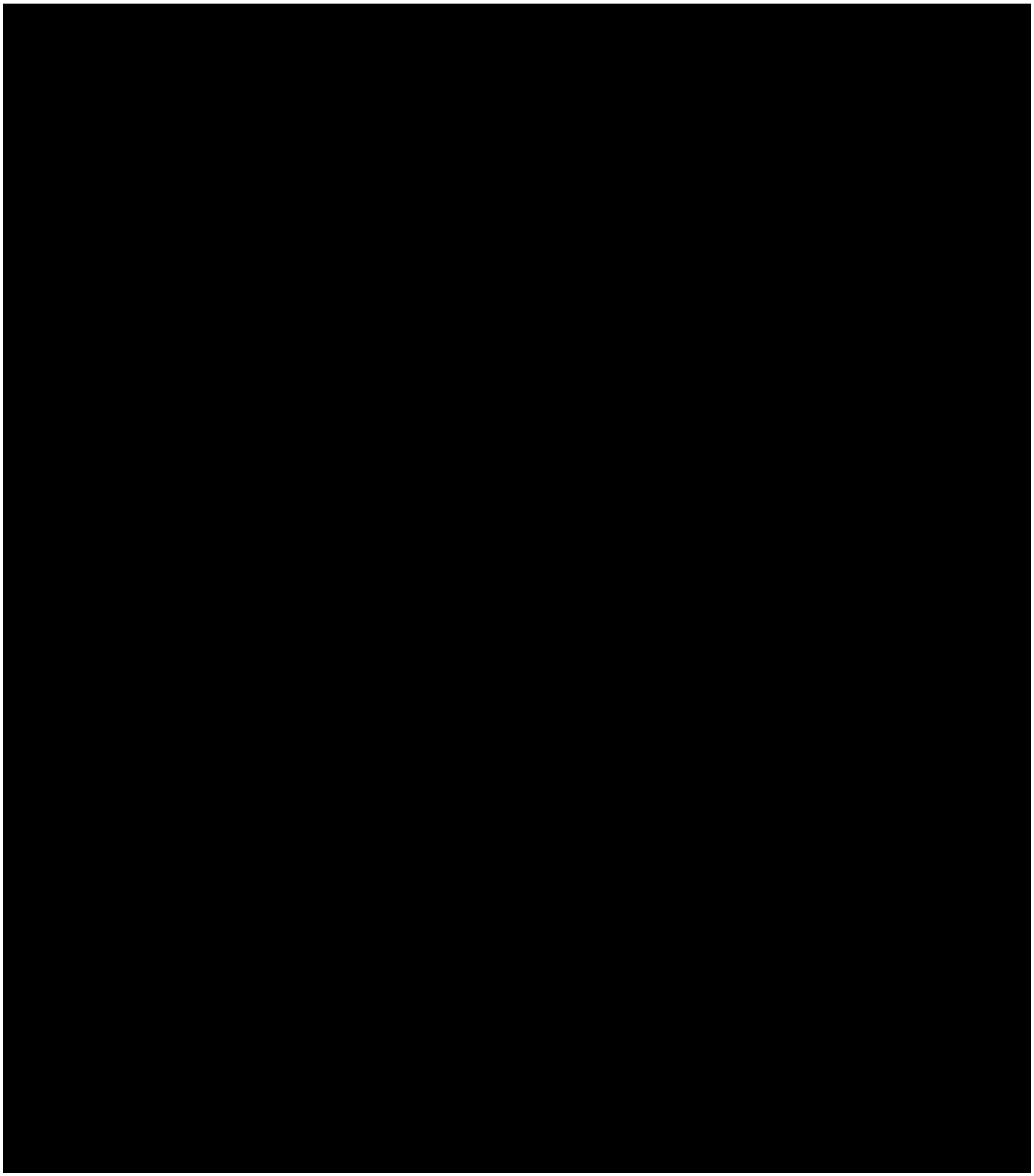

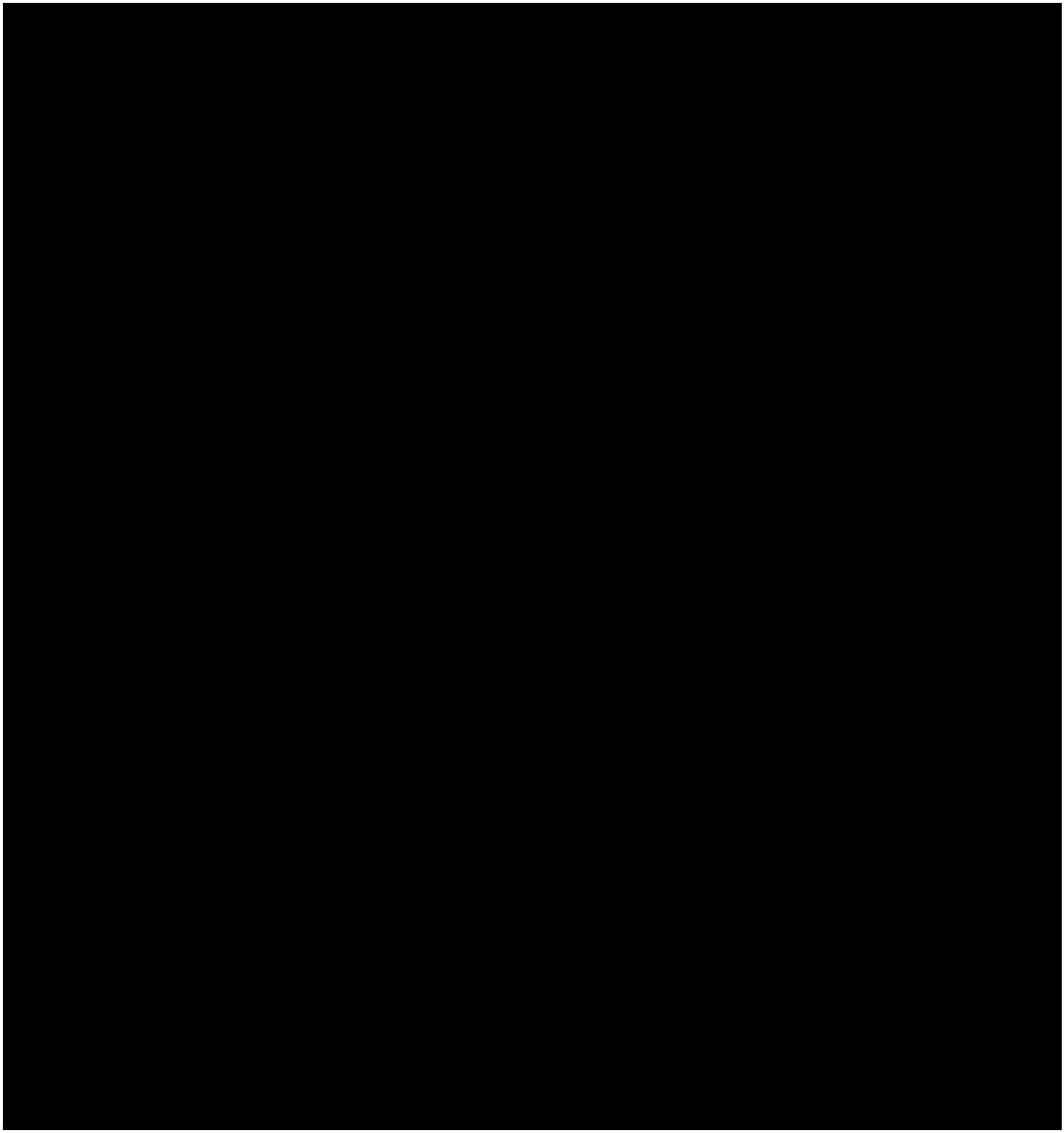

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Additional Security Programs and Controls

Additional information on the steps IGT takes to ensure the security of the Texas Lottery's scratch games – and the games of all of our customers – are discussed in these sections:

- 8.3.21. Benday Patterns.
- 8.3.22. Security Tint or Primer.
- 8.6. Randomization.
- 8.7. GLEPS.
- 8.8. Prizes Guarantees.
- 8.9. Security Specifications.
- 8.13. Employee Security.
- 8.16. Plant and System Security.
- 8.25. Delivery of Tickets to Lottery Warehouse(s).

Rather than repeat the requested information in this section, IGT has elected to describe these security procedures and controls in the specified sections listed above.

INSERT
Side-by-Side: IGT's Presses at a Glance

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INSERT IGT's Instant Ticket Production Process

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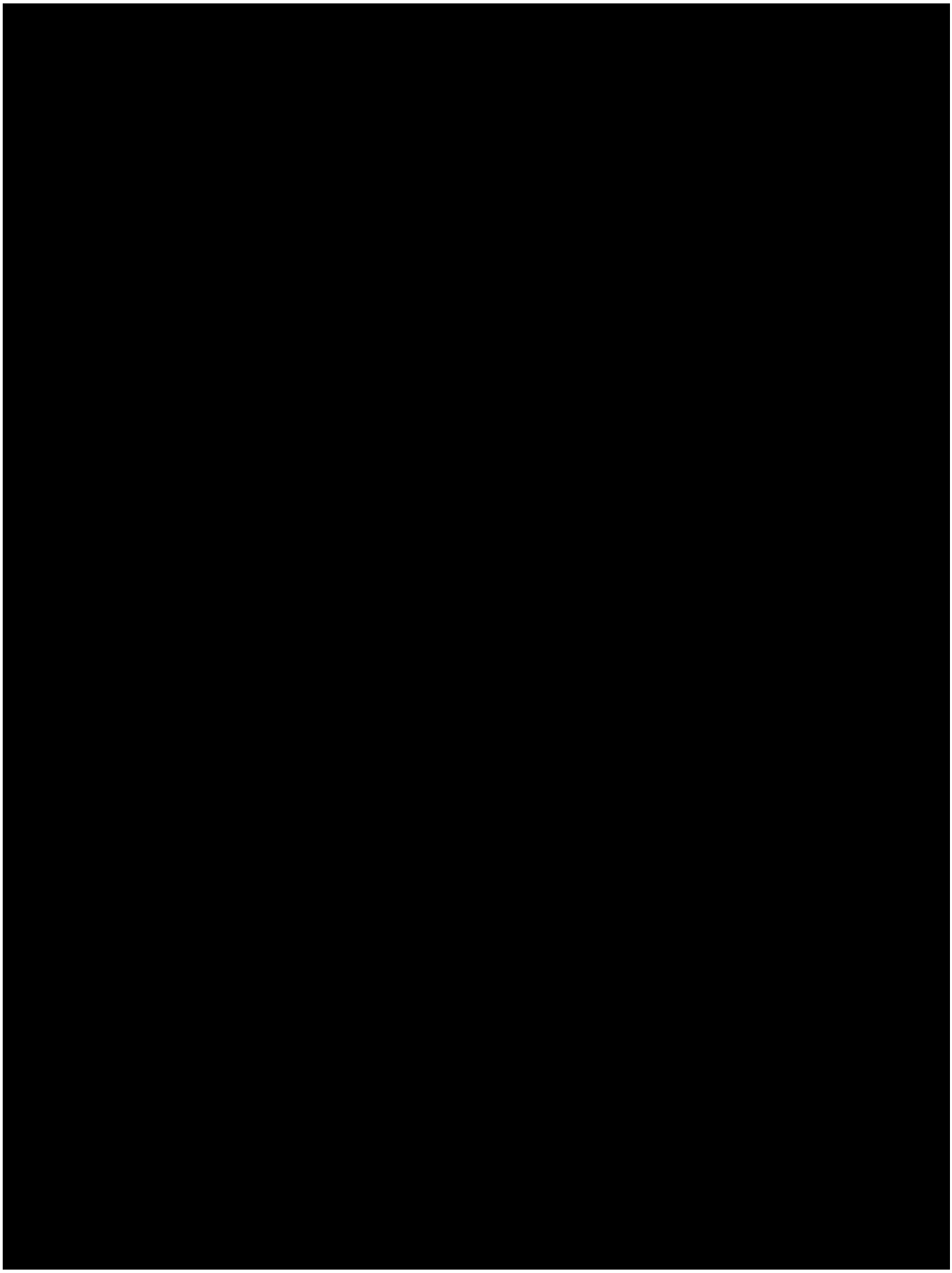

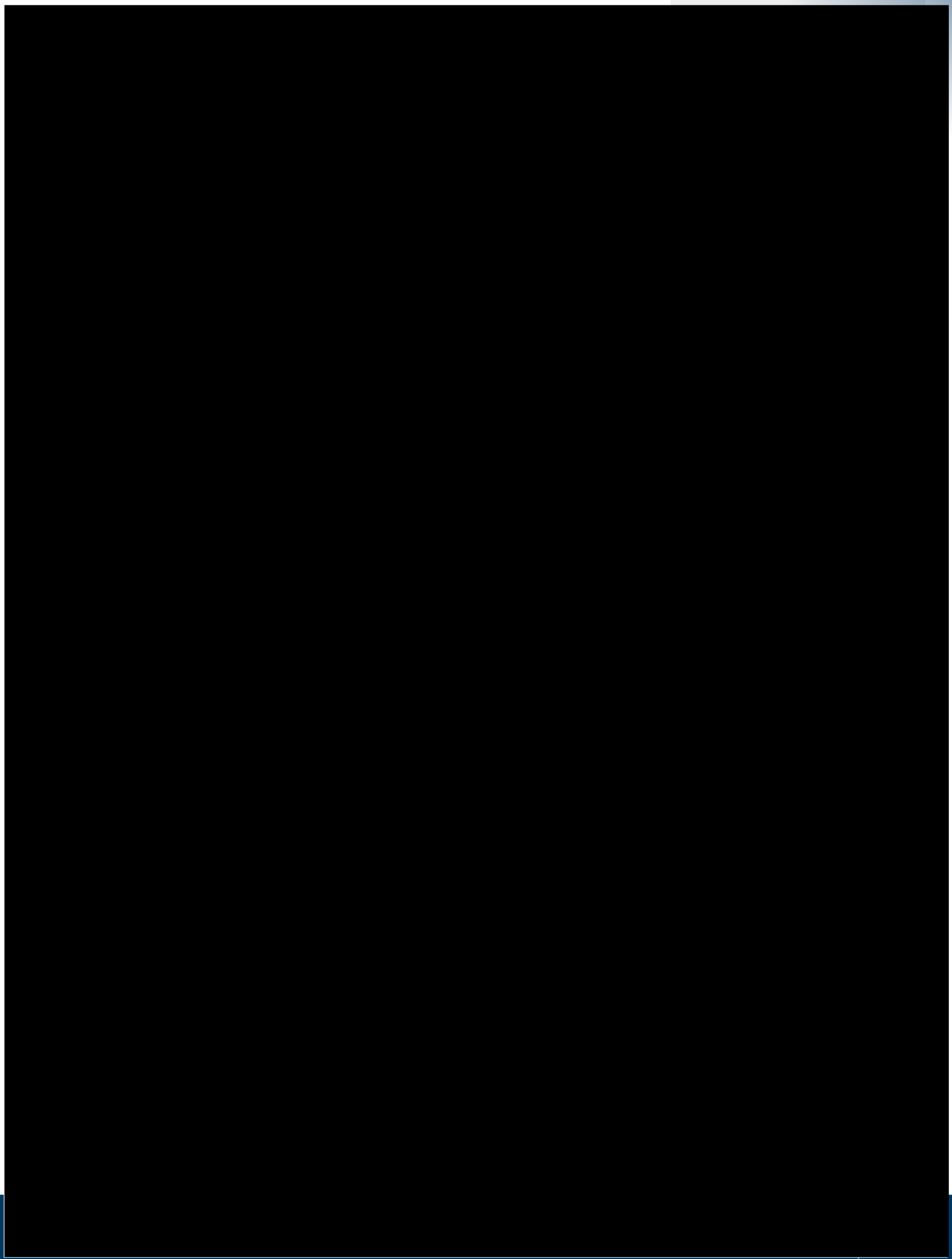

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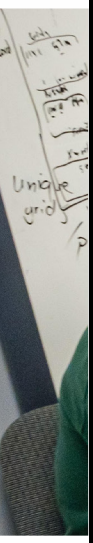

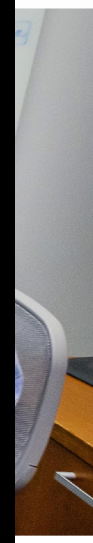

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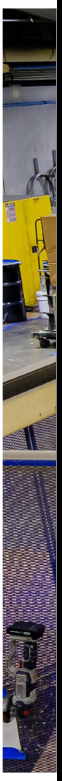

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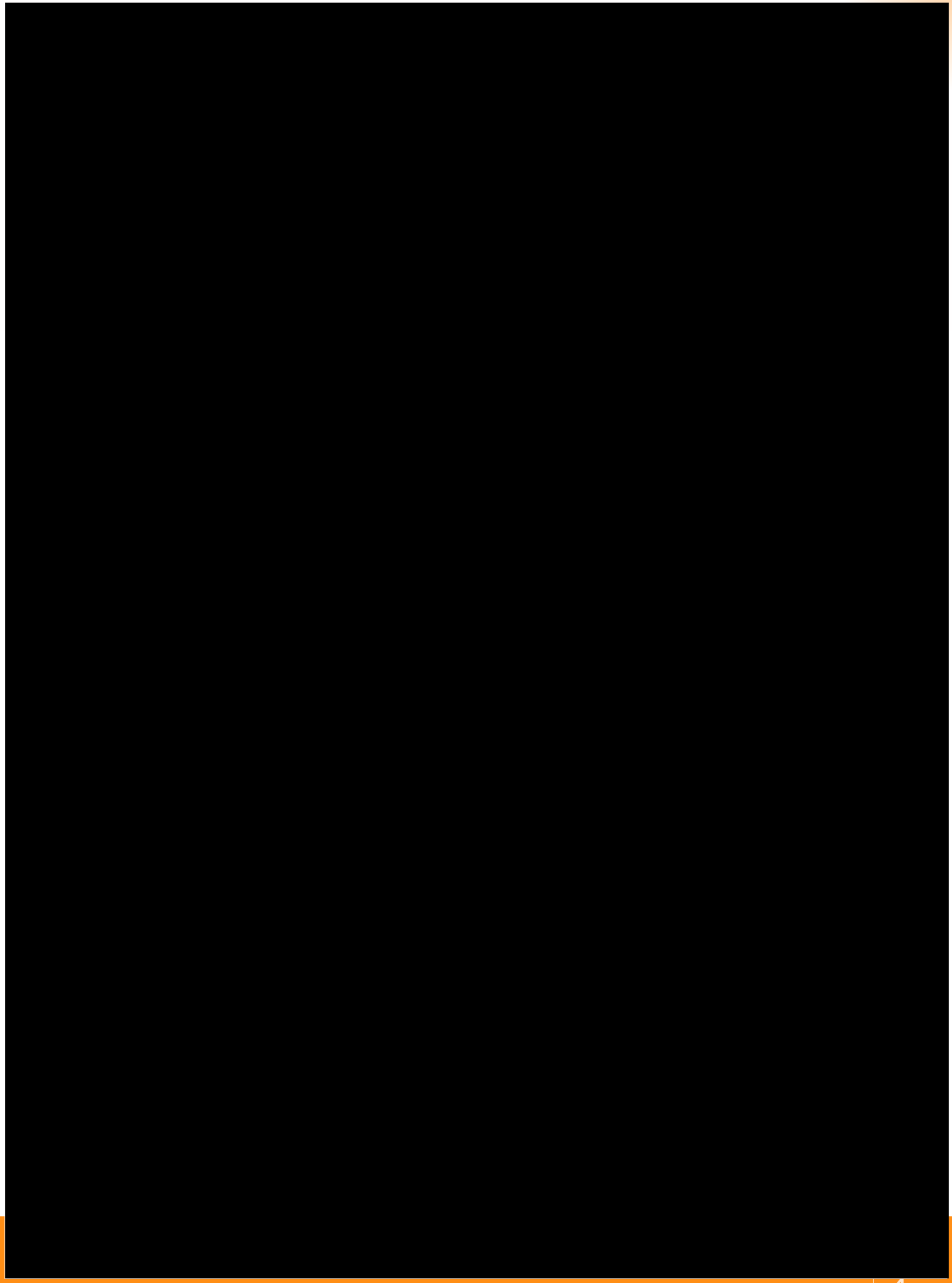

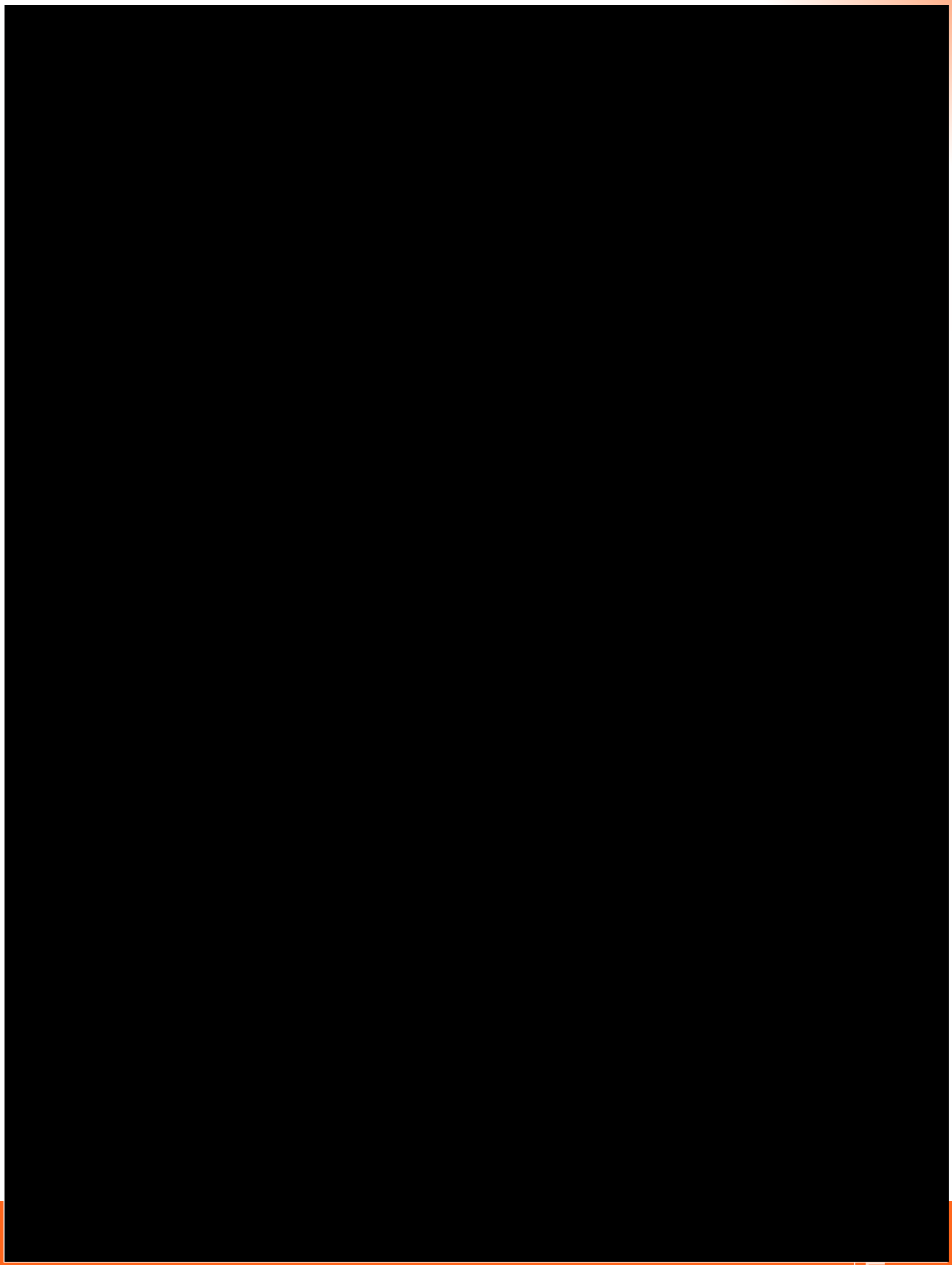

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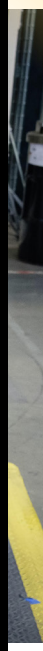

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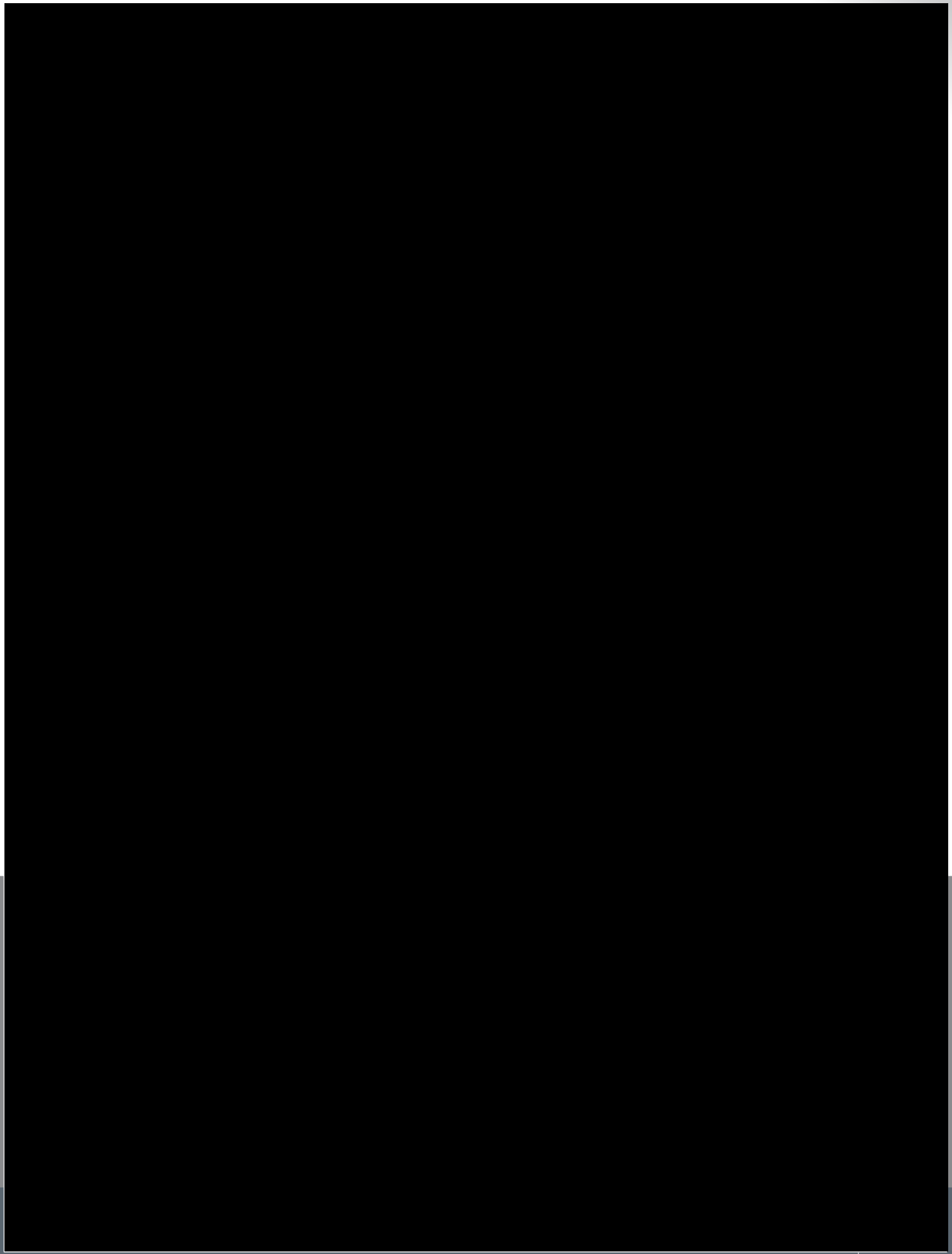

8.2.

Manufacturing Specifications

The Successful Proposer must manufacture individual game tickets that meet the following minimum requirements.

IGT has read, acknowledges, and will comply with this requirement.

As we have during the current contract, we will manufacture individual game tickets that meet or exceed the minimum requirements outlined throughout RFP Part 8, Scratch Ticket Manufacturing.

8.3.

Ticket Stock

Tickets may be printed on various stocks, including but not limited to: 10 point virgin/recyclable coated two (2) sides, 10 point stock coated one (1) side and foil laminate one (1) side, 10 point stock coated one (1) side and holographic laminate one (1) side. All ticket stock must not curl, separate, or be easily split.

All products provided by the Successful Proposer under the Contract must conform to the Texas Lottery's requirements. In addition, if required by the Texas Lottery, the Successful Proposer must produce proof to the Texas Lottery's satisfaction that its ticket stock meets the guidelines specified in this RFP.

Requirements for ticket stock may vary per game and will be specified by the Texas Lottery in the executed working papers.

The Texas Lottery, in its sole discretion, reserves the right to modify ticket stock requirements at any time during the Contract with notice to the Successful Proposer. All tickets produced by the Successful Proposer under the Contract must be compatible with the ticket dispensing systems utilized now or in the future by the Texas Lottery.

IGT has read, acknowledges, and will comply with this requirement.

Today, IGT produces Texas Lottery games on a variety of approved substrates including 10-point virgin/recyclable coated stock and holographic and foil laminate ticket stock. We further acknowledge that the ticket stock required by the Lottery will be specified in the Executed Working Papers for each game.

8.3.1. Pack Insert Pieces

Except as otherwise specified by the Texas Lottery, the Successful Proposer shall be required to provide one (1) Pack Insert piece which shall be included in each shrink-wrapped pack of tickets. The size of the Pack Insert piece is based upon the size of the ticket dispenser. Currently the dispenser sizes require a 4" x 4", 4" x 8" or 4" x 12" Pack Insert piece.

An additional 500 Pack Inserts must be delivered two (2) weeks prior to ticket delivery. The Pack Inserts must be printed on front and back according to Texas Lottery specifications as indicated in the working papers for a specific game. The working papers must include sample draft artwork of the Pack Insert.

IGT has read, acknowledges, and will comply with this requirement.

8.3.2.
Retail Samples (Voids)

At the Texas Lottery's request, the Successful Proposer may be required to supply approximately one thousand (1,000) (depending upon pack size) voided, non-winning ticket samples delivered in full pack quantities of actual size tickets for each game produced with quantities as detailed in the Customer Specifications Document. Such tickets shall have the word "VOID" printed prominently on the back of the ticket. The word VOID will also replace the ticket number on the front of the ticket. All void samples must be shrink-wrapped in pack sizes equal to those of the actual game. The number of retail (void) samples to be produced is subject to change at the Texas Lottery's sole discretion during the Contract period, based on the use of these samples in the field.

IGT has read, acknowledges, and will comply with this requirement.

8.3.3.
Ticket and Pack Sizes

The Successful Proposer shall be required to produce tickets and packs in various sizes. Ticket and pack size (number of tickets per pack) will vary and will be determined by the Texas Lottery on a game-by-game basis and will be specified in the executed working papers. Ticket and pack sizes may be modified at the Texas Lottery's sole discretion and will be specified in the executed working papers.

IGT has read, acknowledges, and will continue to comply with this requirement.

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8.3.4.
Ticket Orientation

The Texas Lottery will require tickets to be printed in either horizontal or vertical formats.

IGT will continue to print tickets for the Texas Lottery in both horizontal and vertical formats.

8.3.5.
Perforations

Perforations must be placed on the side equal to the width of the dispenser for the ticket regardless of the vertical or horizontal format. Current dispenser widths are 4", 8" and 12". Typically, the 4" size is used unless otherwise requested by the Texas Lottery.

The perforations between tickets must be deep enough, and must contain adequate space between perforations, to allow retailers and/or self-service vending machines to separate the tickets without damage. However, the perforations must not be so deep as to allow unintentional detachment of the tickets during normal handling or dispensing.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.6.
Font Generation

All imaged data (computer controlled) or graphic fonts (display printing) produced by the Successful Proposer for Texas Lottery scratch tickets -- whether the data or fonts are standard, customized or licensed -- must be approved by the Texas Lottery. The Successful Proposer shall be required to provide the Texas Lottery with samples of all imaged fonts and symbols that are available for use on tickets. In addition, the Successful Proposer shall be required to create any imaged data or graphic fonts, whether or not provided as samples, as specified in the executed working papers.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.7.
Imaged Data

The game data will include, but not be limited to the following items: symbols, legends, captions, ticket numbers, pack numbers, validation numbers, and standard bar codes. These must be printed using a computer-controlled imaging printer. Imaged data must meet the following requirements:

IGT has read, acknowledges, and will continue to comply with this requirement.

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8.3.7.a.
Printed in Black or Colored Imaging Ink

Printed in black or colored ink approved by the Texas Lottery on the display printing side.

IGT has read, acknowledges, and will continue to comply with this requirement.

While most of the games we produce for Texas use black imaging, we have produced many games with colored imaging. The Texas Lottery may remember the 7s game that we printed during the current contract which utilized three-color imaging.

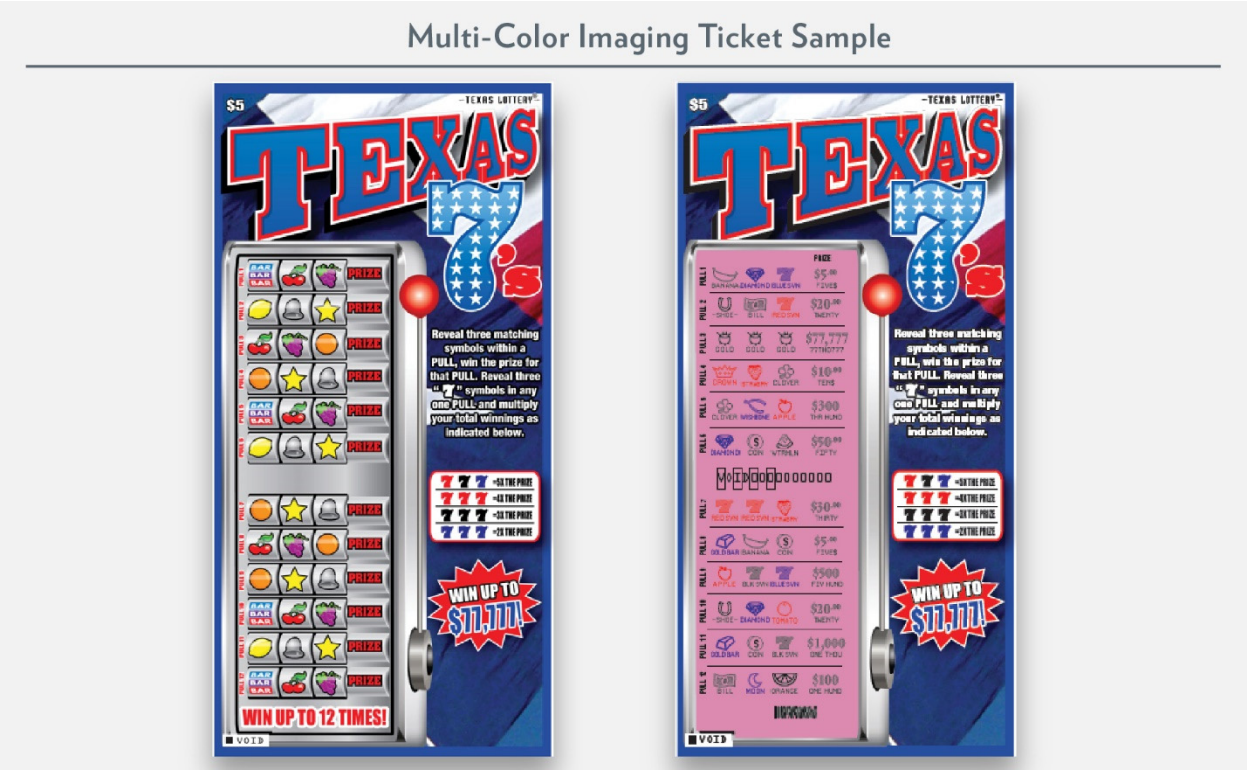

Figure 8.3 – 2. Colored Imaging: Color imaging has been utilized by IGT in the production of such Texas Lottery tickets as Texas 7's, which utilized three-color imaging.

Multi-Colored Imaging

In addition to the standard black ink, IGT has imaged tickets with red, blue, green, orange, purple, and yellow inks. We can image symbols and/or text in up to *four colors* simultaneously on individual tickets. Colored imaging enhances the appearance of the ticket's play area and adds a touch of realism to card games like blackjack.

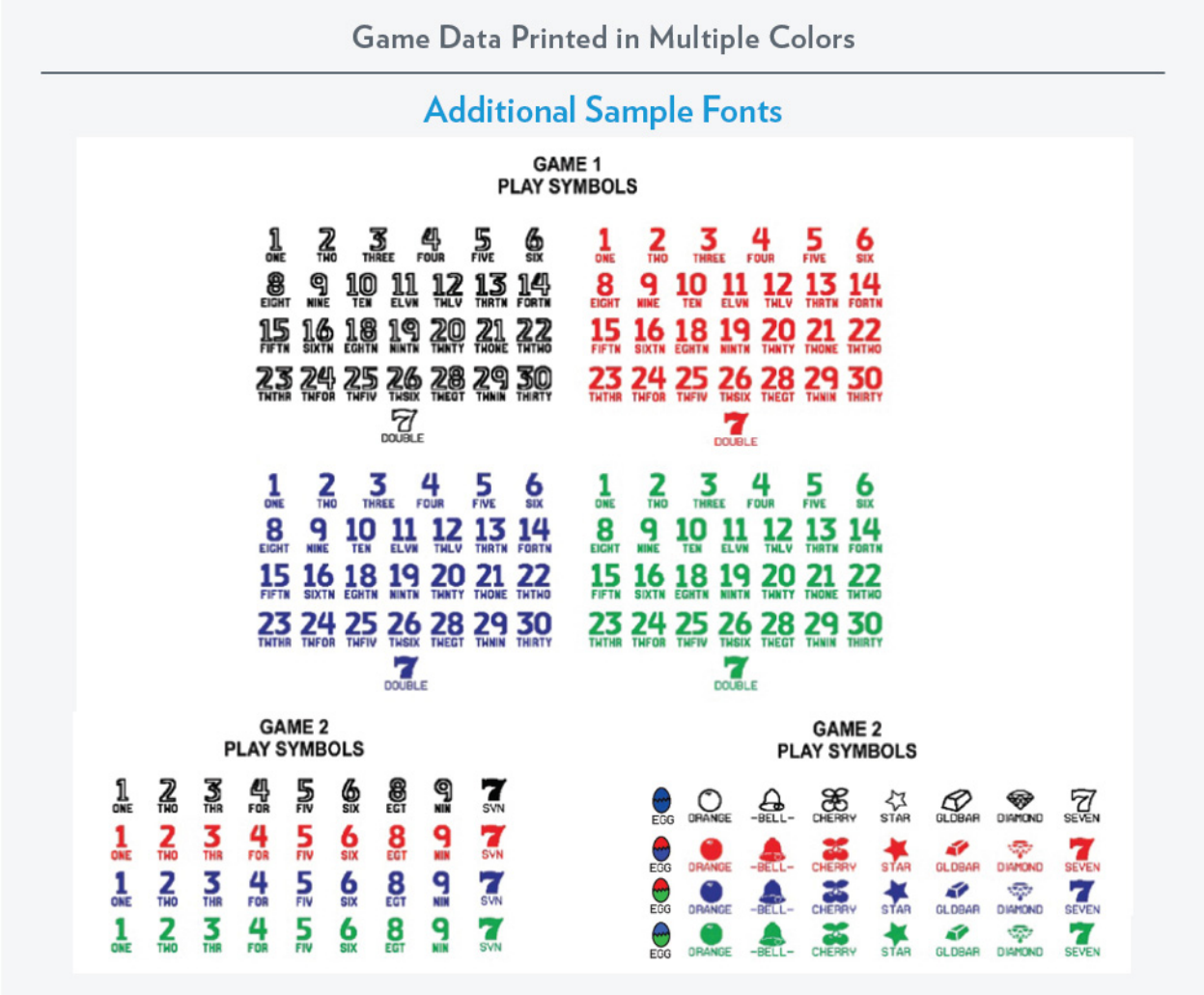

Figure 8.3 – 3. Color Adds Realism to Themes: Play data can be imaged with a variety of colors to enhance the appearance of the play area.

8.3.7.b. Uniform and Aligned Positioning

Uniformly positioned and aligned on the tickets, unless otherwise specified in the executed working papers to prevent potential pick-out problems associated with said positioning and alignment.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.7.c.
Clear, Readable, and Distinguishable Symbols

The imaged symbols must be printed clearly, easily readable and distinguishable, and the images shall not bleed, be distorted or smeared.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.7.d.
Captions and Legends

Accompanied by appropriate captions and legends for play and prize symbols to provide redundancy for security reasons, to prevent consumer disputes and/or to preserve alignment between play and prize symbols and their relative position on the ticket. Captions and legends must spell out or abbreviate the play and prize symbols in smaller font size than the actual play and prize symbols, in a different but recognizable format. The captions and legends used in each game must be specified in the executed working papers and agreed to by the Texas Lottery.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.7.e.
Authorized Data

No scratch ticket will contain more game data than authorized in the executed working papers.

IGT has read, acknowledges, and will continue to comply with this requirement.

Our game programmers, Data Quality Analysts (DQAs), and Quality Assurance (QA) personnel will follow our International Organization for Standardization (ISO) procedures to ensure that each ticket will only contain the game data authorized by the Texas Lottery. IGT tickets will not contain any additional game data beyond the data authorized in the Executed Working Papers for each game.

8.3.7.f.
Game Data Security Guidelines

All game data must meet Texas Lottery security guidelines as specified in this RFP and as may be required during the Contract term with respect to compromise and resistance to alteration.

IGT has read, acknowledges, and will continue to comply with this requirement.

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8.3.7.g.
Imaged Data Must Not Be Damaged

The imaged data must not be damaged to a degree where the imaging is made illegible in the course of removing the scratch ticket coating, using normal pressure. The protective coating/seal coat must remain intact. In addition, after removal of the scratch ticket coating, by application of any commonly-occurring solvent, perspiration, saliva, water, soft drinks, coffee, etc., and then moderate rubbing (a minimum of ten (10) strokes) with a tissue, cotton swab or other soft object, the imaged data must remain readable.

IGT has read, acknowledges, and will continue to comply with this requirement.

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8.3.7.h.
Imaged Symbols Completely Covered

Each and every imaged symbol on the front of the ticket must be completely covered by scratch ticket coating with the exception of the quality control inspection window(s) on each ticket. Additionally, an exception to this requirement is granted for any game where the imaging is duplicated on the security coating, visible through translucent security coating or any other process so players know where to scratch.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.7.i.
Imaging Must Meet Required Specifications

Any and all imaging must meet the requirements as specified in the executed working papers regardless of design, ticket size and press layout.

IGT has read, acknowledges, and will continue to comply with this requirement.

We employ many checks and inspections during our game development and production processes to guarantee that we meet this requirement.

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8.3.8.
Game Pack Numbers

Each pack of tickets within a game must be identified with a unique consecutive and nonduplicating pack number (except for omissions that occur in production) for use in controlling ticket distribution, retailer inventory and accounting. Game and pack numbers must appear on the back of the ticket above the bar code image.

IGT has read, acknowledges, and will continue to comply with this requirement.

IGT will continue to image the game, pack, and ticket numbers above the ITF bar code that is printed on the back of each ticket we supply to the Texas Lottery.

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8.3.9.
Ticket Numbers

Each ticket within a pack must display a unique sequential number and reverse ticket count such that the ticket count left in the pack is to be included as part of the ticket number. For example, numbering will begin on a 250 ticket pack with 001(250), 002(249) . . . 250(001). The ticket numbers must be consecutive and non-duplicating in the pack and no omissions are allowed within the pack. Ticket numbers must appear on the back of the ticket and must follow the game and pack number printed above the bar code.

In addition, a quality control inspection window must be placed on the front of all tickets. Some printing processes may require more than one (1) ticket window. This window must contain the three-digit ticket number as printed on the back of the ticket. Proposers must document the procedures used to assure that ticket numbers are consecutive and must not appear more than one (1) time per pack.

IGT has read, acknowledges, and will continue to comply with this requirement.

Procedures Used to Ensure Consecutive and Unique Ticket Numbers

Our QA procedures ensure ticket numbers are consecutive and not duplicated within a pack.

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8.3.10.
Validation Number

A unique "validation" number will be imaged on the front of the ticket. The format of the validation number will be detailed in the Customer Specifications Document. This validation number must be covered with a scratch ticket coating and must meet the requirements of the Texas Lottery. The location of the validation number will be at the approval of the Texas Lottery.

IGT has read, acknowledges, and will continue to comply with this requirement.

Specifically, we will continue to image a unique 13-digit validation number on the front of each ticket as detailed in the Customer Specifications Document. The location of the validation number will be as specified in the Executed Working Papers for each game approved by the Texas Lottery.

8.3.11.
Validation Algorithm

The Successful Proposer must use the low-tier algorithm the Texas Lottery currently has in use, subject to change/revision during the Contract term in the Texas Lottery's sole discretion. The Texas Lottery Operations and Services vendor (currently IGT Texas) will provide the software code to the Successful Proposer. The Successful Proposer must provide a compatible mid/high-tier algorithm within two (2) Days of Contract execution if the algorithm has changed or the Successful Proposer has not recently done business with the Texas Lottery. Otherwise, the Successful Proposer must use the mid/high-tier algorithm provided by the Texas Lottery.

IGT has read, acknowledges, and will continue to comply with this requirement.

We will continue to use the current low-tier algorithm specified by the Texas Lottery. We understand the low-tier algorithm is subject to change or revision during the Contract term at the sole discretion of the Lottery.

We further acknowledge that our associates – IGT Texas, your current Lottery Operations and Services vendor – will provide the software code for the low-tier algorithm to us (if we are chosen as a Successful Proposer) in the event of any change.

As a current supplier of scratch tickets to the Texas Lottery, we commit to continue to use the mid-/high-tier algorithm provided by the Lottery if we are granted a new contract.

8.3.12.
Back of Ticket Bar Codes

Each ticket must contain a bar code imaged on the back of the ticket. The bar code will consist of a game ID, the pack number, and the individual ticket number. The Successful Proposer must place the bar code in a location suitable for reading by the validation equipment used by the Texas Lottery. If any restrictions on placement apply, the Proposer must state such restrictions in its Proposal. The bar code will have a quiet zone at each end. The format of the bar code will be detailed in the Customer Specifications Document. The bar code must meet ANSI specifications, achieve a first-time read rate of 95%, achieve a third-time read rate of 99% and be printed to Texas Lottery specifications. The Successful Proposer must be able to support standard bar codes.

IGT has read, acknowledges, and will continue to comply with this requirement.

We can position the inventory bar code anywhere on the back of Texas Lottery tickets subject to quiet zone specifications for the particular symbology of the bar code and standard printing and perforation tolerances.

In addition to the ITF symbology specified by the Lottery for its inventory bar code on the back of tickets, we can support every standard bar code used in the lottery industry today, including but not limited to PDF417 (full and truncated), Data Matrix, and Code 128. Should you determine that you'd like to use another symbology, we will be happy to work with you to implement that symbology.

8.3.13.
PDF 417 Bar Codes

The Successful Proposer shall be required to print PDF 417 or other bar codes in the play area for all Texas Lottery scratch tickets. The addition of this bar code to the ticket design will be at no additional cost to the Texas Lottery. The bar codes shall comply with the standards agreed to by the Texas Lottery.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.14.
Universal Product Codes (UPC)

UPC bar codes must be printed on the back of all scratch tickets as specified in the executed working papers and the Customer Specifications Document.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.15.
Screened Price Point

The price point of each scratch ticket game must be screened on the back of the ticket in no more than a 25% screen of the same ink color as the ticket back.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.16.
Scratch Ticket Coating

The scratch ticket coating must be opaque and of such quality as to maintain the security of the ticket symbols and validation information. (Refer to Section 8.27.1 regarding security expectations.) The border between the scratch surface and the uncovered portion of the ticket must be sharp and even, i.e., the scratch ticket coating may not "drip" onto the display printing. The scratch ticket coating must be smooth and regular to the touch.

The scratch ticket coating must be readily removable with a reasonable degree of resistance when scratched with commonly used items (scrapers, knives, keys, coins, etc.). After the scratch ticket coating is removed, significant residue must not be present. Scratch ticket coating must remain readily removable for a minimum shelf life of thirty-six (36) months under normal warehouse conditions. The scratch ticket coating must be non-toxic and not irritating to the skin. It must cover the play area and overlay into the display area.

The design of the overprint must be such that virtually all of the scratch ticket coating is covered by an overprint color (either a "Full" or "Screened Down" intensity). The overprint must extend up to or beyond the edges of the play area onto the paper, foil or holographic and must be regular so that the consumer may easily detect any irregularities in the ticket.

Any and all scratch ticket coating areas must meet the requirements as specified in the executed working papers regardless of design, ticket size and press layout.

IGT has read, acknowledges, and will continue to comply with this requirement.

Scratch-Off Material

We design and print our tickets to ensure that:

- The border between the scratch-off surface and the uncovered portion of the ticket is sharp and even, i.e., that the scratch-off material does not “drip” onto the display printing.
- The overprint layer covers all the scratch-off material, extends up to or beyond the edges of the scratch-off onto the paper or foil, and is regular. This allows a player to easily detect any irregularities in the ticket.

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8.3.17.
Protective Coating/Seal Coat

The game data under the opaque scratch ticket coating must be covered by a transparent coating in a manner such that the symbols are protected when the consumer rubs off the scratch ticket coating. If the seal coat is removed, it must exhibit evidence of tampering and be non-repairable.

IGT has read, acknowledges, and will continue to comply with this requirement.

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8.3.18.
Display Printing

Display colors on the front of the ticket must be printed using either four-color process or spot colors or both. Spot colors may be specified by the Texas Lottery as PMS (Pantone® Matching System) colors or equivalents. One (1) color must be available for printing on the back of the ticket. The Successful Proposer is required to employ the necessary production processes in order to produce the game tickets as represented in the executed working papers.

Inks must be of such nature that there is no "offsetting" or picking from the front of tickets to the back of tickets on an adjacent page, and vice versa.

Subject to normal printing trade tolerances and practices, the display printing must be properly registered.

IGT has read, acknowledges, and will continue to comply with this requirement.

IGT will continue to print the display colors on the front of the Texas Lottery's scratch tickets using 4-color process, spot colors, and when specified in the Working Papers for a game, a combination of both 4-color process and spot colors.

Our printing process ensures there's no "offsetting" or picking from the front of tickets to the back of tickets on an adjacent page and vice versa.

8.3.19.
Overprint

The overprint colors must be printed on top of the scratch ticket coating. The overprint must consist of an artistic design that covers at least the same dimensions as the scratch ticket coating. The overprint must be well defined, un-blurred and sharp in order to highlight any tampering of the ticket.

Inks must be of such nature that there is no "offsetting" or picking from the front of tickets to the back of tickets on an adjacent page, and vice versa.

Subject to normal printing trade tolerances and practices, the scratch ticket coating and overprint must be properly registered.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.20.
Ink Colors

The Successful Proposer must be able to produce a total of up to ten (10) colors projected to be five (5) front display colors, with one (1) display color being a full bleed, one (1) back color, three (3) overprint colors and one (1) ultraviolet ink for benday patterns. When using a four-color process method of printing one (1) design across the display graphics and the overprint area, colors must be consistent from one surface to the other, i.e., the same ink used for display and overprint colors. The printing method (or process) must be approved by the Texas Lottery.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.21.
Benday Patterns

The benday patterns used for all games must be printed in a configuration approved by the Texas Lottery. Unless previously authorized by the Texas Lottery, the benday pattern must be printed using the maximum number of patterns used based on the number of tickets across the web and the number of repeats on the press in each game. The use of ultraviolet or fluorescent inks that are visible only under a specialized light source are required to print the benday pattern. Benday patterns must cross every symbol and prize and must be applied in such a manner as to cause detection if an alteration has taken place.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.3.22.
Security Tint or Primer

Each game must include a security tint in the play area on either or both the lily pad or seal coat which provides security against color copying. The design must be such that removal or tampering of the lily pad and/or seal coat will exhibit evidence of tampering. Security tints are required regardless of paper stock or printing process. The color tint used will be agreed upon by the Texas Lottery and the Successful Proposer and specified in the executed working papers. If the Successful Proposer believes that any of the Texas Lottery's requested changes would not be beneficial or appropriate, the Successful Proposer must contact the Texas Lottery to discuss the concern. Proposers must submit sample draw-downs of all security tint colors available on specified paper stock at the time of submission of response to this RFP, with a breakdown of the components that make up each color (e.g., white lily pad and yellow security tint).

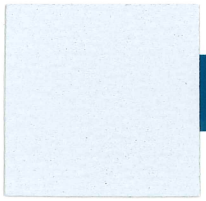
IGT has read, acknowledges, and will continue to comply with this requirement.

In the **Sample Draw Downs** insert that follows this page, we've provided sample draw-downs of all the security colors available on 10-point paper stock coated on two sides and 10-point foil stock coated on one side. A breakdown of the components of each color is also provided.

The appearance and components of our security tints on holographic ticket stock are the same as on foil ticket stock, thus we've only included samples on foil stock to represent both materials.

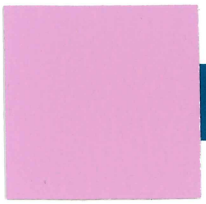
Sample Draw Downs

Base Coat Sample Colors



Board - White

1. Water Based Black
2. Water Based White
3. Water Based White
4. Seal Coat
5. UV Release Varnish

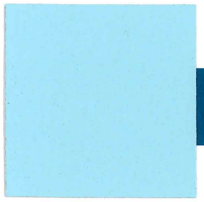


Board - Pink

1. Water Based Black
2. Water Based White
3. Water Based Pink
4. Seal Coat
5. UV Release Varnish

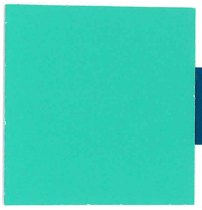
Board - Yellow

1. Water Based Black
2. Water Based White
3. Water Based Yellow
4. Seal Coat
5. UV Release Varnish



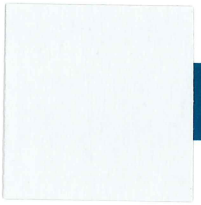
Board - Blue

1. Water Based Black
2. Water Based White
3. Water Based Blue
4. Seal Coat
5. UV Release Varnish



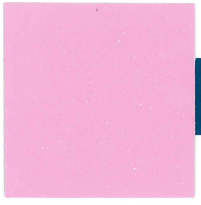
Board - Green

1. Water Based Black
2. Water Based White
3. Water Based Yellow
4. Seal Coat
5. UV Release Varnish



Foil - White

1. Water Based White
2. Water Based Yellow
3. Seal Coat
4. UV Release Varnish

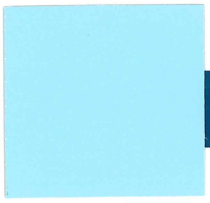


Foil - Pink

1. Water Based White
2. Water Based Yellow
3. Seal Coat
4. UV Release Varnish

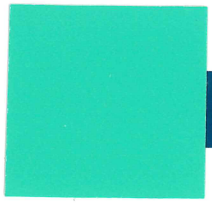
Foil - Yellow

1. Water Based White
2. Water Based Blue
3. Seal Coat
4. UV Release Varnish



Foil - Blue

1. Water Based White
2. Water Based Yellow
3. Seal Coat
4. UV Release Varnish



Foil - Green

1. Water Based White
2. Water Based Blue
3. Seal Coat
4. UV Release Varnish

8.4.

Omissions

8.4.1. Quality Requirements

If any part of a pack fails to meet the quality requirements specified in this RFP, the entire pack must be omitted. Omitted packs must be reflected in the validation and inventory media, and the Successful Proposer shall provide an independently audited report showing the disposition of all omitted tickets. Actual packs omitted must be pulled from the shipping cartons and not delivered to the Texas Lottery. Proposers must provide a detailed overview of the system used to track omitted packs, including, but not limited to, the use of automation, audit tools, etc.

IGT has read, acknowledges, and will continue to comply with this requirement.

If any part of an IGT pack fails to meet the quality requirements specified in this RFP, the entire pack will be omitted. Omitted packs will be reflected in our validation and inventory media, and we will provide an independently audited report showing the disposition of all omitted tickets. Actual packs omitted will be pulled from the shipping cartons and will not be delivered to the Texas Lottery.

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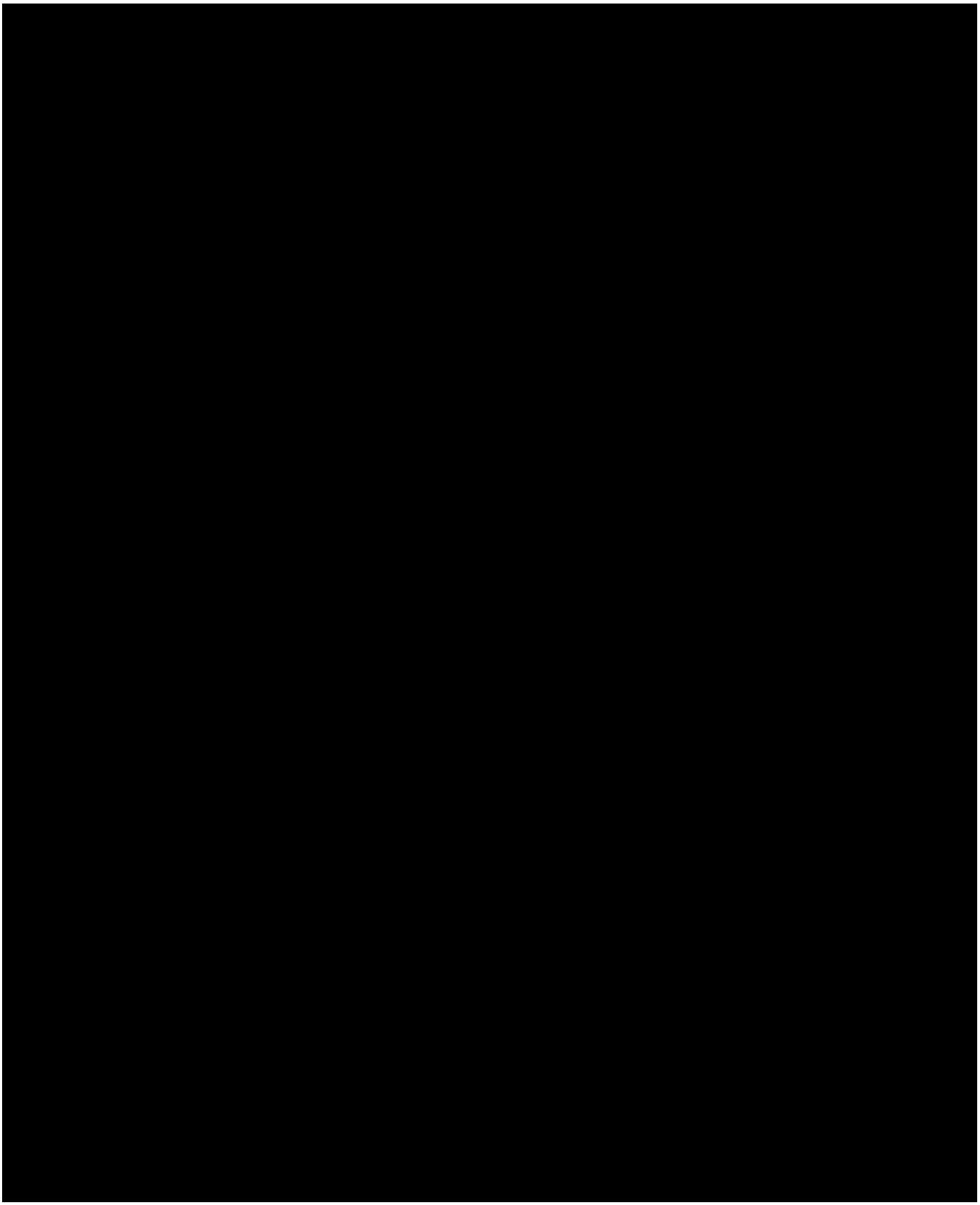

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8.4.2.
Number of Omitted Packs

The number of omitted packs must not result in a variation unacceptable under Section 8.8 (Prize Guarantees) between the End of Production Prize Structure and the executed working papers prize structure as specified in this RFP.

IGT has read, acknowledges, and will continue to comply with this requirement.

IGT acknowledges that the number of omitted packs must not result in a variation unacceptable under RFP Section 8.8., Prize Guarantees, between the end-of-production prize structure and the Executed Working Papers prize structure as specified in this RFP.

During EOG balancing, we ensure that the prize structure identified in the Working Papers is met within the tolerances allowed by the Texas Lottery – despite the packs omitted from the game.

8.5.

Scratch Ticket Coating Quality

IGT has read, acknowledges, and will continue to comply with the requirements of Section 8.5.

8.5.1. Winning and Non-Winning Tickets Not Recognizable

Neither winning tickets nor non-winning tickets shall be recognizable from any characteristic of the ticket other than by the symbols concealed by the scratch ticket coating or other exposing material.

Winning tickets and non-winning tickets produced by IGT will not be recognizable from any characteristic of the ticket other than the symbols concealed by the scratch ticket coating or other exposing material.

We monitor visual consistency throughout each press run as described in our response to Section 8.1., Overview of Ticket Manufacturing Methods, as part of the "Security Procedures and Controls Throughout Ticket Manufacturing" discussion, under the "Quality Control (QC) During Printing" heading. Every ticket we produce for the Texas Lottery must pass numerous automated and visual inspections to verify the registration accuracy of the ticket's images and coatings and, consequently, the visual consistency of all tickets throughout our production process.

8.5.2. Minimize Possibility of Tampering

To maximize the security and integrity of the game and to maximize consumer confidence in the game, the Texas Lottery deems it essential to minimize the possibility of tampering. Ticket design must be such that tampering or attempts to tamper are evident. Accordingly, visible scratches, holes or pitting in the scratch ticket coating that expose any portion of the underlying ticket stock (whether or not any portion of the imaged symbols are exposed) may be cause for the Texas Lottery's rejection of games produced by the Successful Proposer.

We acknowledge that the Texas Lottery deems it essential to minimize the possibility of tampering in order to maximize not only the security and integrity of its games but consumer confidence as well. We understand that any visible scratching, holes, or pitting in the scratch coating on our tickets that exposes the underlying ticket stock, whether or not any portion of an imaged symbol is exposed, is grounds for rejection of a pack (or a game depending upon the proportion of the game that has this weakness).

There are multiple elements in the design and manufacturing of IGT scratch tickets that protect against tampering by making such attempts evident and unviable, such as the following:

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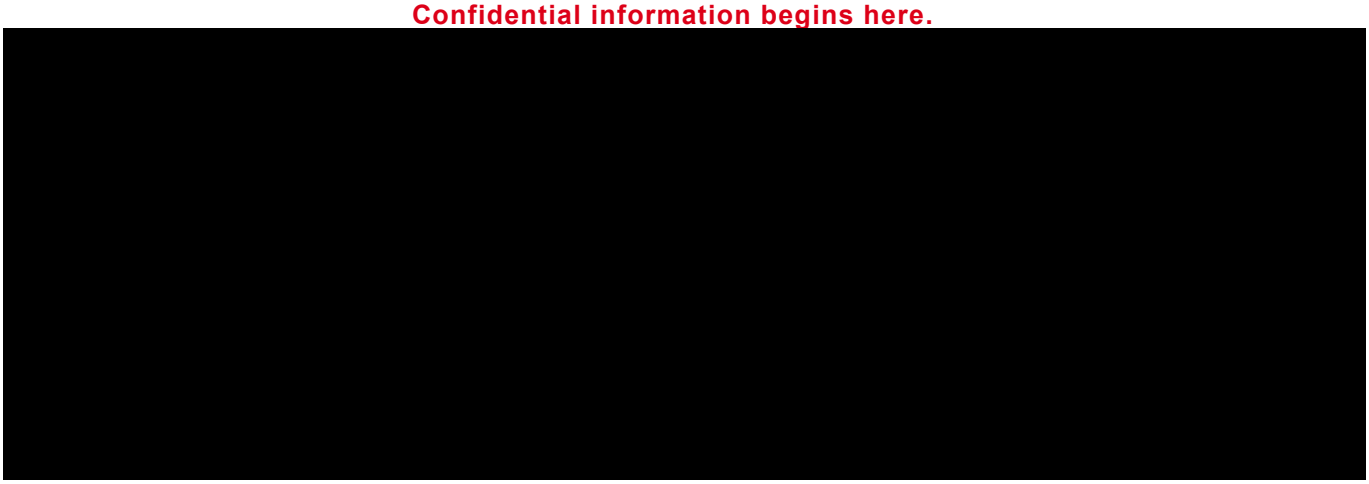

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IGT performs a series of tests throughout each press run to ensure the security of every game we supply to the Texas Lottery and to other customers. A number of these tests are discussed in Section 8.27.1., Guidelines for Scratch Ticket Testing.

8.5.3. Minimize Ticket or Game Compromise

The Successful Proposer must make a continuous and best effort to ensure that the risk of ticket or game compromise is minimized.

As we do today, IGT will continue to make a continual and best effort to ensure that the risk of ticket or game compromise is minimized. Our game design requirements, programming approach, and manufacturing process ensure that the scratch games we produce incorporate all known methods of thwarting ticket compromise. Our techniques increase the amount of readily noticeable damage to tickets to make compromise attempts difficult and noticeable, if not impossible.

Our techniques include, but are not limited to, those discussed in Section 8.5.2., Minimizing Possibility of Tampering (above) and:

- Randomly distributing winning tickets throughout the entire game (meeting customer-determined parameters and prize structure requirements).
- Ensuring winning tickets do not bear any identifying characteristics other than the game symbols, retailer codes, and validation bar code under the scratch coatings.

Richard Modawell, IGT's Director of Quality, Security, and Compliance, regularly speaks with his counterparts at various lotteries and with other experts in the scratch ticket industry to learn of new issues, concerns, and potential solutions so that we can continue to provide fair games to the Texas Lottery, our other customers, and all people who play the games we produce.

8.6.

Randomization

8.6.1. Odds of Winning

The odds of winning any prize of any level on a given ticket must not vary from the odds of winning that prize as stated in the final approved prize structure by reason of deficiencies of randomization including, without limitation, by virtue of the ticket's location in its pack, shipping box, pool, or game; or by virtue of the contents (whether exposed or covered with scratch ticket coating) of any other ticket in the same pack, shipping box, or pool.

IGT has read, acknowledges, and will continue to comply with this requirement.

throughout game Programming and our End of Game (EOG) process, we take great care to ensure that the odds of winning any prize of any amount does not vary from the odds of winning that prize as stated in the final approved prize structure for each game and as outlined in this requirement.

Both our multiple internal audits and independent external audit of each game confirm that we meet this requirement.

8.6.2. High-Tier Winners

High-tier winners must be randomly distributed within the pools of tickets or the game as a whole as specified by the Texas Lottery in the executed working papers. The size of said pools must be agreed to by the Texas Lottery and the Successful Proposer.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.6.3.
Consecutive Non-Winning Tickets

The Successful Proposer must be able to limit the number of consecutive non-winning tickets in a pack. The maximum number of consecutive non-winning tickets within a pack will be specified in the executed working papers by the Texas Lottery.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.6.4.
Inspection of Randomization

The Texas Lottery reserves the right to inspect the methodology and implementation of such randomization on its own or with the aid of an independent consultant at any time. In accordance with the Texas Public Information Act and State Lottery Act, any information gathered throughout this process will be held in confidence by the Texas Lottery and/or its representative.

IGT has read, acknowledges, and will comply with this requirement.

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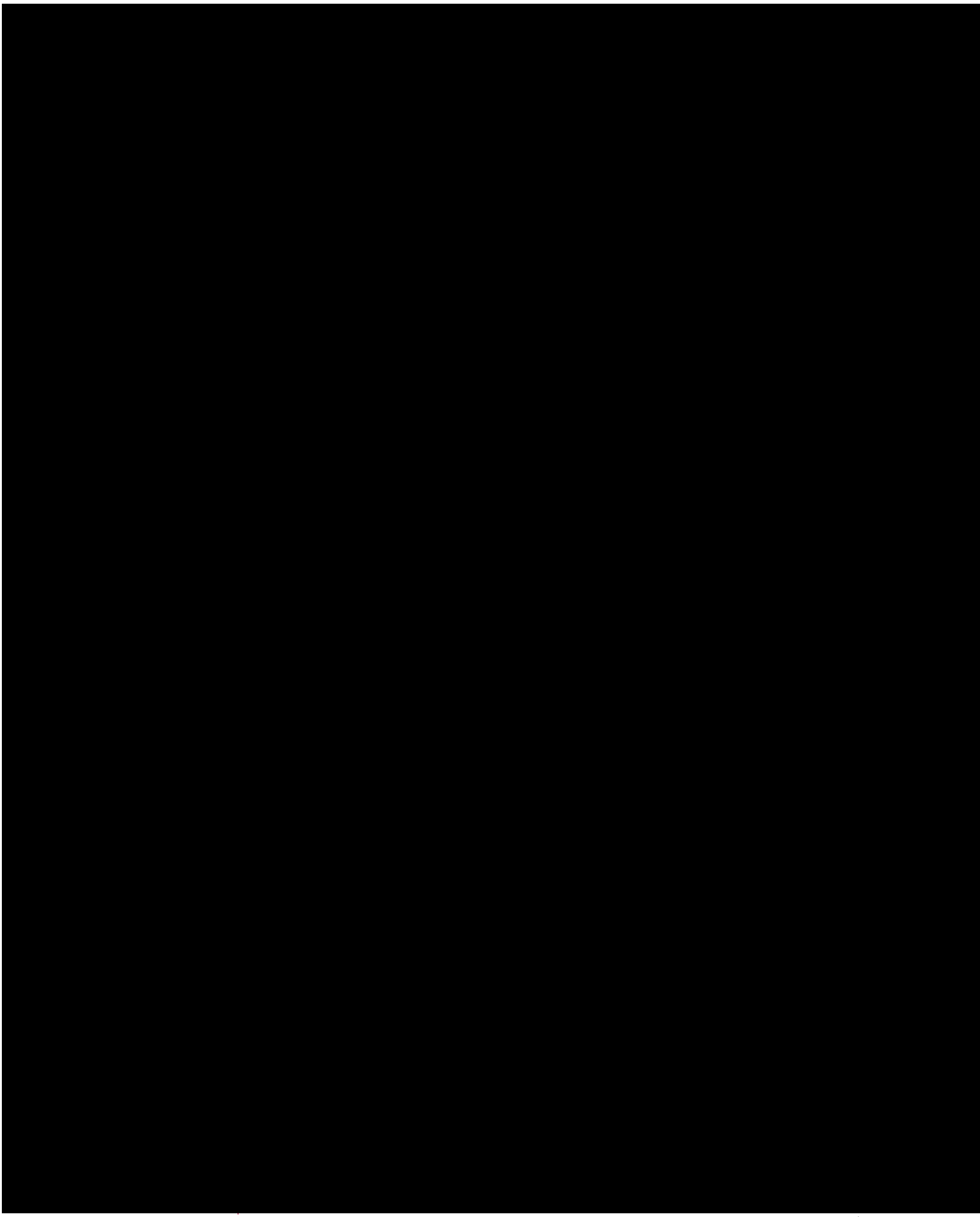

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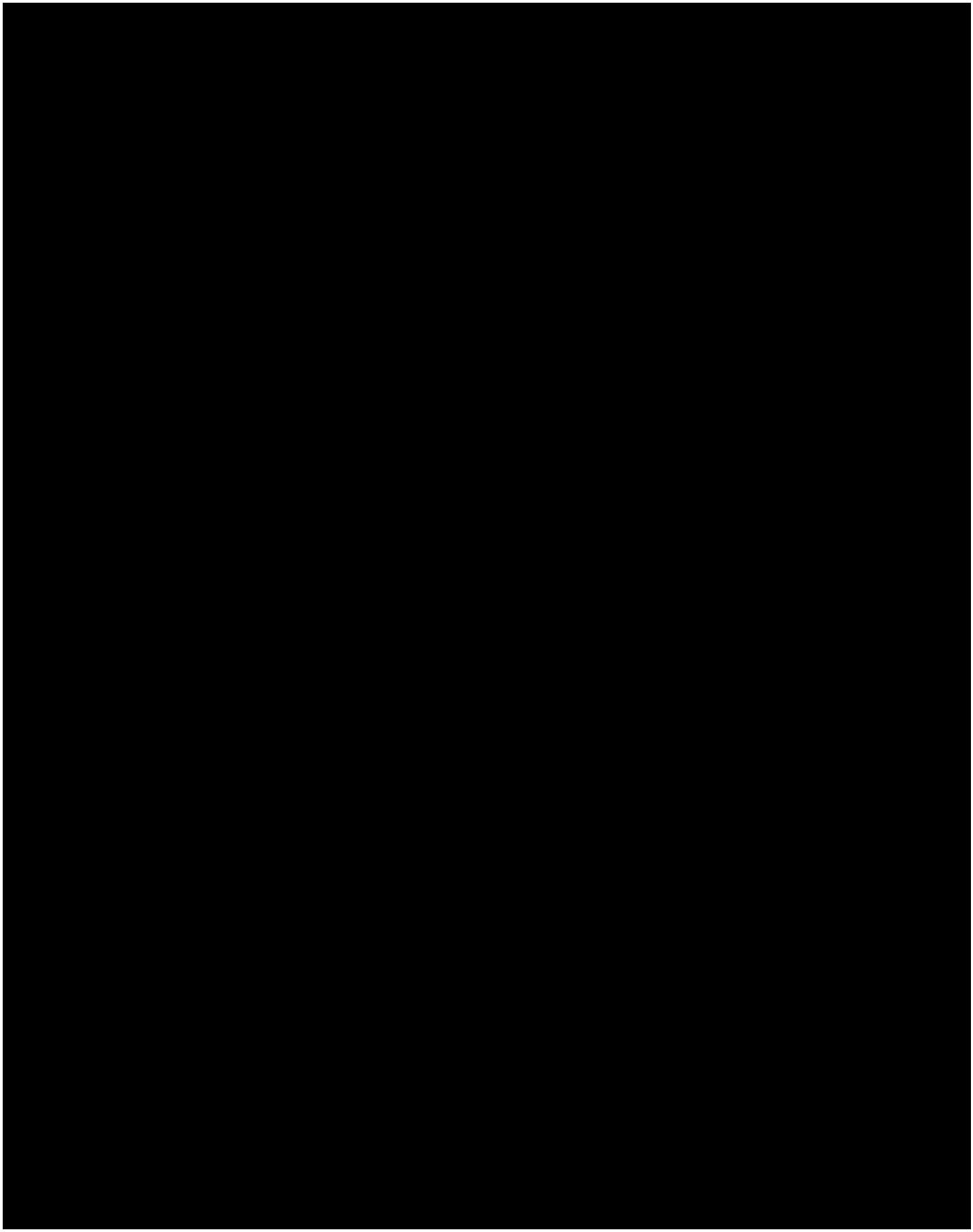

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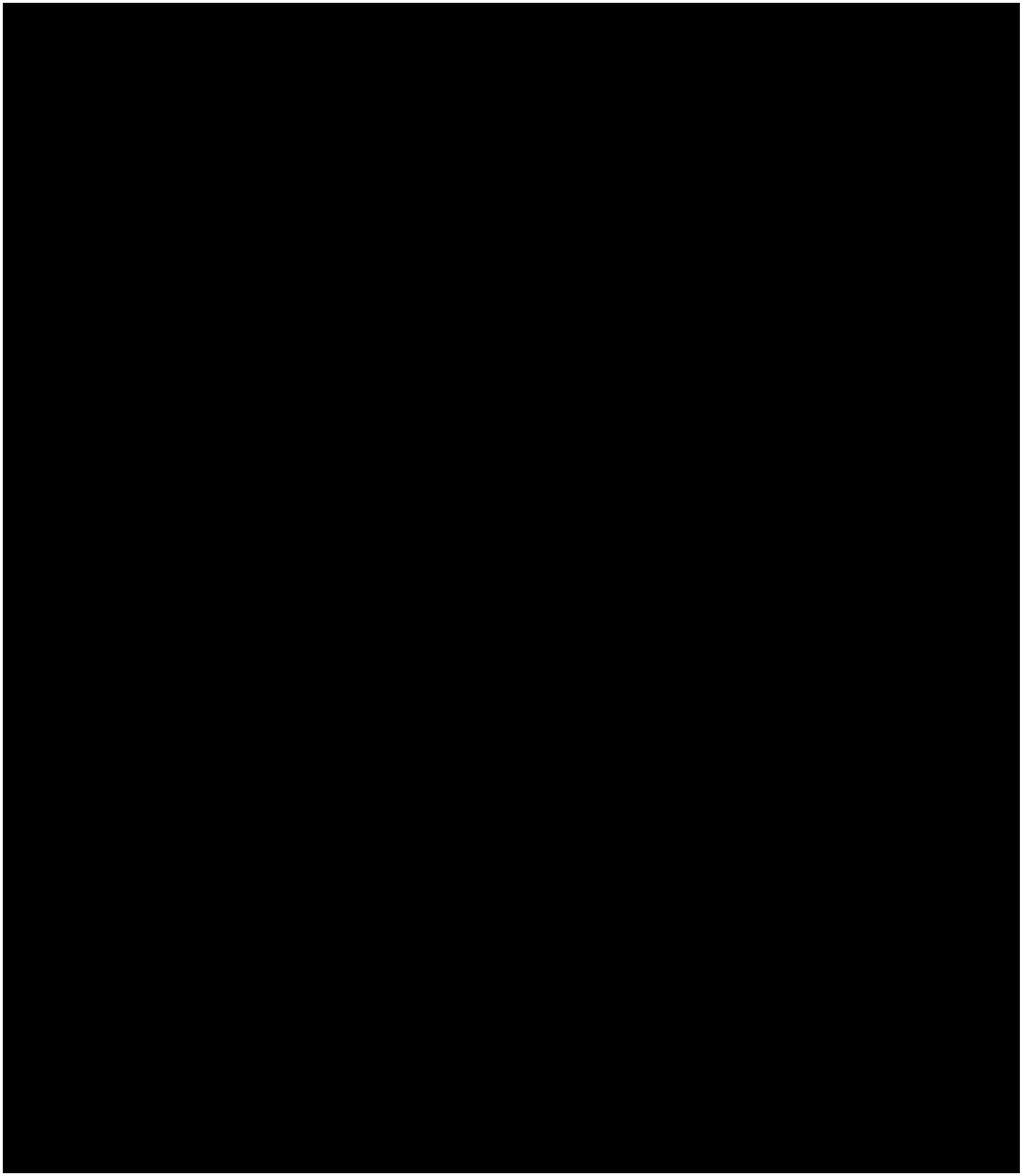

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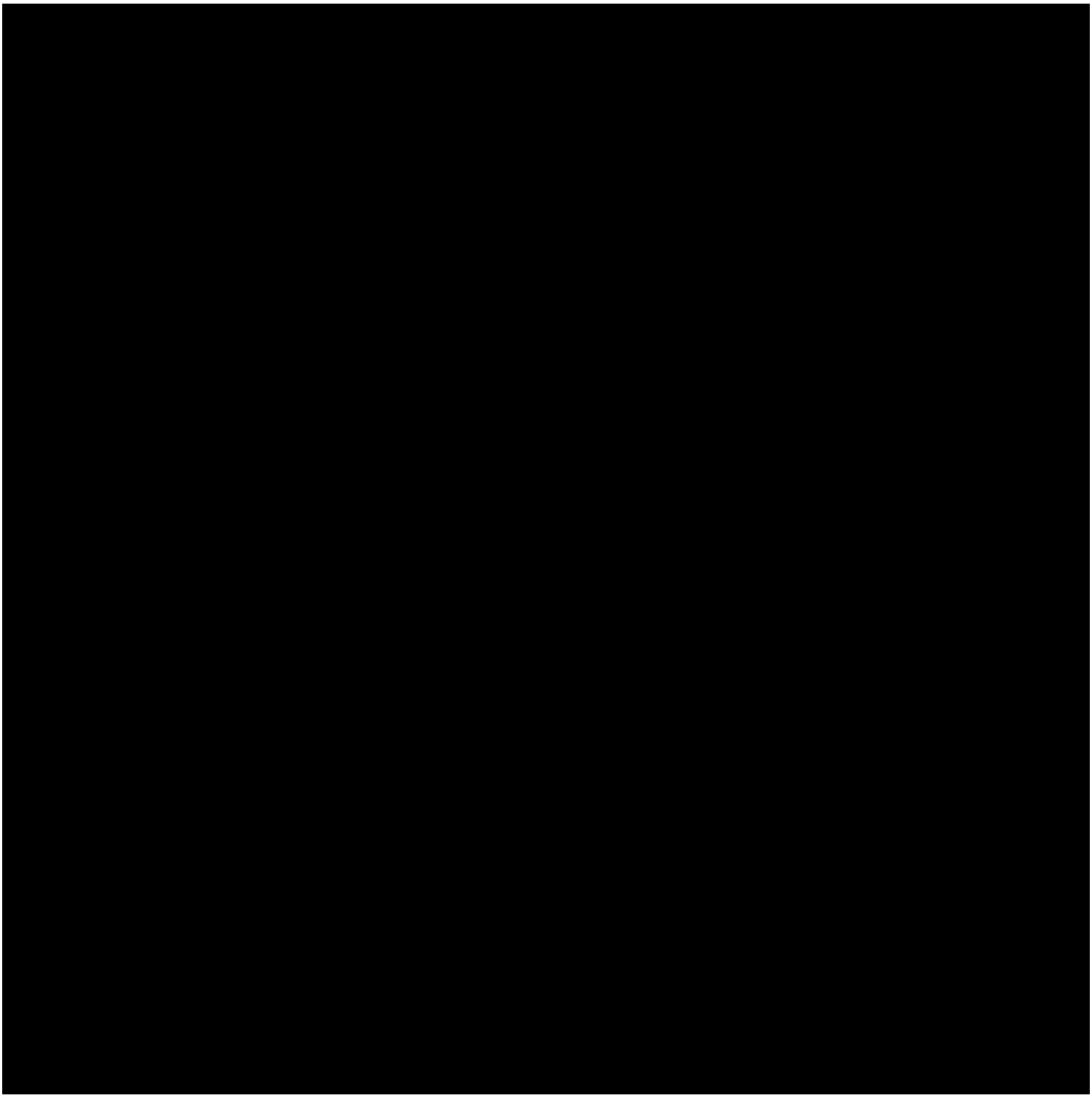

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8.7.

Guaranteed Low End Prize Structure (GLEPS)

Each pack of tickets must contain a guaranteed dollar value of low-tier prizes as specified by the Texas Lottery in the executed working papers. A minimum of four (4) different configurations of low-tier prizes must be equally and randomly incorporated in each pool and throughout all pools in the game. The different ways to win a low-tier prize within a GLEPS configuration will be randomly placed within a pack of tickets. Each configuration must have the same total dollar value of low-tier winners when mathematically possible, but each will have varying numbers of winners of various denominations. Low-tier is currently defined as a prize value of $24.99 or less. For higher price point games that do not contain low-tier or adequate low-tier prizes, a comparable structure for lower value prizes will be required as specified by the Texas Lottery in the executed working papers and/or the Customer Specifications Document. These are currently referred to as G-tier prizes. The low-tier and G-tier values will be defined in the Customer Specifications Document and executed working papers.

IGT has read, acknowledges, and will comply with this requirement.

Just as we do today, IGT will continue to comply with the Texas Lottery's requirement to include at least four (4) GLEPS configurations of low-tier prizes in each game. Each configuration will have the same value of low-tier winning tickets when mathematically possible. The different configurations of low-tier prize values will be randomly distributed in each pack, and the configurations will be equally and randomly mixed throughout each pool and the game as a whole.

For higher price point games, where there are few, if any, "official" low-tier prizes, IGT will continue to use a similar approach for those prize levels the Lottery designates as G-tier prizes and specifies in the Executed Working Papers for each game and/or the Customer Specifications Document.

The verification of use and mix of GLEPS configurations and G-tier prize configurations (as appropriate) is confirmed in the final game audit report prepared by our independent, certified third-party auditor, MNP, a Canadian Charted Accounting company.

8.8.

Prize Guarantees

The Successful Proposer shall be required to submit a standard audit letter by a certified public accounting firm relating to game production within two (2) weeks prior to the delivery of each game. The Successful Proposer must guarantee the following:

IGT has read, acknowledges, and will comply with this requirement.

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8.8.1.
No Discernable Pattern

Winning tickets are distributed with no discernible pattern throughout the entire population.

IGT has read, acknowledges, and will comply with this requirement.

8.8.2.
Guaranteed Ticket Quantities

Unless otherwise agreed to in the working papers, ticket quantities will be guaranteed within ±2% from the quantity stated in the executed working papers, and all prize levels will be guaranteed within ±2% of the percentage of prize fund within the final executed prize structure from the executed working papers proportionate to actual quantity shipped. Overall prize payout will be within ± .005 (1/2 percent). Prize Payout tolerance example: 65.00% payout converts to a decimal of .6500. The ± .005 tolerance would allow for a range of .645 to .655 which converts to a percentage of 64.50% to 65.50%.

IGT has read, acknowledges, and will comply with this requirement.

8.8.3.
Overall Odds Variance

Overall odds of the game should not vary more than ± .0005 (1/20 percent) from the final executed prize structure from the executed working papers.

IGT has read, acknowledges, and will comply with this requirement.

8.8.4.
Top- or Other Tier-Level Prize Verification

Top or other tier-level prizes that are specified in the executed working papers as a guaranteed quantity will be verified and guaranteed in the End of Production Prize Structure for the game produced.

IGT has read, acknowledges, and will comply with this requirement.

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Our End of Game (EOG) auditors review the results and ensure that the delivered game meets the Texas Lottery's requirement with regard to prizes and payout.

8.9.

Security Specifications

IGT has read, acknowledges, and agrees to this requirement (8.9.1. – 8.9.2.).

8.9.1.
Specific Security Measures

It is intended that all sections of this RFP have implied the essential need for security, though such may not be explicitly stated. The Proposal must make clear and specify the precautions, safeguards, inspections, reporting and other measures that will attend the entire program and its parts.

We understand that the Texas Lottery's need for security is implied in all sections of the RFP, even when not explicitly stated. In this section, we discuss the precautions, safeguards, inspections, reporting, and other measures that attend our entire scratch ticket game development and production program.

Every aspect of our security program reflects the collective experience and knowledge of our company, our customers, and security experts from around the world. Following is a summary of the precautions, safeguards, inspections, reporting, and other measures we use throughout our production process. Additional information about our security program is discussed throughout Sections 8.13, 8.14, 8.16, 8.18, 8.19, 8.25, 8.26, 8.27, 8.29, 8.30 and 8.31, among others.

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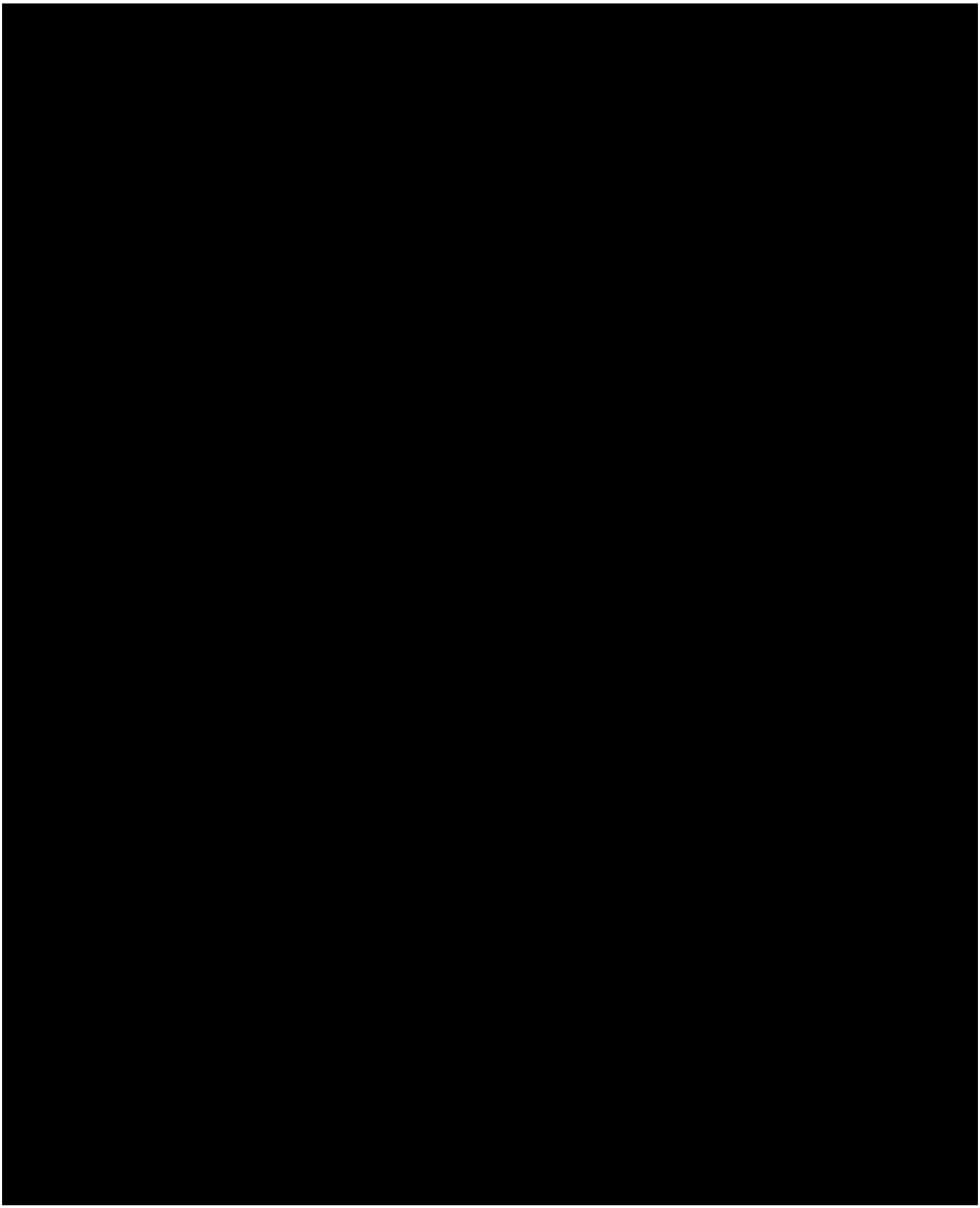

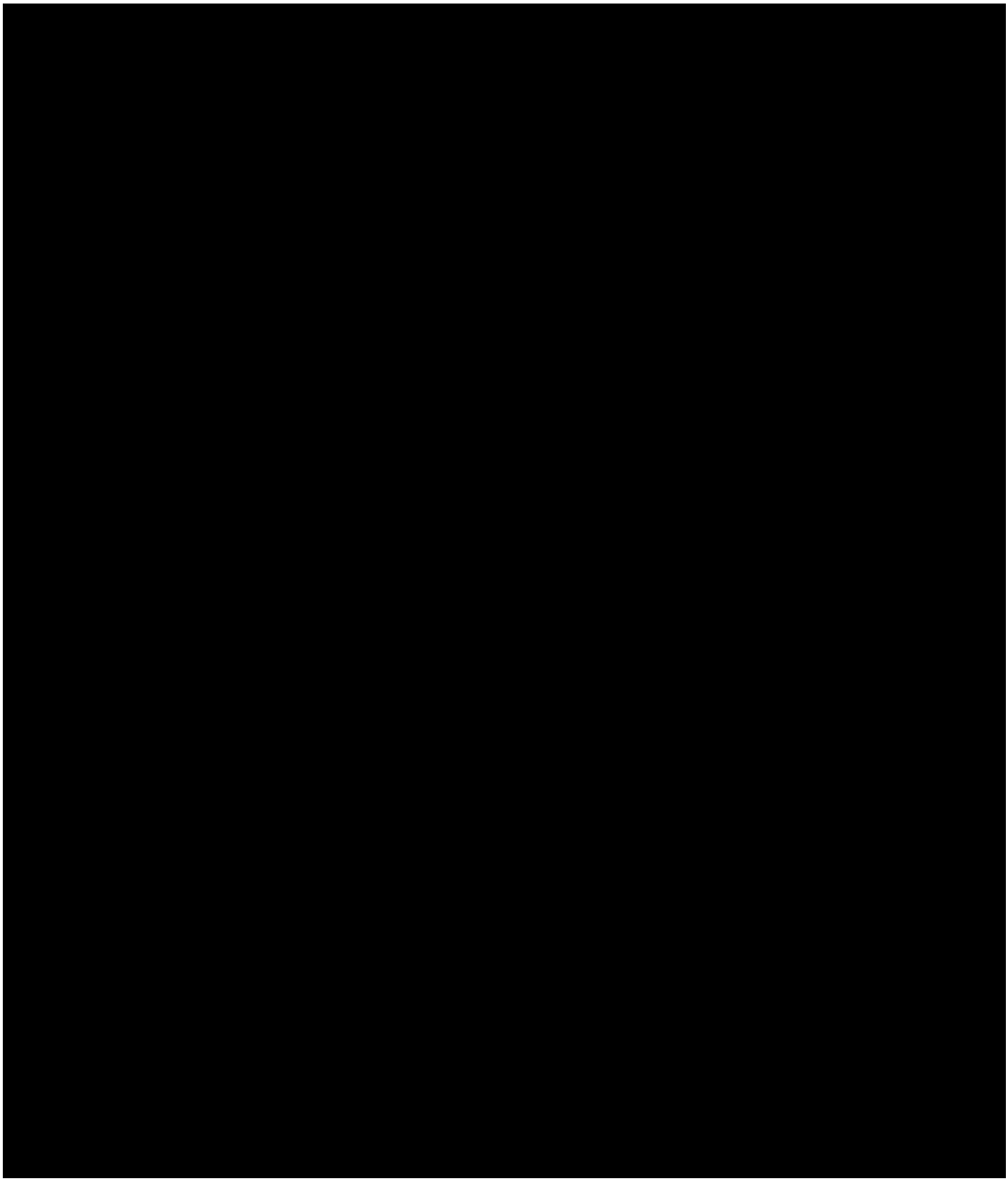

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8.9.2.
Security Standards

The Proposer must demonstrate the capability and integrity required to maintain constant vigilance against any breach of security. Failure to meet or to maintain security standards acceptable to the Texas Lottery may be grounds for Contract termination.

IGT has the capabilities, integrity, and decades of experience required to maintain constant vigilance against any breach of security. Lotteries around the world rely on IGT to ensure that the systems, services, and games we supply them protect the integrity of their lottery programs. We've engineered solutions to security problems and made them available to our customers, and our competitors, at no cost. These solutions have strengthened security and integrity in the industry overall, and we continue to safeguard lotteries with innovations such as enhanced cyber security to meet the evolving threats posed by new technologies.

IGT acknowledges that our failure to meet or to maintain security standards acceptable to the Texas Lottery may be grounds for Contract cancellation.

Commitment to Security

Security at IGT is an ever-evolving and integrated program of comprehensive systems, service strategies, focused processes, best practices, and internal controls that keep pace with and exceed the needs of the lottery industry. We invest in research, independent security audits, and work force development to ensure that our security practices are not only sound today but will protect customers' assets and revenue streams throughout the life of a contract.

Our security structure is established through our Information Security Council, which consists of our Information Security Group, Global Security Affairs Group, and corporate Information Security Management System. From this central structure, we are vigilant in protecting lotteries from known and emerging threats.

We work diligently to meet the challenges and mitigate the risks in all aspects of security, as the following overview graphic of our worldwide security approach illustrates.

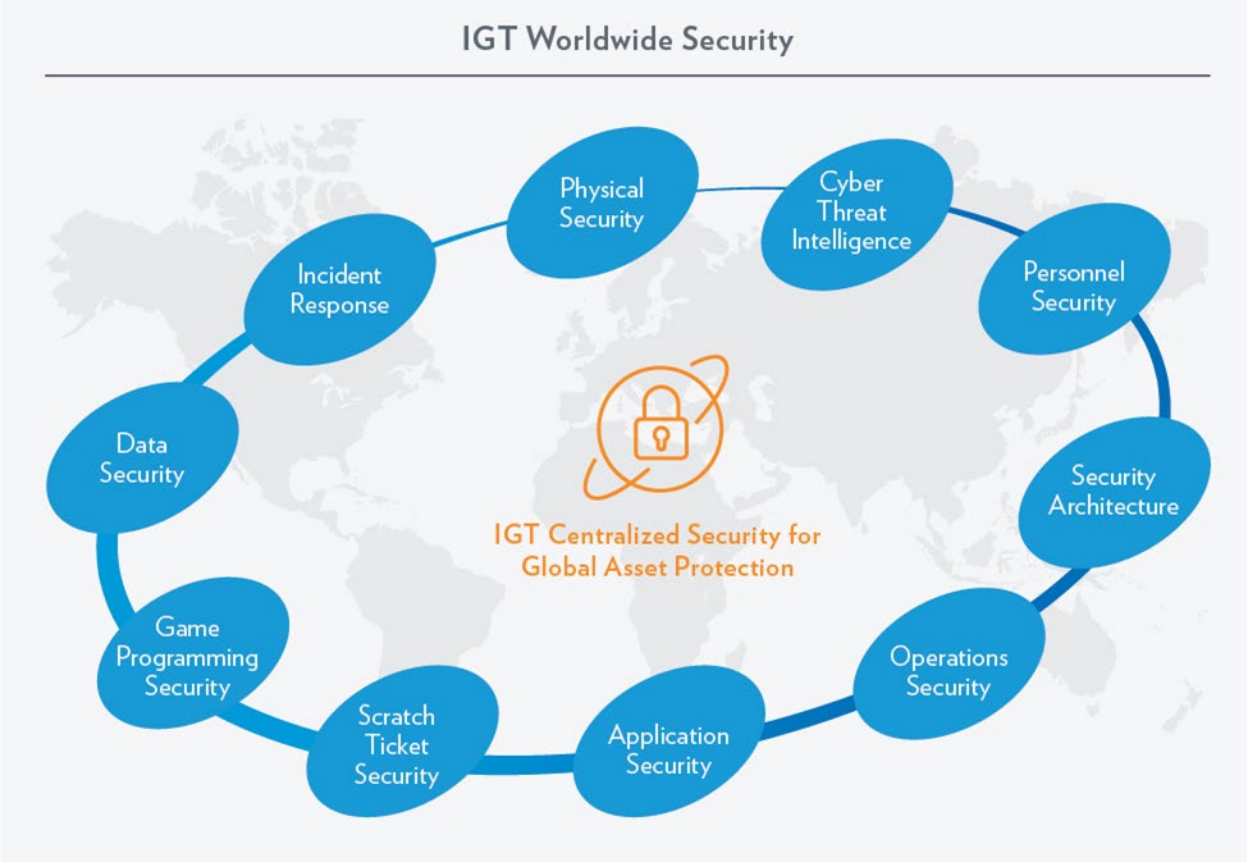

Figure 8.9 - 1. Vigilant Oversight, Comprehensive Measures: Our comprehensive approach to security comprises 10 domains of security activities to ensure the integrity of all aspects of our business and that of our customers around the world.

8.10.

Ticket Testing Samples

8.10.1. Constructed Samples

Together with its Proposal, each Proposer that has not previously printed tickets for the Texas Lottery must submit one thousand (1,000) constructed samples of scratch lottery tickets: five hundred (500) on coated two-side paper stock, five hundred (500) samples on foil stock and five hundred (500) samples on holographic stock. Each Proposer that has not previously printed tickets for the Texas Lottery must provide sample tickets that represent each printing process currently in use (e.g., flexographic, gravure, offset or combination printing). These samples must have all required bar codes on the ticket. The tickets submitted will be used for security testing by the Texas Lottery, and for examination of the appearance and overall quality of the construction of the proposed ticket. Conforming lottery tickets or similar tickets produced for other lotteries will be acceptable. No samples will be accepted other than those produced by the proposed manufacturing process.

IGT has read and acknowledges this requirement.

As a current supplier of Texas Lottery scratch ticket games, IGT is not required to submit sample tickets for testing as part of its Proposal submission. Therefore, we are not submitting sample tickets with our submission.

8.10.2. No Limit to Testing Tickets

Notwithstanding anything herein to the contrary, acceptance of sample tickets as part of a Proposal does not limit or restrict the Texas Lottery's authority to test tickets manufactured and submitted by the Successful Proposer under any Contract resulting from this RFP. Acceptance of sample tickets as part of a Proposal shall not be deemed approval of tickets manufactured under any Contract resulting from this RFP.

IGT acknowledges the Texas Lottery's authority to test tickets manufactured and submitted by IGT under any Contract resulting from this RFP.

8.11.

Test Games

8.11.1. Test Game Samples

Any Successful Proposer that has not previously printed tickets for the Texas Lottery must provide, at no additional cost to the Texas Lottery, a test game that includes the high-tier algorithm, inventory, high- and low-tier validation media and sample tickets and/or bar codes of high-, mid-, low-tier and non-winning tickets to verify compatibility and functionality of information and systems. The Successful Proposer shall develop working papers for the test game. The compatibility and functionality of information and systems must be approved by the Texas Lottery prior to production of the first game under the Contract. The test game must be delivered to the Texas Lottery no later than eight (8) weeks from the date of execution of the Contract resulting from this RFP.

IGT has read and acknowledges this requirement.

As a current supplier of Texas Lottery scratch games, it is IGT's understanding that we are not required to deliver a test game to the Lottery if we are awarded a new Contract.

8.11.2. Additional Test Games

If at any time the Texas Lottery decides to change ticket, bar code or validation media formats, it shall be the responsibility of the Successful Proposer to provide additional test games at no additional cost to the Texas Lottery.

IGT has read, acknowledges, and will comply with this requirement.

If the Texas Lottery makes any changes related to scratch tickets, bar codes, or validation media formats, IGT, as the Successful Proposer, will supply test games at no additional cost to the Lottery.

8.12.

Ticket Reconstruction

8.12.1. Reconstruction Report

Upon request of the Texas Lottery, the Successful Proposer must provide only to authorized Texas Lottery security personnel a report reconstructing the play data of any ticket. The reconstruction may be accomplished by using the game, pack and ticket numbers, validation number or bar code or portions or combinations of those items. The reconstruction report must be submitted by secure electronic transfer or, upon request, by fax and must contain the following information:

1. *The complete game number, pack number, ticket and validation number;*
2. *An indication of whether the ticket was a winning or non-winning ticket; and*
3. *In the case of a winning ticket, the prize amount.*
4. *A representation of the play area as it would have appeared on the actual ticket.*

IGT will continue to provide ticket reconstruction services to the Texas Lottery in the manner described in the RFP Section 8.12.1. requirement above.

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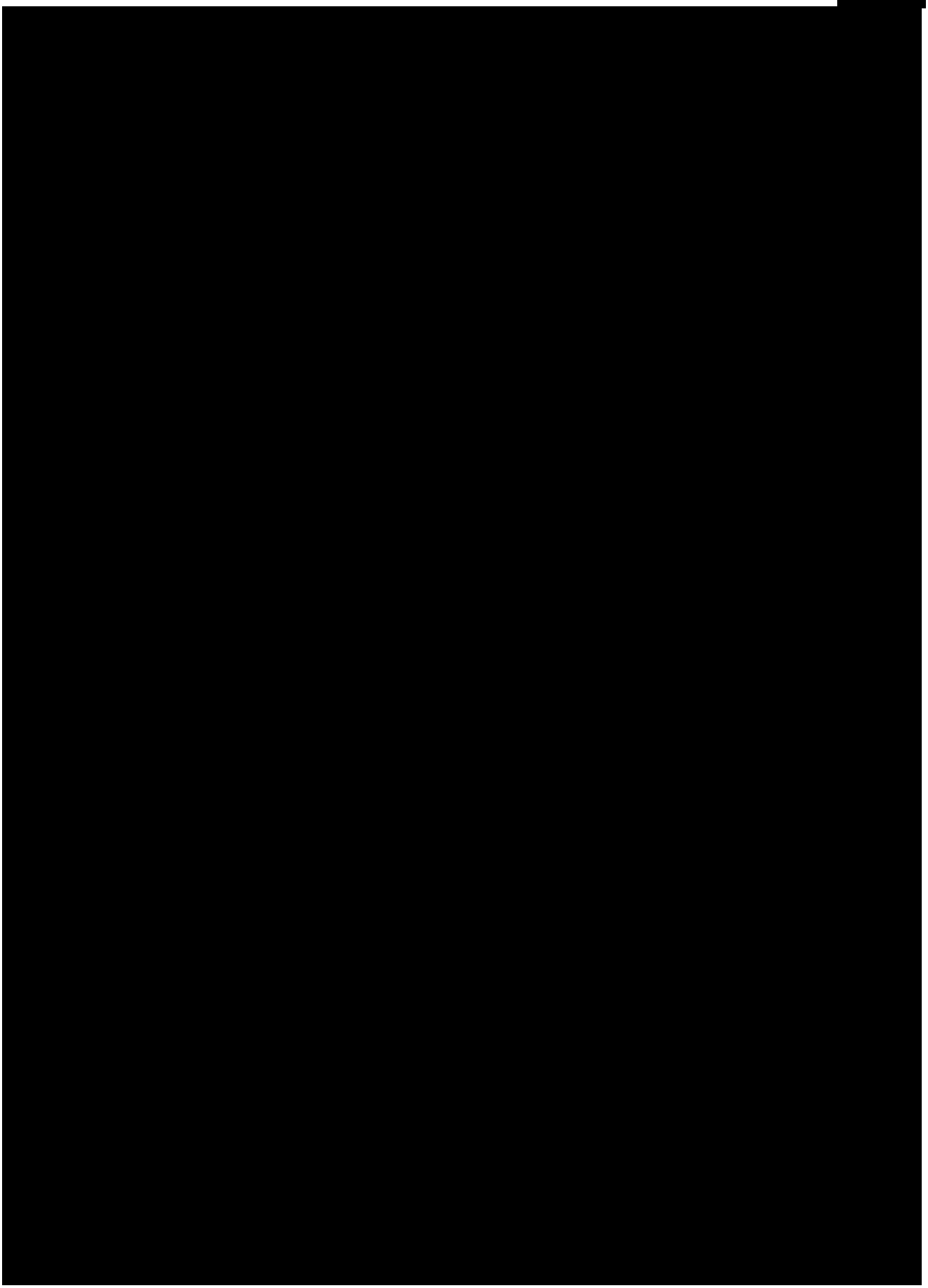

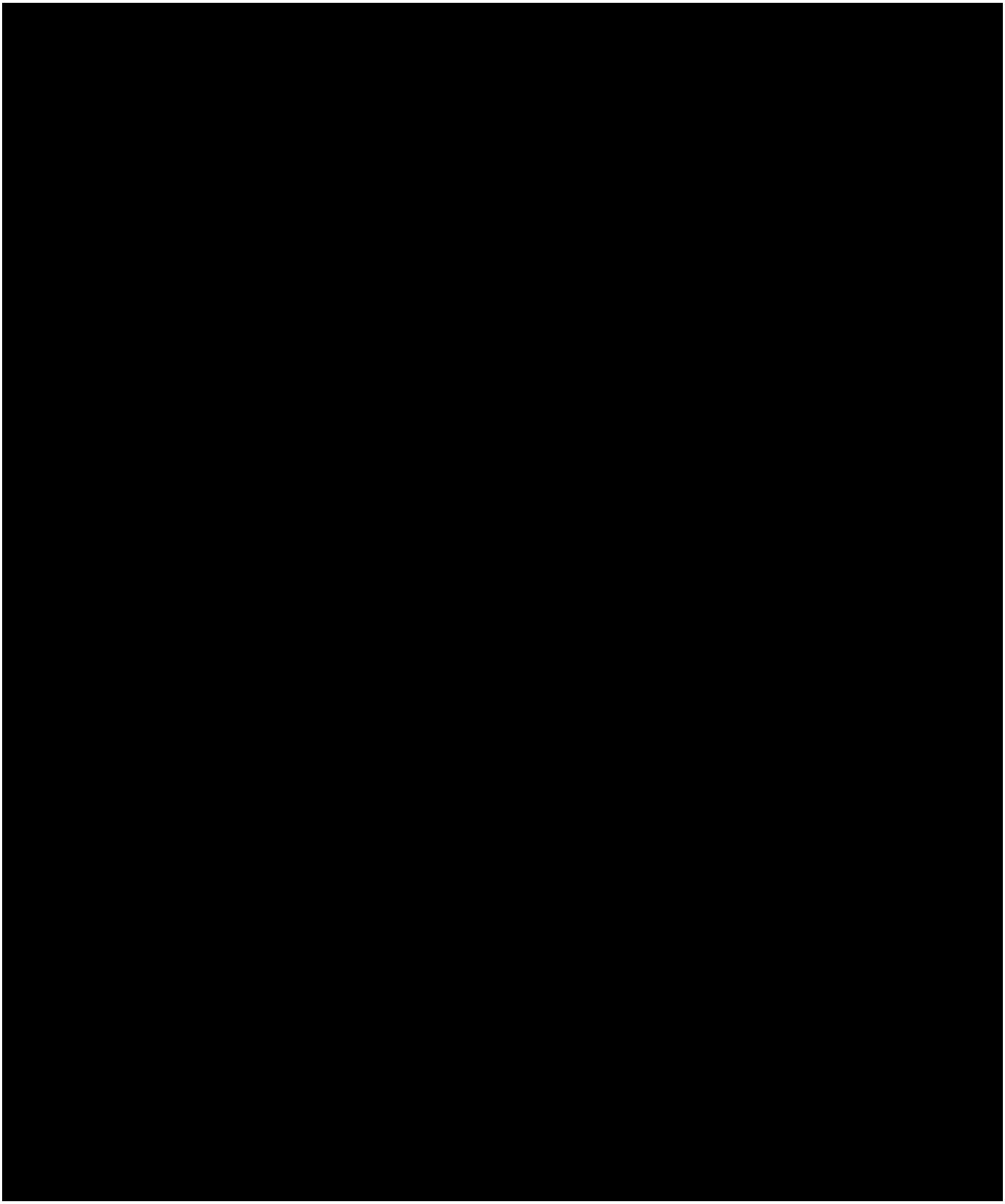

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8.12.2. Audit Log

The Successful Proposer must maintain an audit log of each ticket reconstructed that will provide the requestor, game/ticket information, date requested, date of reply, non-winning or winning ticket, amount of prize and person responding

IGT will continue to maintain an audit log of each reconstruction request containing game/ticket information, date requested, date of reply, non-winning or winning ticket, amount of prize, and person responding.

8.12.3. Monthly Reconciliation Report

A monthly reconciliation report listing all reconstructions requested by the Texas Lottery shall be provided to the Texas Lottery Security Manager no later than the 10th Day of the following month.

IGT will continue to supply a reconciliation report each month to the Lottery's Security Manager no later than the 10th day of the following month.

8.13.

Employee Security

The Successful Proposer must prevent its employees involved in game production and Texas Lottery retailers involved in the sale of scratch tickets from ascertaining or learning the location of winning tickets, and at the Texas Lottery's request, the Successful Proposer shall provide its employee security procedures

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IGT has read, acknowledges, and agrees to this requirement.

The IGT employee security program ensures that no employee, including employees involved in the design, production, distribution, or sale of scratch tickets, can ascertain, learn, determine, or be aware of the location or placement of winning tickets. We will be happy to provide the Texas Lottery with our employee security procedures upon the Lottery's request.

TPIA §552.110

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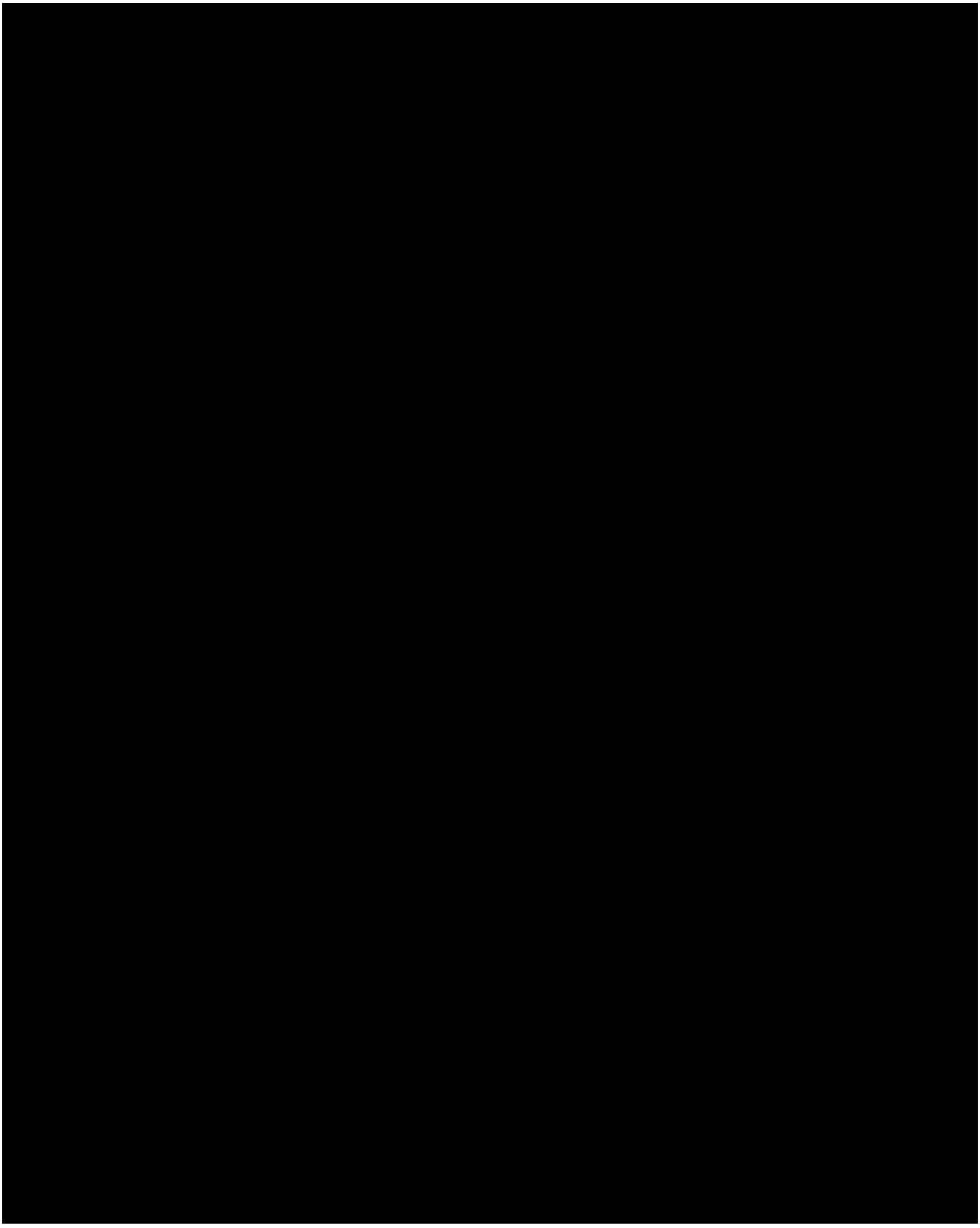
TPIA §552.110



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8.14.

Security Breach

Upon discovery of any breach of security, especially theft or disappearance of any paper stock, tickets, waste, printing plates, imaged media, program files or the like, the Successful Proposer must immediately notify by telephone the Texas Lottery Security Manager and the Texas Lottery designated contacts in the Customer Specifications Document. The Successful Proposer must promptly follow up with written notification to the Texas Lottery detailing the specifics of the occurrence and what steps have been taken by the Successful Proposer to correct the problem. If a breach of security occurs, the Successful Proposer must provide to the Texas Lottery Security Manager and/or the assigned Texas Lottery Enforcement investigator any and all information and documentation requested during the investigation of the breach. The Texas Lottery will be the sole judge of the adequacy of the steps taken and reserves the right to specify other steps to be taken.

IGT has read, acknowledges, and will comply with all the steps of this requirement.

As evidence of its commitment to stringent security, IGT has never experienced a security breach in the design, production, or distribution of scratch tickets for any lottery customer.

8.15.

Production and Transfer of Game Production Data

In the event that the game tickets are produced at a location different than the production media, the Texas Lottery requires secure transfer of the game production data. Any production media data that is transported via telecommunications must be encrypted and transferred using a method approved by the Texas Lottery.

IGT has read, acknowledges, and complies with this requirement.

IGT game tickets and production media are produced at the same location – our secure Lakeland, Florida, facility – in conformance with comprehensive information security standards that cover all aspects of our scratch ticket game production program. In the unlikely circumstance that any production media data is transported via telecommunications, it will be encrypted and transferred using a method approved by the Texas Lottery.

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TPIA §552.110

8.16.

Plant and System Security

8.16.1. Importance of Security in All Phases

The Successful Proposer must understand the overriding importance of security in all phases of design, material procurement, production, transportation, storage, validation and disposition of game tickets.

The following response demonstrates IGT's understanding of the criticality of safeguarding every step in the scratch game production process. Included in our response are the security procedures we follow for all phases of design, material procurement, production, transportation, storage, validation, and disposition of tickets.

To maintain the integrity of the Texas Lottery's scratch game business, we provide a security solution that encompasses all aspects of a game's life cycle – from raw materials and manufacturing to delivery, storage, and destruction. Our security program and comprehensive security plan form the foundation that protects and preserves the integrity and assets of the Lottery's scratch game business and ours. Please see Section 8.9., Security Specifications, for additional information on the security topic.

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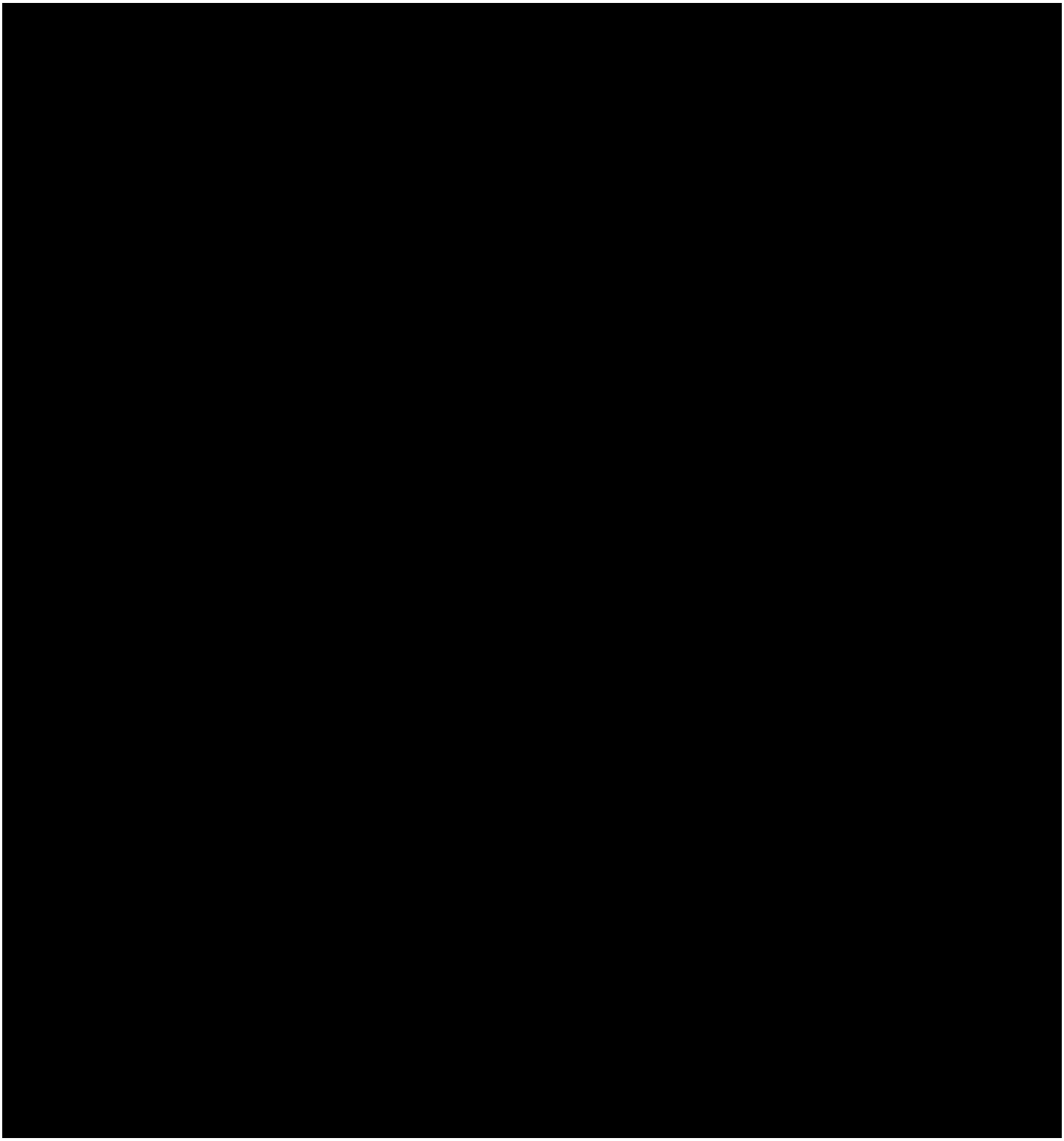

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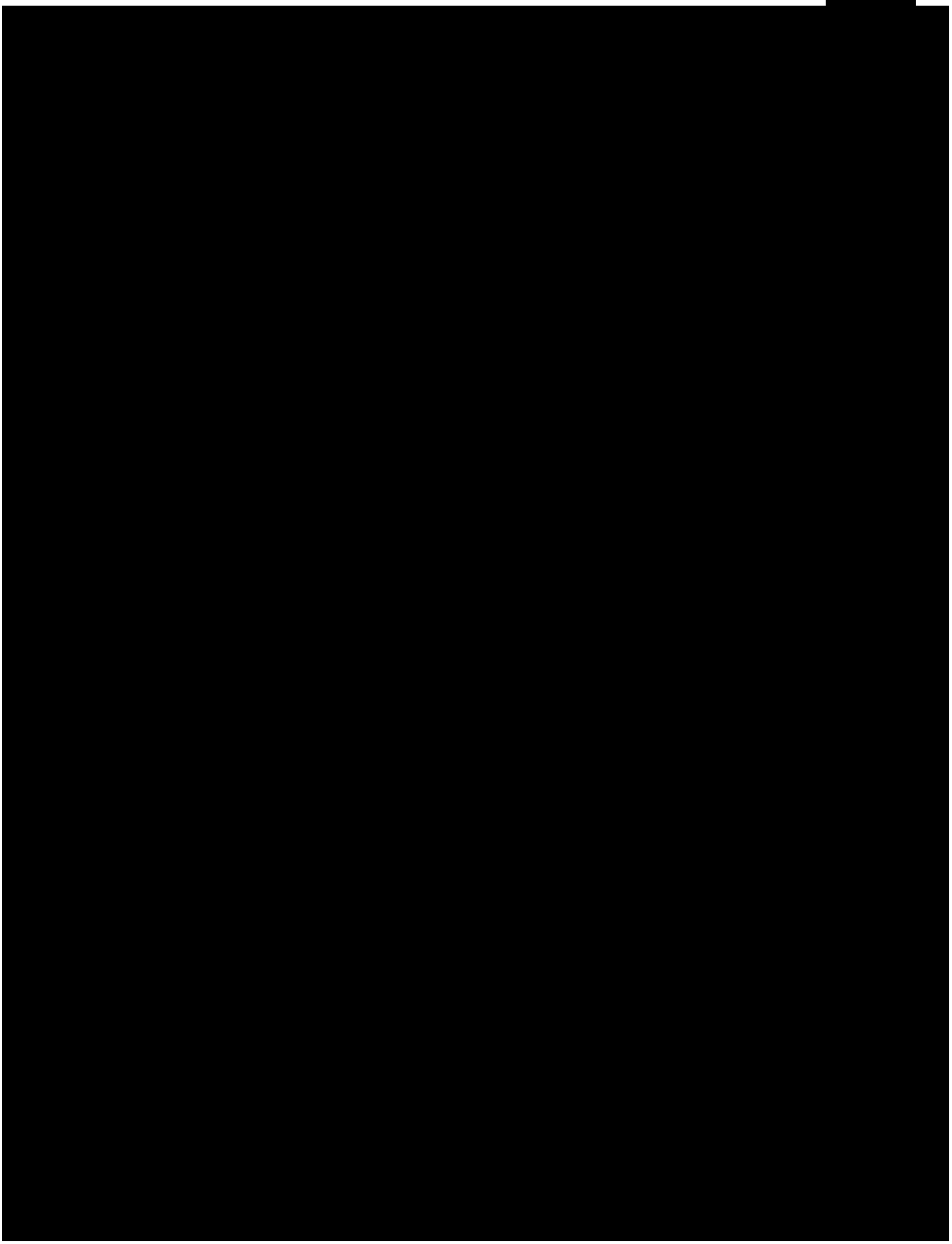

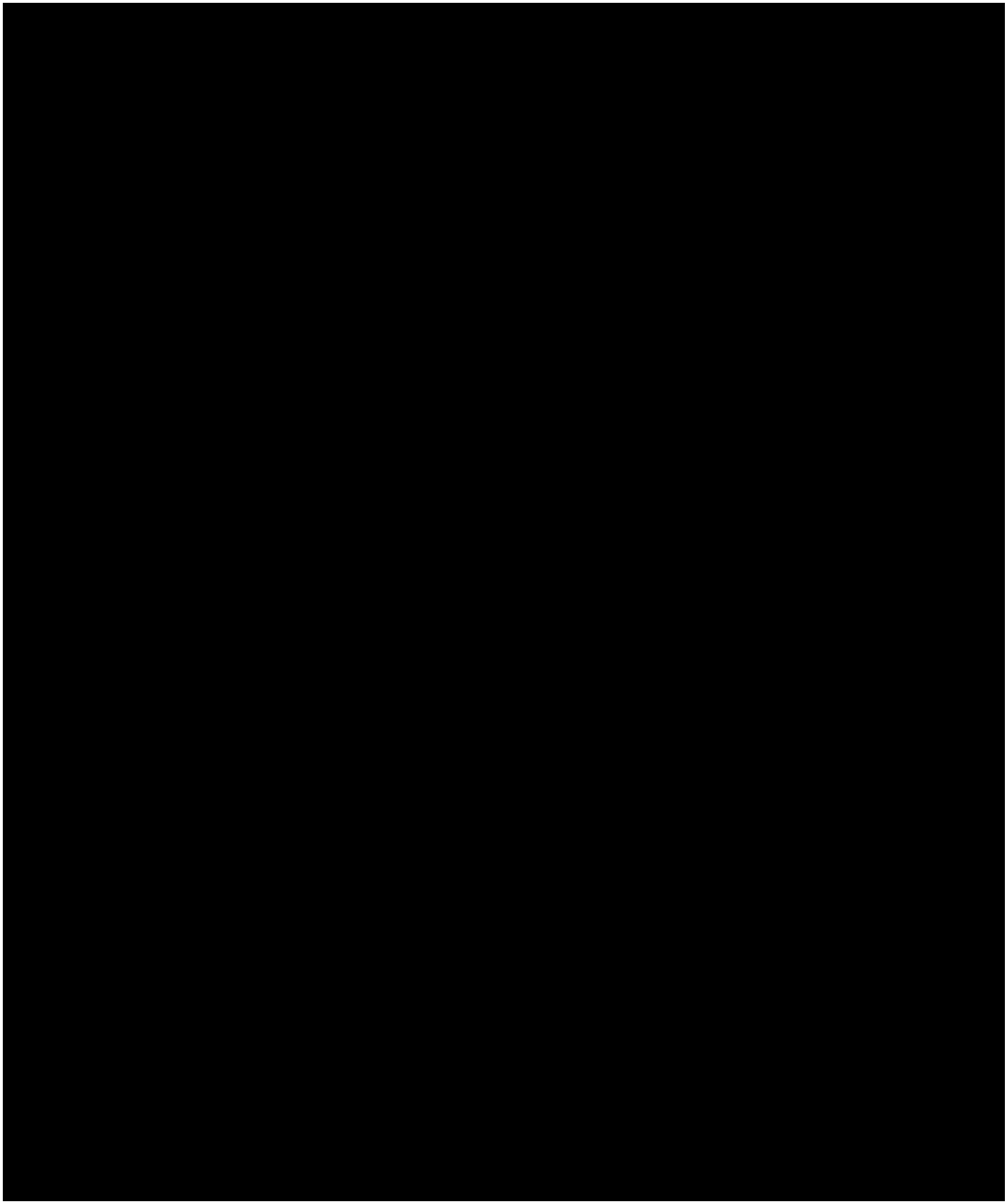

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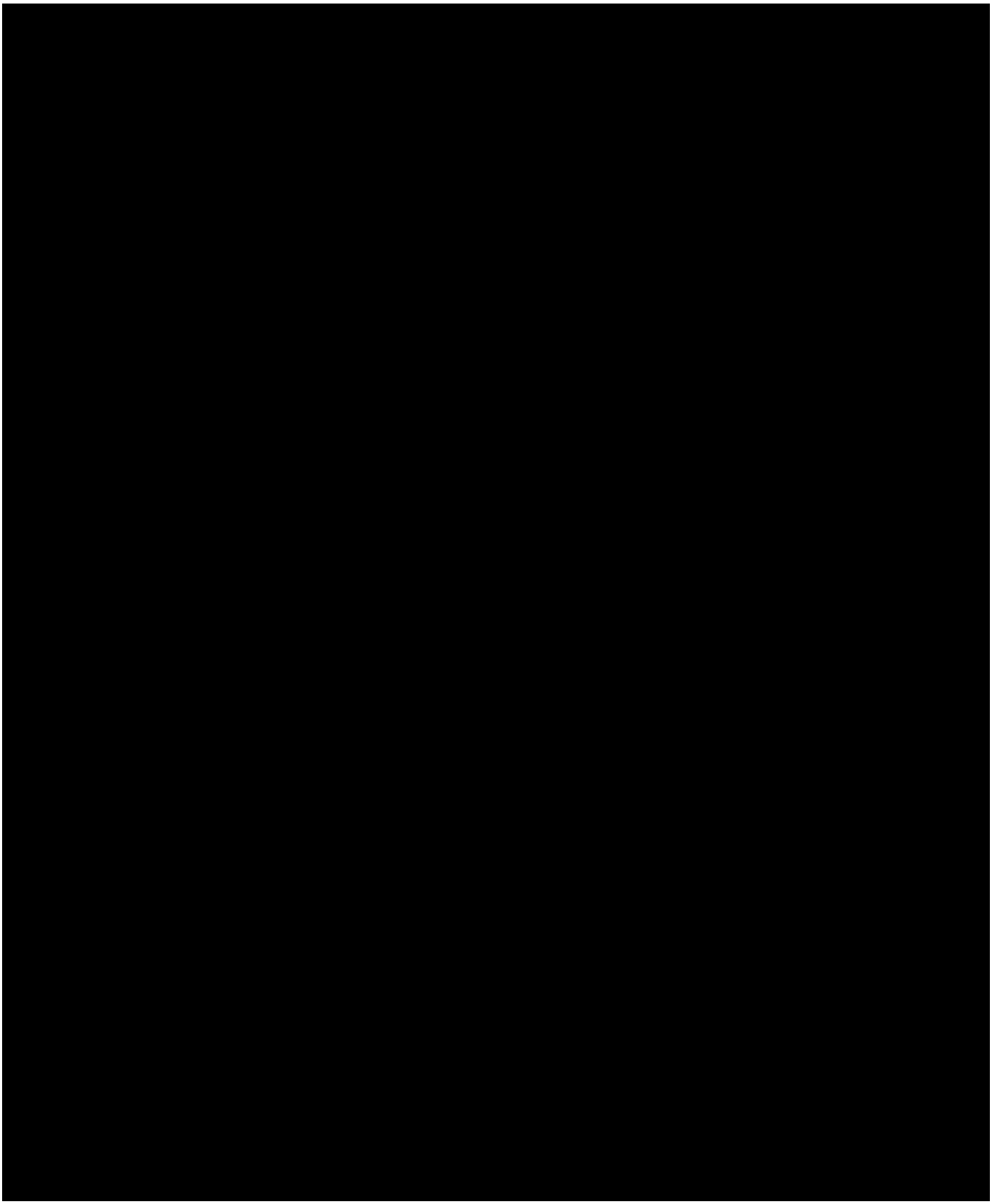

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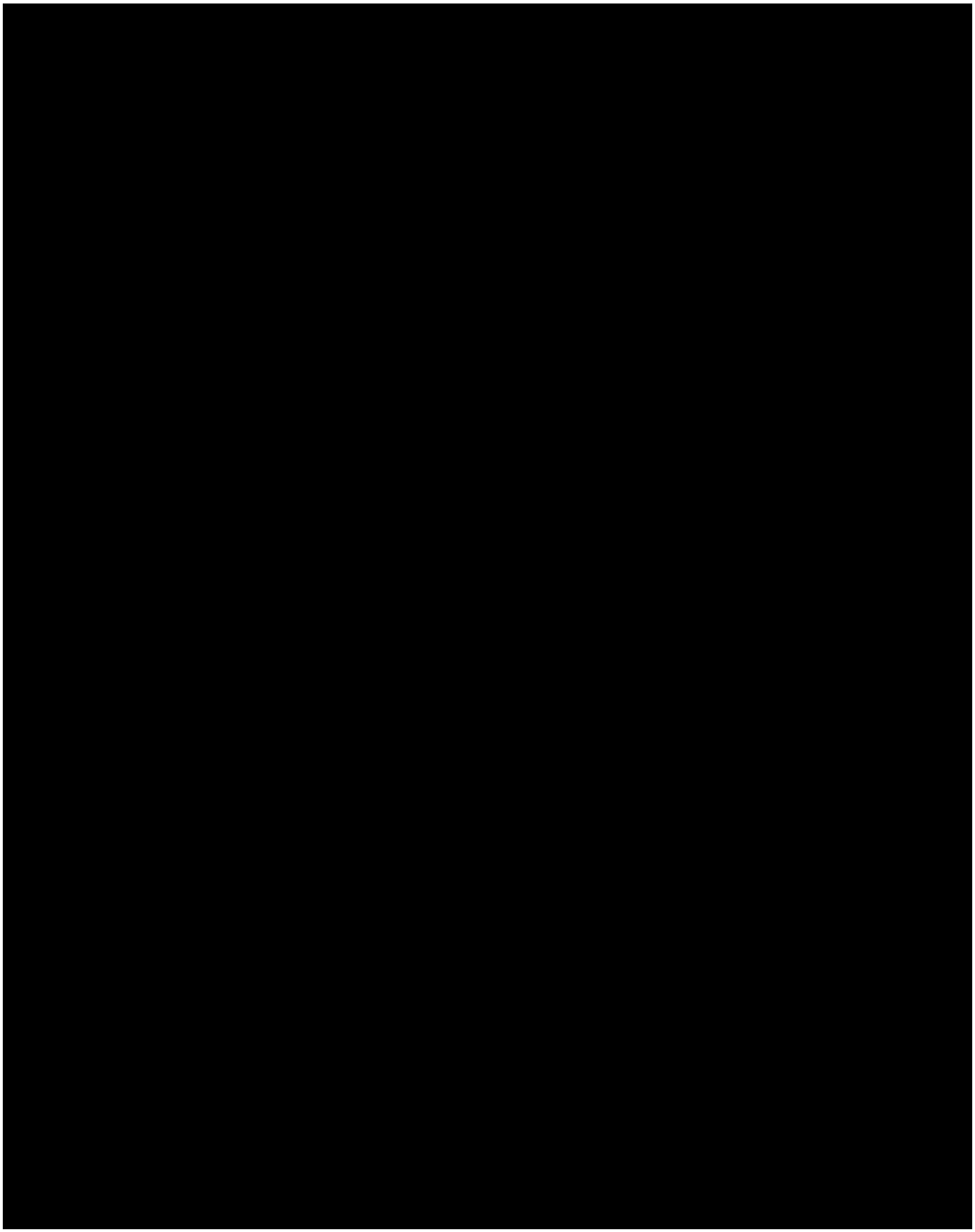

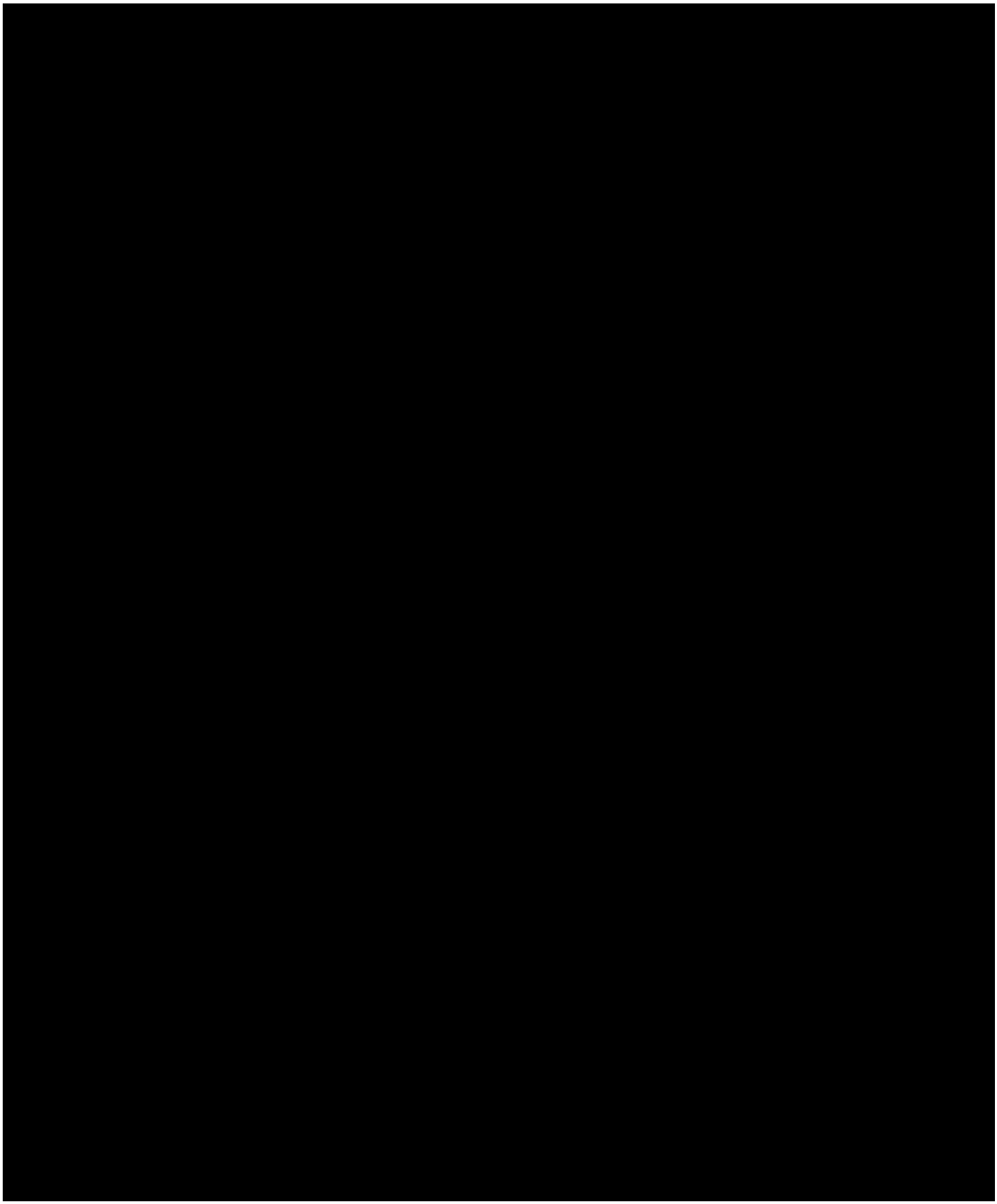

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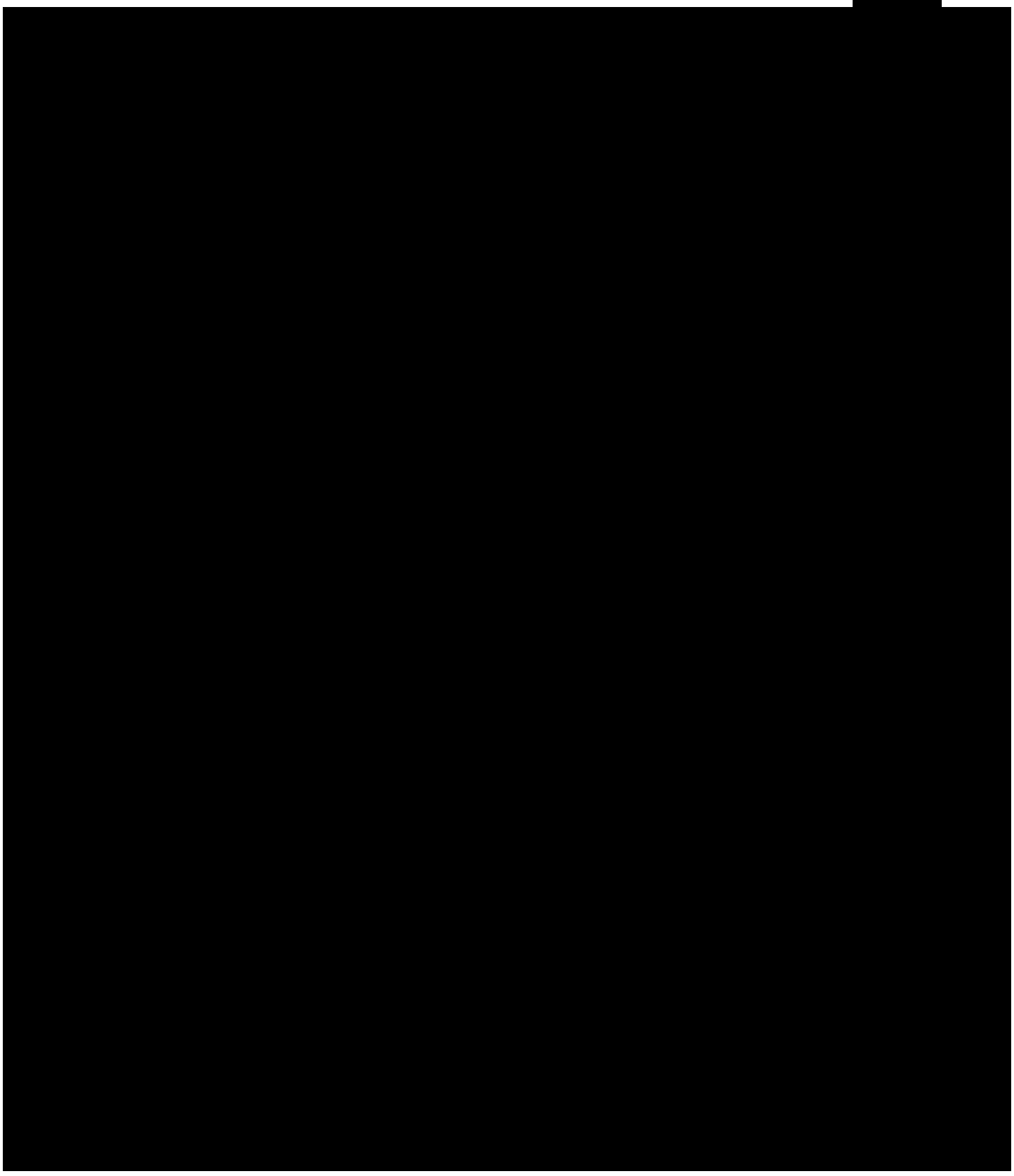

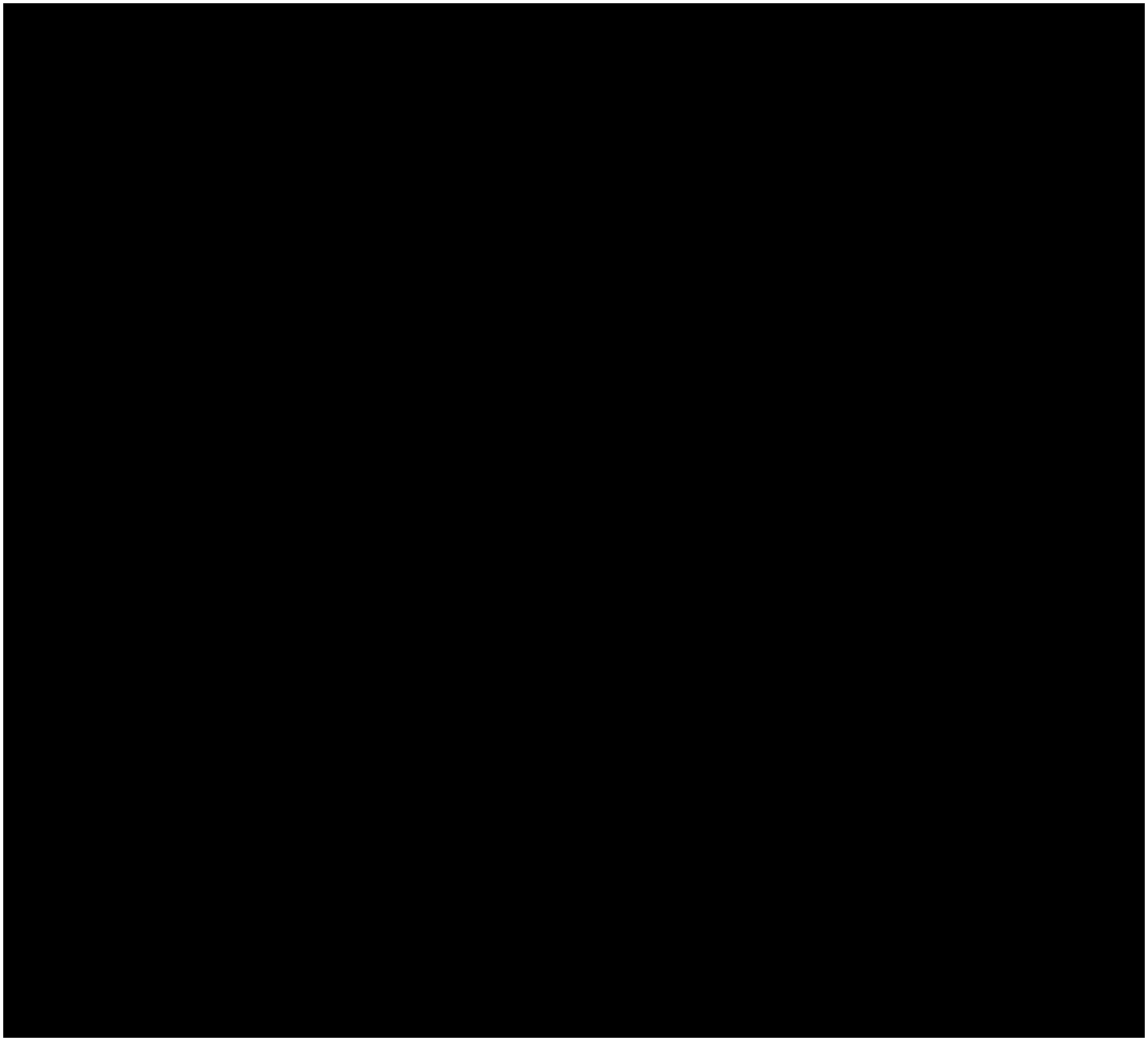

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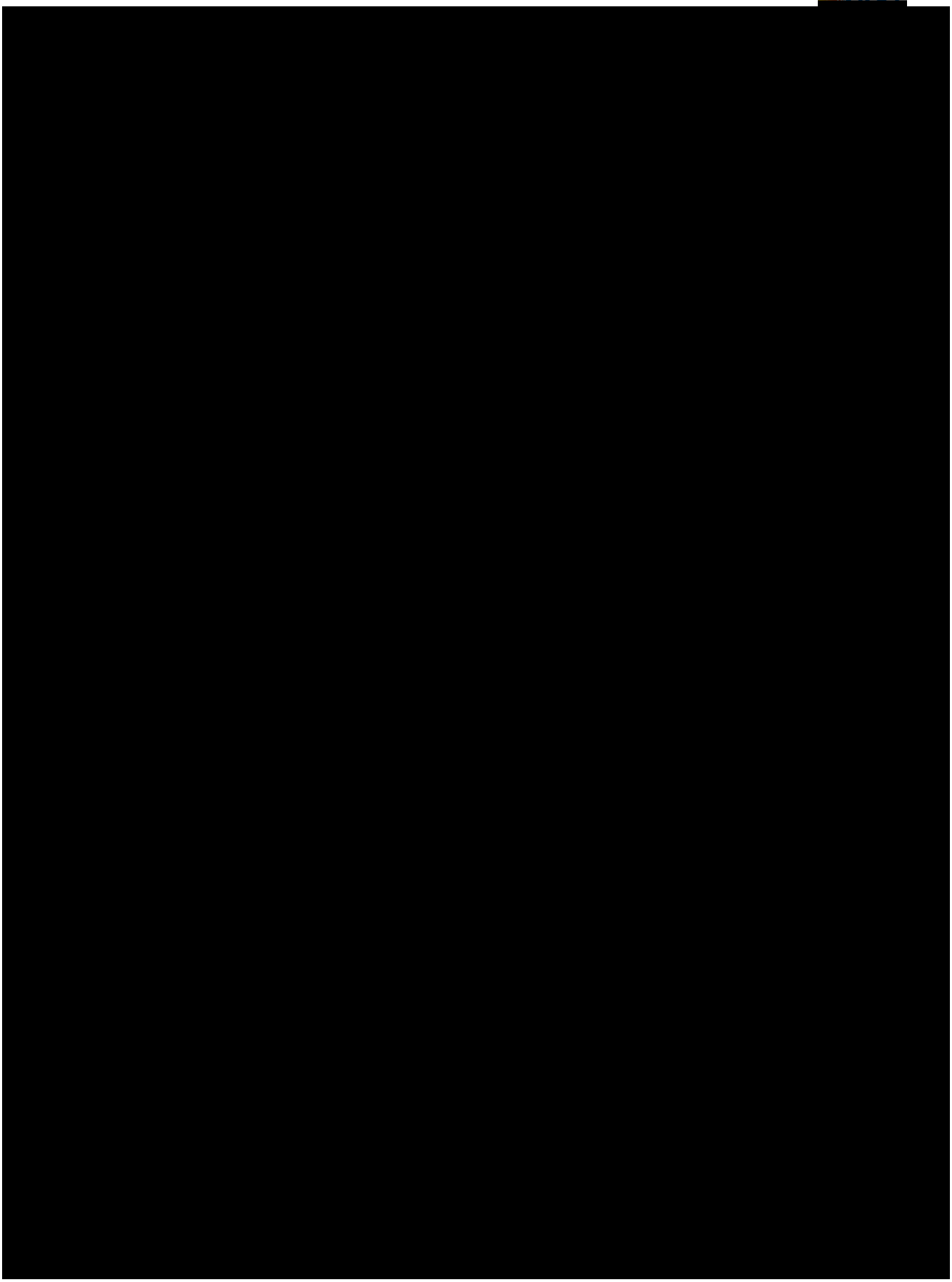

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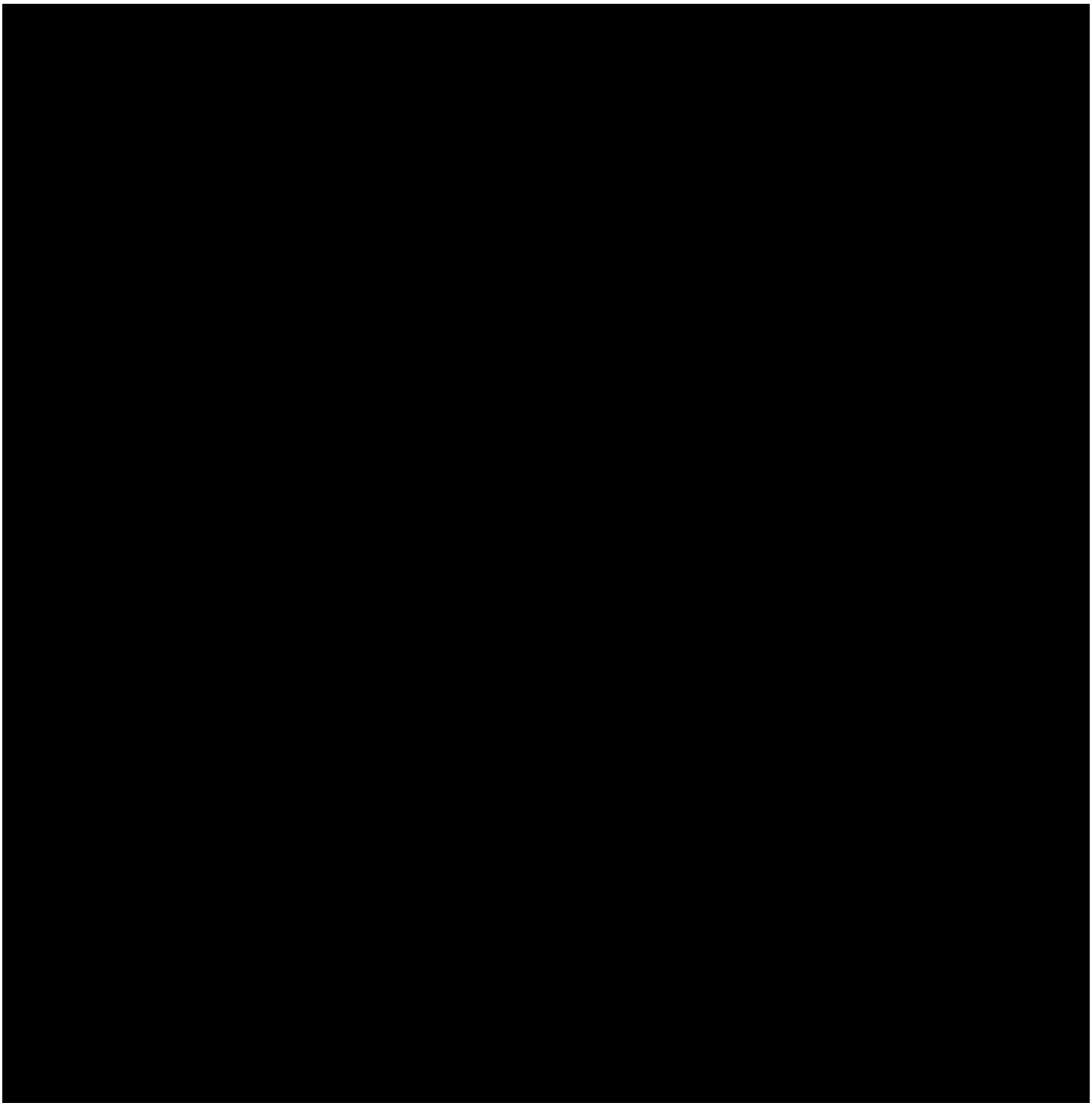

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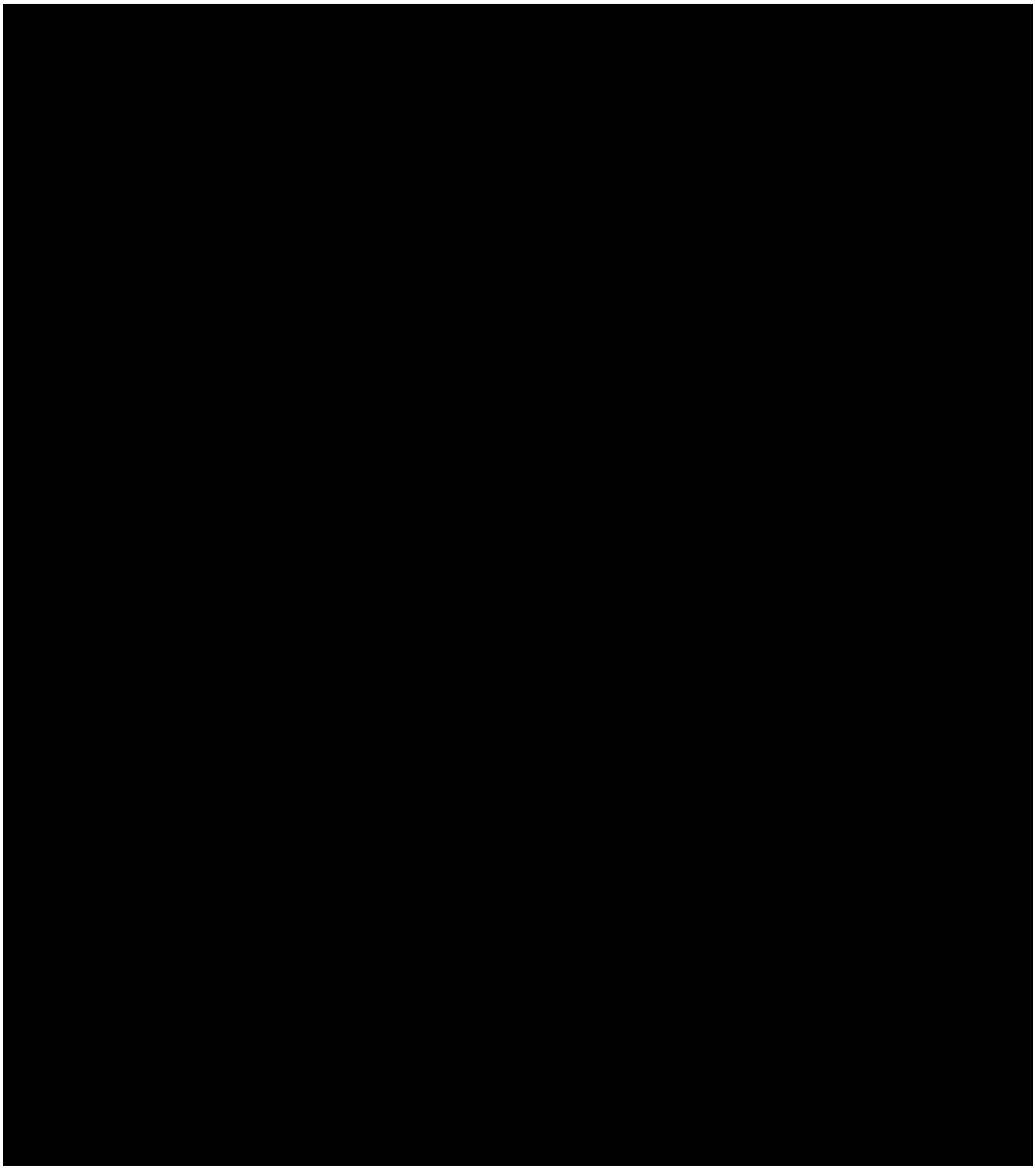

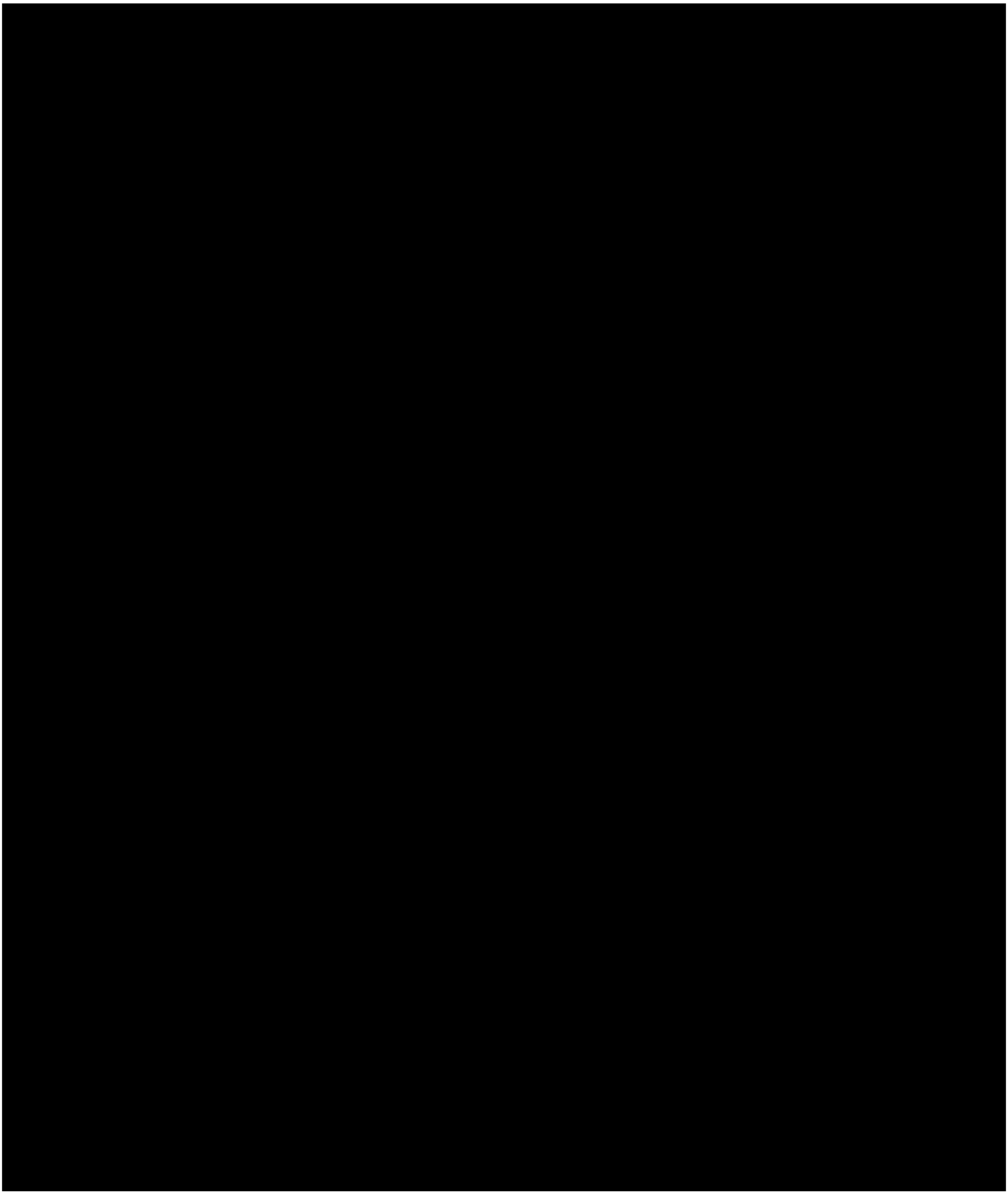

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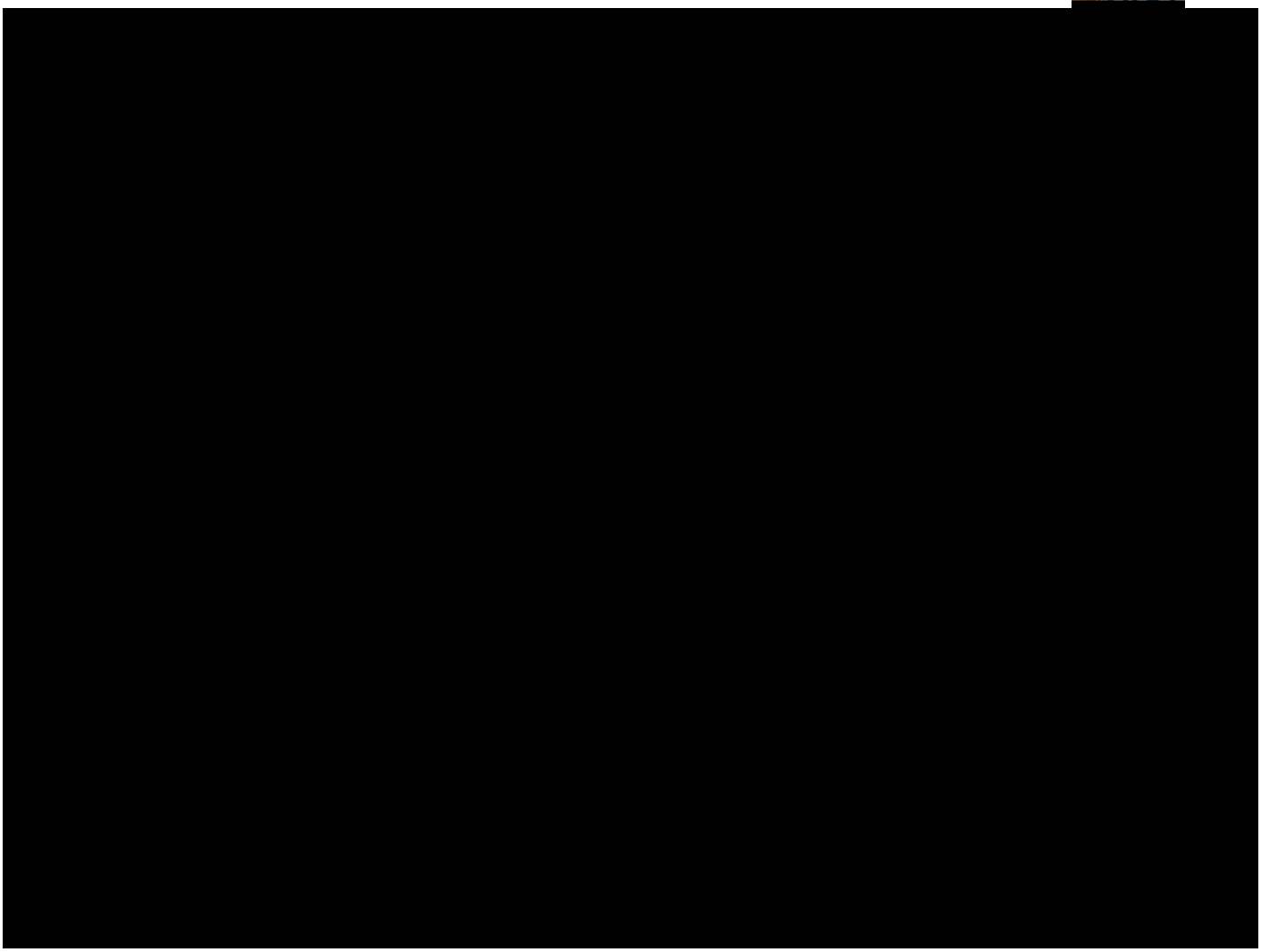

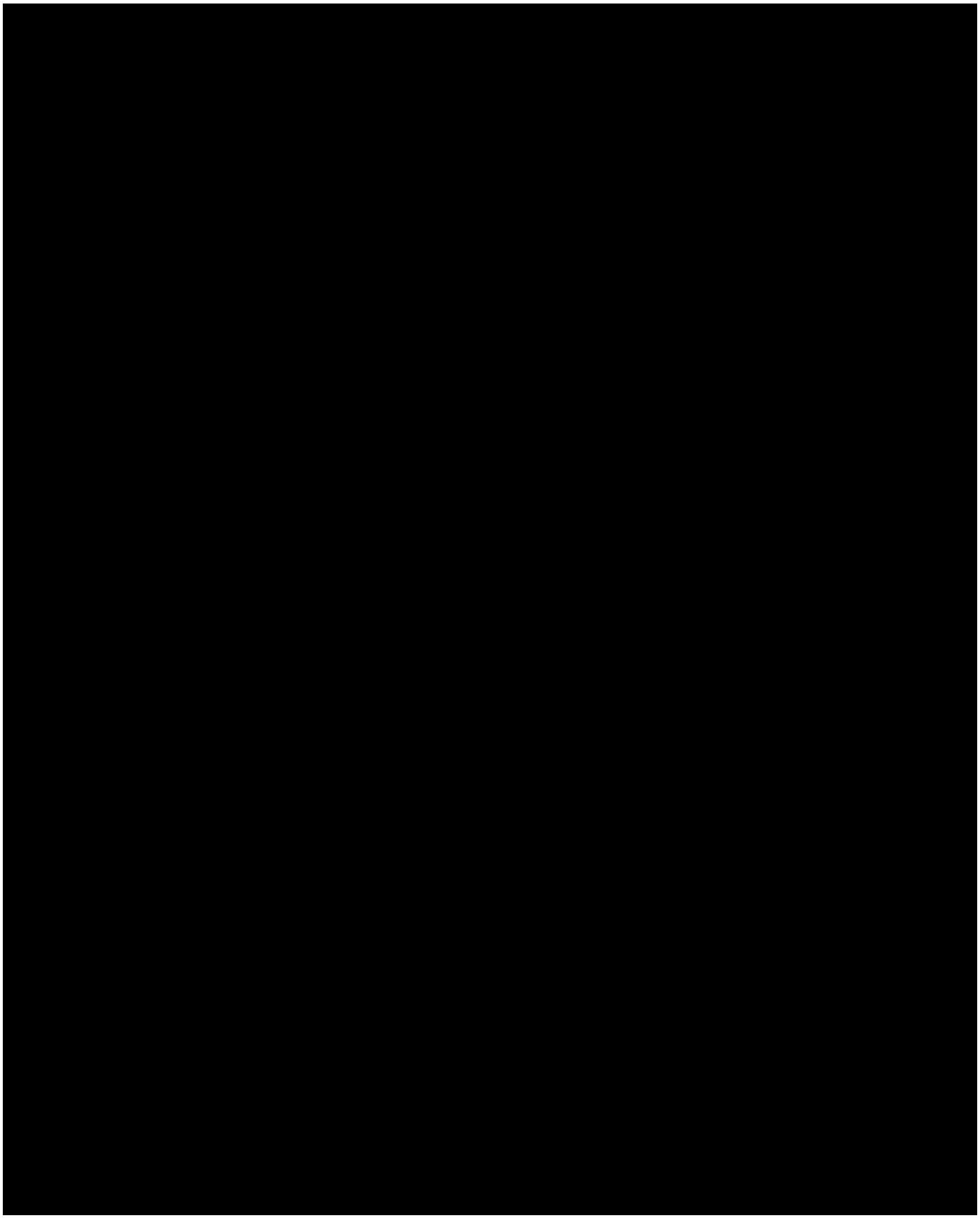

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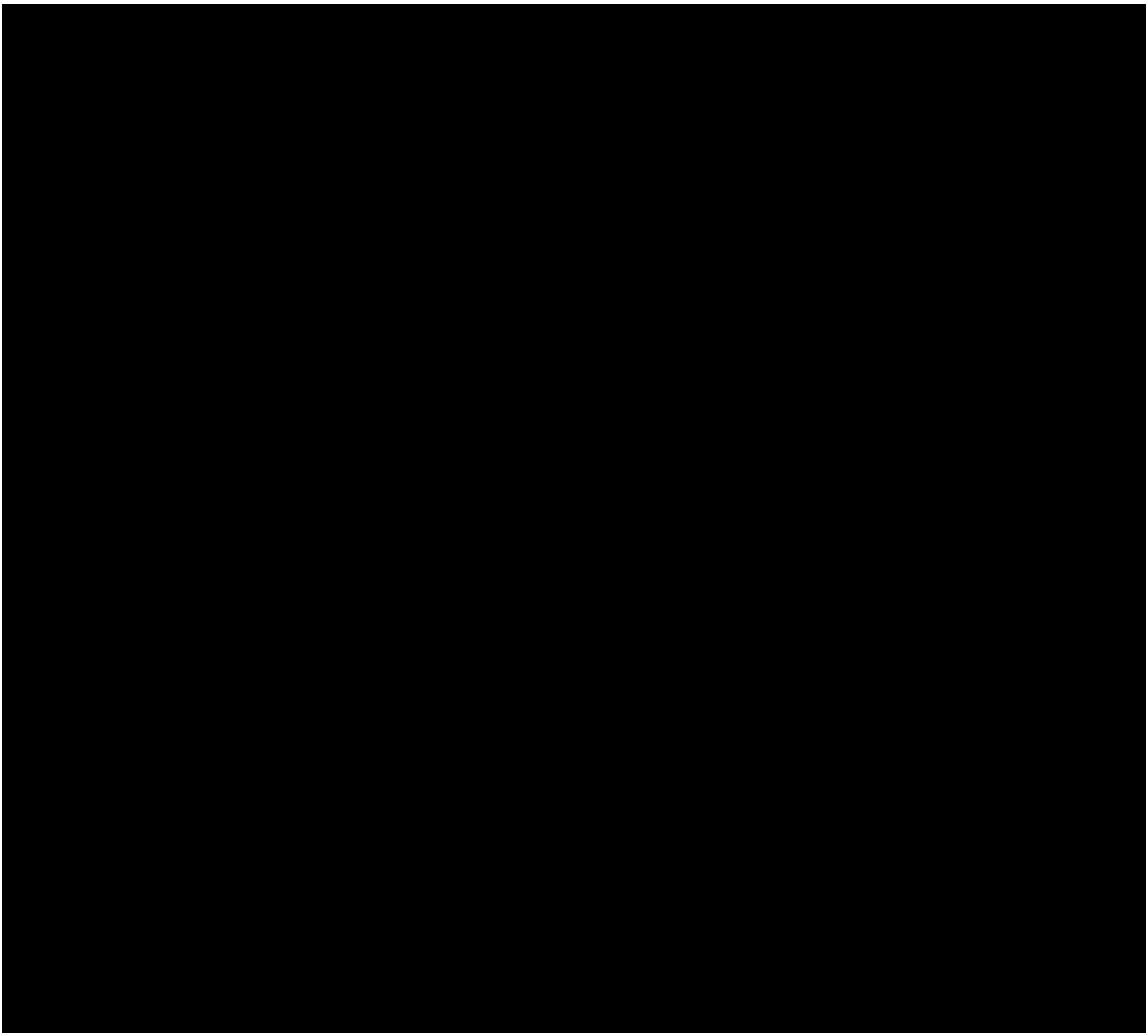

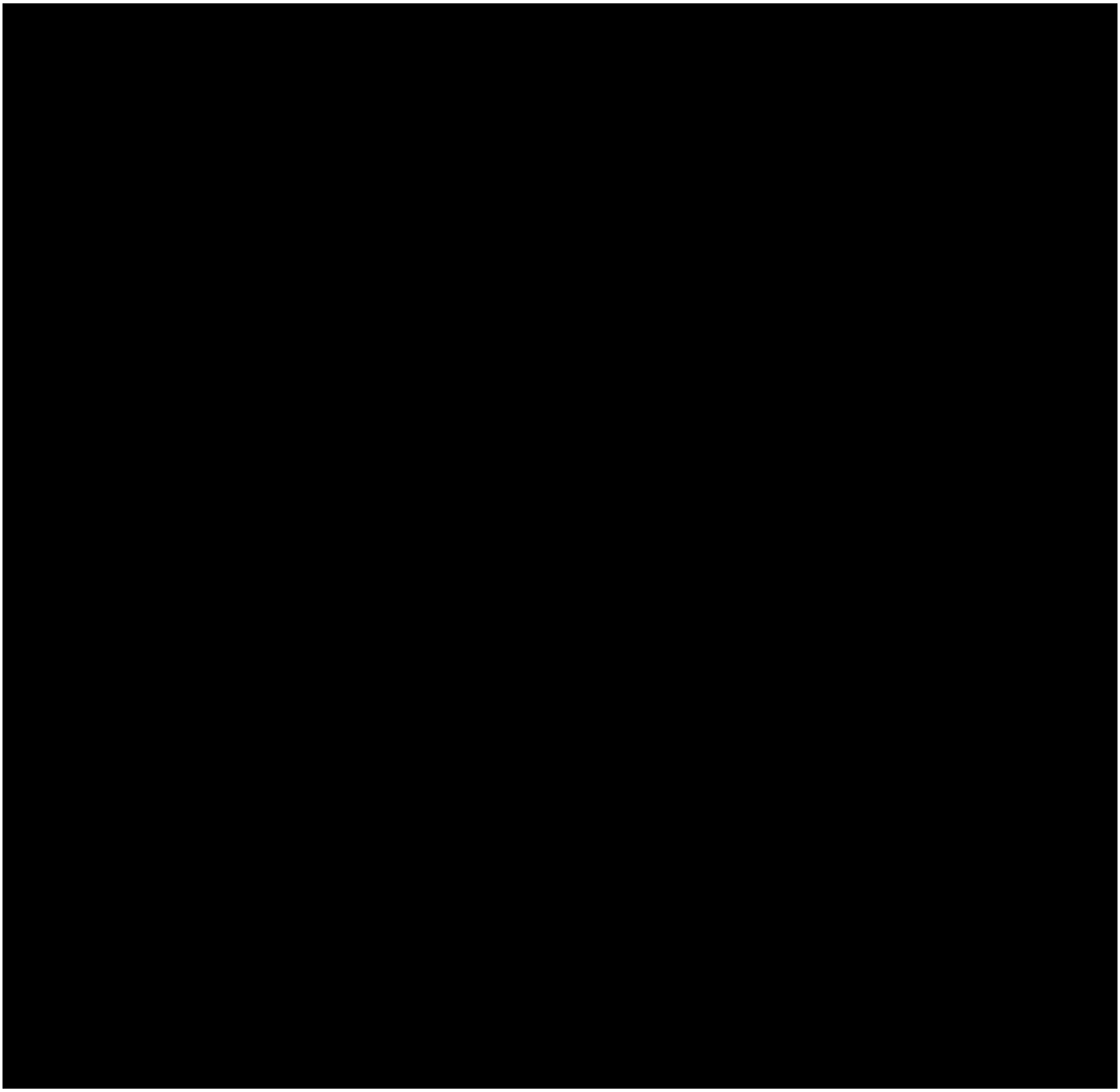

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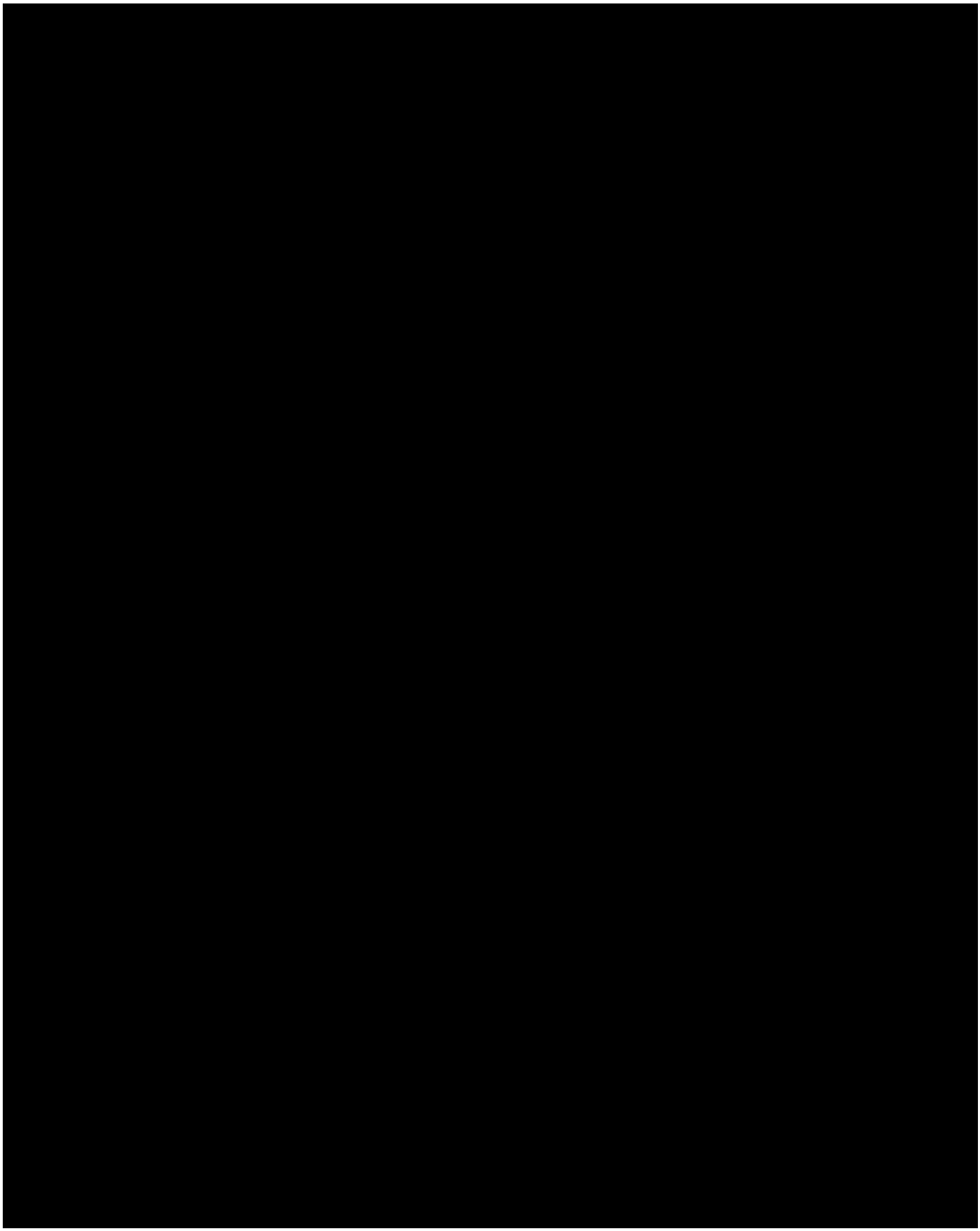

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8.16.2.
Security Measures

The Successful Proposer and each Subcontractor, at minimum, must provide the following security measures for each area where game tickets and waste are produced or stored:

As we currently do for the Texas Lottery, IGT will provide the following security measures.

IGT is pleased to advise the Texas Lottery that IGT has no subcontractors involved in connection with the production and storage of game tickets and waste.

8.16.2.1.
Unauthorized Entry

Adequate security procedures to prevent unauthorized entry to computer areas, ticket production and storage area(s) through window and door entry points. Locking and alarm devices must secure each critical computer production and storage area (including computer media) through all possible entry points. The Texas Lottery Enforcement Director or designated representative must approve the Successful Proposer's and, if applicable, any Subcontractor's plant security prior to first production under any Contract resulting from this RFP and reserves the right to request changes in plant and system security procedures at any time during the Contract term. The Successful Proposer and its Subcontractors must implement all Texas Lottery-requested modifications prior to production taking place.

As we do today, IGT will continue to prevent unauthorized entry to all areas of our Lakeland facility listed in this RFP requirement. We acknowledge that the Texas Lottery Enforcement Director or designated representative must approve plant security prior to the first production under any Contract resulting from the RFP. We further acknowledge that the Lottery reserves the right to request changes to plant and system security procedures at any time during the Contract term and that all Lottery-requested modifications must be implemented prior to production taking place.

The following descriptions highlight our procedures to prevent unauthorized plant entry as well as the locking and alarm devices we use.

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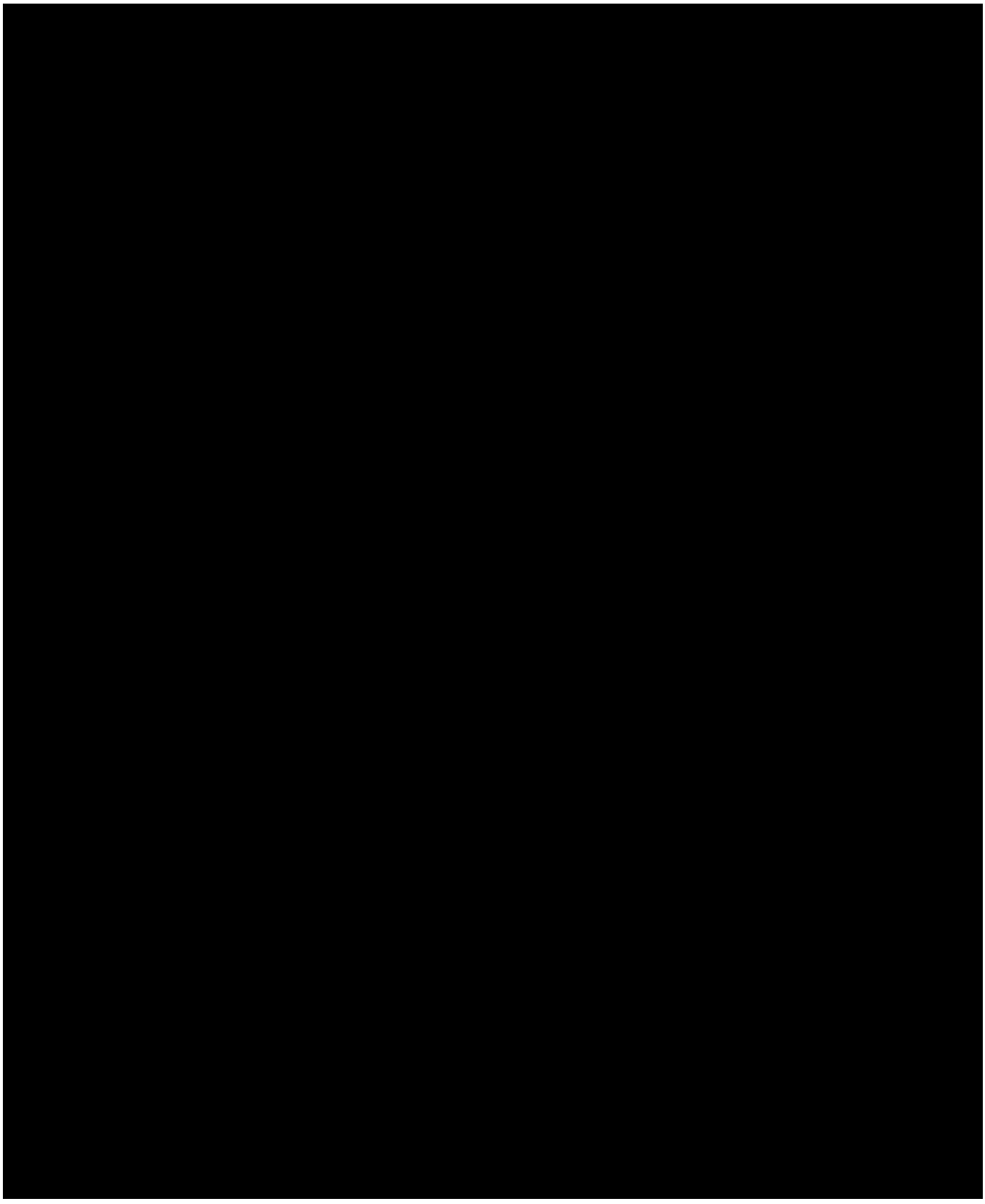

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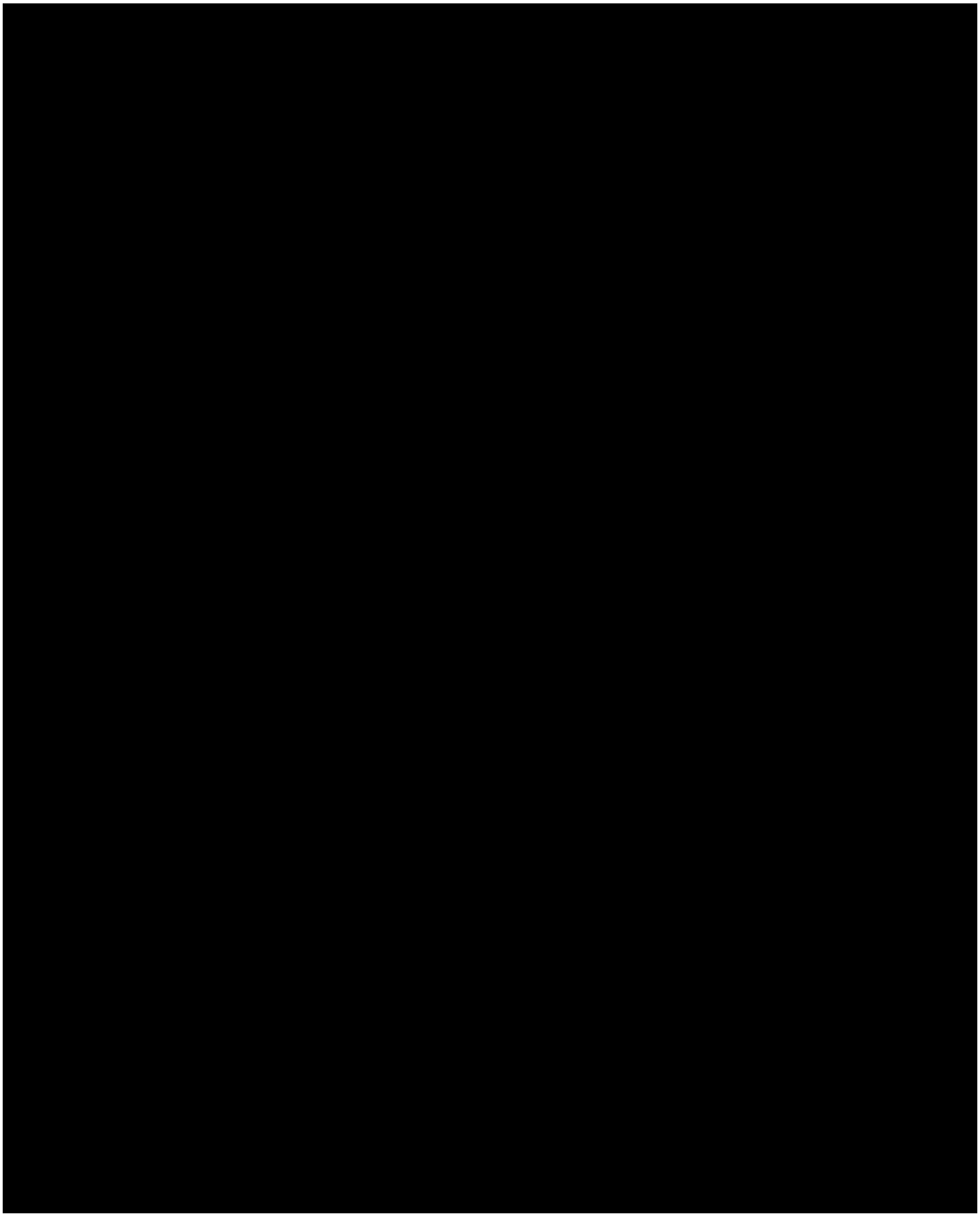

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8.16.2.2. Visitor Log

A visitors' log for all facilities where Texas Lottery scratch tickets are manufactured or stored. A log of the destination and disposition of Texas Lottery imaged material, and omitted tickets by shredding, burning, or dissolving at the Successful Proposer's facility. Such material must not leave the Successful Proposer's facility until it has been processed and is no longer identifiable as Texas Lottery material. The Successful Proposer must use an auditable record system to account for all ticket stock and materials destroyed.

IGT maintains a log of all visitors who enter our Lakeland facility.

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8.16.2.3.
Access to Production and Storage Areas

Access to the area where lottery tickets are produced or stored must be approved by the Texas Lottery. A system of identification of such individuals (such as badges, cards, etc.) is required. If the area is part of a larger plant, it must be possible to limit this access and to secure the area outside normal work hours.

IGT acknowledges that access to the areas where lottery tickets are produced and stored must be approved by the Texas Lottery.

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TPIA §552.110

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8.16.3.
Notification of Changes to Plant Security

The Successful Proposer shall notify the Texas Lottery Enforcement Director of any and all significant changes to the plant security.

IGT confirms our responsibility to notify the Texas Lottery Enforcement Director of any and all significant changes to the plant security at our Lakeland operation.

8.16.4.
Computer Generated Media

Unless specifically authorized to be kept for a specific period of time by the Texas Lottery, all production computer generated media must be sanitized by an appropriate method to make data irretrievable at the completion of production of the game(s) for which they were used. Computer generated media not scheduled for erasure at the end of the production run must be kept in a secure manner as specified by the Texas Lottery.

IGT will continue to comply with this requirement to sanitize computer-generated media by an appropriate method to make data irretrievable at the completion of production of the game(s) for which they were used. We further acknowledge that computer-generated media not scheduled for erasure at the end of the production run must be kept secure in a manner approved by the Texas Lottery, as we do today.

8.16.5. (1-7)
Information Security Plan

The Successful Proposer must provide an information security plan approved by the Texas Lottery Security Manager, Texas Lottery Information Technology Manager, and the Texas Lottery Information Security Officer detailing the information security, during development and production, of all computer-generated media, software, systems, and any other information designated by the Texas Lottery. This is to include any encryption methods required for validation of winning tickets. Any and all changes to the data security plan must be pre-approved by the Texas Lottery Security Manager, Texas Lottery Information Technology Manager, and the Texas Lottery Information Security Officer. The Information Security Plan must include at a minimum:

1) *INFORMATION SECURITY ORGANIZATION*
2) *ROLES AND RESPONSIBILITIES*
3) *POLICY AND STANDARDS MANAGEMENT*
4) *RISK MANAGEMENT*
5) *INCIDENT RESPONSE*
6) *SECURITY AWARENESS AND TRAINING*
7) *INFORMATION SECURITY PROCEDURES*

IGT will comply with this requirement, including providing the Texas Lottery with an Information Security Plan in the manner detailed in the requirement and detailing all topics listed, including under items 1-7.

Our Information Security Plan is ISO/International Electro Technical Committee (IEC) 27001:2013 certified. This certification indicates conformance to comprehensive Information Security Management System (ISMS) standards that cover all aspects of our scratch ticket production in Lakeland.

In addition, our plan also meets WLA Security Control Standard (SCS): 2016 for information security practices within the framework of the lottery industry. WLA SCS 2020 will be issued to IGT once all IGT operations have been audited and accepted. Our Lakeland facility has already been audited and no issues were identified. And our plan is in alignment with the IGT's Corporate ISMS.

8.16.6. Information Security Audits and Remediation of Findings

The Successful Proposer must provide any information security audits and remediation of findings on request to the Texas Lottery Security Manager, Texas Lottery Information Technology Manager and the Texas Lottery Information Security Officer.

IGT acknowledges our responsibility to provide the Texas Lottery Security Manager, the Texas Lottery Information Technology Manager, and the Texas Lottery Information Security Officer with any information security audits and remediation findings upon request.

8.16.7. Business Continuity Plan

The Successful Proposer must provide a Business Continuity Plan to the Texas Lottery Business Continuity Coordinator.

IGT acknowledges our responsibility to provide a Business Continuity Plan to the Texas Lottery Business Continuity Coordinator if we are awarded a new contract under this procurement.

With Texas Lottery input and collaboration, IGT's disaster recovery strategy puts carefully crafted action plans and backup assets created for the Lottery's specific operation into play. IGT has internal and external backup capabilities. The following bullets detail our backup capabilities:

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8.16.8.
SOC 2 Type 2 Report

The Successful Proposer must provide an annual SOC 2 Type 2 report. In compliance with Standards of Attestations Engagement No. 16, System and Organizations Controls Report 2, Type 2 (SSAE-16 SOC 2 Type 2) requirements, a complete internal control audit ("SOC 2 Audit") shall be conducted annually by an independent certified public accounting firm on any facility producing and storing scratch tickets for the Texas Lottery, including facilities outside of the United States.

IGT will provide an annual SOC 2 Type 2 report and a complete internal control audit ("SOC 2 Audit"), conducted by an independent certified public accounting firm, of our Lakeland, Florida, facility.

IGT does not produce or store tickets for the Texas Lottery outside of the U.S.

8.16.9.
Provide Report Copies Within 10 Days of Issuance

The Texas Lottery's Internal Auditor and Executive Director shall be given a copy of all reports including any management letters issued as a result of the SOC 2 Audit within ten (10) Days of issuance. The first such SOC 2 Audit report shall be provided prior to the production of any scratch tickets for the Texas Lottery under any contract resulting from the RFP.

IGT will provide the Texas Lottery's Internal Auditor and Executive Director copies of all reports including any management letters issued as a result of the SOC 2 Audit within ten (10) Days of issuance. IGT will provide the Texas Lottery the first SOC 2 Audit report before the production of any scratch tickets for the Texas Lottery under any contract resulting from the RFP.

8.16.10.
Right to Conduct Its Own Audits

To the extent any SOC 2 Audit reports provided to the Texas Lottery do not satisfy the Texas Lottery's reporting or audit requirements, the Texas Lottery reserves the right to conduct its own audits.

IGT acknowledges that the Texas Lottery reserves the right to conduct its own audits if the SOC 2 Audits IGT provides the Texas Lottery do not satisfy the Texas Lottery's reporting or audit requirements.

8.16.11.
Reimburse Travel Expenses to Inspect Printing Facilities

The Successful Proposer must reimburse travel expenses for Texas Lottery staff to inspect printing facilities.

IGT will reimburse travel expenses for Texas Lottery staff to inspect our Lakeland printing facility in accordance with regulations set forth by the state of Texas.

8.17.

Pre-Production Certification and Color Proof Approval

8.17.1. Ticket Inspection

The Texas Lottery incorporates the highest standards of security and integrity and reserves the right to inspect all tickets produced under any Contract to ensure compliance with the RFP specifications.

IGT has read and acknowledges this requirement.

We acknowledge the Lottery's right to inspect all tickets produced by IGT to ensure they are in compliance with the RFP specifications.

8.17.2. Accuracy of the Game Prize Structure

The Successful Proposers shall certify the accuracy of the game prize structure, and that all Texas Lottery requirements including any parameters and/or constraints have been met, via email to specified Texas Lottery staff, prior to game production.

IGT has read, acknowledges, and will comply with this requirement.

IGT will continue to certify to specified Texas Lottery staff, via email, the accuracy of the game prize structure and that all Lottery requirements, including game parameters and/or constraints, have been met prior to our production of a game.

8.17.3.
Computer and Related Program Reports

Upon written request by the Texas Lottery Operations Director, the Successful Proposer shall furnish all of the actual game computer and related program reports to the Texas Lottery prior to production.

IGT has read, acknowledges, and will comply with this requirement.

Upon written request by the Texas Lottery Operations Director, IGT will furnish all the actual game computer and related program reports to the Texas Lottery prior to production.

8.17.4.
Test Pools

Upon written request by the Texas Lottery Operations Director, the Successful Proposer also must provide, for each game, an image of the computer-generated printout from the test pools illustrating each of the four (4) GLEP patterns and the reconstruction reports of these packs. Also upon request, the Successful Proposer shall also provide all information pertinent to the test pools, including any summary reports.

IGT has read, acknowledges, and will comply with this requirement.

Upon written request by the Texas Lottery Operations Director, IGT will provide, for each game or games, an image of the computer-generated printout from the test pools that illustrates each of the four (4) GLEP patterns. We will also supply reconstruction reports for these packs.

In addition, upon request, we will provide all information pertinent to the test pools, including any summary reports for the specified game or games.

8.17.5.
Color Proofs

The Successful Proposer shall provide to the Texas Lottery Scratch Ticket Strategy Coordinator a color proof of the ticket image for each game for approval.

IGT has read, acknowledges, and will comply with this requirement.

IGT will continue to supply the Texas Lottery Scratch Ticket Strategy Coordinator with a color proof of the ticket image for each game for approval, just as we do today.

8.17.6.
Authorization of Game Production

The Successful Proposer shall not produce any game until the Texas Lottery receives the preproduction certification email, approves the ticket color proof, and authorizes game production.

IGT has read, acknowledges, and will comply with this requirement.

IGT affirms that it will not produce any game until the Texas Lottery authorizes game production after receiving the preproduction certification email and approving the ticket color proof.

8.18.

Production Audit

The Successful Proposer, at its expense, shall engage a qualified and independent certified public accountant to review the procedures and controls employed by the Successful Proposer for each game. The certified public accountant shall render a letter to the Texas Lottery stating the results of the audit performed on the Successful Proposer's production procedures and controls. The procedures for these audits are as follows:

1. *randomly select two (2) pools prepared for printing;*
2. *review the audit program reports for the two (2) pools selected for agreed conformity of such results with the game specifications and prize structure in the final executed working papers, noting any and all exceptions;*
3. *review test data and the audit error report to determine whether the audit program detected errors corresponding to the programming parameters and game specifications, noting any and all exceptions;*
4. *compare the recorded date and time stamp of the audit program used in the performance of the above reports, including updates, to the date and time stamp of the audit program used in the production of the game tickets, noting any and all exceptions;*
5. *review print image data for each possible character image used and determine whether the correct character is set to print, noting any and all exceptions;*
6. *review End of Production Prize Structure and agreed high-tier seeded prizes with the prize structure in the final executed working papers, noting any and all exceptions.*

The Successful Proposer shall provide the following documentation to the Texas Lottery Products Manager prior to the arrival of a printed game at the Texas Lottery warehouse facility:

i. *Letter from the certified public accountant stating results of the audit performed.*
ii. *Executed working papers for the game being audited.*

IGT has read, acknowledges, and will comply with this requirement including procedures 1) through 6) and the documents named under items "i." and "ii."

We will continue to engage a qualified and independent certified public accountant to provide a letter to the Texas Lottery that includes the results of the audit performed on the production procedures and controls for each game we produce for the Texas Lottery.

Our independent, certified public accounting firm is MNP LLP. MNP acquired the lottery auditing business of Deloitte in December 2019. MNP retained the key personnel of Deloitte, along with all the related supporting technology and processes within that practice. Since the change in December 2019, there's been no change to the professional standards being applied to the work being performed for the benefit of the Texas Lottery in connection with the games we produce for the Lottery. This retained team, starting as a division of Deloitte, has been the auditor of choice for lotteries around the world for more than 25 years.

8.19.

Security Testing Sample Packs

Upon completion of a press run, the Successful Proposer must place live ticket packs in omit status per the Customer Specifications Document or executed working papers and ship via overnight delivery to the Texas Lottery's independent laboratory testing facility and/or directly to the Texas Lottery. Tickets will be tested in accordance with Section 8.26. The ticket packs must not be drilled, stamped or rubbed. Additionally, the Successful Proposer must provide a minimum number of representative packs to reflect samples of the beginning, middle and end of the press run for the game. The Successful Proposer shall be responsible for its own test costs associated with testing not required by the Texas Lottery.

IGT has read, acknowledges, and will comply with this requirement.

IGT will continue to comply with all the procedures detailed in this RFP requirement to provide the Texas Lottery with ticket packs for testing – from placing packs in omit status to overnight delivery, pack condition specifications, and providing representative packs.

We acknowledge that IGT will bear the costs for testing that we elect to have performed and that is not required by the Texas Lottery.

8.20.

End of Production Prize Structure

Prior to the arrival of a printed game at the Texas Lottery warehouse facility, the Successful Proposer must submit an End of Production Prize Structure report for the game. This report is a listing of the summary of the prize value in the game by prize level. The End of Production Prize Structure report must be e-mailed as specified by the Texas Lottery with the low and mid/high-tier electronic validation files, and all must be received by the Texas Lottery prior to actual delivery of tickets to the warehouse. The Texas Lottery will review the Successful Proposer's end of game prize structure for each game and if any errors are detected, the Successful Proposer must correct the errors as soon as identified. However, in no event shall the deadline for scratch ticket delivery specified in the executed working papers be extended. Should the End of Production variance cause the odds or other statements on the printed tickets to be incorrect, the Texas Lottery may determine the game to be non-conforming and, in accordance with Section 3.54.25, withhold any amounts due to the Successful Proposer under the Contract.

IGT has read, acknowledges, and will comply with this requirement.

IGT will email to the Texas Lottery an End of Production Prize Structure report for each game. We will email the report so that it arrives at the Texas Lottery warehouse before the tickets arrive. The emailed report will summarize the prize values of each game by prize level and include low-, mid-, and high-tier electronic validation files. If the Lottery finds any errors in the end of game prize structure of the game(s), we will correct those errors immediately.

We understand that the deadline for scratch ticket delivery in the Executed Working Papers will not be extended due to any errors identified in the end of game prize structure, or in any other event.

Should the End of Production variance cause the odds or other statements on the printed tickets to be incorrect, we understand that the Texas Lottery may determine the game to be non-conforming and, in accordance with RFP Section 3.54.15., withhold any amounts due to IGT under the Contract.

8.21.

Packaging

Packaging specifications will be detailed in the Customer Specifications Document or executed working papers. No breaks in packs will be permitted with the exception of properly omitted packs. The number of tickets per pack in a game must be specified in the executed working papers. Partial, broken, miscut or incomplete packs are not acceptable. In addition, the tickets within each pack must be in the numerical sequence prescribed by the Texas Lottery (e.g., 001 to 250; 001 to 125).

IGT has read, acknowledges, and will comply with this requirement.

IGT will package tickets in accordance with the packaging specifications detailed in the Customer Specifications Document and/or executed Working Papers. We acknowledge that no breaks in packs will be permitted, and the number of tickets per pack in each game will be specified in the executed Working Papers. We further acknowledge that partial, broken, miscut, or incomplete packs are not acceptable. In addition, the tickets within each pack will be in the numerical sequence prescribed by the Texas Lottery (e.g., 001 to 250; 001 to 125).

To ensure the correct number of tickets is present in each pack, the beginning and ending pack/ticket number will have a small mark imaged beside it, just as those numbers do today. The mark allows our finishing and packaging technicians to readily determine that the correct number of tickets is present in each pack. If the mark isn't visible or is not on the first or last ticket in the pack, the pack is removed and processed as an omit.

8.22.

Shrink Wrapping

All packs produced must be individually shrink-wrapped in pack sizes determined by the Texas Lottery on a game-by-game basis. Subject to normal printing trade tolerances and practices, the packs of tickets must be properly trimmed and slit. The Texas Lottery requires all ticket packs be wrapped in a manner such that the sealing seam of the pack does not obscure the bar code when packs are scanned. Individual shrink-wrapped packs must be able to withstand normal handling during distribution. Shrink-wrapped packs shall not contain more than a minimal amount of scratch ticket coating, foil or paper residue or other material that falls out upon opening. Shrink-wrapping must remain intact through the shelf life of the game and packs must be assembled in a uniform manner.

IGT has read, acknowledges, and will comply with this requirement.

All packs produced by IGT will be individually shrink-wrapped in pack sizes specified by the Texas Lottery on a game-by-game basis. Subject to normal printing trade tolerances and practices, the packs of tickets we produce for you will be properly trimmed and slit. We will wrap all ticket packs in a manner such that the sealing seam of the pack does not obscure the bar code when the packs are scanned. Our individual shrink-wrapped packs will be able to withstand normal handling during distribution. They will not contain more than a minimal amount of security coating, foil or paper residue, or other material that falls out upon opening. Our shrink-wrapping will remain intact throughout the shelf life of the game. Our packs will be assembled in a uniform manner.

8.23.

Shipping Cartons

8.23.1. Carton Sizes

Carton sizes will vary dependent upon ticket sizes as specified in the executed Customer Specifications Document. Shipping carton sizes must be pre-approved by the Texas Lottery.

IGT has read, acknowledges, and will comply with this requirement.

Our carton sizes will vary dependent upon ticket sizes as specified in the executed Customer Specifications Document. We will continue to only use cartons whose sizes have been pre-approved by the Lottery.

8.23.2. Consecutive Numbering

Cartons must be consecutively numbered and labeled with a computer-produced label showing game name, game number, shipping carton number, range of pack numbers, omissions (if any) and a bar code showing the game number and beginning and ending pack numbers for the carton. Labels should be color coded by game or an additional color-coded sticker should be placed on the box. The sticker should not obscure the shipping label. There will be "Full Packing" in each shipping carton. If, during the balancing process, a carton contains less than the required number of packs per carton for that game, the omitted pack(s) should be replaced by a cardboard filler. "Full Packing" may vary dependent upon ticket sizes.

IGT has read, acknowledges, and will comply with this requirement.

All IGT shipping cartons will be consecutively numbered. They will be labeled with a computer-produced label showing game name and number, shipping carton number, range of pack numbers, omissions (if any), and a bar code showing the game number and the beginning and ending pack numbers for the carton. Labels will be color coded by game, or we'll place an additional color-coded sticker (that doesn't obscure the shipping label) on the box. Each shipping carton will have "Full Packing." If, during the balancing process, a carton contains less than the required number of packs per carton for that game, the omitted pack(s) will be replaced by a cardboard filler. We acknowledge that "Full Packing" may vary dependent upon ticket sizes.

8.23.3.
Lowest Numbered Pack

The Successful Proposer shall be required to pack each carton so that the lowest numbered pack of tickets is visible when the carton is opened from the top. The lowest pack number must be in the front left corner and the highest pack number must be in the right back. Packing tape should not obscure the shipping label. Shipping cartons must be numbered starting with 00001. Shipping cartons are to be 275-lb. test.

IGT has read, acknowledges, and will comply with this requirement.

We'll continue to pack each carton so that the lowest-numbered pack of tickets is visible when the carton is opened from the top. The lowest pack number will be in the front left corner, and the highest pack number will be in the right back. Packing tape will not obscure the shipping label. Our packing tape will not obscure the shipping label. Cartons will be numbered starting with 00001 and be 275-lb. test.

8.24.

Pallets

8.24.1. Pallet Requirements

Currently, for a 4" x 2.4" ticket, the pallet contains 56-60 cartons. Cartons must be packed with the lowest carton number on the top layer of the pallet, highest carton number on the bottom layer of the pallet. The pallet size must be 48" x 40" and provide four-way entry with bottom boards and center brace to allow a forklift to enter 40" sides. Pallets loaded with tickets must be able to be transported, moved and double stacked without damage to pallets or product. The four corners of the pallet must be stabilized by cardboard brackets, or similar means, running the height of the pallet. Cartons must be tightly stretch-wrapped and secured to the pallet so not to topple in transit. Carton labels must face outward and must be color-coded by game. The label must be placed on narrow side of carton (packs of tickets inside carton will face label). Pallets must contain bar-coded labels indicating game name, game number, pallet number, range of carton numbers and pack numbers on the pallet. The bar codes must show the game number and the beginning and ending pack number for the pallet. Pallet labels must also be color-coded to match the same color as the carton label. Omits must be legibly written on the pallet label when applicable. Labels must be placed on both 40" sides. Other pallet sizes and configurations may vary dependent upon ticket sizes and must be specified in the executed working papers for each game. The use of pallets other than 48" x 40" must be pre-approved by the Texas Lottery.

IGT has read, acknowledges, and will comply with this requirement.

To ship tickets to the Texas Lottery, IGT will continue to use pallets that meet the following specifications for the Lottery's games, including 4" x 2.4" tickets and all other ticket sizes currently used or proposed under the new Contract. Each pallet will typically contain 56-60 cartons.

- Cartons will be packed with the lowest carton number on the top layer of the pallet and the highest carton number on the bottom layer of the pallet.
- The pallet size will be 48" x 40" and provide four-way entry with bottom boards and center brace to allow a forklift to enter the 40" sides.
- Pallets loaded with tickets will be able to be transported, moved, and double stacked without damage to the pallets or product.
- The four corners of the pallet will be stabilized by cardboard brackets, or similar means, running the height of the pallet.
- Cartons will be tightly stretch-wrapped and secured to the pallet so as not to topple in transit.
- Carton labels will face outward and be color-coded by game.
- The label will be placed on the narrow side of the carton (packs of tickets inside the carton will face the label).

- Pallets will contain bar-coded labels indicating the game name, game number, pallet number, and range of carton numbers and pack numbers on the pallet.
- The bar codes will show the game number and the beginning and ending pack number for the pallet.
- Pallet labels will also be color-coded to match the color of the carton label.
- Omits will be legibly written on the pallet label when applicable.
- Labels will be placed on both 40” sides.
- Other pallet sizes and configurations may vary, dependent upon ticket sizes, and will be specified in the executed Working Papers and/or in the Customer Standards Document for each game.
- The use of pallets other than 48” x 40” must be pre-approved by the Texas Lottery.

8.24.2. Loading the Pallets

Pallets of finished tickets must be loaded with the lowest numbered pallet in the "nose" of the trailer and the highest numbered pallet at the rear of the trailer. Texas Lottery Commission-required shipping documentation must be placed on the highest numbered pallet at the rear of each trailer. Shipping documentation must be placed in a sealed envelope and labeled “Texas Lottery Commission Shipment Report” or delivered to the Texas Lottery in an alternate method approved by the Texas Lottery. The format of each report must be pre-approved by the Texas Lottery.

IGT has read, acknowledges, and will comply with this requirement.

IGT will continue to load tickets with the lowest numbered pallet in the “nose” of the trailer and the highest numbered pallet at the rear of the trailer. TLC-required shipping documentation will be placed on the highest-numbered pallet at the rear of each trailer. Shipping documentation will be placed in a sealed envelope and labeled “Texas Lottery Commission Shipment Report.” We acknowledge that the format of each report must be pre-approved by the Lottery.

8.25.

Delivery of Tickets to Lottery Warehouse(s)

8.25.1. Shipment Departure Notification Email

After production when the game is ready to be shipped to the Texas Lottery Commission, the Successful Proposer must e-mail a "Shipment Departure Notification" to the Texas Lottery contacts identified in the executed working papers and/or Customer Specifications Document. The "Shipment Departure Notification" must include, at a minimum, the following: date, Successful Proposer name, shipment date and time, expected delivery date and time, game number and name, transportation carrier, trailer number, all seal numbers per trailer, total pallets per trailer, total number of trailers and total number of pallets. The Successful Proposer must provide a primary and secondary contact with name, title, e-mail address and phone number.

IGT has read, acknowledges, and will comply with this requirement as we do today.

IGT will continue to email a "Shipment Departure Notification" to the Texas Lottery contacts identified in the executed Working Papers and/or Customer Specifications Document. The Shipment Departure Notification will continue to include, at a minimum, the following:

- Date.
- Successful Proposer name.
- Shipment date and time.
- Expected delivery date and time.
- Game number and name.
- Transportation carrier.
- Trailer number.
- All seal numbers per trailer.
- Total pallets per trailer.
- Total number of trailers.
- Total number of pallets.
- Primary and secondary contact with name, title, email address, and phone number.

8.25.2.
Shipment Requirements

All ticket shipments must represent the whole game per the executed working papers. Split shipments of game and validation media will not be accepted unless pre-approved by the Texas Lottery. Deliveries of packaged tickets are to be F.O.B. destination to the Texas Lottery Commission scratch ticket distribution warehouse, Austin, Texas, or such other location(s) in Texas as designated by the Texas Lottery Commission. The Successful Proposer must make continuous and uninterrupted delivery of scratch ticket games, without storage. All scratch ticket games must be transported on a sealed and dedicated vehicle, i.e., no other customer's products may be on board. The seal requirements must be approved by the Texas Lottery Commission. The seal must be broken only by an authorized representative of the Texas Lottery; failure to adhere to this requirement may be grounds for rejection of the entire shipment. Upon discovery of any breach of the truck seal, the Successful Proposer must immediately notify by telephone the Texas Lottery Security Manager and the Texas Lottery designated contacts in the Customer Specifications Document. Each game shipment must include retail void samples. Each trailer delivered must have Texas Lottery Commission shipping documentation on the last pallet loaded on the trailer. The shipping documentation shall consist of two (2) reports: 1) Texas Lottery Commission Shipment Summary Report and 2) Texas Lottery Commission Shipment Detail Report. The Texas Lottery Commission Shipment Summary Report shall include game number and name, date shipped, number of tickets per pack, number of packs per carton, number of tickets per carton, number of pallets per trailer, number of cartons per pallet. The Texas Lottery Commission Shipment Detail Report shall include game number and name, date shipped, pallet number, starting carton number per pallet, ending carton number per pallet, number of packs on pallet, starting pack number per pallet, ending pack number per pallet and total tickets per pallet. At the end of the Texas Lottery Commission Shipment Detail Report, the Successful Proposer must include the total number of packs and the total number of tickets in the shipment.

IGT has read, acknowledges, and will comply with this requirement.

We will continue to adhere to the following shipment requirements specified by the Texas Lottery:

- All ticket shipments will represent the whole game per the executed Working Papers.
- Split shipments of game and validation media will not be accepted unless pre-approved by the Texas Lottery.
- Deliveries of packaged tickets will be F.O.B. to the Lottery's scratch ticket distribution warehouse in Austin, Texas, or such other location(s) in Texas as designated by the TLC.
- IGT will make continuous, uninterrupted deliveries of scratch tickets, without storage.
- All scratch tickets will be transported on a sealed and dedicated vehicle, i.e., no other customer's products will be on board.
- The seal requirements will be approved by the Lottery.
- The seal will be broken only by an authorized representative of the Lottery. We acknowledge that failure to adhere to this requirement may be grounds for rejection of the entire shipment.
- Each game shipment will include retail void samples.
- Each trailer delivered will have TLC shipping documentation on the last pallet loaded on the trailer.
- The shipping documentation will consist of two reports: 1) Texas Lottery Commission Shipment Summary Report, 2) Texas Lottery Commission Shipment Detail Report.

- The Texas Lottery Commission Shipment Summary Report will include:
  - Game number and name.
  - Date shipped.
  - Number of tickets per pack.
  - Number of packs per carton.
  - Number of tickets per carton.
  - Number of pallets per trailer.
  - Number of cartons per pallet.
- The Texas Lottery Commission Shipment Detail Report will include:
  - Game number and name.
  - Date shipped.
  - Pallet number.
  - Starting carton number per pallet.
  - Ending carton number per pallet.
  - Number of packs on pallet.
  - Starting pack number per pallet.
  - Ending pack number per pallet and total tickets per pallet.
  - Total number of packs.
  - Total number of tickets in the shipment.

8.25.3. Changes to Scheduled Delivery Dates

The Successful Proposer must immediately notify, by e-mail and telephone, the Scratch Ticket Strategy Coordinator, the Scratch Ticket Production Coordinator and the Products Manager of the Texas Lottery of any changes to scheduled delivery dates of scratch ticket games. All changes in scheduled delivery dates must be in writing and pre-approved by the Texas Lottery.

IGT has read, acknowledges, and will comply with this requirement.

IGT will immediately notify, by email and telephone, the Lottery's Scratch Ticket Strategy Coordinator, Scratch Production Coordinator, and Products Manager of any changes to scheduled delivery dates of scratch ticket games. All changes in scheduled delivery dates will be in writing and pre-approved by the Texas Lottery.

8.26.

Scratch Ticket Testing

The Texas Lottery contracts with an independent laboratory to test all scratch ticket games for compliance with quality, security and durability standards set by the Texas Lottery. In the event a scratch ticket game fails testing or is not accepted by the Texas Lottery, all testing costs for any new production run of the same game will be at the Successful Proposer's expense, and the Successful Proposer shall reimburse the Texas Lottery for all test expenses.

IGT has read, acknowledges, and will comply with this requirement.

IGT acknowledges that the Texas Lottery contracts with an independent lab to test all tickets for compliance with the quality, security, and durability standards set by the Lottery. All testing costs for any new production run of the same game will be at IGT's expense, and we will reimburse the Texas Lottery for all test expenses.

At IGT, we use our fully equipped internal lab to conduct tests to ensure our scratch tickets are secure against practical compromise using methods known within the lottery industry. As new methods of attack and compromise are identified, we modify our testing protocols accordingly and work with lottery partners such as the Texas Lottery to implement additional features to enhance the security of the tickets.

8.27.

Testing Protocols

Scratch tickets are subjected to an array of tests to ensure their security, integrity, and "playability." Tickets are tested for consistency from ticket to ticket and from pack to pack within each game. The Texas Lottery tests all games and reserves the right to require additional tests on any scratch ticket game. The Texas Lottery conducts a series of tests that fall into the categories detailed below.

The Texas Lottery will regularly review the tests and at any time may consider the addition or elimination of one (1) or more tests based on necessity, and/or benefits or effectiveness of substituted methods. Subsequent tests may be developed based upon newly acquired industry information or advancements in ticket technology.

Scratch tickets may be subject to additional tests after initial release as deemed necessary by the Texas Lottery.

Upon Contract Award the Texas Lottery will provide to the Successful Proposer a copy of the scratch ticket testing procedures.

IGT has read, acknowledges, and will comply with this requirement and its sub-requirements.

IGT acknowledges that the Texas Lottery's scratch tickets are subjected to an array of tests to ensure their security, integrity, and playability, as well as their consistency from ticket to ticket and pack to pack within a game. We acknowledge the Texas Lottery's approach to scratch ticket testing procedures and reviews, as detailed in this RFP requirement, in particular that the Lottery may at any time consider adding or eliminating tests or developing new tests as the industry and ticket technology evolve. We appreciate the Lottery's willingness to share its scratch ticket testing procedures upon Contract Award so that if we are chosen as a Successful Proposer, we can continue to be informed of the testing procedures required by the Lottery and ensure our own testing protocols include those same procedures.

8.27.1
Guidelines for Scratch Ticket Testing

Tickets are tested to determine if they meet the following criteria:

Durability Criteria. Tickets are expected to withstand temperature variations; accidental washing; and exposure to heating appliances commonly found in convenience stores and homes (e.g., microwaves, heat lamps, hot dog cookers, etc.) and still be readily saleable. Proposers shall provide detailed criteria to assess the ticket's ability to withstand likely environmental conditions. Items to consider include, but are not limited to, ink density, scratch ticket coating and scratch ticket paper stock.

Security Criteria (Security Risk). The Texas Lottery strives to limit compromises of the game data by those attempting to pre-determine if tickets are winning tickets. All reasonable measures are taken to ensure the highest quality and most secure ticket is offered for Texas Lottery players. Therefore, tickets must be evaluated to determine what security risk they have. Proposers shall provide detailed criteria to assess attempts at exposing game data which leaves little or no apparent evidence of tampering, but still leaves the ticket in a saleable condition. Criteria to consider should include the amount of time it takes to compromise the ticket data, whether the supplies used are readily available, and the simplicity or complexity of the technique.

Alterability Criteria. Tickets will be evaluated to determine if they are sufficiently secure to withstand attempts to change a non-winning ticket into a redeemable winning ticket and/or increase the prize amount on a winning ticket. Common alteration methods include cut and paste, ink alterations, reproduction and game data removal. The information gathered from the evaluations will be used to improve future game designs.

We are familiar with the ticket testing protocols described in this RFP requirement. We conduct tests on finished tickets from each game consistent with the tests conducted by the Lottery and its independent testing lab including aging tests.

Our tests are used to determine the following criteria:

TPIA §552.110

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Confidential information ends here.

TPIA §552.110

8.27.2.
Current Tests

A summary of the current tests is identified below:

1. *Scratch Ticket Coating Removal Test: Purpose is to determine the amount of force needed to remove the scratch ticket coating.*
2. *Environmental Exposure Tests: Purpose is to determine the durability of the tickets and their susceptibility to compromise following exposures to intense light, heat, humidity, water, and/or steam.*
3. *Washing Test: Purpose is to determine the durability of tickets when exposed to conditions that would simulate "accidental" machine washing.*
4. *Bar Code Measurements and Evaluations: Purpose is to ensure the quality of all bar codes is sufficiently compatible with the electronic equipment that reads the bar code and is not susceptible to compromise. (TLC will provide the Successful Proposer with equipment currently used by Retailers.)*
5. *Micro-scratching: Purpose is to determine if a ticket's play design, overprint layers and protective coatings are capable of preventing determination of winning status by micro-scratching the ticket.*
6. *Chemical Exposure Tests: Purpose is to determine susceptibility to compromise with commonly available chemicals and chemical fumes. The testing should include delamination of the tickets and use of various light sources following exposure.*
7. *Chemical Exposure Tests: Purpose is to determine susceptibility to compromise with commonly available chemicals and chemical fumes. The testing should include delamination of the tickets and use of various light sources following exposure.*
8. *Mechanical Lift Tests: Purpose is to determine the scratch ticket coating's susceptibility to compromise by lifting and replacing it onto the ticket using tools, sprays or other items.*
9. *Ultraviolet Examination: Purpose is to evaluate the ultraviolet security features that may or may not be present on the ticket.*
10. *Light Source Examinations: Purpose is to assure that the scratch ticket coating provides sufficient protection to prevent decoding game data using the naked eye, an instrument using magnification, and/or various light sources. The testing should include delamination of the ticket.*
11. *Alterations: Purpose is to determine if a ticket's play design is capable of preventing or exposing alteration attempts such as cut and paste, hand alterations, color copy reproduction and computer counterfeiting.*

We recognize the tests listed in this RFP requirement and conduct all of these tests in our own quality lab. Some of the tests are listed in our response to Requirement 8.27.1, Guidelines for Scratch Ticket Testing, above.

8.28.

Non-Conforming Tickets

8.28.1. Test Failure

If the result of any test or inspection establishes that any ticket(s), pack(s) or the entire game fails to meet the requirements specified in this RFP, the ticket(s), pack(s) or the entire game may be deemed non-conforming by the Texas Lottery and, in accordance with Section 3.54.25, the Texas Lottery may withhold any amounts due to the Successful Proposer under the Contract.

IGT has read, acknowledges, and agrees to this requirement.

8.28.2. Pulling Non-Conforming Packs

If the Successful Proposer makes the recommendation to pull selected packs of nonconforming tickets and the Texas Lottery agrees, the Texas Lottery may assess sanctions for these packs, pursuant to section 3.54.25 of this RFP.

IGT has read, acknowledges, and agrees to this requirement.

8.29.

Computer System Compatibility

The Successful Proposer must maintain compatibility with the Texas Lottery's and the Texas Lottery Operations and Services vendor's computer systems. Detailed programming specifications, including but not limited to production and validation, will be developed in joint meetings between the Successful Proposer and the Texas Lottery. Programming specifications will be approved by the Texas Lottery before any systems work or programming begins.

IGT has read, acknowledges, and will comply with this requirement.

IGT's computer systems will be compatible with those of the Texas Lottery and its Lottery Operations and Services vendor, currently IGT. We will continue to use the current detailed programming specifications until any new specifications are approved by the Texas Lottery before the start of any system or programming work.

8.30.

High-Tier Winner Validation Media

Tickets must be manufactured in such a manner that there is no record of any kind, in the validation media, that connects the location of high-tier winning tickets in the game with the exposed pack number on the ticket.

IGT has read, acknowledges, and will continue to comply with this requirement.

8.31.

Electronic Data Transfer Process

8.31.1. Procedures for the Electronic Data Transfer Process

The validation files must be transferred using an electronic data transfer process as defined by the Texas Lottery. The Successful Proposer will be provided with the procedures for this electronic data transfer process.

IGT has read, acknowledges, and will comply with this requirement.

8.31.2. Provide Original Validation CD(s) in Sealed Container

If the electronic data transfer process cannot be completed, the Texas Lottery may request the Successful Proposer provide original validation CD(s) in a sealed container meeting all the requirements in this RFP. The numbers of all single use seals applied must be recorded. The seal information must be sent via encrypted email to the Texas Lottery Operations Security Manager. The seal number must be verified by telephone and encrypted e-mail. All CD's must be delivered as soon as possible by approved courier. If a CD is requested, all validation media (mid/high and low-tier), inventory and balancing reports must be provided on CD or in a format prescribed by the Texas Lottery.

IGT has read, acknowledges, and will comply with this requirement. During the current contract, all game data has been successfully transferred electronically.

8.32.

Backup Capabilities

The Successful Proposer must have internal and external backup capability that exists for all phases of ticket manufacturing which must ensure delivery of game tickets by the dates specified in the executed working papers.

IGT has read, acknowledges, and complies with this requirement.

IGT has internal and external backup capabilities across all phases of ticket manufacturing, ensuring that the Texas Lottery's scratch game tickets will be delivered by the dates specified in the executed Working Papers.

Internal Backup Capabilities

TPIA §552.110

Confidential information begins here.

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[redacted]

Confidential information ends here.

External Backup Capabilities

We currently produce all of our scratch games out of our single Instant Ticket Services facility in Lakeland, Florida. In the unlikely event of a catastrophic disaster that makes our plant inoperable for an extended period of time, we recommend the temporary transfer of the production of new games and/or new editions of previously successful games to other vendors while we implement measures to bring the facility back into operation. However, due to both our experience and the efficiencies we've introduced over the years (including our backup capabilities, described above), there's never been a business emergency or disaster situation that required us to stop production, including hurricanes and a pandemic.

TPIA §552.110

Confidential information begins here.

[redacted]

Confidential information ends here.

As the industry has seen over the last two years, no vendor is immune to and able to withstand every possible disaster. Further, the Texas Lottery clearly recognizes that the sheer size of its business prevents any single vendor from having 100% backup capabilities. Based on that understanding, the Lottery has chosen to offer all qualified firms that can supply scratch tickets to U.S. lotteries and that demonstrate superior technical quality and service the chance to become one of its scratch ticket manufacturing and services vendors. That decision will provide the Texas Lottery with the most extensive backup capabilities possible.

8.33.

Specified Options

A Specified Option must be proposed by the Proposer; however, the Texas Lottery does not commit to any quantity or timing for acquisition of a Specified Option. A Proposal may be rejected if a Specified Option is not included.

IGT has read, acknowledges, and complies with the Specified Options requirement and its sub-requirements.

Please see our Cost Proposal for pricing of the various manufacturing options described in the following pages.

8.33.1.
Ticket Manufacturing Options

As a specified option, the Successful Proposer must be able to provide the following ticket manufacturing options:

IGT can supply all of the ticket manufacturing options specified in Sections 8.33.1. (1-16).

8.33.1.1.
Reduction for Colors Less Than 10

Reduction for colors less than ten (10).

IGT can offer this ticket manufacturing option. Please see the Cost Proposal for pricing details regarding cost reduction for games using colors less than ten (10).

8.33.1.2. Fluorescent Inks (other than required fluorescent benday)

Fluorescent inks (other than required fluorescent benday).

IGT has supplied many games utilizing fluorescent inks over the course of the current contract and will continue to make this option available. The Cash Spectacular tickets shown below are recent examples of a game we produced for the Texas Lottery that features multiple fluorescent inks.

Figure 8.33 – 1. Eye-Catching and Memorable: Available in a wide variety of colors that can be used in combination on a single ticket, fluorescent inks provide an exciting visual contrast.

8.33.1.3. Metallic Inks

Metallic inks.

IGT has printed games for the Texas Lottery using metallic inks (most recently the $50 500X Loteria Spectacular game) and will continue to make this option available.

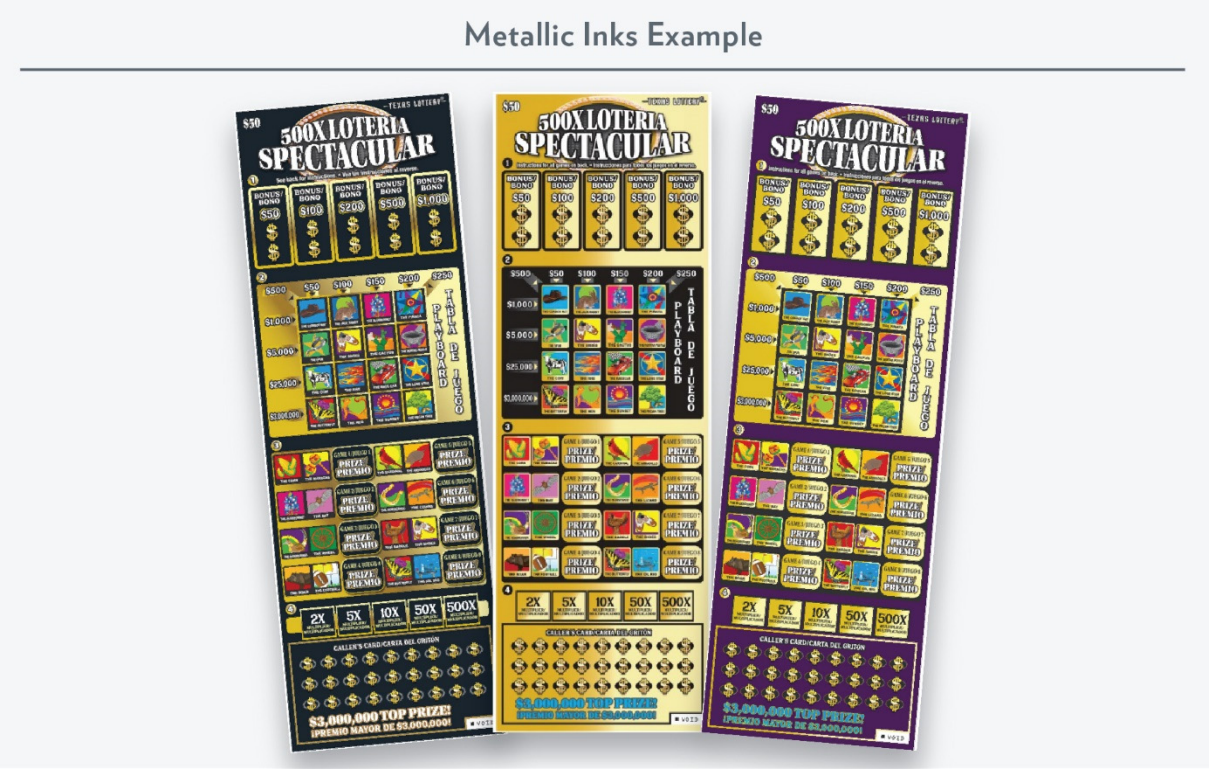

Figure 8.33 – 2. Rich-Looking and Classic: Metallic Inks, such as the ones printed on the Lottery's 500X Loteria Spectacular, produce a striking look and a shine that catches the eye.

8.33.1.4. Dual Color Game Data Imaging – Proposer Must Specify Colors Available

Dual color game data imaging - Proposer must specify colors available.

IGT can supply this ticket manufacturing option. The play data can be imaged in black or your choice of six standard spot colors (red, blue, green, yellow, purple, and orange). To ensure the best possible ticket checking and validation experience for your players and retailers, we recommend that black imaging be one of the two colors for games using our dual color imaging process.

Additional colors may be available upon request.

Triple Red 777 Super Ticket®, shown in the next figure, is a recent example of a game that featured dual color imaging.

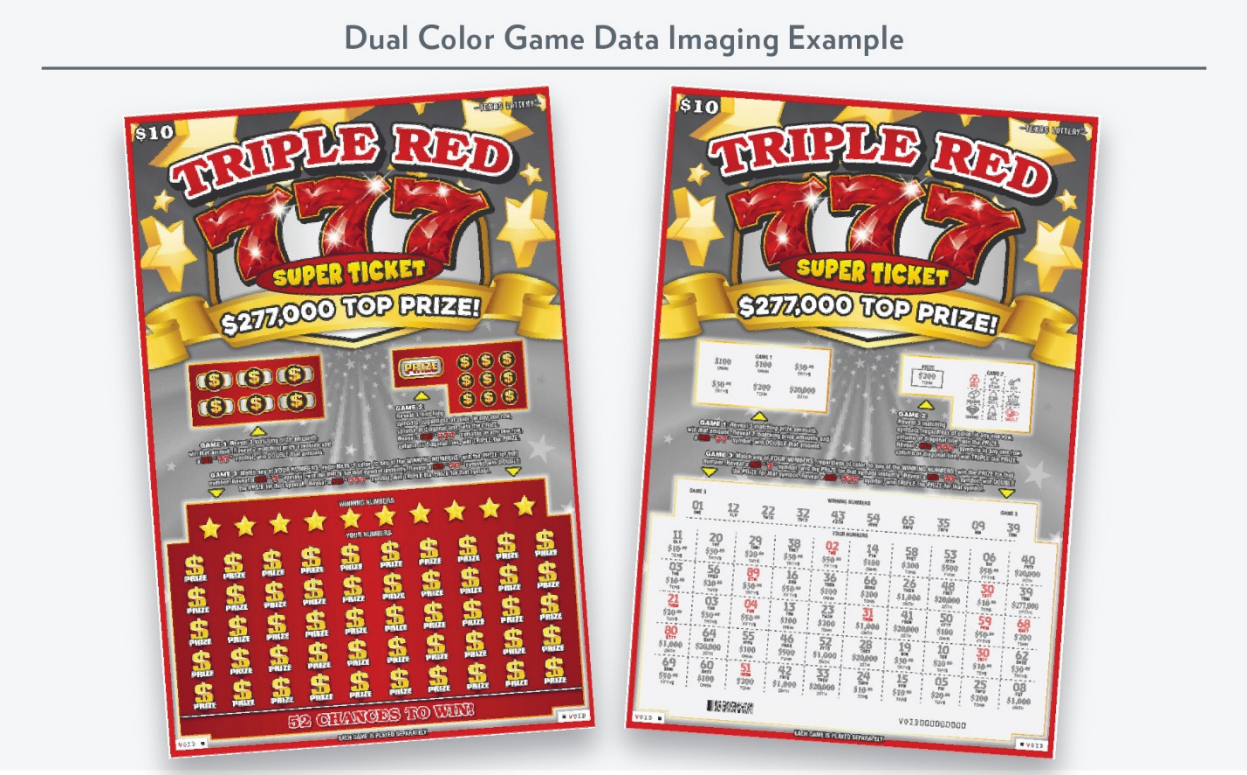

Figure 8.33 – 3. Bold and Attractive: Dual color imaging, as used in the Triple Red 777 Super Ticket above, enhances both the play experience and the value proposition for players. We suggest that black imaging be one of the two floors used, to provide retailers and players with the best possible experience checking and validating tickets.

8.33.1.5. Multiple Scenes or Continuous Scene Game

Multiple scenes or continuous scene game.

IGT has produced a wide array of games featuring multiple scenes and continuous scenes for the TLC, and we will continue to offer this ticket manufacturing option.

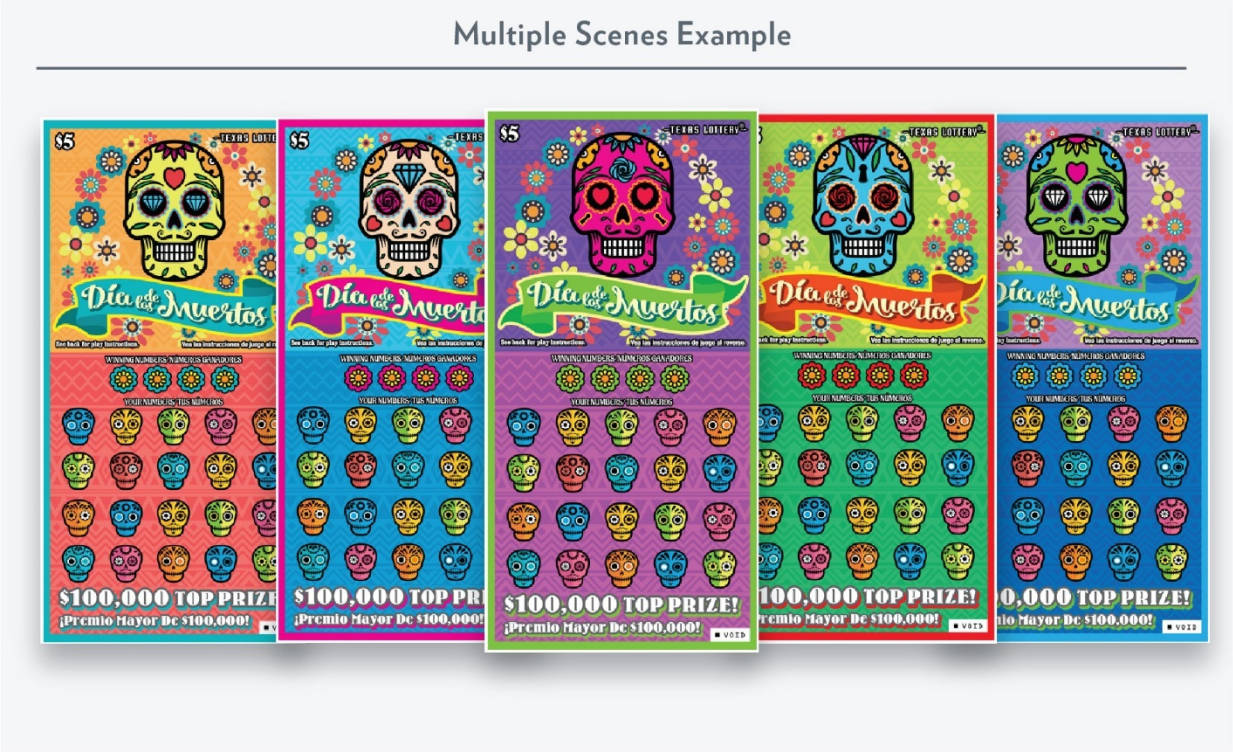

Figure 8.33 – 4. Collect Them All! Including multiple scenes within a pack, as seen in the Dia de los Muertos ticket above, not only adds aesthetic appeal to the game but helps differentiate and enhance the product portfolio and is a great way to encourage multiple ticket purchases.

8.33.1.6. Color Pulsing/Color Changes Within a Press Run

Color pulsing/color changes within a press run.

IGT can produce games featuring color pulsing (color changes within a press run) and will continue to make this option available.

8.33.1.7. Full Ultraviolet Coating

Full ultraviolet coating.

Full UV coating has been widely used on most Texas Lottery games, and we will continue to have it available in the upcoming Contract.

8.33.1.8.
Marking Process Other Than Full Opaque Scratch Ticket Coating

Marking process other than full opaque scratch ticket coating.

IGT offers two primary marking-process options other than full opaque scratch ticket coating:

- **Color Reveal:** By incorporating multiple colors, our Color Reveal marking system seamlessly blends the scratch-off area into the overall ticket display for a more attractive look and makes obvious where the player has scratched.
- **Translucent Scratch-Off:** This process allows players to see what is under the scratch-off area so they can select where to scratch. The translucent material is visually distinct from the underlying lily pad. We can produce games that feature more than one translucent color on the same ticket.

8.33.1.9.
Cylinder or Plate Changes Before and During Production

Cylinder or plate changes before and during production.

IGT can change cylinders or plates before and during production as needed or requested by the Texas Lottery.

8.33.1.10.
Multiple Games Across the Web

Multiple games across the web.

IGT can print multiple games simultaneously across the web.

8.33.1.11.
Hourly Rate for Programming Test Games for Software Changes

Hourly rate for programming test games for software changes.

IGT has supplied its hourly rate for programming test games for software changes in the Specified Options section of our Cost Proposal.

8.33.1.12.
Holographic Paper Stock

Holographic Paper Stock.

IGT obtains holographic ticket stock in a variety of patterns from our paper vendors and will continue to collaborate closely with the Lottery to find the best holographic stock option that will enhance the game and/or family being designed.

8.33.1.13.
Foil Paper Stock

Foil Paper Stock.

IGT has produced many games for the Texas Lottery on foil paper stock and will continue to make this option available under the new contract.

8.33.1.14.
Hole Drilling

Hole Drilling.

IGT has provided a game utilizing hole drilling to the Texas Lottery and will continue to make this manufacturing option available to the Lottery.

8.33.1.15.
Additional Pack Inserts

Additional Pack Inserts.

IGT can supply additional pack inserts if requested by the Texas Lottery.

8.33.1.16.
Special Stock Pack Inserts

Special Stock Pack Inserts.

IGT has supplied special stock pack inserts to the Lottery and will continue to provide this manufacturing option.

8.33.2.
Internet Entry Promotional Second-Chance Drawings

The Texas Lottery may use internet entry promotional second-chance drawings. The Successful Proposer may be required to conduct drawings at Texas Lottery Headquarters or another location, as specified by the Texas Lottery in its sole discretion. The Successful Proposer shall provide and utilize an automated drawing solution/Random Number Generator (RNG) to select winning entries for these drawings. The Successful Proposer shall provide written certification from an independent third party, approved by the Texas Lottery, that the drawing solution/RNG has been tested and certified. The Successful Proposer thereafter shall have the drawing solution/RNG tested and recertified each time updates, if any, are made. Prior to the date of the first internet entry second-chance drawing, the Successful Proposer shall ensure that three (3) drawing solution/RNGs are delivered to the Texas Lottery. The Texas Lottery shall store such drawing solutions/RNGs in a secure room provided by the Texas Lottery and shall provide the Successful Proposer's drawing personnel with access to a drawing solution/RNG upon their arrival to conduct each drawing. The Texas Lottery shall return the drawing solution/RNG to the designated secure room for storage between drawings. The Successful Proposer shall provide, at no additional cost to the Texas Lottery, an independent certified public accountant selected by the Successful Proposer to observe and certify each internet entry second-chance drawing. On the day of each internet entry second-chance drawing and under the observation of the independent certified public accountant, the Texas Lottery shall provide the Successful Proposer with a secure internet connection to enable the Successful Proposer to transfer and verify the drawing entry records for the drawing. After the drawing entry records have been transferred via a secure internet connection and verified by the Successful Proposer, the Successful Proposer shall securely transfer the drawing entry records file to the drawing solution/RNG being used for the drawing. In the event that the foregoing method of transferring drawing entry records becomes impracticable (e.g., the electronic file containing the entry records becomes too large to fully download the day of a particular drawing), the parties agree to collaboratively consult on alternative methods for the transfer of drawing entry records. Currently, these services are provided by the Texas Lottery Operations and Services vendor.

The Successful Proposer a) shall develop, maintain and host web pages for internet second-chance entries; b) shall provide customized database management systems including player account management and entry management; c) shall provide real-time entry validation; d) shall provide files of drawing entry records for the Successful Proposer to conduct promotional second-chance drawings as approved by Texas Lottery security; and e) if requested by the Texas Lottery, shall provide geo-location services for in-state address verification of all entries submitted. The Successful Proposer must securely store all electronic internet entries for each drawing and securely transfer the appropriate drawing entry records for the appropriate drawings according to all agreed upon entry deadlines and drawing schedules. Currently, these services are provided by the Texas Lottery Operations and Services vendor.

The Successful Proposer may also be required to provide a web page(s) that outlines the features of each game that offers internet entry promotional second-chance drawings.

The web page will include the drawing rules and regulations and show available prizes and other features for the specific game, including information on claiming prizes and links to related information.

IGT acknowledges and will comply with this requirement if the Texas Lottery selects IGT to fulfill internet entry promotional second-chance drawings.

IGT has a long, rich history of collaborating with the Texas Lottery on internet-entry promotional second chance drawings. We've performed similar services for many lotteries including those in the following table.

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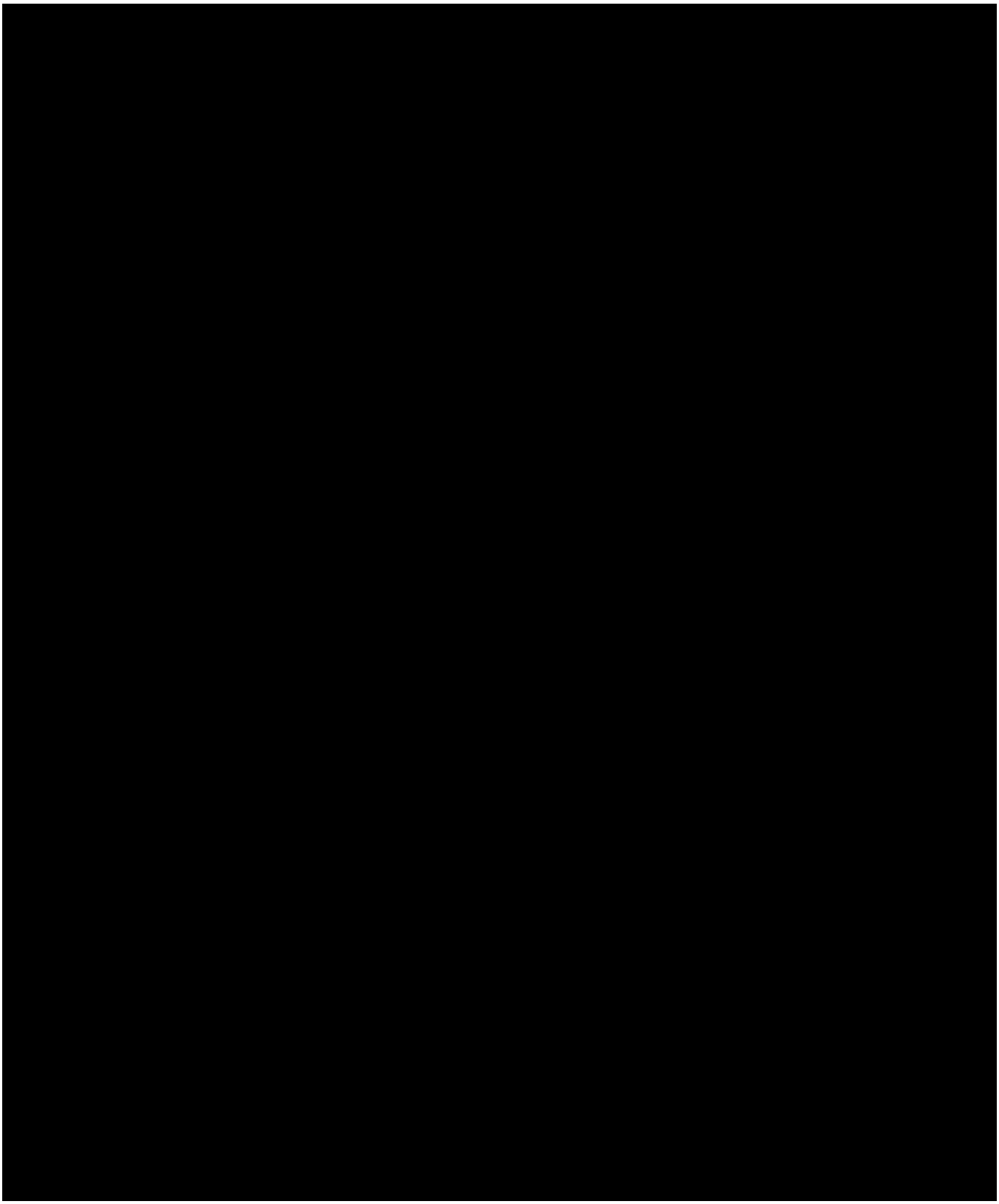

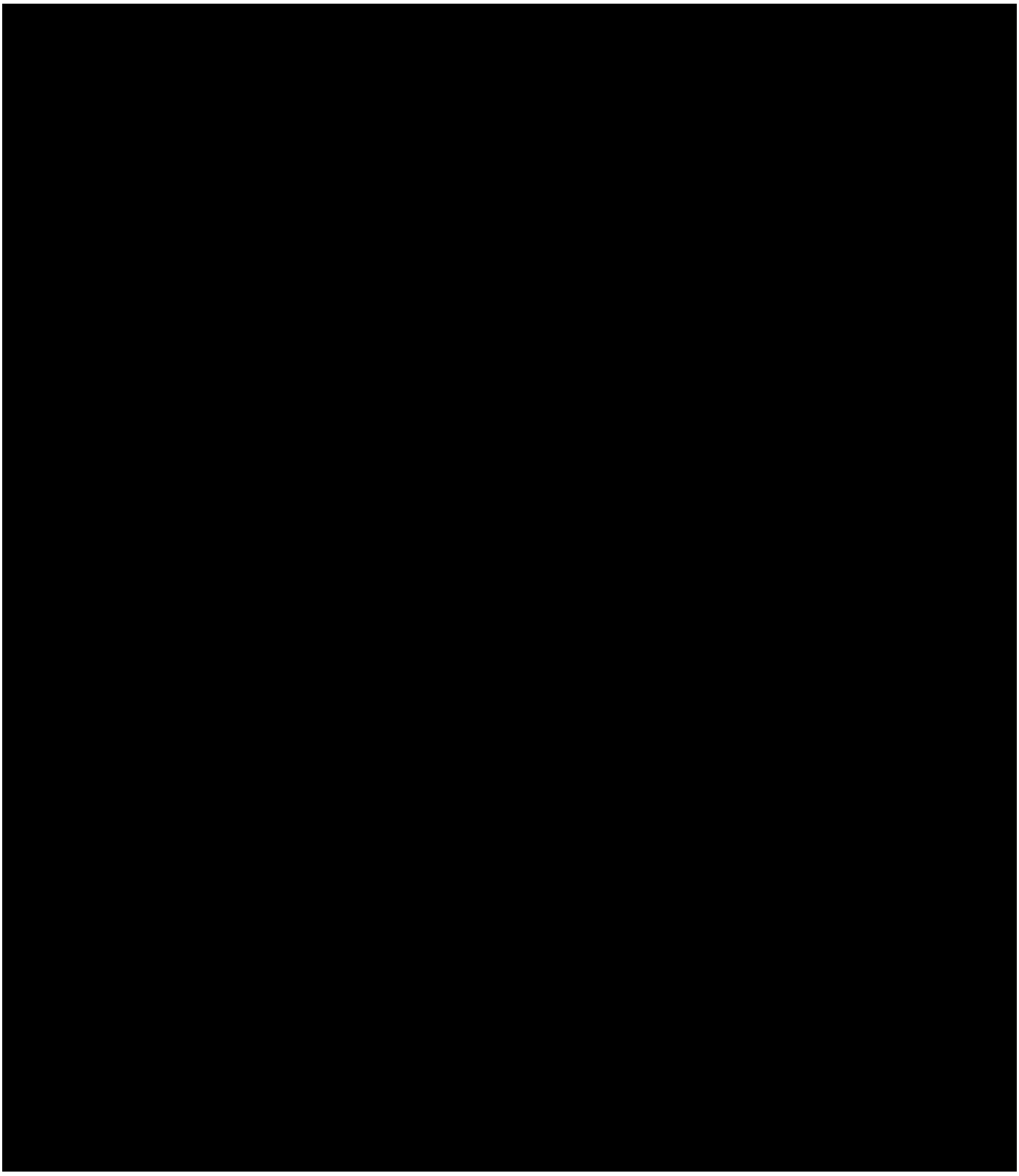

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Turnkey Marketing Programs

Beyond the infrastructure of these programs, we provide full turnkey marketing solutions that allow lotteries to execute second chance promotions efficiently. These involve streamlining as much of the comprehensive experience itself as is possible, to make it easier to launch a promotion. For some licensed property games, this starts with a catalog of pre-approved artwork, customizable for a variety of price points and play styles.

IGT has the capability to provide a multi-channel marketing program, including preproduced TV and radio commercials, social media and digital ads, and a variety of retail POS materials, all customized to the requirements and specifications of a specific market.

We also support the mechanics and logistics of the second chance program itself. This includes management of the drawing(s) via our second chance platform, winner communications, and fulfillment of prizes won. These prizes are traditionally cash awards, merchandise prize packs, or VIP “money-can’t-buy” experiential prizes often tied to a licensed brand.

The Player Experience

Some second chance programs feature the chance for players to win all-expense-paid VIP trips and once-in-a-lifetime experiences. For these, IGT provides its signature white glove service to lottery partners and their players. The players, having entered and won prizes offered by their lottery, are treated as VIPs from the moment they find out they're a winner through the culmination of their trip and even after they return home. IGT personnel make the initial outreach to the players, book their travel and hotels, disperse any associated spending money, prepare custom experiences, tours, and receptions to ensure a once-in-a-lifetime trip, and prepare and process any related tax amounts. Prior to the trip, IGT sets up closed social media pages for the winners to introduce themselves and talk about the upcoming experiences. If there is a prize giveaway component, IGT creates and holds an event for the winners to find out their additional prize.

Second Chance with a Most Recognizable Brand

One of the large-scale second chance programs offered by IGT in recent years was tied to the Wheel of Fortune® brand. IGT has partnered with Wheel of Fortune to offer licensed scratch games and related second chance programs since 2015. In 2016, 15 lotteries participated in a linked second chance program that sent 84 winners on a VIP grand-prize trip to Los Angeles. We created custom TV and radio commercials featuring Pat Sajak and Vanna White and produced more than 300,000 retail POS pieces, as well as digital and social banners that prompted millions of hits on lottery pages. Winners spent five days in L.A. and experienced a guided tour of Hollywood, a tour of Sony Studios, and a chance to be a contestant on a non-broadcast taping of a *Wheel Of Fortune* episode, with cash prizes of up to $1,000,000. Each winner also received $1,000 in spending money and the chance to spin the Wheel to win a cash prize of up to $2,500. One winner said of the trip, "Thank you from the bottom of our hearts for making this trip a once in a lifetime memory for us!" We built on this success by offering a new Wheel of Fortune-themed linked program in 2019, called "Big Money Spin," where winners spun the wheel with a chance to win up to $1,000,000.

Players can also engage with the second chance website to enter non-winning tickets for a chance to complete an interactive puzzle board.

Figure 8.33 – 6.

Figure 8.33 – 7.

IMARCS conducts a wide range of second chance drawings for other lottery customers on behalf of IGT. Recent examples include:

- **Mississippi State Lottery**: Second chance drawings for all scratch games.
- **Ohio Lottery**: The Voice, Wheel of Fortune.
- **Georgia Lottery**: Wheel of Fortune.

IGT maintains a strategic relationship with IMARCS to partner and jointly market IMARCS' advanced technology. Through this agreement, IGT second chance customers have access to IMARCS's industry-leading internet marketing tools. The goal of the partnership is to give our lottery customers innovative strategies for attracting new generations of players and rewarding long-time loyal players for increasing their lottery ticket purchases.

IGT and IMARCS provide validation, entry records, geolocation, and secure transfers for Texas and other lotteries. The following figures depict the Texas Lottery Caesars promotional second chance drawing program. The program generated more than150,000 entries into the second chance promotion and awarded 2,400 prize packs of custom-branded Caesars' merchandise.

Texas Lottery's Caesars Promotional Second Chance Drawing Program

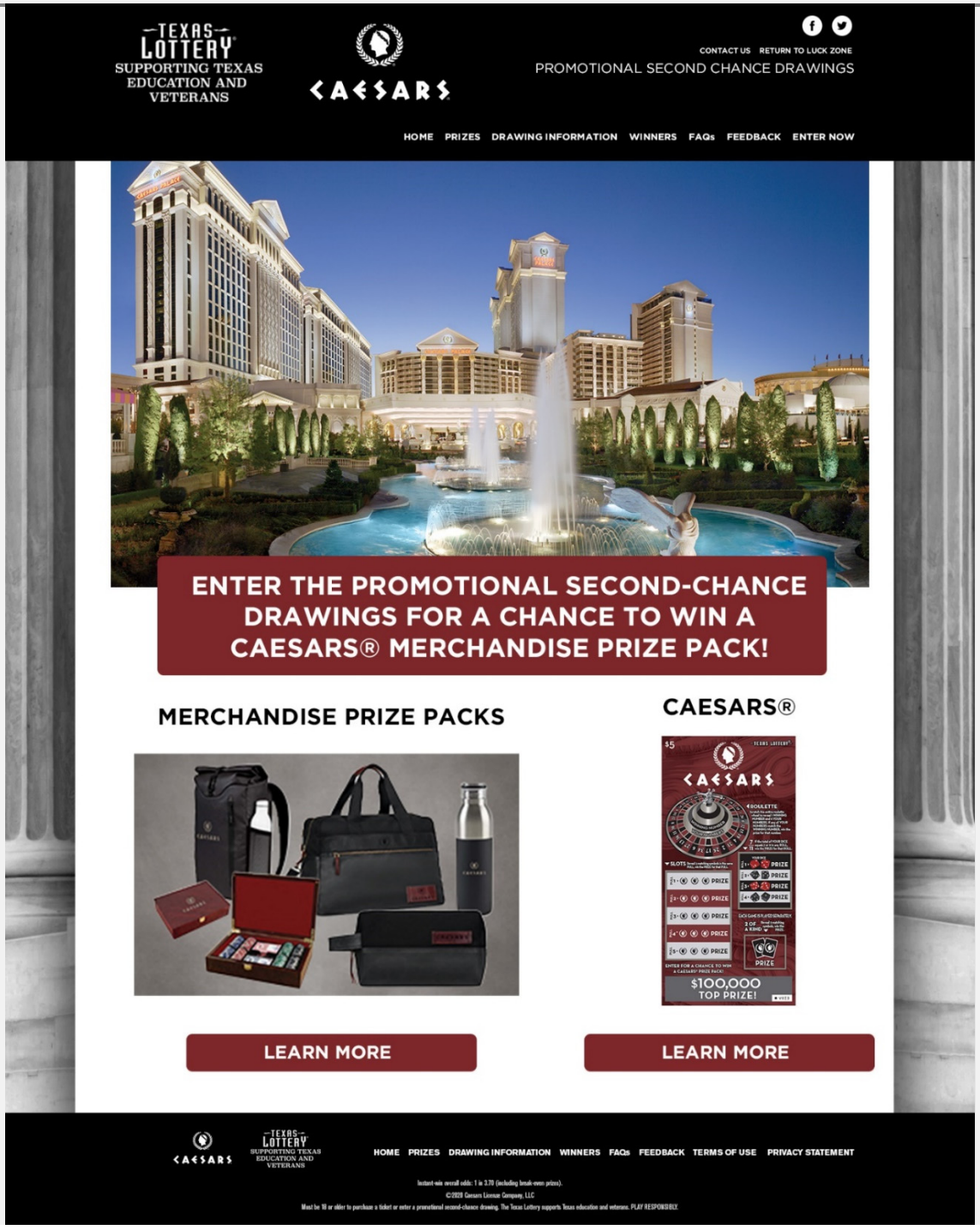

Figure 8.33 – 8.

2,400 Customized Caesars' Merchandise Prize Packs Awarded

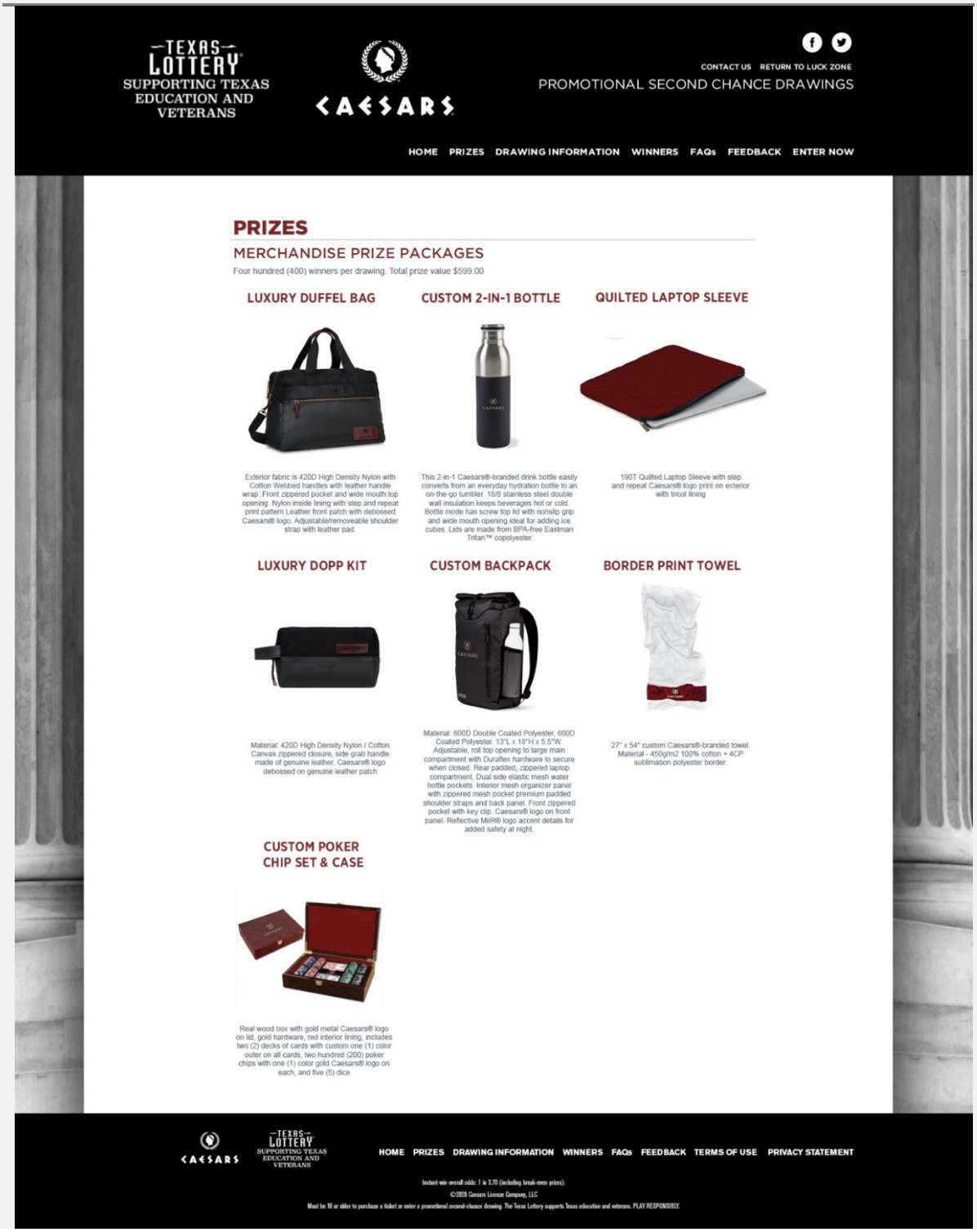

Figure 8.33 – 9.

For the Texas Lottery's Gems 7s promotion, launched in May 2021, detailed in Section 8.33.3., Other Promotional Drawings, IMARCS manages all promotional drawings. Working closely with both the Texas Lottery and IGT's Instant Services team, IMARCS develops draw procedures that ensure that all entries validated at time of submission and that the drawings follow the audited and approved scripts.

Key takeaways include:

- IGT's fully-customizable second chance platform supports lotteries using second chance programs to engage players beyond traditional game play.
- A wide variety of full-turnkey marketing programs are available for lotteries to bring second chance promotions to their players.
- IGT provides white glove service to support players throughout their money-can't-buy experience with the highest level of attention and detail.

8.33.3. Other Promotional Drawings

The Texas Lottery may require the Successful Proposer to sponsor a game promotion, or a promotion fora family of games, including a second-chance promotion, that includes drawings other than internet entry drawings that the Successful Proposer will conduct to award prizes. In those promotional drawings, the Successful Proposer shall provide and utilize an automated drawing solution/Random Number Generator (RNG) to select the winning entries. The Successful Proposer shall provide written certification from an independent third party, approved by the Texas Lottery, that the drawing solution/RNG has been tested and certified. The Successful Proposer thereafter shall have the drawing solution/RNG tested and recertified each time updates, if any, are made. Details about the Successful Proposer's promotion, including the prizes to be awarded and the number of drawings and winners, will be set forth in the working papers for the applicable game or family of games. The Successful Proposer shall provide all services for such drawings, including to set up, monitor and support the draw system, at no additional cost to the Texas Lottery.

IGT acknowledges and will comply with this requirement.

As indicated in Section 8.33.2., Internet Entry Promotional Second-Chance Drawings, IMARCS has a longstanding partnership and record of success with the Texas Lottery and IGT. Examples of IMARCS' support for Texas and other IGT customers can be found there.

Examples of Other Promotional Drawings

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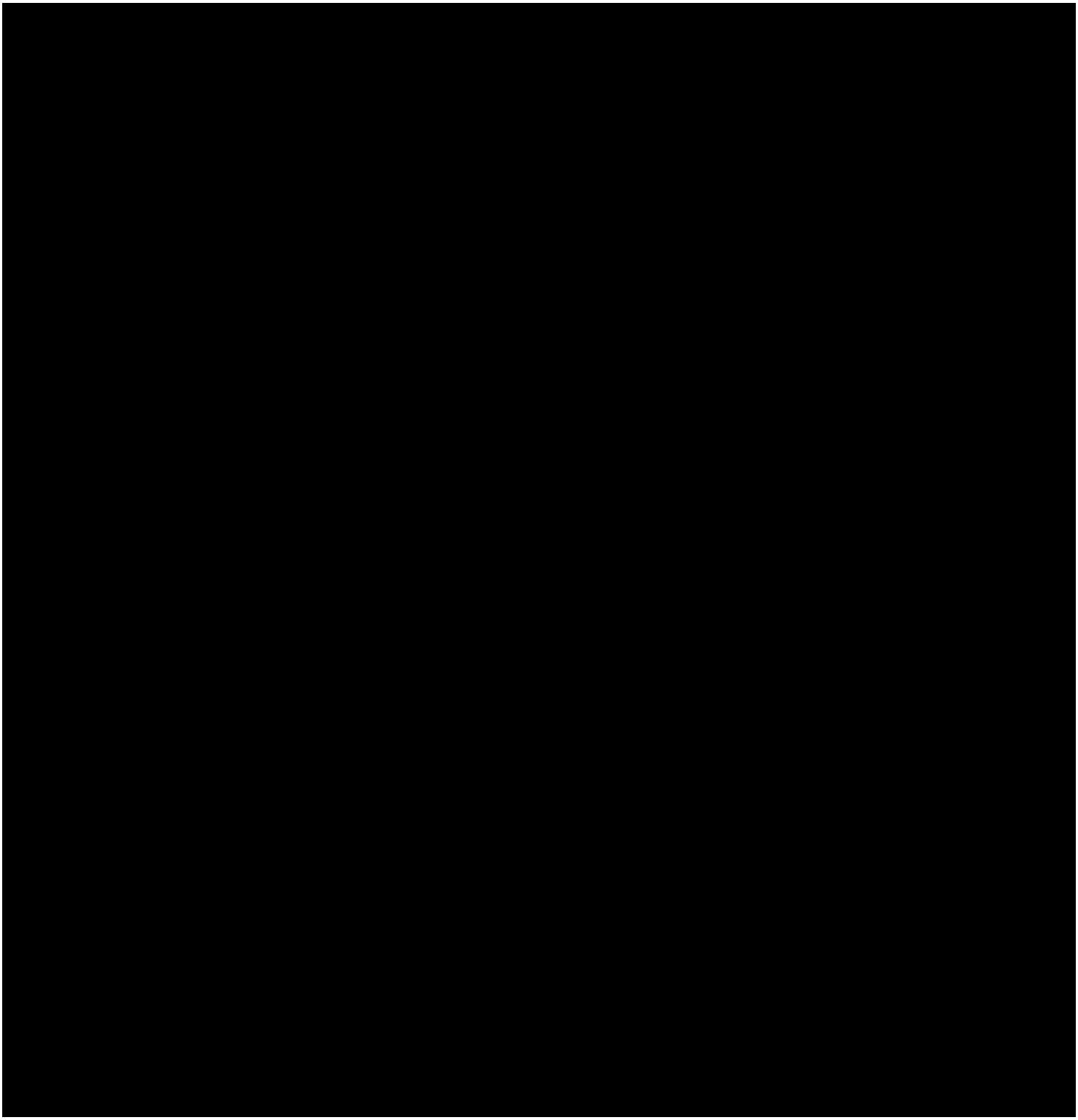

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8.33.4.
Branded, Proprietary and Licensed Games with Experiential and/or Merchandise Prizes, and Successful Proposer Sponsored Promotions or Contests

The Texas Lottery may use branded (including personality rights), proprietary or licensed games as part of its game portfolio.

These games may include experiential and/or merchandise prizes or opportunities to participate in Successful Proposer-sponsored promotions or contests. In accordance with the executed working papers, the Texas Lottery may require prize fulfillment, promotional or contest services for any games manufactured by the Successful Proposer.

After Contract Award, for branded (including personality rights), proprietary and licensed games, and Successful Proposer-sponsored promotions or contests, the Successful Proposer shall be required to provide, in writing, to the Texas Lottery the fee amount for each new game within thirty (30) days of acquiring that brand, license or proprietary process. Exclusive pricing rates should be categorized in a cost table based on product strength/recognition and priced accordingly. Proposers shall provide separate tables for licensed games that utilize licensing fees, licensed games that utilize experiential and/or merchandise allocations and licensed games that use a hybrid model (licensing fee + experiential and/or merchandise allocation). Licensed property games, whether utilizing the licensing fee, experiential/merchandise allocation model or hybrid model, shall include print costs and any necessary fulfillment services (including shipping and handling). Proposers should provide any volume discounts.

Further, at the Texas Lottery's request, the Successful Proposer shall attempt to acquire rights to specific branded (including personality rights), proprietary or licensed properties to allow Texas Lottery to use the requested name, likeness and images on Texas Lottery games in Texas only and in connection with game promotions and advertising. The Successful Proposer shall attempt to obtain all rights customary for a licensed property game, including, as an example, any applicable territory restrictions. The Successful Proposer shall prepare written estimates for all licensed agreement costs and must obtain prior written approval from the Texas Lottery before finalizing any agreement. The Texas Lottery may be responsible for payment of all license fees and may reimburse the Successful Proposer for all reasonable agreement costs for specific branded, proprietary, or licensed properties obtained by the Successful Proposer at Texas Lottery's request to be used in Texas only. The Texas Lottery may require the Successful Proposer provide prize fulfillment services for games manufactured by the Successful Proposer in accordance with the executed working papers. Proposers should detail their capabilities in providing such services and submit samples with the Proposal.

IGT acknowledges and will comply with this requirement.

The Texas Lottery has launched a variety of IGT licensed property games. From Wheel of Fortune and Caesars to Circuit of the Americas (COTA) and IGT Slots to the December 2021 launch of Jeopardy!, the Lottery knows that we focus on quality and relevancy in the licensed properties we offer.

Following are two figures: The first recaps the experience IGT and the Texas Lottery have had in developing and releasing 20 licensed property games in Texas over the past 12 years. The second provides images of a few of those games.

IGT Licensed Property Games Offered by the Texas Lottery Since 2010

Game Name	Launch Date
Mexican Fútbol	01/18/10
Circuit of the Americas (COTA)	11/11/12
Three Stooges	06/01/12
World Series of Poker	07/01/12
COTA	06/02/13
Caesars	11/30/14
COTA	06/08/14
COTA	06/14/15
Gas Monkey Garage	03/20/16
COTA	06/19/16
Wheel of Fortune	08/07/17
COTA	07/16/17
COTA	08/05/18
COTA	07/14/19
Triple Double 777 Red Hot	02/17/20
Double Diamond	07/06/20
COTA	07/20/20
Caesars	11/16/20
Red, White & Blue	06/21/21
Jeopardy!	12/06/21

Figure 8.33 – 10. Major Brands, Local Interest: The Texas Lottery continues to give its players the entertaining play experience and the chance for life-changing prizes within the range of IGT's relevant licensed properties.

Figure 8.33 – 11.

IGT's Approach to Licensed Properties

IGT maintains a select library of licensed games relevant to today's audiences. We search for the most appealing categories and then, within those categories, select the best licenses to offer as scratch games.

One of our newest properties, Elvis, described later in this section, demonstrates our approach to identifying licensed property opportunities and then building a complimentary licensed-property scratch game portfolio. Our approach starts with looking for properties that will be relevant to today's players, both core and new. And we seek out properties that are attractive, offer pathways to exciting play styles, and offer opportunities for creative game planning strategies such as promotions and experiential prizes. Managing a licensed-property scratch portfolio is equally important; for example, within the popular music category, when we retire one brand in a category, we search for opportunities to replace that brand with something new, to maintain our portfolio while precluding it from having competing brands.

Beyond using index scores as a measurement of licensed game performance, success can be found in the design, the play style, and the game mechanics that attract consumers and elevate the player experience. Second chance marketing programs enable players to receive once-in-a-lifetime, money-can't-buy experiences, and they are also a significant marker of success.

As you consider additional IGT licensed properties for your portfolio during the new Contract, know that we will continue to support your selection with insights gathered from data analysis to indicate the optimal target player segments and the reasons why each property will succeed in your market.

Our Newest Offerings

World Wrestling Entertainment (WWE)®

IGT is excited to announce our partnership with World Wrestling Entertainment (WWE)! WWE is the pinnacle of live-action sports entertainment, delivering original content to a diverse global audience year-round via television, premium live events, digital media, and publishing platforms. Bring the action of WWE to your players with scratch games featuring exciting arena photography and the biggest superstars and legends to ever set foot inside a WWE ring.

WWE – Popularity on the Rise

With an estimated 20.1M 18-to-34-year-old fans across 48 states and the District of Columbia, the WWE brand has never been stronger. The WWE has more than **one billion social media followers** across multiple platforms, further cementing its position as one of the most-followed brands in the world.

Imagine players having a chance to win:

- VIP ringside tickets to a WWE event.
- Meet & greet with photo opportunities with superstars!
- Autographed authentic WWE merchandise.
- Gift cards to the Official WWE Shop.

And you may be able to incorporate WWE superstars into your marketing, advertising, and promotions:

- Access superstar's likeness for print, digital, and social marketing & advertising.
- Have WWE superstars star in the Lottery's TV, radio & digital spots.
- Have superstars attend Lottery promotional events.

Marilyn Monroe™

We have recently introduced Marilyn Monroe into our portfolio in partnership with Authentic Brands Groups (ABG). Marilyn Monroe is one of the most recognizable and adored pop culture icons of all time. A true trailblazer, Marilyn forged her own path, embracing her individuality and pursuing her passions in an era when options for women were few. With more than 15 million fans across social media, Marilyn's pioneering spirit, independence, and confidence, along with her incomparable star power, continues to inspire modern generations. Add some star power to your scratch portfolio today. Dazzle your players with tickets featuring any of the hundreds of photos and eye-catching graphics available for use.

Elvis™

We have also partnered with ABG for the exclusive rights to the Elvis Presley brand. Often referred to as the King of Rock ‘n Roll, Elvis was one of the most influential pop culture figures of the 20th century. His commanding voice and charismatic stage presence unleashed a musical and cultural revolution that changed the world.

With more than 15 million fans across social media and a growing multimedia presence, Elvis continues to inspire today’s most influential musicians, designers, entertainers, and social influencers and captivate audiences around the world.

Samples of Elvis Tickets

Figure 8.33 – 12.

With fun and exciting games like Cash Is King, The King’s Cash, Rock ‘n Roll Riches, A Little Less Conversation & A Lot More Cash, If I Can Dream, Viva Las Elvis! and Elvis’ Electric 8s – your players will inevitably want to thank you – *thank you very much* – for adding these games to your scratch portfolio.

Enduring Titles

IGT's library of licensed properties offers the Texas Lottery a variety of classic, nostalgic, and pop-culture brands. We pride ourselves in obtaining licenses and brands that will resonate with players and attract new ones. We seek out properties that are relevant, offer exciting play styles and facilitate creative game planning strategies, such as promotions and experiential prizes. Certain properties have proven themselves over time.

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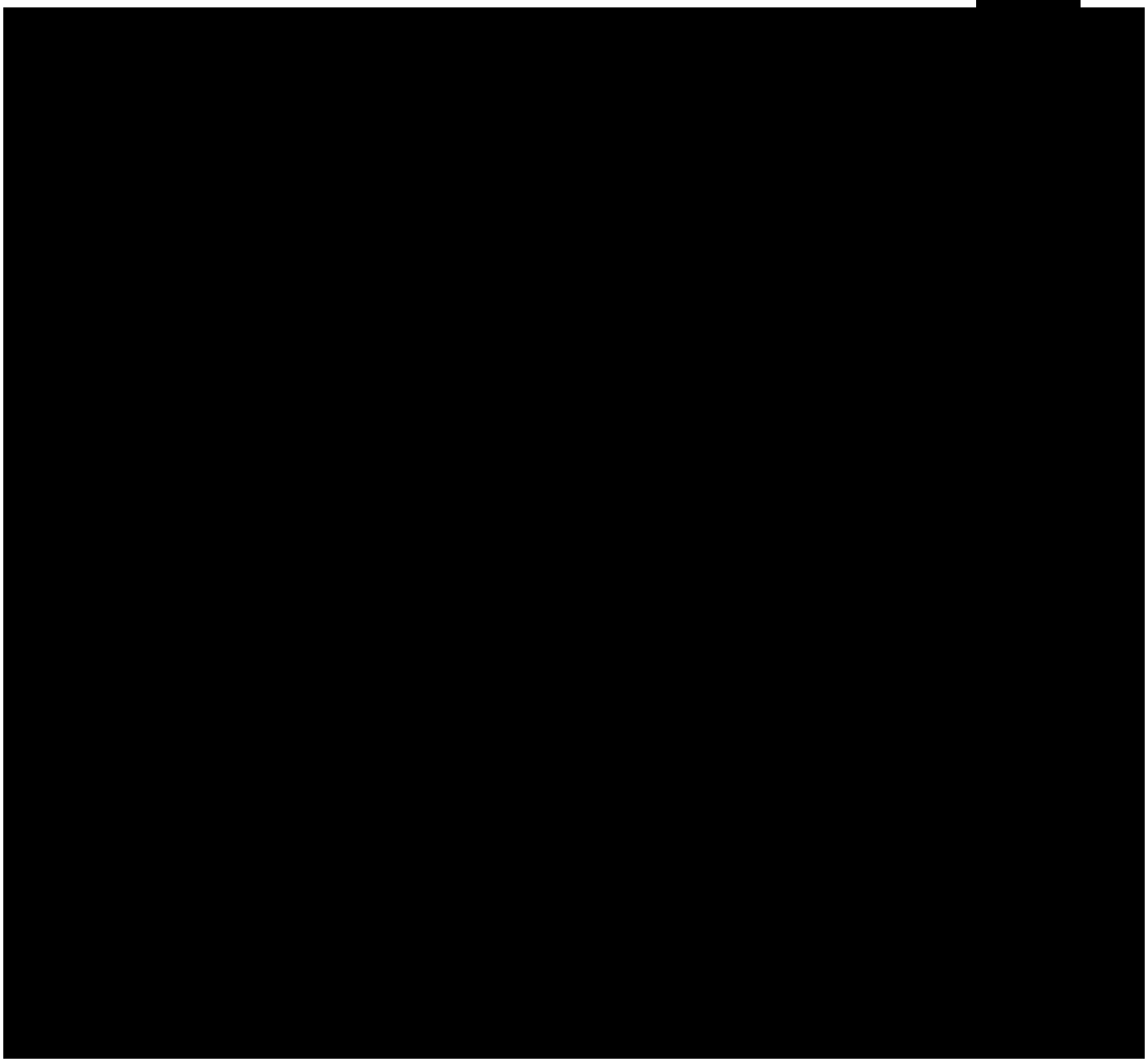

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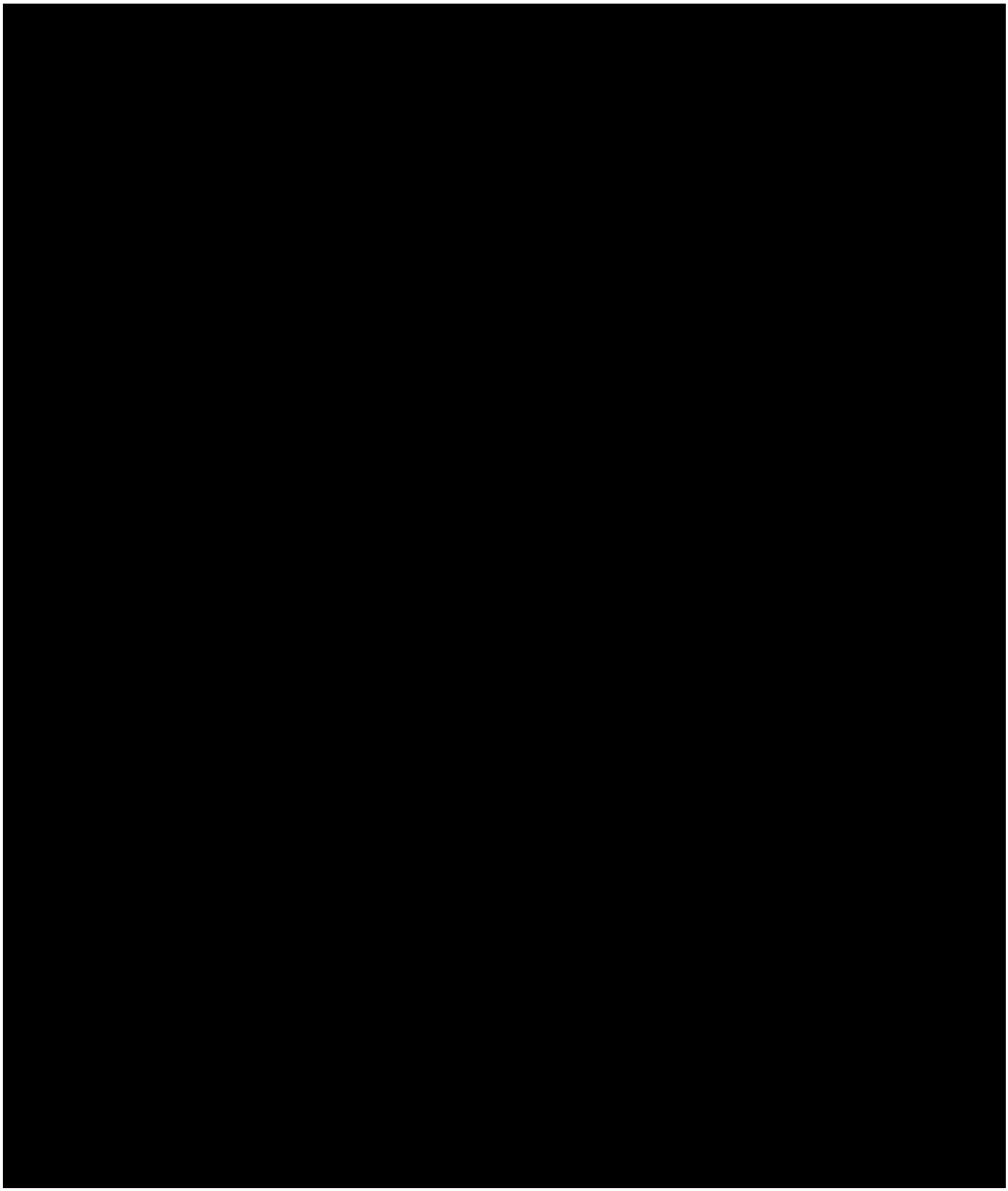

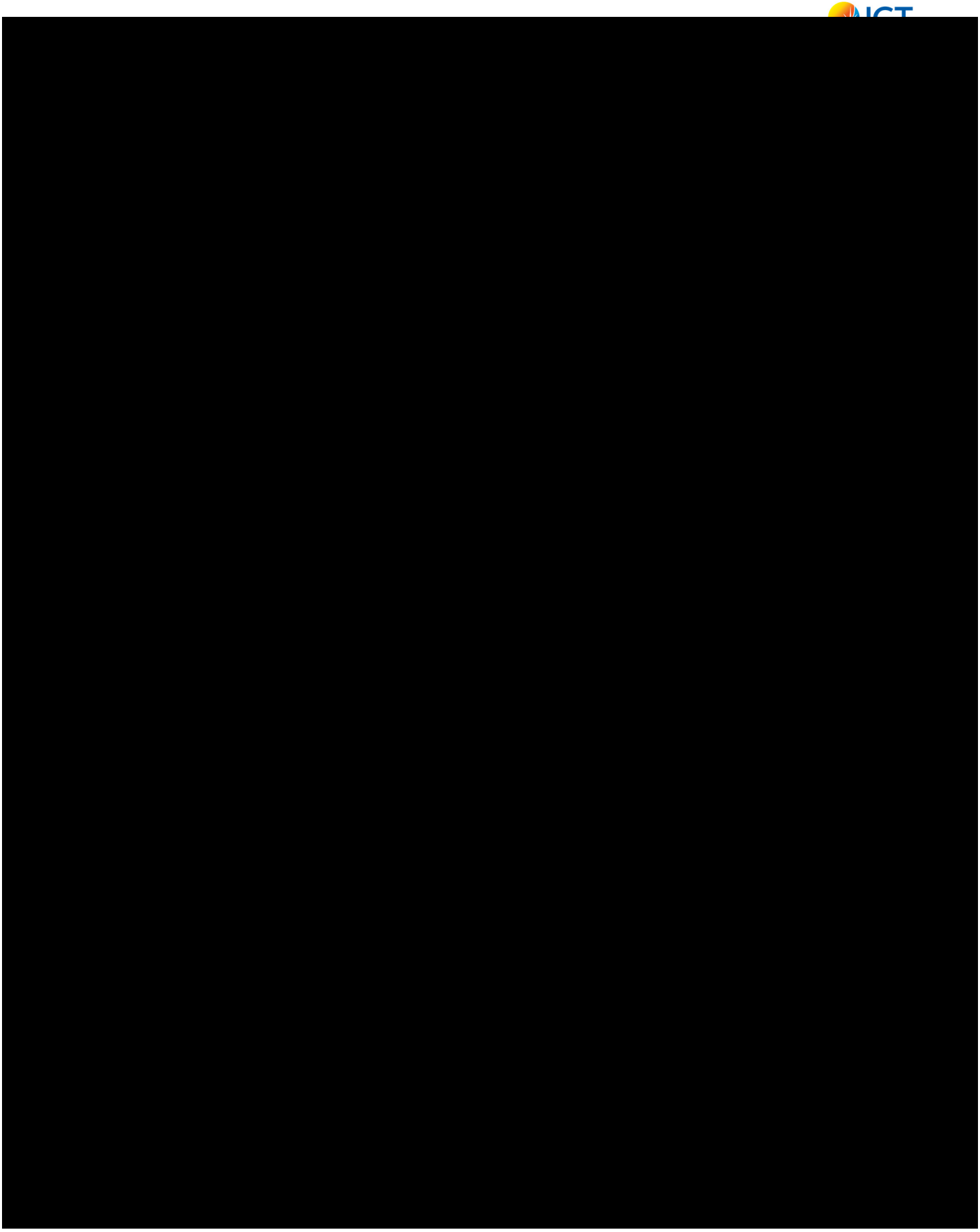

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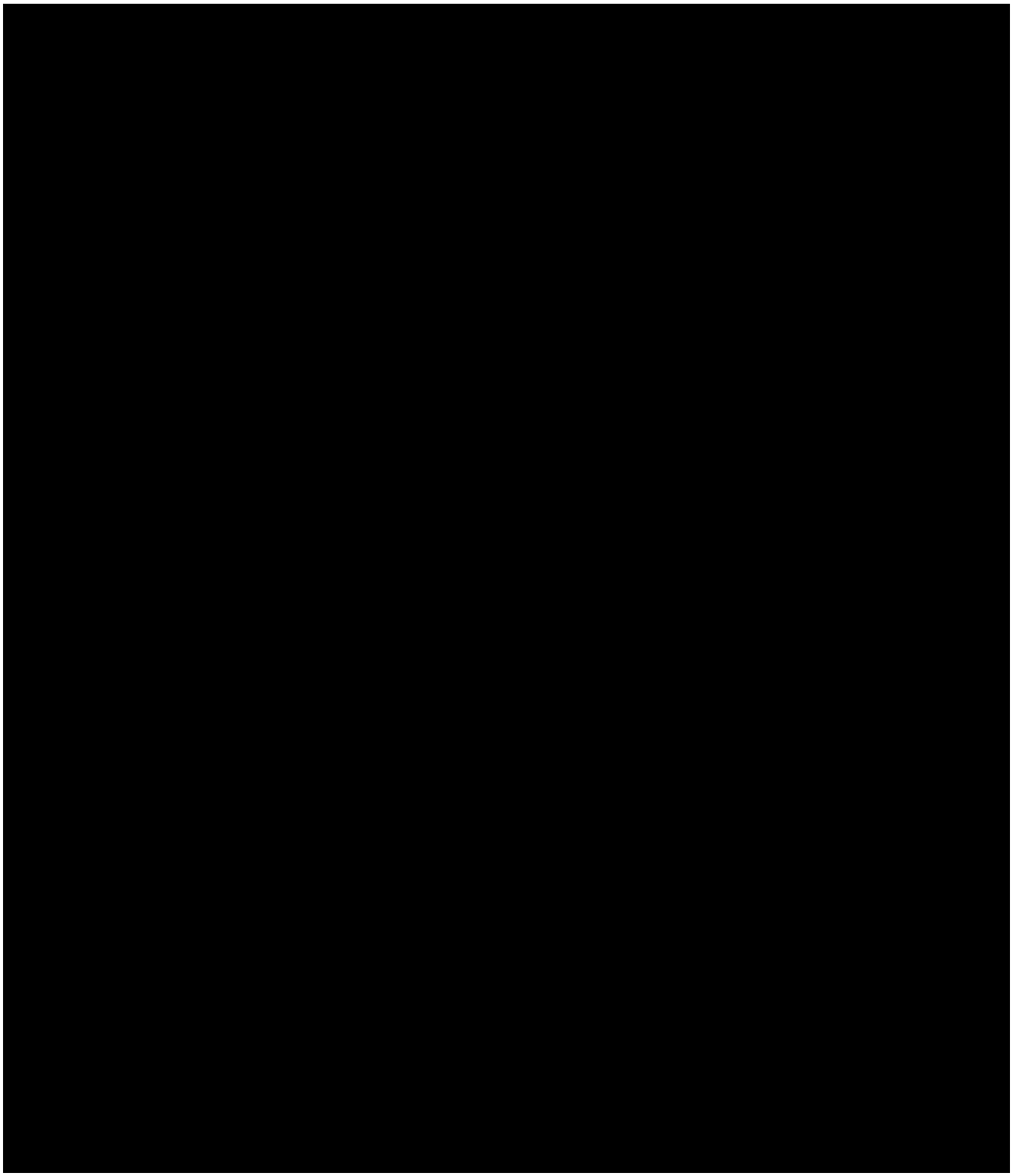

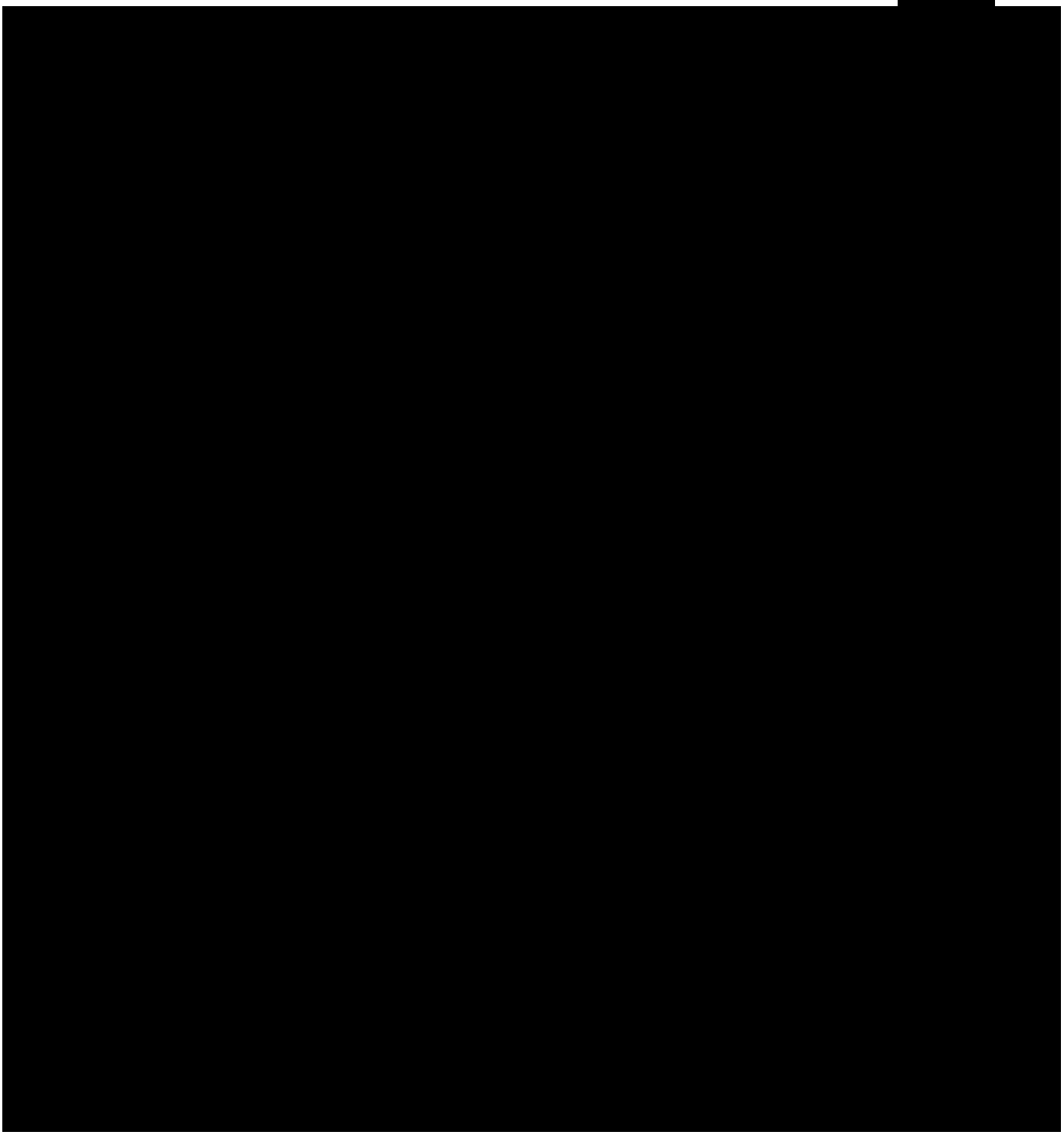

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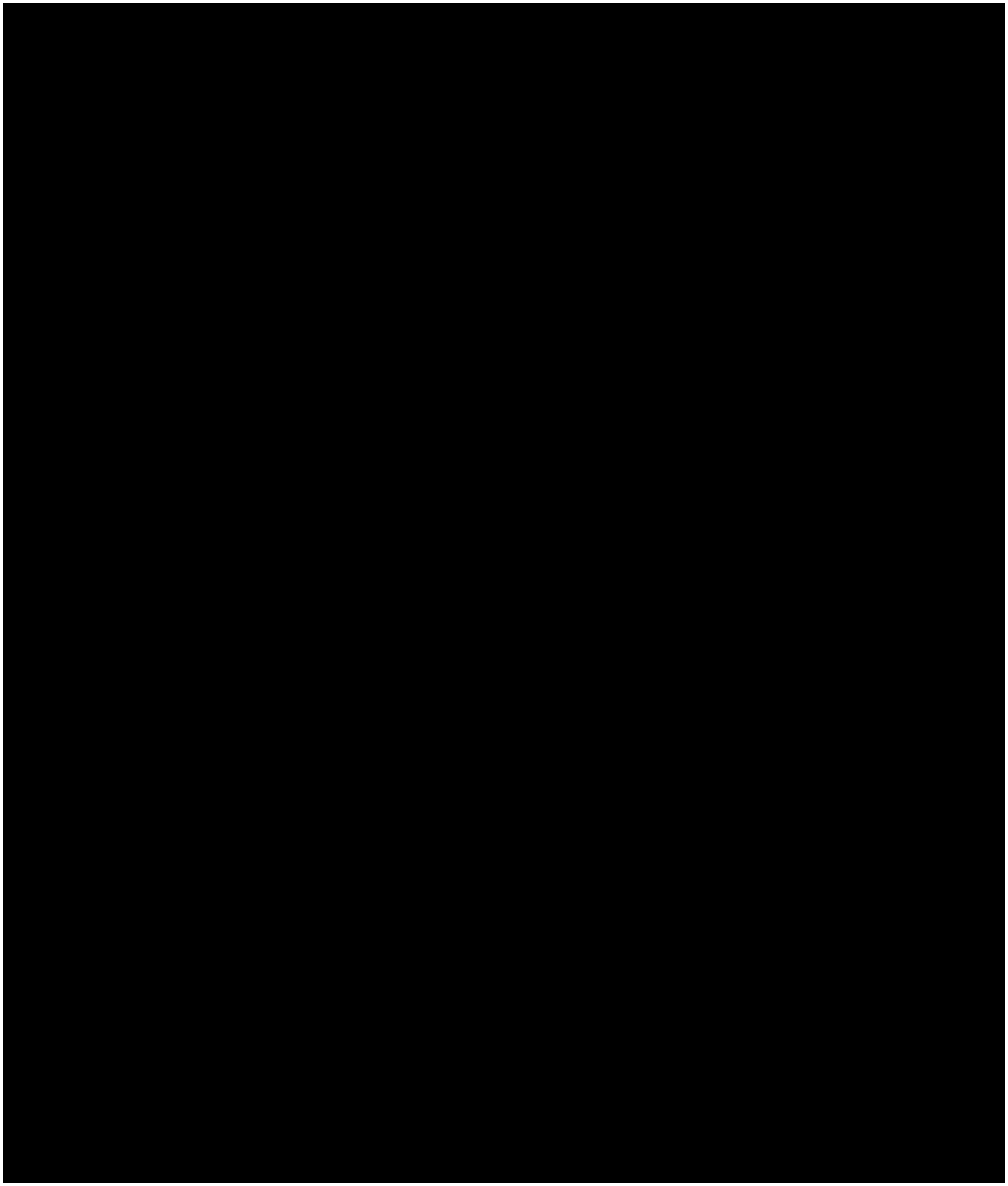

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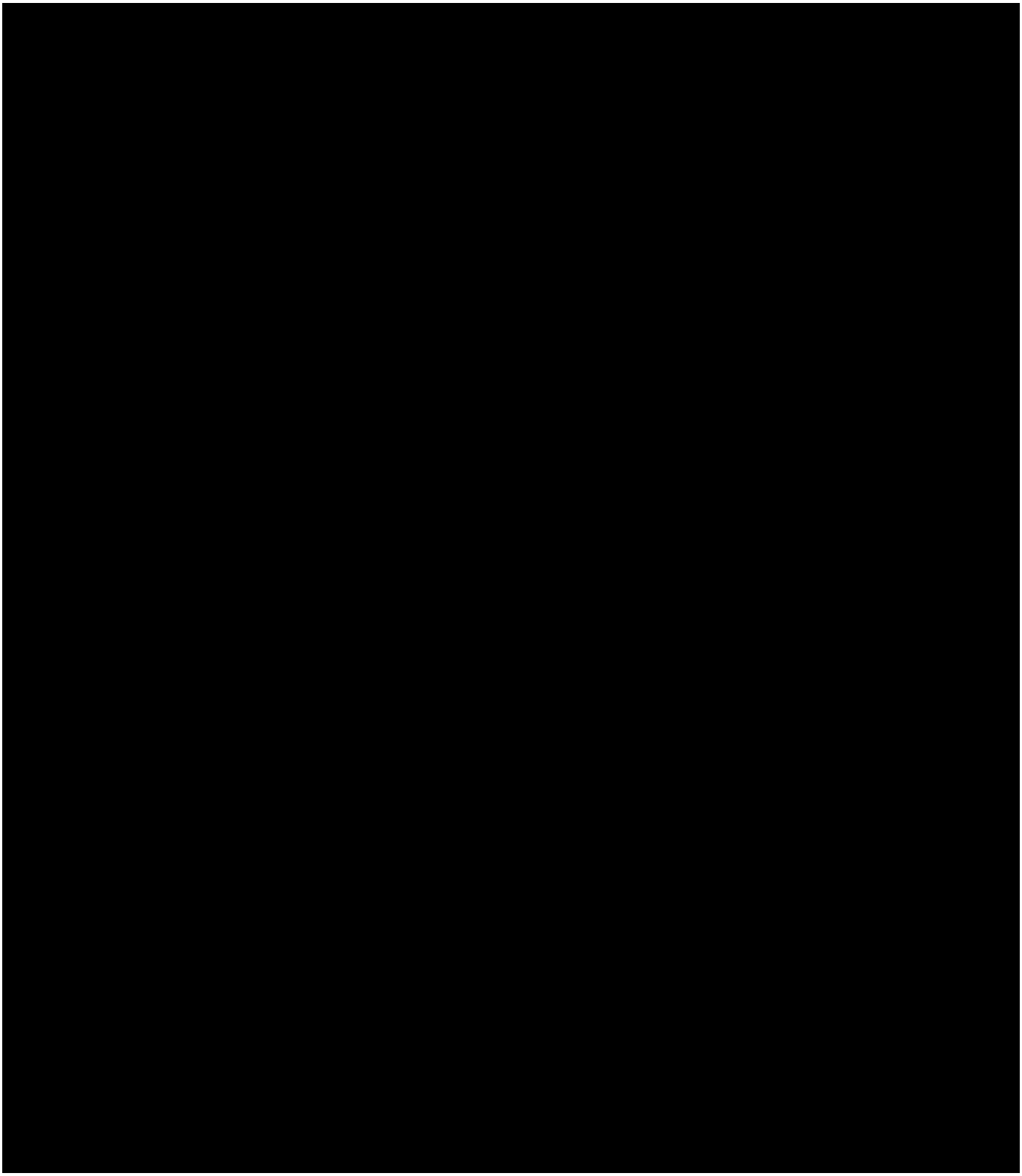

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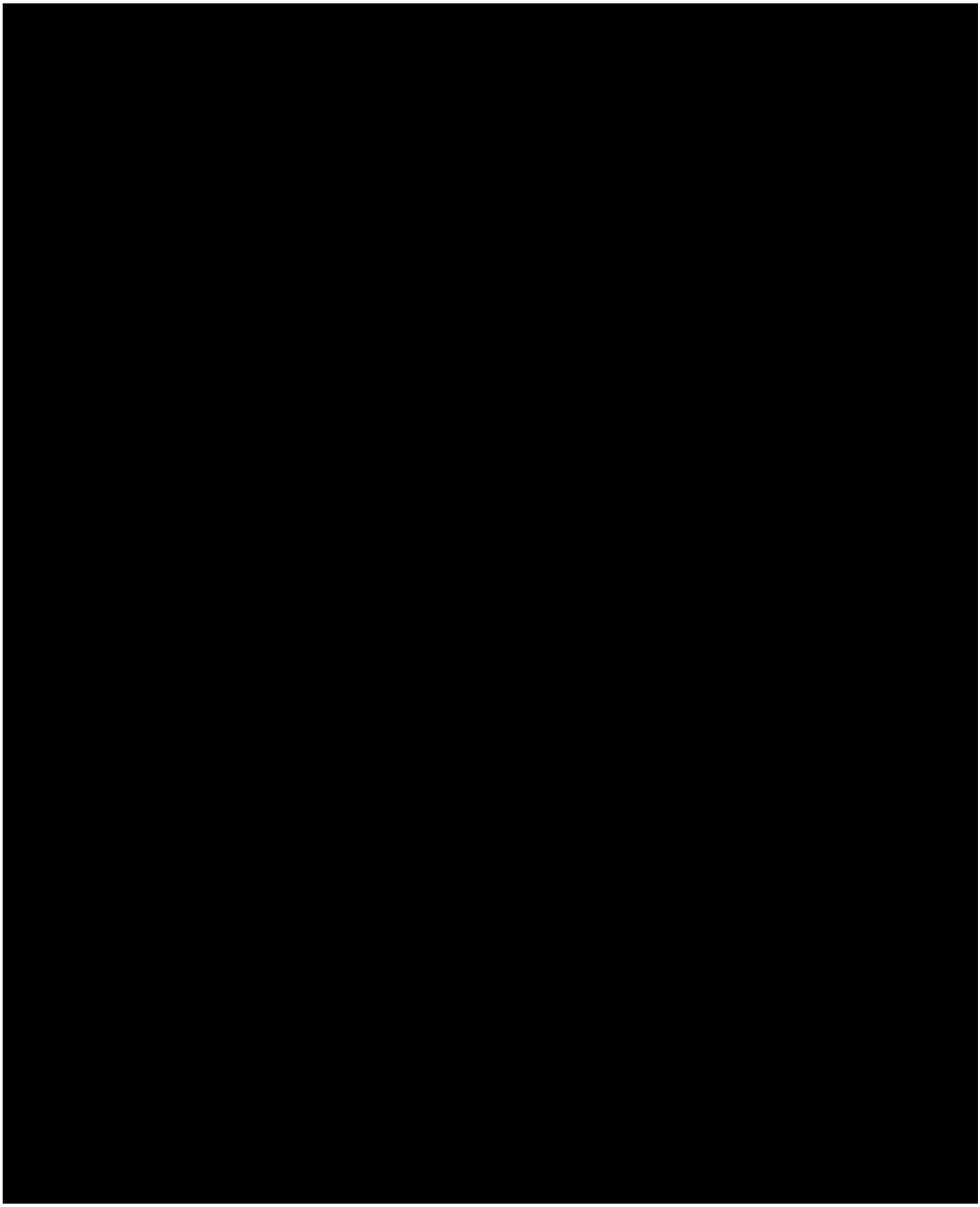

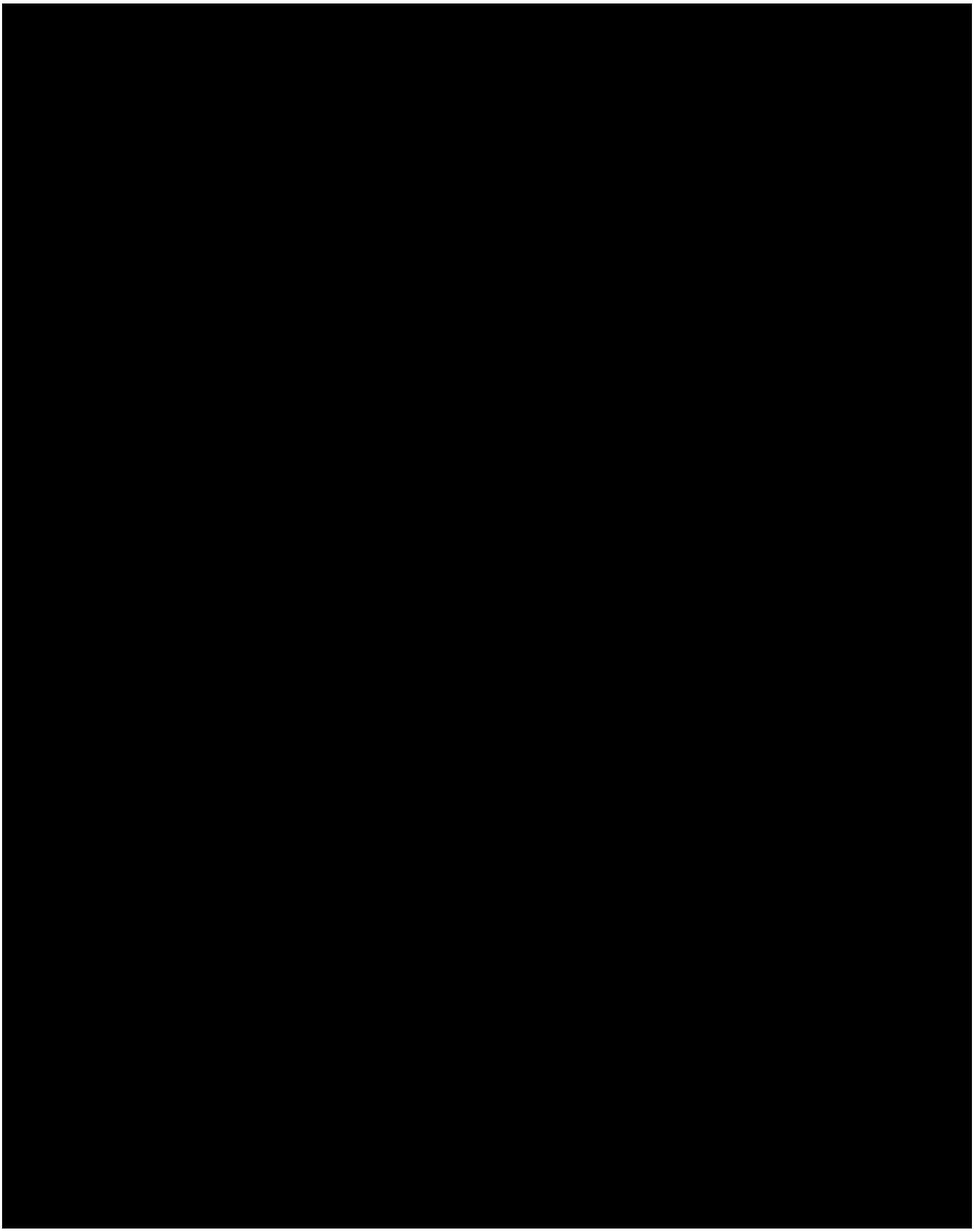

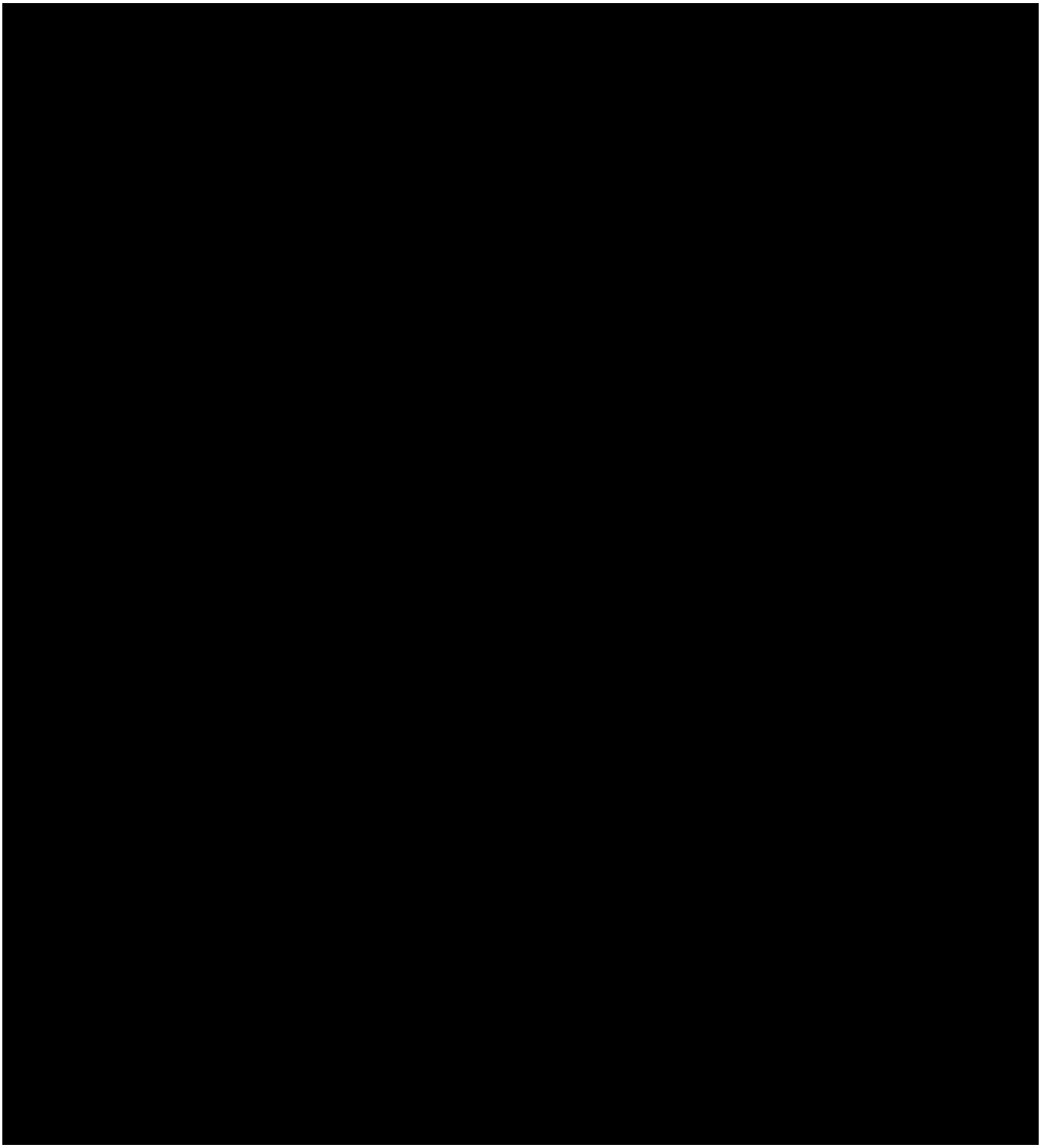

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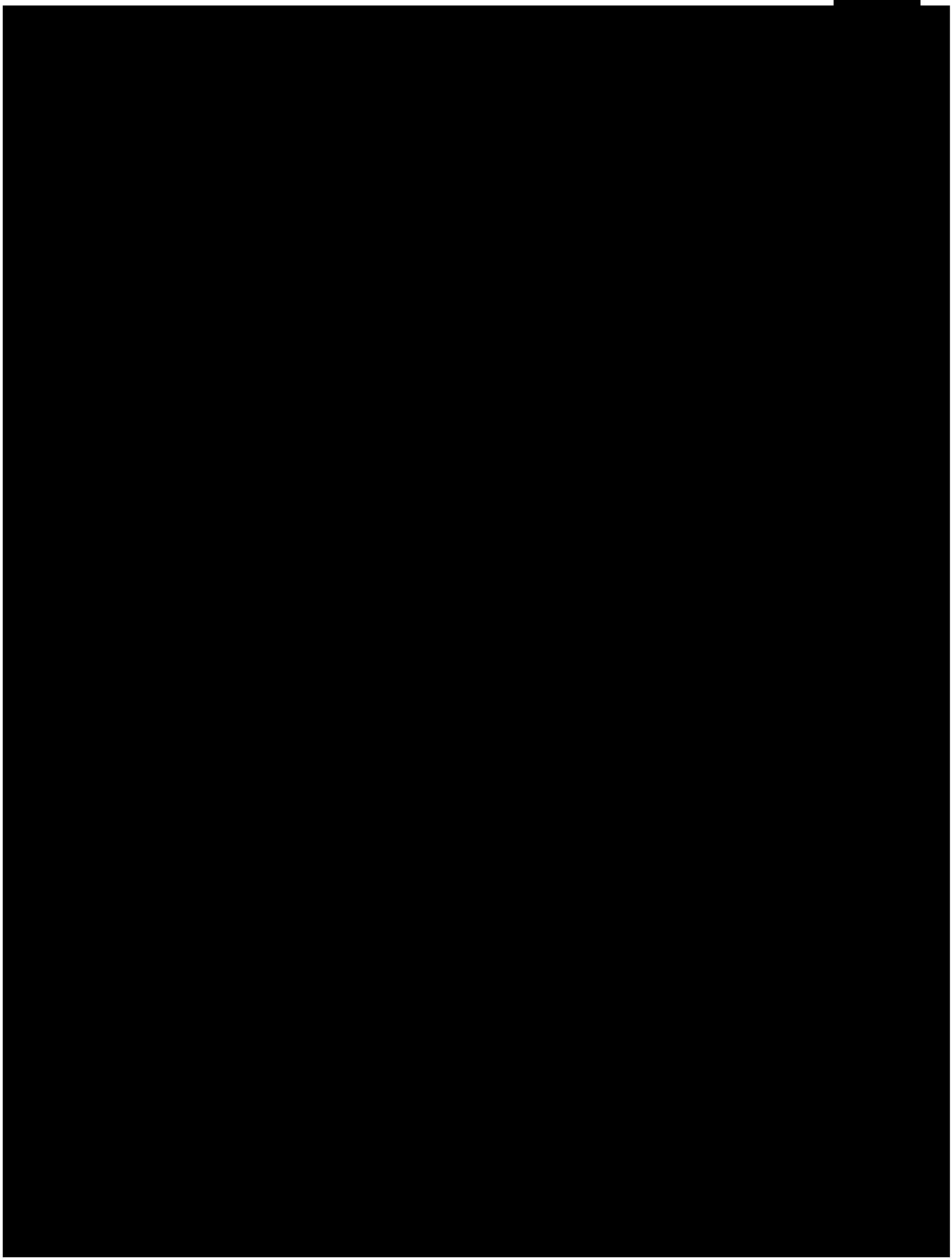

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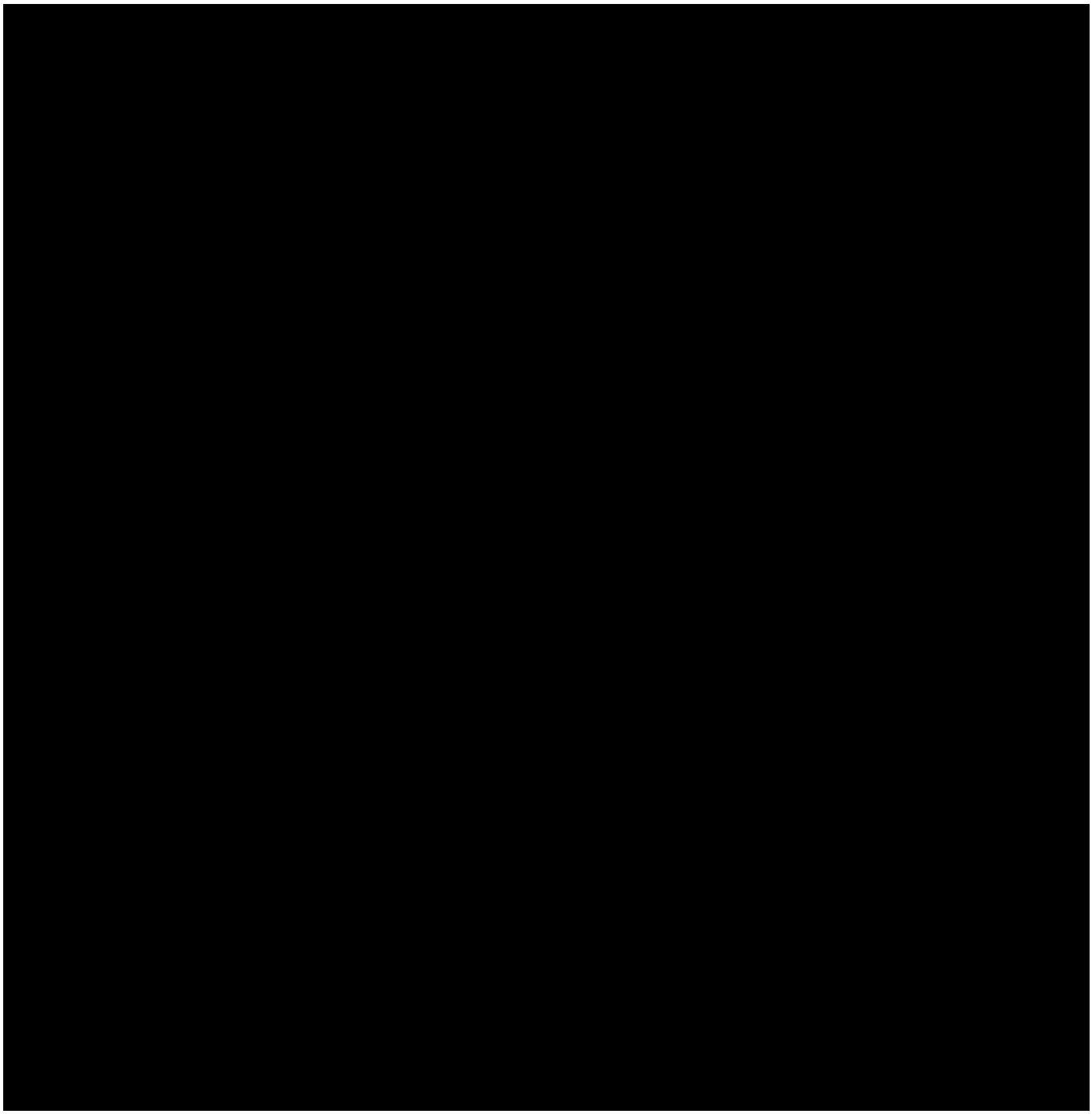

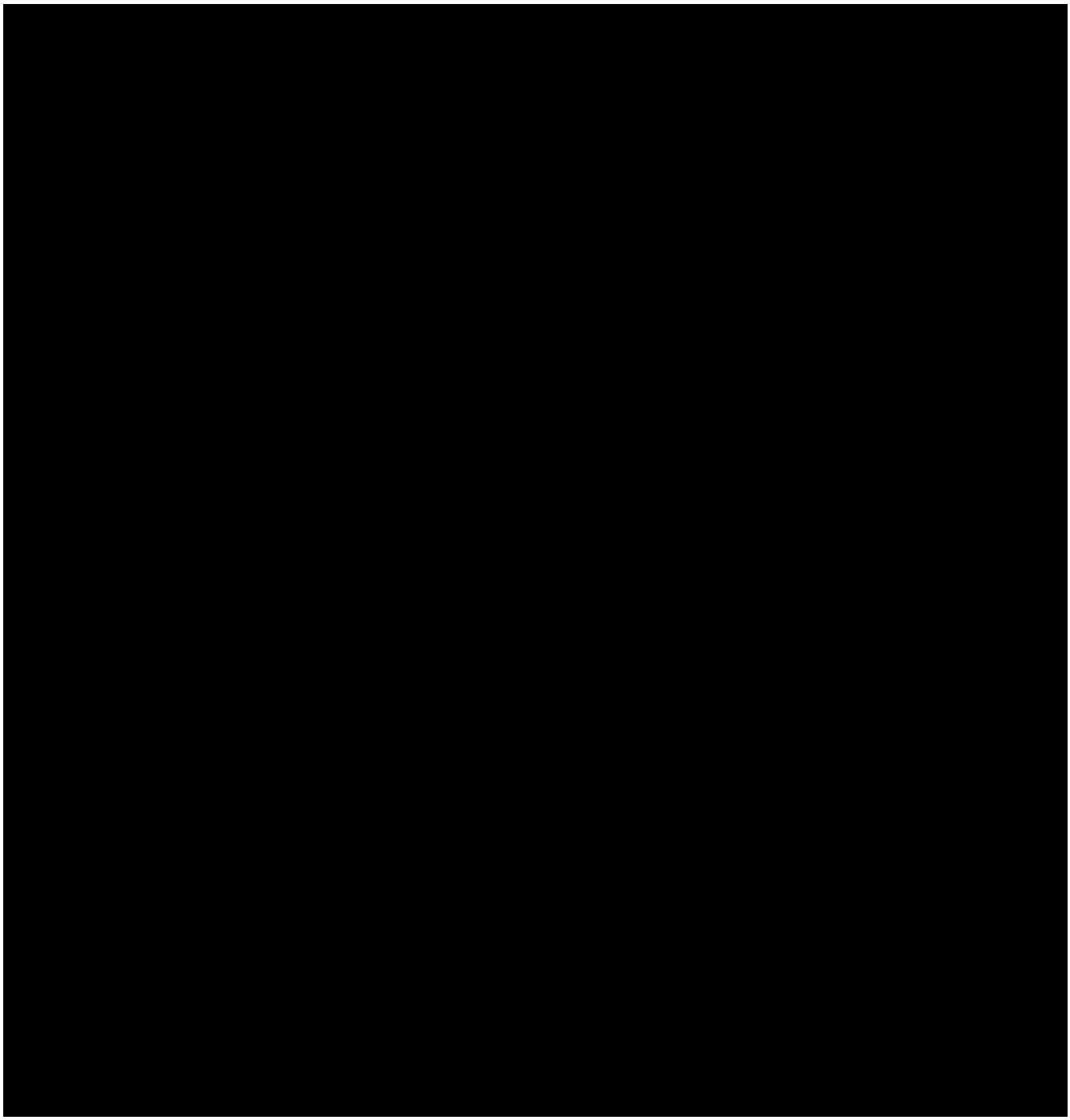

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Acquiring Additional Licenses

IGT will continue to explore acquiring rights to any licenses the Lottery seeks for use in Texas. Our collaboration on COTA is an example of how we work together to acquire and market popular locally-based brands and events.

8.33.5.
Non-Licensed Games with Experiential and/or Merchandise Prizes, and Successful Proposer Sponsored Promotions or Contests

At the Texas Lottery's request, for non-licensed games with experiential and/or merchandise prizes and Successful Proposer Sponsored Promotions or Contests, the Successful Proposer shall be required to provide, in writing, to the Texas Lottery the cost of each game within thirty (30) days of finalizing the proposed prize package. The cost table shall identify the total cost for the prizes and the Successful Proposer's charge for any necessary fulfillment services (including shipping and handling). The executed working papers shall include any specific payment schedules and structures for each game or for multiple games, and any prize fulfillment, promotional or contest services. The Texas Lottery may develop suites (families) of non-licensed games that are included in common experiential and/or merchandise prizes, promotions or contests.

IGT has read, acknowledges, and will comply with this requirement.

The Winner's Choice™ Gems 7's family of games, described in Section 8.33.3., Other Promotional Drawings, is an example of the kind of non-licensed games for which IGT has provided experiential and/or merchandise prizes. We can provide costs within 30 days of finalizing the proposed prize package.

8.33.6.
Automated Scratch Sales Solution

1) *As a specified option the Successful Proposer must provide either an Automated Scratch Sales Solution or a credit value (as used in this section and in Attachment H Cost Proposal, the Credit).*
2) *The Automated Scratch Sales Solution shall be an automated system that integrates with a Retailer's point-of-sale system and the Lottery Gaming System to enable the sale of lottery scratch games using a smart dispensing unit that accounts for, secures and reports on Scratch Ticket sales.*
3) *The Automated Scratch Sales Solution shall meet industry, state and Texas Lottery security standards for transaction processing and reporting, and shall also meet physical security standards necessary to satisfy Retailers that wish to deploy it. The Successful Proposer shall provide Retailers and the Texas Lottery the details of such standards for each installation. Each Automated Scratch Sales Solution shall include a scratch-game smart dispensing unit to be placed at or near the retail checkout counter and a customer-facing display highlighting available Scratch Tickets for sale. The Automated Scratch Sales Solution shall provide sales and inventory analytics to the Retailer and the Lottery Gaming System. The Successful Proposer shall be responsible for the Automated Scratch Sales Solution, including but not limited to, hardware, software, smart dispensers and ongoing maintenance.*

4) *The Successful Proposer shall provide all required support and services to integrate, directly or indirectly, the Automated Scratch Sales Solution with the Lottery Gaming System (or any future gaming systems, including system upgrades) and with the Retailer's point-of-sale system. The Texas Lottery will be migrating to a new Lottery Gaming System which will be implemented in three phases with all applications anticipated to be fully implemented by June 30, 2024. The Successful Proposer shall not be responsible for any software and/or programming on the Lottery Gaming System or Retailer point-of-sale system that supports such integration.*
5) *The Successful Proposer shall provide all required support and services to implement and deploy the Automated Scratch Sales Solution. The Successful Proposer shall work with the Texas Lottery to identify and support potential Retailer locations for deployment, and shall work with the Texas Lottery and each approved Retailer to develop a schedule for Retailer rollout. The Successful Proposer shall provide, and the Texas Lottery will approve, any signage, marketing materials, or supplies required to facilitate Lottery sales using the Automated Scratch Sales Solution.*
6) *The Texas Lottery may exercise this Specified Option upon execution of the Contract, and in that event, in each year of the four state Fiscal Year period beginning September 1, 2022 and ending August 31, 2026 (as used in this section and in Attachment H Cost Proposal, the Four-Year Period), the Successful Proposer shall provide the Texas Lottery either (a) an Automated Scratch Sales Solution for three thousand (3,000) units deployed as determined by the Texas Lottery, or (b) the Credit.*
7) *The Credit shall be equal to the cost included in Table 1 of two Scratch Ticket games, with a ticket size of 10"x4", 17 million print run, 25 pack size, including holographic foil stock, two scenes, full UV, continuous 4 color process, and 2 fluorescent inks. The Texas Lottery may apply the Credit to future Scratch Ticket printing services or to other goods and services hereunder, as determined by the Texas Lottery, at any time over the term of the Contract.*
8) *If the Successful Proposer does not propose an Automated Scratch Sales Solution, then in each year of the Four-Year Period the Successful Proposer shall provide the Credit.*
9) *If, for any reason, a proposed Automated Scratch Sales Solution is not deployed, or is only partially deployed, in any month or part of a month during the Four-Year Period, the Successful Proposer shall provide a reimbursement for each unit (of the three thousand (3,000) units) not deployed equal to the unit price in the Cost Proposal. The Texas Lottery may apply reimbursements to future Scratch Ticket printing services or to other goods and services hereunder, as determined by the Texas Lottery, at any time over the term of the Contract. The Texas Lottery and Successful Proposer may mutually agree to apply a reimbursement from a previous Fiscal Year to a planned deployment for an upcoming Fiscal Year.*
10) *In the event the Automated Scratch Sales Solution is deployed for more than three thousand (3,000) units for any Fiscal Year or part of a Fiscal Year during the Four Year Period, the Texas Lottery will pay the applicable rate specified in the Cost Proposal.*
11) *In addition, the Texas Lottery may continue the deployment of the Automated Sales Solution at Retailer locations past the end of the Four-Year Period, and in that event the cost shall be at the applicable rate specified in the Cost Proposal.*
12) *The Successful Proposer is responsible for maintaining all systems, operations and support for each deployed Automated Scratch Sales Solution, and may contract with the Lottery Operations and Services vendor in Texas or another third-party vendor for such services. The Automated Scratch Sales Solution must be operational 365 days (24/7/365) each year. Failure to maintain operation may result in sanctions being applied in accordance with Section 3.54.31.*

13) At such time as the Texas Lottery transitions to another provider for the Automated Scratch Sales Solution, or a different Solution, the Successful Proposer shall, in good faith and with reasonable cooperation, aid in the transition to any new arrangement and provider, if requested by the Texas Lottery.

IGT has read, acknowledges, and will comply with requirement 8.33.6.

IGT will, as a **Specified Option**, provide the Texas Lottery with a Credit value in lieu of an Automated Scratch Sales Solution.

The Credit value will be equal to the cost of two scratch ticket games, in line with the specifications provided in required 8.33.6., item 7), above. IGT has read and complies with the specifications of these two scratch ticket games as detailed by the Texas Lottery and understands that the Credit may be applied to future scratch ticket printing services or other goods and services as determined by the Lottery at any time over the term of the Contract. This Credit will be provided to the Lottery in each year over the four-year period as specified in 8.33.6., item 8), above.

Though IGT is pursuing the Credit value approach at this time, we are aligned with the Texas Lottery and its retailers in terms of expanding the distribution of scratch ticket games to in-lane channels via retailers' existing Point-Of-Sale (POS) devices. IGT is actively involved with the NASPL Standard Application Programming Interface (API) initiative, which recently approved the support of in-lane scratch ticket redemption and is currently exploring options for selling scratch tickets through in-lane channels.

The Texas Lottery and IGT are extending the Texas Lottery's Lottery Gaming System's (LGS) current functionality to support an API-based process for the activation and sale of scratch tickets through in-lane, which has the potential to become a precursor for the NASPL working group to consider. This initiative aligns with the goals expressed by the Texas Lottery with its requirement for an Automated Scratch Sales Solution, specifically integrating with existing retailer POS systems for data collection, accounting, and integrating with the LGS for security and reporting.

The success of the current scratch game sales pilots in checkout lanes at key Texas retailers – Albertsons and H-E-B – support the Lottery's interest in expanding scratch ticket sales into in-lane. We will continue to work with the Texas Lottery to identify retailers willing to make the necessary POS programming updates in order to support our integrated scratch ticket in-lane approach, the development of which we are currently completing. This secure, non-automated approach will allow dispensers to store and dispense tickets while potentially providing a more cost-effective and efficient solution for participating retailers.

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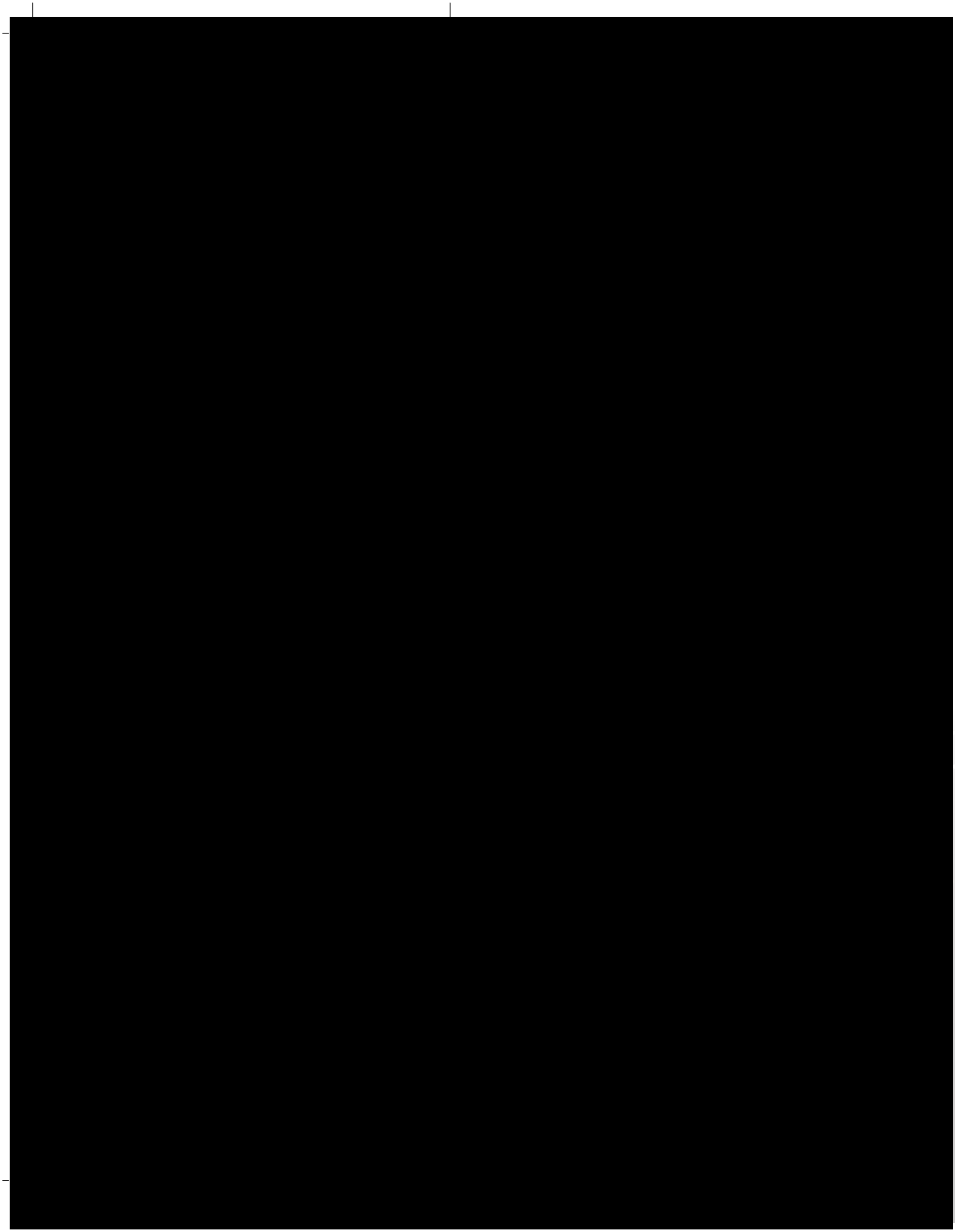

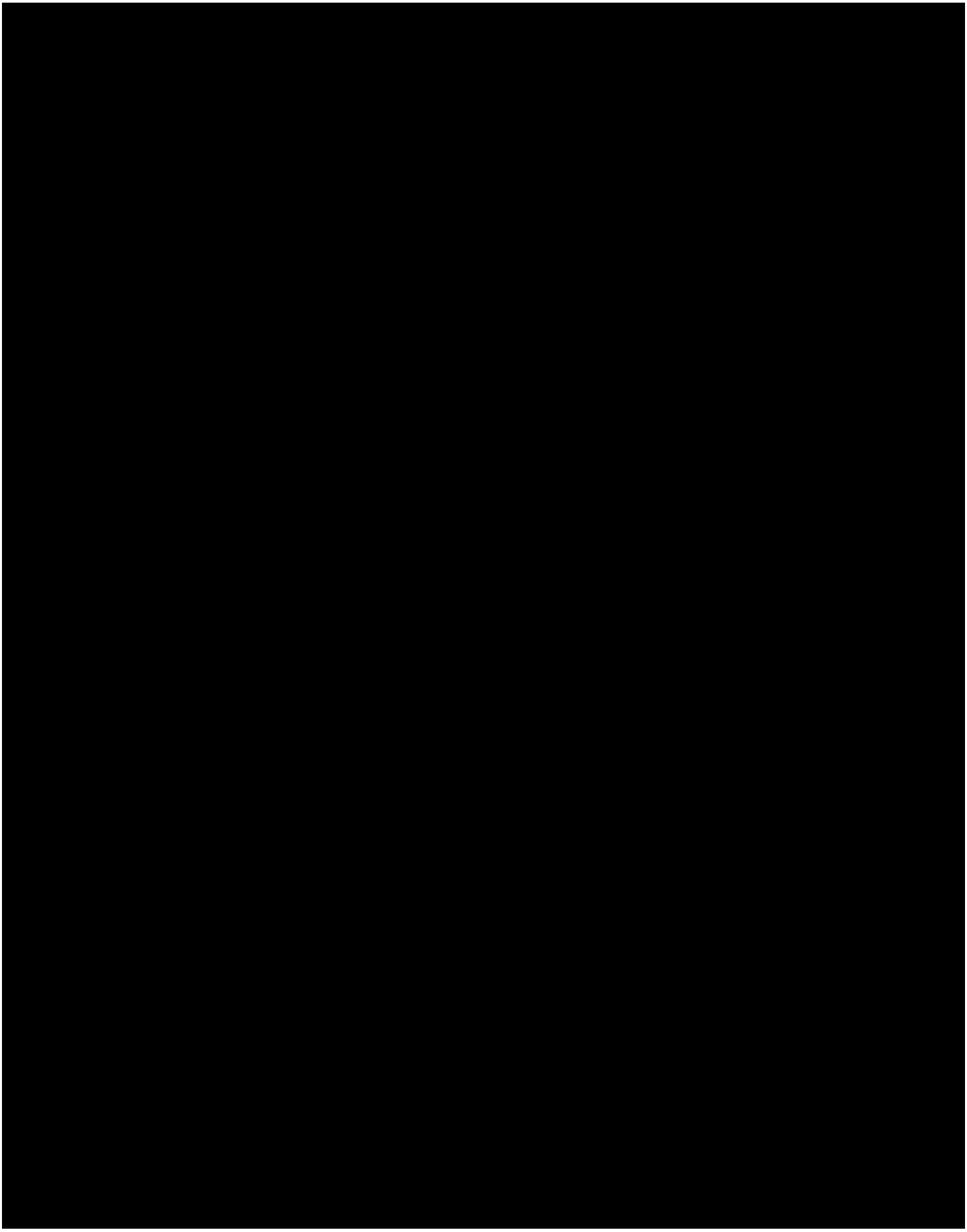

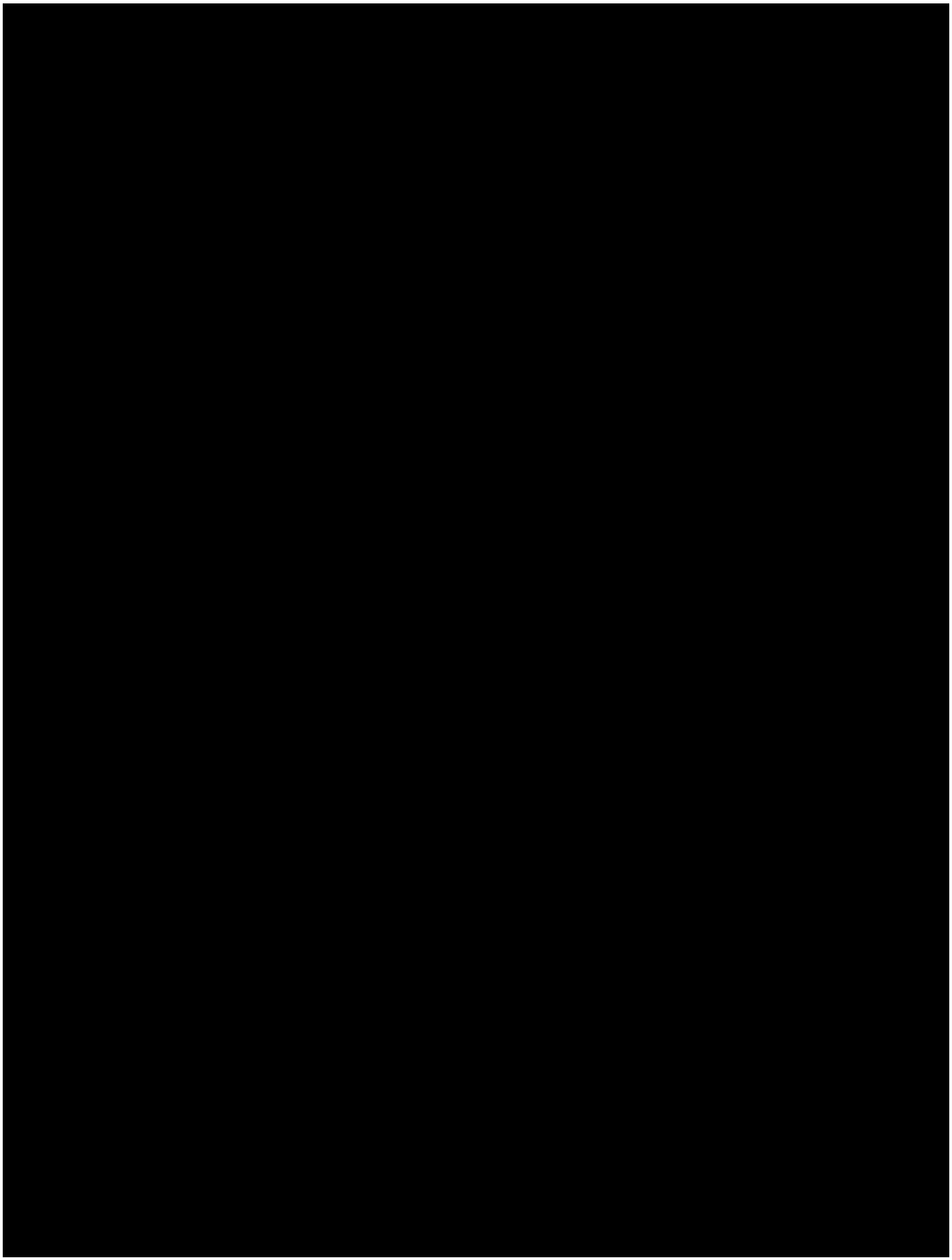

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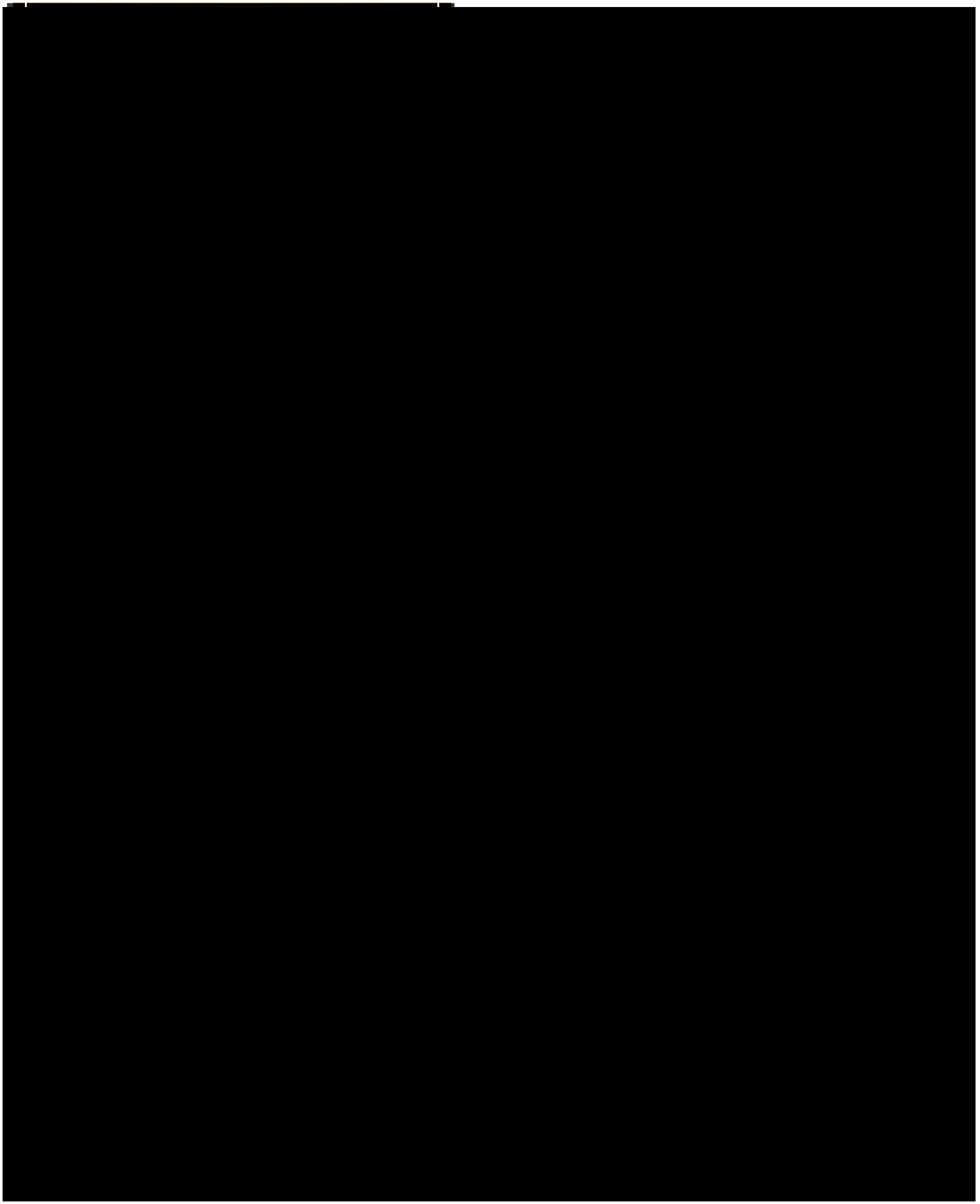

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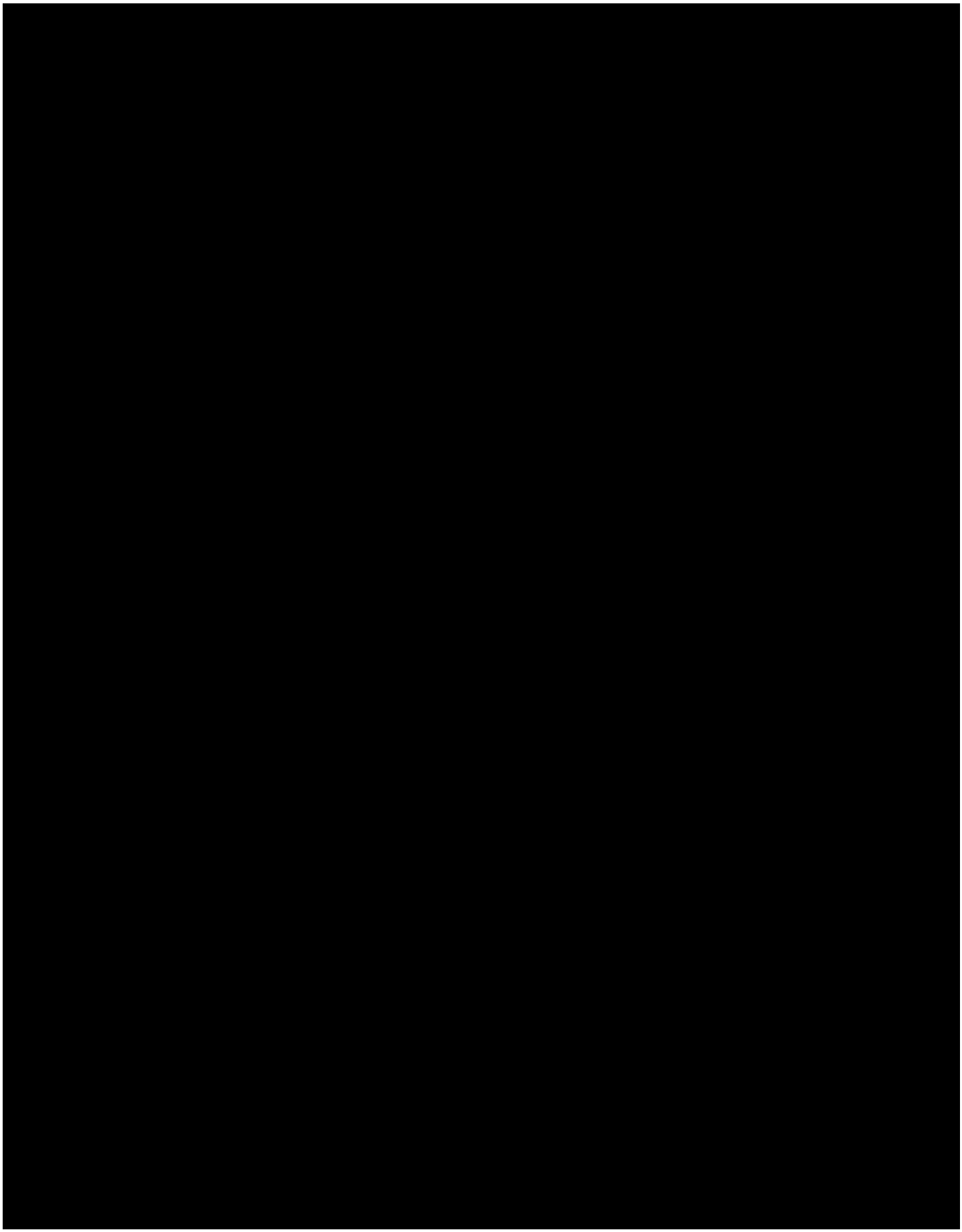

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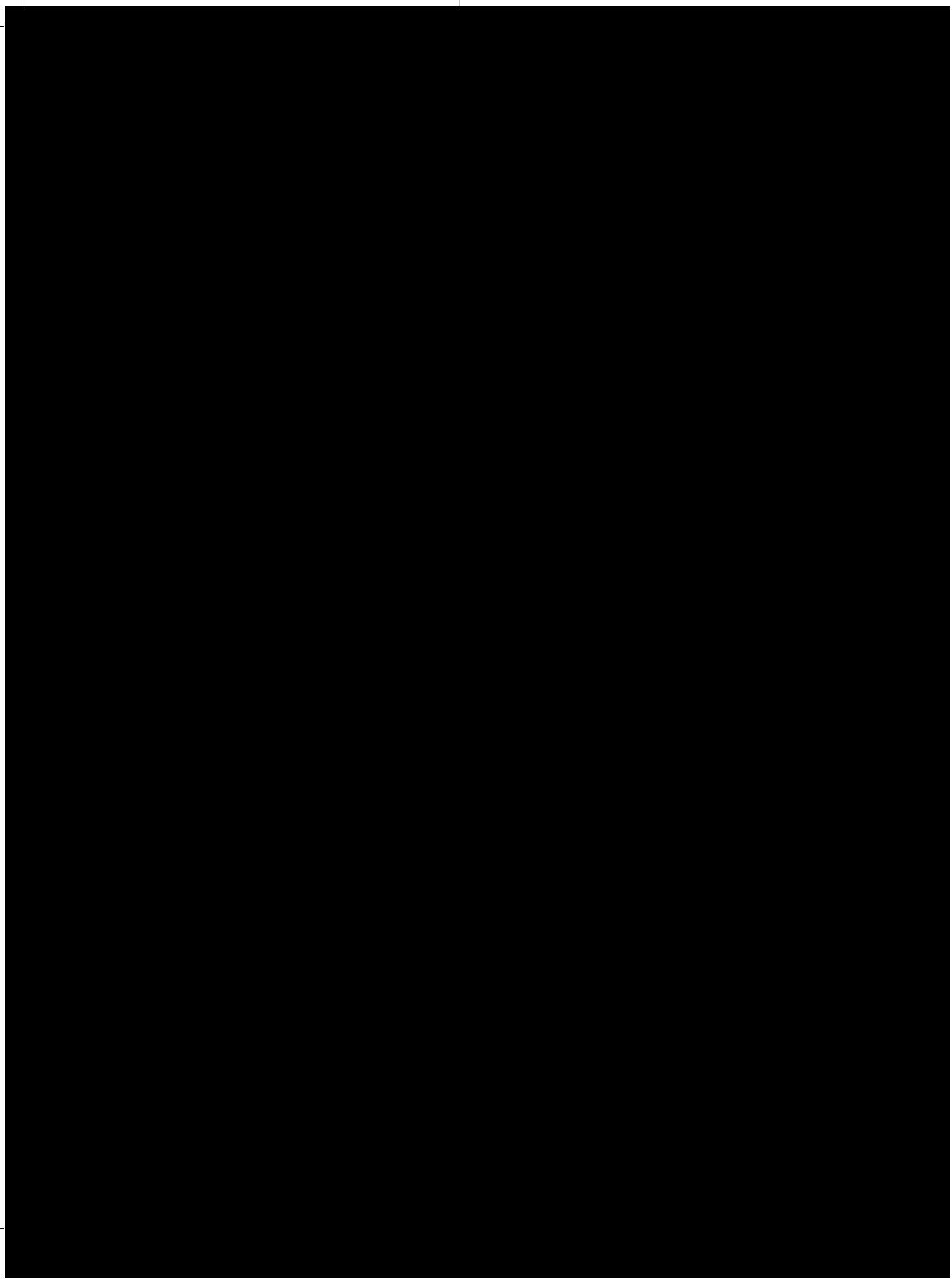

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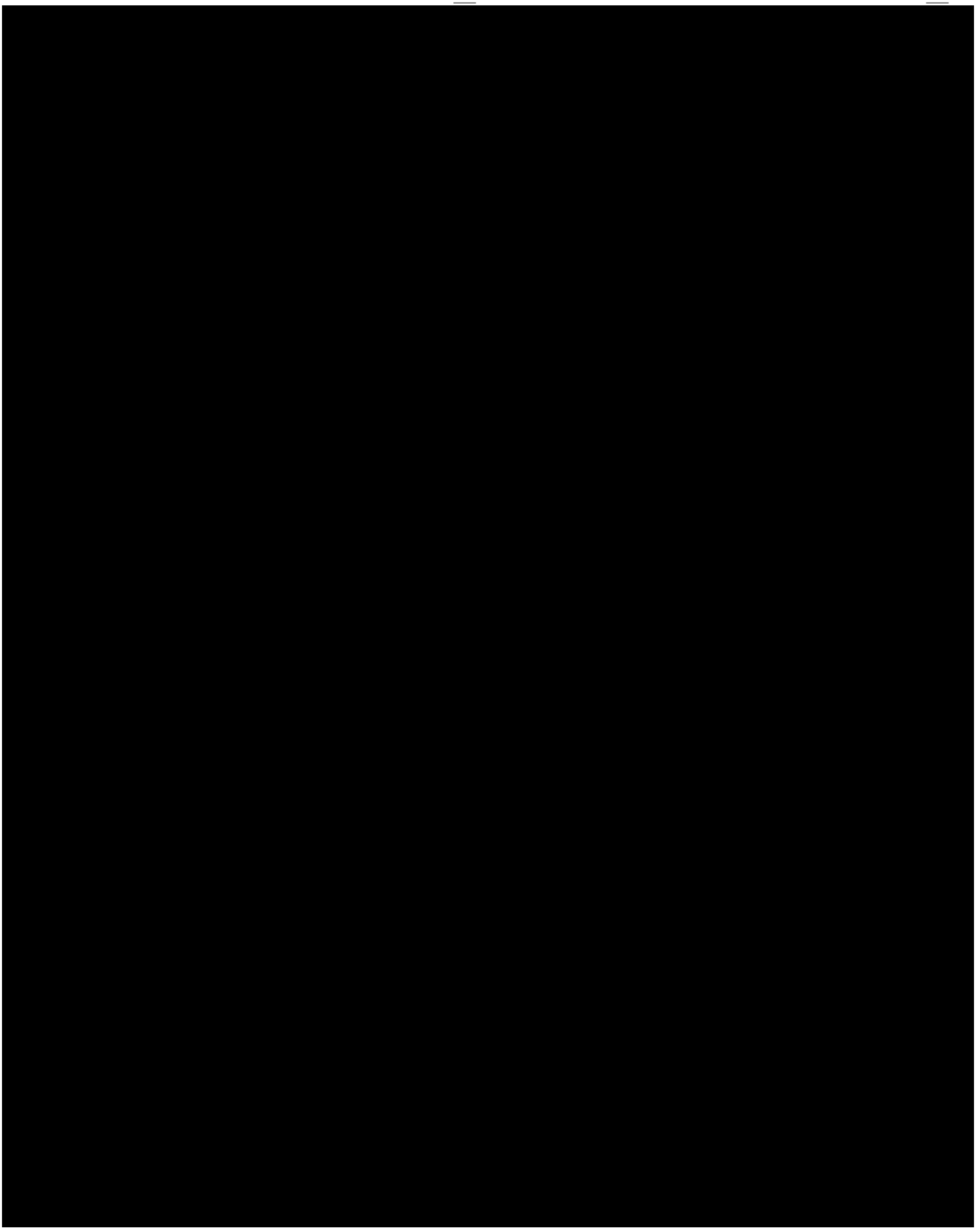

8.34.

Invited Options

An Invited Option is identified as being of specific interest to the Texas Lottery; however, the Texas Lottery makes no commitment to quantity or timing for acquisition. The Proposer is not obligated to include an Invited Option in the Proposal.

As an invited option, Proposers may offer the following scratch ticket manufacturing options:

IGT has read and acknowledges this requirement.

In the following subsections, IGT identifies the scratch ticket manufacturing options it is pleased to offer the Texas Lottery as Invited Options.

8.34.1. Die-Cut Tickets

Die-cut tickets.

IGT can supply die-cut tickets. We have produced die-cut tickets for several customers. The following figure shows concept art created by IGT for a die-cut Super Ticket® based on the popular Lucky 7s family of scratch ticket games that might be of interest to the Lottery.

Figure 8.34 – 1. A Simple Shape That Catches the Eye: Die-cut concept art developed for the Texas Lottery for a Lucky 7s Super Ticket®.

8.34.2. Additional Inserts

Additional inserts in each pack of tickets.

IGT can supply additional inserts in each pack of tickets.

8.34.3. Pouch Tickets

Pouch tickets.

IGT is not currently providing this option.

8.34.4. Holograms

Holograms.

IGT can provide games with holograms incorporated into the design.

8.34.5. Continuous Image Four-Color Process

Continuous image four-color process – unbroken graphic image covers entire ticket including rub-off area.

Most of the scratch ticket games that IGT has produced for the Texas Lottery were designed with continuous image four-color process, frequently referred to as integrated graphics. We will continue to offer this manufacturing option.

Figure 8.34 – 2. Memorable Color: Continuous image four-color process has been utilized to produce such Texas Lottery tickets as Break the Snowbank and Power 50X.

8.34.6.
Four-Color Process on Ticket Back

Four-color process printing on ticket back.

IGT has provided scratch ticket games with four-color process printing on the ticket back, and we will continue to supply this manufacturing option to the Lottery. Please see the following figure (which also provides an example of a scored ticket). The figure to the left shows the ticket back with four-color process printing, and the figure to the right shows the inside (front) of the ticket when the ticket is folded at the score.

Figure 8.34 – 3. More than a Holiday Card: Four-color process printing on the back of the Holiday Countdown Super Ticket, shown here, creates an attractive display on the outside of the ticket. Once the ticket is folded at the score, the art on the ticket's front is what players see when they open the ticket.

8.34.7.
One Additional Color Printed on Ticket Back

One (1) additional color printed on ticket back.

IGT can supply scratch tickets with one (1) additional color printed on the ticket back.

8.34.8.
Stub Tickets

Stub tickets with horizontal or vertical perforations with or without imaging.

IGT can offer stub tickets with horizontal or vertical perforations with or without imaging. Our presses' perforation stations allow our graphic designers to be versatile in their ticket stub designs.

8.34.9.
Scored Tickets

Scored tickets.

IGT can produce games with a score for easy folding, a style popular with holiday games. The Holiday Countdown Super Ticket shown in Section 8.34.6. above demonstrates how scored tickets can be used to mimic the appearance of a traditional holiday card.

8.34.10.
Scented Tickets

Scented tickets.

IGT has produced scented tickets for the Texas Lottery and will continue to offer this manufacturing option.

Figure 8.34 – 4. Chocolate Without the Calories: Scented tickets, such as the Chocolate game produced for the Texas Lottery, utilize a unique ink in the scratch-off area that causes an aroma to emit from the ticket upon scratching.

8.34.11.
Break-Open Tickets

Break-open tickets with perforated window.

IGT is not currently providing this option.

8.34.12.
Additional Ticket Samples

Additional ticket samples.

IGT can provide additional ticket samples.

8.34.13.
Four-Color Game Data Imaging

Four-color game data imaging.

IGT has the capability to provide games with four-color game data imaging.

8.34.14.
Pull-Tab Tickets

Pull-tab style tickets.

IGT is not currently providing this option.

8.34.15.
Large Panel Break-Open Tickets

Large panel break-open tickets.

IGT is not currently providing this option.

8.34.16.
Hourly Programming for Unique Games

Hourly programming for unique game.

IGT has the ability to program new and complex games for the Lottery. Please see the Cost Proposal for related pricing.

8.34.17.
Merchandise Fulfillment for Non-Licensed Property Games

Merchandise fulfillment for non-licensed property games.

IGT has experience providing merchandise fulfillment for non-licensed property games and will continue to make this service available to the Lottery under the new Contract.

8.34.18.
Oversized Tickets

Oversized Tickets.

IGT can offer oversized tickets. In fact, back in 2015, the Texas Lottery was the first lottery to recognize the potential of our patented Super Ticket concept, an oversized ticket containing multiple games. That first Super Ticket game, Super Ticket 7's, sold out of the warehouse in 40 days and broke records with over $73 million in sales in the first 12 weeks and hitting a sales index of 200.

Since its sensational debut, we've produced an additional 11 Super Ticket games for Texas players including the Break the Bank and 777 Super Tickets shown next. We look forward to continuing our collaboration by further developing this popular scratch product with you over the course of the upcoming Contract.

Figure 8.34 – 5. Super Fun, Super Sales: Oversized tickets such as Super Tickets, which provide players multiple games per ticket, have proven to be immensely popular in Texas.

8.35.

Offered Options

Recognizing that the lottery industry is dynamic and that technology will change, the Texas Lottery will, on a continuing basis, evaluate the most cost effective, reliable, market oriented and secure operations. The Texas Lottery does not intend to limit the creativity of the Successful Proposer from bringing forward new products or product enhancements not described in the RFP. Proposers are encouraged to describe offered options for other types of ticket manufacturing technology and specialized games.

IGT has read, acknowledges, and will continue to comply with this requirement.

IGT took advantage of the Texas Lottery's proactive approach to considering new ideas when we partnered with the Lottery to launch the IGT Super Ticket® in 2015. Today, the Lottery considers oversized tickets regular scratch game products and included Super Ticket as one of its Invited Options in the RFP.

To further assist the Texas Lottery in ensuring secure, cost-effective, reliable, and market-oriented operations, we are pleased to present a number of Offered Options for other types of ticket-manufacturing technologies and specialized games.

Infinity Instants™

Infinity Instants is a revolutionary digital scratch ticket printing platform. It brings our customers unprecedented creativity and flexibility in the design and development of their scratch ticket games, all while ensuring those games maintain the highest standards of quality and security.

Confidential information begins here. **TPIA §552.110**

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Confidential information ends here.

PlayBack™ Tickets

PlayBack adds a scratchable play area to the back of a ticket – for an extra chance to win or the chance to play an entirely different game on the same ticket. Front or back, we can design tickets featuring extended or multiple scratch-off areas. This feature is typically used for the popular Crossword-style games in which the ticket features several separate play areas. For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Glitz & Glam

Glitz and Glam are two IGT printing innovations that can be used simultaneously or individually to enhance the visual appeal of tickets.

- **Glitz**
  Glitz (glitter ink) is sure to dazzle your players with its added dimension and flair. Glitz is the perfect solution for adding sparkle to holiday tickets or a richer feel to premium games. It enhances tickets with glitter to increase visibility at retail and create a higher perceived value for consumers. This unique special effect is also cost effective – there's no special production methodology required to produce it. And the glitter will not smear or scratch off on fingers. Glitz is available exclusively from IGT.
- **Glam**
  Glam (color-fusion printing) applies a holographic 3-D effect to both the display and overprint areas of a ticket, adding to the perceived value of the ticket in a more cost-effective manner than holographic or foil paper. Glam's color-fusion process creates a visually appealing format for the design of high-price-point games, specialty games with supporting marketing campaigns or seasonal promotions.

For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Three-Color Imaging

This option is similar to two-color imaging but uses three colors. One of the best ways to enhance the play value and perceived value of a scratch ticket game is to incorporate additional colors into the play action. Three-color imaging is a real treat for players because it makes the scratch and reveal process even more exciting.

Six-Color Process Printing

Our flexographic presses are designed to go beyond four-color-process printing. They are capable of six-color-process printing, giving customers the largest color space in which to create exciting, colorful tickets. Six-color-process printing adds orange and brown to the color-creation process to provide more color depth and gradation in the shadows.

Holographic Ink (Color shifting)

We can provide color-shifting inks which change appearance if held at different angles to a light source, enhancing the play experience.

Photochromatic Ink

These engineered inks are invisible until they are exposed to regular black (UV) light. Once this ink is exposed to black light, it will change color and continue to stay visible away from the black light for about 20 seconds before becoming invisible again.

Thermochromatic Ink

These inks that bring the “magic of color change” to flexographic printing. When used in combination with a non-thermochromatic ink, the ink color changes to any color under the rainbow with the touch of a hand. When the ink is subjected to a “hot” or “cold” condition, a message appears. It then converts back to the original color upon cooling.

Raised UV Ink

This glossy varnish is applied in a large quantity to only certain parts of the graphic area. It creates an embossed look to the ticket image. The accentuated graphic area makes the ticket stand out at retail and provides players with a new ticket feature that helps them differentiate the various games on sale. It also promotes additional chatter among players and retailers.

Synchronized Printing

As we do today for Texas Loteria games, we can provide a synchronized imaging pattern to the overprint pattern. These are games that include multiple scenes wherein the graphically printed images in each scene’s overprint match the graphically printed images under the overprint.

Synchronized Play Action

IGT can produce games that offer a synchronized action where different play symbols can be mapped to a specific scene in the game. This option is frequently used for Zodiac/Horoscope type games or games like Texas Lucky Symbols that launched in 2017.

Synchronized Pulse Game

This synchronization feature uses more than one game-play mechanic/play style across multiple pulses but remains true to a single game number and prize structure. Synchronized Pulse Games can provide extreme flexibility in game design as more play styles can be incorporated into a single game. This enhancement is great for games with large print quantities with an extended life cycle.

Extended Bonus Play

This feature introduces a new dimension to scratch games with the addition of a bonus area that gives players more chances to win. The player plays the main game, takes symbols uncovered from that game, and uses them in the bonus game. This feature can be added to any existing play style. It increases a player's opportunity to win. For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Linked Bonus

This feature includes proprietary play mechanics that enable players to enjoy multiple games on one ticket. Players have the opportunity to win bonus prizes when they win multiple games in a lined section. Players can also match like symbols in any spin across and win the prize indicated in the prize legend. If the player wins on all spins in a single game, the player then scratches the bonus area to reveal an additional prize for that game. For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Criss Cross

Criss Cross games feature more matching, more fun, and more excitement for your players. This unique, patent-pending play style allows more prize symbols to be featured on each ticket. The concept allows a prize to be associated with two numbers. Players attempt to match a "column" number (your numbers) to a "row" number (winning numbers). Finding a match allows the player to scratch the prize symbol where the two numbers cross in the grid. Criss Cross can create multiple near-win experiences on every single ticket, ultimately enhancing player excitement. For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Head2Head

Head2Head is a socially interactive concept that allows two players to compete against each other on the same scratch ticket because the ticket contains two games. Players interact by sitting on opposite sides of a table and playing simultaneously or by passing the ticket back and forth. For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Lucky Sweeps®

This IGT-proprietary product offers scratch game players a chance to automatically enter a second chance promotion after validating a ticket at retail. Lucky Sweep games use lucky prize symbols. If players find one of these symbols, they redeem/validate the ticket at retail. This triggers a trailer/entry to be produced by the lottery terminal which automatically enters the ticket/players into a special second chance drawing. For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Instant 3D Printing

Instant 3D Printing gives lotteries the chance to take advantage of the popularity of 3D movies. Producing scratch tickets in 3D helps captivate seasoned lottery players while also attracting the emerging market. For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Crossword Connect™ and/or Crossword Corners™

These two IGT-proprietary play features add value to the extended play category by connecting multiple crossword grids.

- Crossword Connect's patented play action applies when more than one crossword grid is connected to another by one or more letters or words. Players can win a bonus prize by using letters from one puzzle to complete words in the other.
- Crossword Corners' patented play mechanic provides Crossword enthusiasts with increased play value by connecting two grids with a single letter. Beyond the traditional Crossword game play, Crossword Corners gives players the chance to win additional cash prizes if they complete the two words that cross the corners where the grids join.

For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Secure Shield®

Secure Shield takes scratch ticket security to a new level. Secure Shield is a process for encrypting data on scratch tickets, whereby the data is printed as a bar code and hidden under the scratch-off material. The process supports single-scan, keyless validation for retailers. Secure Shield will also allow players to check the win status of their scratch tickets on the Texas Lottery's current ticket checkers.

Based upon U.S. Patent 7,749,080, Secure Shield uses a special approach to scratch ticket encryption. The main benefit over other solutions is that the information in the bar code can easily be decoded by the lottery gaming system in order to find out the status of any individual ticket, but it is not statistically possible to reverse the process.

Custom Microfont Bendays

IGT can produce benday patterns that incorporate the name of the lottery (or other words) in the benday line. With the naked eye, it looks like a solid line, but under magnification the name of the lottery can be seen. This surreptitious security feature increases the effectiveness of bendays to frustrate cut-and-paste counterfeiting techniques. The microfont benday can also be printed using fluorescent or invisible inks. With IGT's process, we can print a microfont benday line in the play area so small that it must be magnified **30X** in order to be seen as a line of actual text.

Tinted Varnish

Tinted varnish is used as a security feature to make alteration attempts tamper-evident. We can produce several different colors such as yellow, blue, green, and pink.

Internal Custom Perforations

These are custom free-flowing perforations to accent a game's theme and play. Perforations can be made to create a jigsaw puzzle effect for premium collector games.

Simulated Foil Ink

This ink looks like foil when applied to a ticket. Several colors are available to meet your game design needs. Simulated foiled inks provide a nice alternative to foil or holographic substrates since they are typically less expensive.

Matte Finish

This premium finish option enhances the visual appeal of a ticket. Matte inks add a richness to a scratch ticket that can then be offset with a gloss coating. The result is a powerful and appealing combination of textures that attracts the eye.

Embossed Tickets

This printing option enhances the look and feel of a ticket. With embossed scratch tickets, consumers not only see a difference, but they feel the difference due to the raised image.

Micro Printing

This security feature reduces concerns about counterfeiting tickets because the print size is so small it's unachievable with most printing presses. Micro Printing can also add additional security features to benday lines (as described earlier in this section). For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Instant Gift Game Holder

These games include perforations and/or die-cut incisions that are designed to hold gift cards or other marketing pieces. For more information, please refer to the **Product Innovation Cards** insert at the end of this section.

Scratch & Twist™

These tickets add a new "twist" to traditional scratch ticket games. In addition to the regular game play, Scratch & Twist games feature a bonus symbol on the front and back of the ticket. The bonus symbol is only identified as a winning symbol if, when the ticket is twisted, the symbol on the back of the ticket completes the symbol on the front. For more information, refer to the **Product Innovation Cards** insert included at the end of this section.

Velvet Touch Ink

Velvet Touch ink gives tickets a velvety feel that adds a tactile quality. Application of these inks can be targeted to specific graphic images on the ticket, like ornaments on a Christmas tree, enhancing the perceived value to the player.

Proprietary IGT Loteria Artwork and Play Symbols

IGT has developed artwork and images for Loteria-style games and will continue to make those IGT-created game assets available to the Texas Lottery as long as IGT is the printer of those games.

Research

As described in Section 7.2, Game Planning, IGT's Offered Options include a scratch-specific segmentation study and web-based concept testing to help the Lottery retain a pipeline of meaningful data for the Texas market.

INFINITY instants™

Redefining the instant ticket experience.

Infinity Instants™ is a revolutionary digital instant ticket printing platform providing unprecedented flexibility in the design, production, and marketing of instant games. Infinity Instants™ is a nod to the infinite potential of what an instant game can become.

Create full color variable images and distinguishing marks underneath the scratch area, creating new playstyles and enhance existing playstyles with new value propositions. With Infinity Instants™ high-resolution digital imaging, create vibrant, never before possible game designs on both the front and back of the ticket. The versatility and efficiency of the Infinity Instants™ production process creates a plethora of new marketing opportunities.

IGT™

GLEAM™

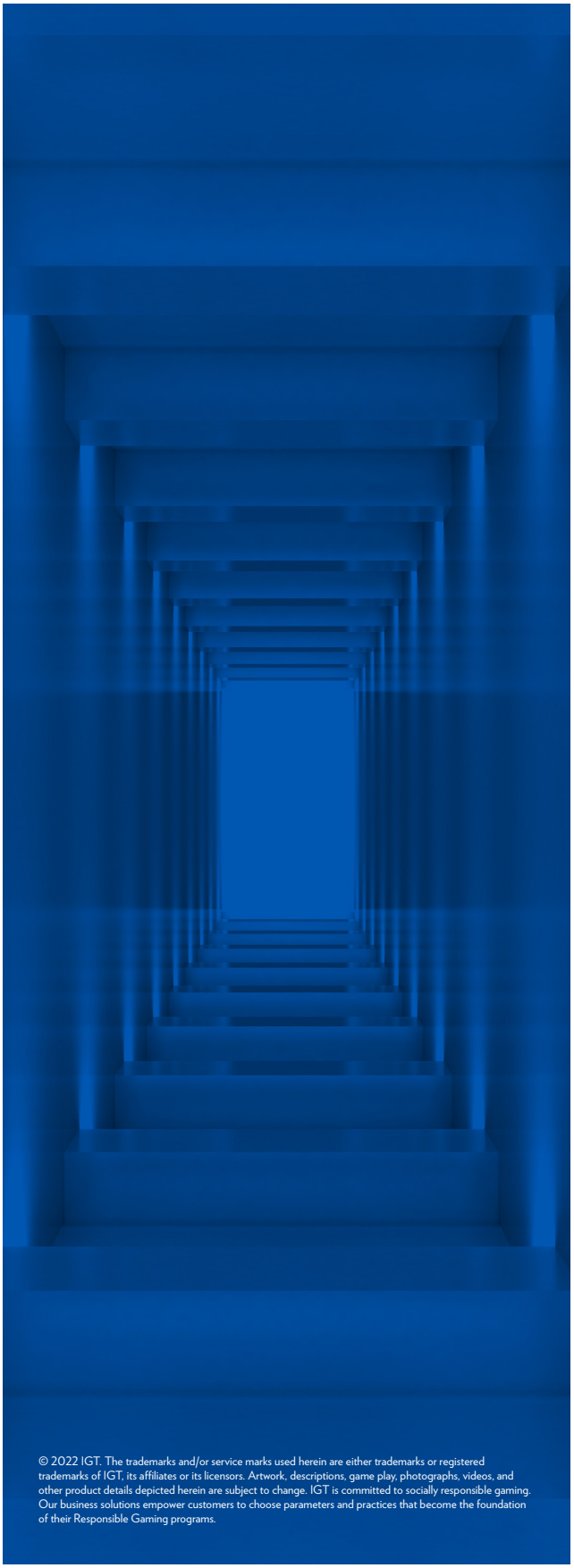
Have glimmering dreams with GLEAM™ technology!

With IGT's foil stamping process, exude the brilliance of holographic, foil, and metallic inks to garner attention at the point of sale. Whether it's highlighting specific design features or play areas, enhance your game with glimmer and shine! A catalog of numerous colors and patterns is available, making GLEAM™ technology perfect for any theme or occasion. GLEAM™ tickets are printed on recyclable stock, providing an environmentally friendly option to achieve the depth and sheen of holographic and foil tickets.

This area includes GLEAM™ technology

This area includes GLEAM™ technology

IGT™



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Double the sides, double the fun!

With more chances to win, players can enjoy the flipside with the Playback™ feature from IGT. Continue the excitement and bring added value to games once the front of an instant ticket is scratched. Now, players can find an extra chance to win on the back of the ticket! This feature can be a continuation of the game or include entirely new game mechanics. No matter the type of game, the Playback™ feature enhances player experience, maximizing the chances of winning throughout the entire ticket.

IGT™

Let your games shine with IGT's Glitz™ and Glam™!

Glitz will dazzle your players with added dimension and flair. Enhance your tickets with glitter to increase visibility at retail and create a higher perceived value for customers. Glitz can be added to any ticket, so make your holiday, birthday, and everyday games shine!

Glam adds a fifth dimension of metallic shine that's been overlaid with color for a brilliant foil look that's created on traditional paper stock. Glam is a cost-effective way to create superior looking instant tickets, exclusively from IGT!

IGT™

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© 2022 IGT. The trademarks and/or service marks used herein are either trademarks or registered trademarks of IGT, its affiliates or its licensors. Artwork, descriptions, game play, photographs, videos, and other product details depicted herein are subject to change. IGT is committed to socially responsible gaming. Our business solutions empower customers to choose parameters and practices that become the foundation of their Responsible Gaming programs.

EXTENDED BONUS PLAY

Give your players more chances to win!

Take your players' favorite games to an exciting new level by adding IGT's Extended Bonus Play feature. This feature introduces a new dimension to instant games with the addition of a bonus area, giving players more chances to win. The best part about the Extended Bonus Play feature is that it can be added to any existing play style. Enhance the excitement of your players' favorite games by incorporating Extended Bonus Play today. There is no greater gift than maximizing their opportunities to win.

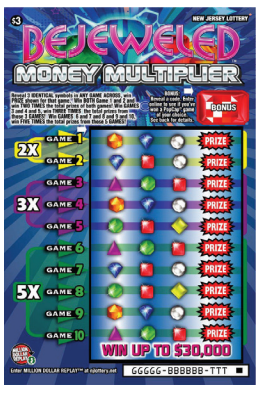
IGT

LINKED BONUS

Maximize winning experiences with Linked Bonus!

Linked Bonus is the ultimate scratch and win experience for players. It allows players to enjoy multiple games on one ticket and the opportunity to win bonus prizes when they win multiple games in a linked section.

Typically, bonus prize features provide a simple win or "try again." Linked Bonus adds an additional element of fun and excitement by giving players the chance to win more when they link several game wins. Linked Bonus offers players multiple near-win experiences, while adding value to your Lottery's low- to mid-tier prize structure.



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CRISS CROSS

Crossing excitement with adventure!

Criss Cross games feature more matching, more fun, and more excitement for your players. This unique play style allows games to have a better perceived chance to win by featuring all of the prize symbols in the play area. Criss Cross can create multiple near-win experiences on every single ticket, ultimately enhancing the player's excitement. Your players will instantly recognize the Criss Cross brand as an added value extended play style with many opportunities to win.

IGT

HEAD2HEAD

Entice your players with some friendly competition with Head2Head!

Head2Head games capture the most important aspect of modern-day gaming – social interaction – and deliver it to players as an instant game. Head2Head games feature two games on a single instant ticket. Players can play simultaneously or by passing the ticket back and forth with a friend.

Head2Head games allow you to choose themes that incorporate bingo, board games, casual games, and many more; grow sales by incorporating new types of products that may not be offered in non-traditional lottery locations; offer social games that engage multiple players and attract larger audiences; and incorporate the "Pass N' Play" feature into an instant ticket.

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PRODUCT INNOVATION CARDS

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LUCKY Sweeps

With IGT's Lucky Sweeps™, you can merge an instant game with an online promotion.

Not only can players win cash or prizes on an instant game, but they can win an entry into an online raffle or a second chance drawing if a designated "lucky" symbol is revealed.

The Lucky Sweeps promotions include a Top Prize Promotion, which prevents the top prize from being sold out too quickly; a Ticket Group Promotion, which implements Lucky Sweeps into a family of games and creates a promotion across a product line; and a Price Point Promotion, which introduces Lucky Sweeps into a particular price point.

IGT

INSTANT 3D

Add a new dimension to your Lottery's instant games by producing them in 3D.

With IGT's Instant 3D, you prove to your players that you know what they want and are willing to deliver it. By producing your instant tickets in 3D, you have the ability to captivate seasoned lottery players and attract the emerging market. 3D glasses can also be added to your order.

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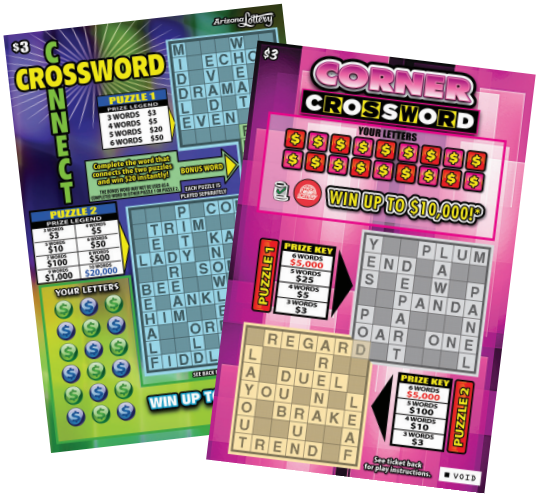
CROSSWORD CORNERS™ & CROSSWORD CONNECT™

Add a new dimension to traditional crossword games.

The Crossword Corners™ play action gives players the chance to win additional cash prizes if they complete the two words which connect in the corners where the crossword grids join.

Crossword Connect™ gives players the chance to win additional prizes if they complete the single word that connects the two grids. Your players will immediately recognize the added value and entertainment in these play styles!

Crossword Corners was first launched in North Carolina in May of 2015 and quickly became their best-selling $5 crossword game, only to be bested by Crossword Connect, launched in December of 2016, with a 12 week index of 142.



IGT

MICRO PRINTING

More than meets the eye.

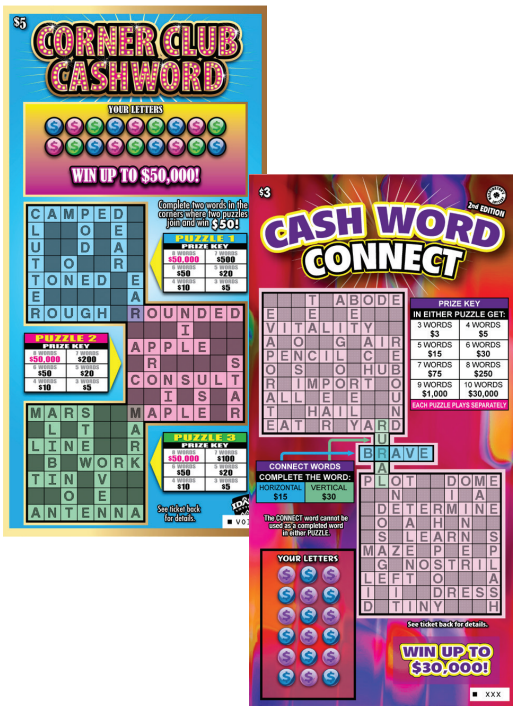
IGT is intent on protecting the security and authenticity of instant games. IGT's printing presses and plate technology make it possible for the font to be printed in a small size, only visible through a printer's loupe. In Micro Printing, a printing plate is embossed with a unique pattern, shape, or word, chosen by your Lottery.

Micro Printing reduces concern about counterfeiting tickets because the print size is so small, it is unachievable with most printing presses. Micro Printing also adds a security feature to benday lines by transforming them from regular benday lines to micro-font bendays, thereby guarding against a cut-and-paste attack.

IGT

PRODUCT INNOVATION CARDS

Jurisdiction	Game Name	Launch Date	12 Week Index
Nebraska	$50,000 Crossword Connect	2/20/2018	109
Arizona	Crossword Connect	12/13/2017	125
West Virginia	Crossword Connect	8/13/2017	109
New Mexico	Crossword Connect	6/6/2017	100
Idaho	Crossword Connect	1/23/2017	157
Idaho	Crossword Connect	1/3/2017	140
North Carolina	Crossword Connect	12/6/2016	142
Idaho	Corner Club Cashword	11/28/2016	129
Nebraska	Crossword Corners	11/7/2016	124
West Virginia	Corner Crossword	5/1/2016	106
New York	Cashword Connect	1/18/2016	122
North Carolina	Bonus Corner Crossword	5/3/2015	126



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INSTANT GAME GIFT HOLDERS

Two dynamic packages made of instant tickets to hold gift cards.

IGT has created two dynamic packages to hold gift cards – the Instant Game Gift Box and the Instant Game Gift Envelope.

The Instant Game Gift Box is an instant ticket that contains four play areas to win cash and prizes and is scored so it can be folded into a box.

The Instant Game Gift Envelope is also scored and can be folded so that a gift card can be neatly tucked in the middle. With convenient "To" and "From" fields, it's easy to personalize the ticket. The Instant Game Gift Envelope is the perfect size to fit in a self-service machine, making it quick and simple for players to pick up a gift on the go.

IGT

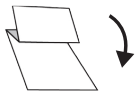
Scratch & TWIST

A new twist on instants! Literally turn your players' favorite instant tickets into a whole new game with Scratch & Twist.

Scratch & Twist adds a new twist to traditional instant games. In addition to the regular game play, Scratch & Twist games feature a bonus symbol on both the front and back of the ticket. The bonus symbol is only identified as a winning symbol if, when the ticket is twisted, the symbol on the back of the ticket completes the symbol on the front. This feature is a new exciting way to win and will add a fun twist to any of your games!

IGT

PRODUCT INNOVATION CARDS



- When folded forward at PERF lines, ticket turns into a “gift”.
- Cutouts can be included to hold a Gift Card (optional).
- Delivered flat so that ticket dispenses from regular instant dispensers and vending machines.

Gift Card

Instant Game Gift Envelope

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PARTNERING TO SUPPORT TEXAS EDUCATION AND VETERANS

Attachment H, Sealed Cost Proposal

Please see the hard copy of the Original Proposal for Attachment H, Sealed Cost Proposal.

Attachment A, Proposer's Commitment

ATTACHMENT A
PROPOSER'S COMMITMENT

I hereby commit IGT Global Solutions Corporation (doing business in the State of Texas as IGT Solutions Corporation)

(Company Name)

to provide the goods and services described in the attached Proposal for Scratch Ticket Manufacturing and Services required by the Request for Proposals for the Texas Lottery Commission.

Signature: Joseph J. Vendon

Title: Chief Operating Officer - Global Lottery

Date: 3/10/2022

Attachment D-1, Background Information Certification

ATTACHMENT D-1
BACKGROUND INFORMATION CERTIFICATION

Texas Government Code §466.155

Under Texas Government Code §466.103, the Executive Director of the Texas Lottery Commission may not award a contract for the purchase or lease of facilities, goods or services related to lottery operations to a person who would be denied a license as a sales agent under Texas Government Code §466.155.

IGT Global Solutions Corporation

(Company Name)

certifies that it has reviewed Texas Government Code §466.155 and that it would not be denied a license as a sales agent under said section.

Joseph S Gendron

(signature of person authorized to contractually bind the Proposer)

Joseph S. Gendron

(printed name)

Chief Operating Officer - Global Lottery

(title)

3/10/2022

(date)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-36906

INTERNATIONAL GAME TECHNOLOGY PLC

(Exact name of Registrant as specified in its charter)

England and Wales
(Jurisdiction of incorporation or organization)

66 Seymour Street, 2nd Floor
London W1H 5BT
United Kingdom
(Address of principal executive offices)

Christopher Spears
Senior Vice President and General Counsel
Telephone: (401) 392-1000 Fax: (401) 392-4812
E-mail: Christopher.Spears@IGT.com
IGT Center, 10 Memorial Boulevard, Providence, RI 02903
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary Shares, nominal value $0.10	IGT	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

204,856,564 ordinary shares, nominal value $0.10 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

x Yes o No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act of 1934.

o Yes x No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes o No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Emerging growth company	o

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. x

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

		International Financial Reporting Standards as issued by the International Accounting Standards Board		
U.S. GAAP	x	o	Other	o

If “Other” has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow.

o Item 17 or o Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes x No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

o Yes o No

2

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PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

International Game Technology PLC (the "Parent"), together with its consolidated subsidiaries, is a global leader in gaming. In this annual report on Form 20-F, unless otherwise specified or the context otherwise indicates, all references to "IGT PLC" and the "Company" refer to the business and operations of the Parent and its consolidated subsidiaries.

This annual report on Form 20-F includes the consolidated financial statements of the Company for the years ended December 31, 2020, 2019, and 2018 (the "Consolidated Financial Statements") prepared in accordance with United States Generally Accepted Accounting Principles as issued by the Financial Accounting Standards Board.

The financial information is presented in U.S. dollars. All references to "U.S. dollars," "U.S. dollar," "U.S. $," "USD," and "$" refer to the currency of the United States of America. All references to "euro," "EUR," and "€" refer to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

The language of this annual report on Form 20-F is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

Glossary of Certain Terms and Abbreviations

The glossary is used to define common terms and abbreviations that appear throughout the annual report on Form 20-F. Other, less common, terms and phrases are defined in the sections in which they appear, as they may either be Company or industry-specific. Additionally, definitions in "Item 18. Financial Statements" stand alone and are independently defined in that section.

Abbreviation/Term	Definition
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
B2B	business-to-business
B2C	business-to-consumer
BEAT	base-erosion and anti-abuse tax
Brexit	the vote by the United Kingdom to leave the European Union and the terms of such departure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	the Parent together with its consolidated subsidiaries
De Agostini	De Agostini S.p.A.
EBITDA	earnings before interest, taxes, depreciation and amortization
E.U.	European Union
GAAP	United States Generally Accepted Accounting Principles
GDPR	E.U. General Data Protection Regulation
GILTI	global intangible low-taxed income
iGaming	digital (interactive) gaming
IGT PLC	the Parent together with its consolidated subsidiaries
Lottomatica	Lottomatica Holding S.r.l.
Loyalty Plan	the terms and conditions related to the Special Voting Shares
Loyalty Register	the register of ordinary shares for which holders thereof have validly elected to exercise the related Special Voting Shares
NYSE	New York Stock Exchange
Parent	International Game Technology PLC
R&D	research and development
SEC	United States Securities and Exchange Commission
Special Voting Shares	the special voting shares in the Parent, worth U.S.$0.000001 each and carrying 0.9995 votes
Tax Act	the Tax Cuts and Jobs Act of 2017
U.K.	United Kingdom
U.S.	United States of America
Wire Act	U.S. Interstate Wire Act of 1961

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F includes forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning 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 possibility that the Parent will be unable to pay dividends to shareholders or that the amount of such dividends may be less than anticipated;
- the length, duration and severity of the COVID-19 pandemic, including any resurgence of the pandemic, and the response of governments, including government-mandated property closures and travel restrictions;
- the effect of the COVID-19 pandemic on our operations or the operations of our customers and suppliers;
- the possibility that the Company may not achieve its anticipated financial results in one or more future periods;
- reductions in customer spending;
- a slowdown in customer payments and changes in customer demand for products and services as a result of changing economic conditions or otherwise;
- unanticipated changes relating to competitive factors in the industries in which the Company operates;
- the Company’s ability to hire and retain key personnel;
- the Company’s ability to attract new customers and retain existing customers in the manner anticipated;
- reliance on and integration of information technology systems;
- changes in legislation, governmental regulations, or the enforcement thereof that could affect the Company;
- enforcement of an interpretation of the Wire Act in such a manner as to prohibit or limit activities in which the Company and its customers are engaged;
- the uncertainty of impacts from Brexit, including legal, regulatory and trade implications;
- the expected financial impact and timing of the divestiture of the Company’s Italian B2C gaming machine, sports betting, and digital gaming businesses, whether and when the required regulatory approvals for the divestiture will be obtained, the possibility that closing conditions for the divestiture may not be satisfied or waived, and whether the strategic benefits of the divestiture can be achieved;
- international, national, or local economic, social, or political conditions that could adversely affect the Company or its customers;
- conditions in the credit markets;
- risks associated with assumptions the Company makes in connection with its critical accounting estimates;
- the resolution of pending and potential future legal, regulatory, or tax proceedings and investigations; and
- the Company’s international operations, which are subject to the risks of currency fluctuations and foreign exchange controls.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the Company’s business, including those described in “Item 3. Key Information—D. Risk Factors” and other documents filed by the Parent from time to time with the SEC. Except as required under applicable law, the Company does not assume any obligation to update these forward-looking statements. Nothing in this annual report is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per share of the Parent for the current or any future financial years will necessarily match or exceed the historical published earnings per share of the Parent, as applicable. All forward-looking statements contained in this annual report on Form 20-F are qualified in their entirety by this cautionary statement.

PART I

Item 1. Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. *Selected Financial Data*

Not applicable.

Selected Financial Data has been eliminated as a result of new SEC rules issued on November 19, 2020 which are effective February 10, 2021. Registrants are required to comply with the amended rules for their first fiscal year ending on or after April 9, 2021; however, registrants may provide disclosure consistent with the final amendments any time after the effective date. IGT has elected to apply the amended rules within this Form 20-F.

B. *Capitalization and Indebtedness*

Not applicable.

C. *Reasons for the Offer and Use of Proceeds*

Not applicable.

D. *Risk Factors*

The following risks should be considered in conjunction with “Item 5. Operating and Financial Review and Prospects”, the Consolidated Financial Statements, including the notes thereto, included in this annual report, and the other risks described in the Safe Harbor Statement set forth in Item 5.F. These risks may affect the Company's operating results and, individually or in the aggregate, could cause its actual results to differ materially from past and anticipated future results. The following discussion of risks may contain forward-looking statements which are intended to be covered by the Safe Harbor Statement. Except as may be required by law, the Company undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise. The Company invites you to consult any further related disclosures made by the Parent from time to time in materials filed with or furnished to the SEC.

Risks related to the Company's Business and Industry

The Company has a concentrated customer base in certain business segments, and the loss of any of its larger customers (or lower sales from any of these customers) could lead to significantly lower revenue

A substantial portion of the Company’s revenues is derived from exclusive licenses awarded to the Company by Agenzia delle Dogane e Dei Monopoli ("ADM"), the governmental authority responsible for regulating and supervising gaming in Italy. For the year ended December 31, 2020, approximately 11% of total consolidated revenues was earned for service provided for the operation of the Italian Gioco del Lotto game (the "Lotto License") and approximately 8% for service provided for the operation of Scratch & Win instant ticket game.

The Company expects that a significant portion of its revenues and profits will continue to depend upon the licenses awarded to the Company by ADM. Licenses may be terminated prior to their expiration dates upon the occurrence of certain events of default affecting the Company, or if such licenses are deemed to be against the public interest, or terminated or annulled if successfully challenged by competitors. The law providing the extension of the license for instant tickets in Italy has been challenged from two operators (Sisal and Stanleybet) and the European Court of Justice ("ECJ") has been asked to express an opinion on the compatibility of that law within the E.U. law principles. In addition, the conditions for any new license will be established by law and included in the rules of the new license. Any material reduction in the Company’s revenues from these licenses, including as a result of an annulment, early termination, or non-renewal of these licenses following their expiration, could have a material adverse effect on the Company’s results of operations, business, financial condition, or prospects.

In addition, recurring revenues from the Company's top 10 customers outside of Italy accounted for approximately 25% of its total consolidated revenues for the year ended December 31, 2020. If the Company were to lose any of these larger customers, or if these larger customers experience lower sales and consequently reduced revenues, which are primarily service revenues, there could be a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

The Company's operations are dependent upon its continued ability to retain and extend its existing contracts and win new contracts

The Company derives a substantial portion of its revenues from its portfolio of long-term contracts in the Global Lottery segment (equal to approximately 56% of its total consolidated revenues for the year ended December 31, 2020), awarded through competitive procurement processes. In addition, the Company's U.S. lottery contracts typically permit a lottery authority to terminate the contract at any time for material, uncured breaches and for other specified reasons out of the Company's control, such as the failure by a state legislature to approve the required budget appropriations, and many of these contracts in the U.S. permit the lottery authority to terminate the contract at will with limited notice and do not specify the compensation to which the Company would be entitled were such termination to occur.

In the event that the Company is unable or unwilling to perform certain lottery contracts, such contracts permit the lottery authority a right to use the Company's system-related equipment and software necessary for the performance of the contract until the expiration or earlier termination of the contract.

The termination of or failure to renew or extend one or more of the Company's lottery contracts, or the renewal or extension of one or more of the Company's lottery contracts on materially altered terms, could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

The outbreak of the novel coronavirus COVID-19 ("COVID-19") has had and will likely continue to have an adverse effect on the Company's business, operations, financial condition and operating results

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified and has spread around the world, including in the Company's core markets of the United States and Italy. The World Health Organization declared the outbreak to be a pandemic on March 11, 2020. The global spread of COVID-19 has been, and continues to be, complex and rapidly evolving, with governments, public institutions and other organizations imposing or recommending, and businesses and individuals implementing, restrictions on various activities or other actions to combat its spread, such as restrictions and bans on travel or transportation, stay-at-home directives, limitations on the size of gatherings, closures of work facilities, schools, public buildings and businesses, cancellation of events, including sporting events, concerts, conferences and meetings, and quarantines and lock-downs. The pandemic and its consequences, including the closure of almost all casinos and gaming halls globally in the second quarter of 2020, dramatically reduced demand for gaming products and services, which has had a negative impact on all aspects of the Company's business. While many casinos and gaming halls have since reopened, some remain closed, and there can be no assurance that the Company will not be further affected by future shutdowns. The extent and duration of the COVID-19 pandemic and its impact on the Company's future financial and operational performance remains uncertain, and will depend on future developments, including the duration and spread, and any recurrence of the pandemic, and related actions taken by U.S. and international governments, state and local officials to prevent and contain disease spread, all of which are uncertain and cannot be predicted. Furthermore, the Company's suppliers may experience adverse effects of the pandemic, including but not limited to bankruptcy or insolvency, which could impact the Company's supply chain and its ability to operate at the same level as prior to the COVID-19 crisis.

The current, and uncertain future, impact of the COVID-19 outbreak is expected to continue to impact the Company's results, operations, outlooks, plans, goals, growth, reputation, cash flows, and liquidity.

Adverse changes in discretionary consumer spending and behavior, including as a result of the COVID-19 pandemic or other similar health epidemics, may adversely affect the Company's business

Socio-political and economic factors that impact consumer confidence may result in decreased discretionary spending by consumers and have a negative effect on the Company's business. Unfavorable changes in social, political and economic conditions and economic uncertainties, as well as decreased discretionary spending by consumers, may adversely impact customers, suppliers and business partners in a variety of ways.

The revenue generated by the Company's business relies on players' discretionary income and their level of gaming activity. Economic factors resulting in a reduction of such discretionary income could result in fewer lottery ticket sales and fewer patrons visiting casinos or engaging in online or digital gaming. A decline in discretionary income over an extended period could cause some of the Company's customers to close casinos or other gaming operations, which would adversely affect the

Company's business. A decline in casino visits may also have an adverse impact on the businesses of casino customers and their ability to purchase or lease products and services.

The COVID-19 pandemic, and public perception thereof, has contributed to consumer unease and decreased discretionary spending and consumer travel, which have had, and will continue to have, a negative effect on the Company. Other future health epidemics or contagious disease outbreaks could do the same. The Company cannot predict the ultimate effects that the outbreak of COVID-19, any resulting unfavorable social, political, and economic conditions and decrease in discretionary spending or travel would have on the Company, as they would be expected to impact the Company's customers, suppliers, and business partners in varied ways in different communities. In the Company's lottery, machine gaming, and digital businesses, revenue is largely driven by players' disposable incomes and level of gaming activity and lottery purchases. The outbreak of COVID-19 has led to economic and financial uncertainty for many consumers and has reduced, and may continue to reduce, the disposable incomes of players across all of the Company's business units. Further, the COVID-19 pandemic, and the perception of risk of infection may affect consumer behavior as people may feel uncomfortable traveling or being in crowded environments such as casinos and gaming halls while the virus remains a threat. This may result in fewer patrons visiting casinos and gaming halls and fewer players purchasing lottery and sports betting products, and lower amounts spent per casino visit or lottery purchase, or reduced spend on sports betting and other online gambling activities, which may negatively impact the results of operations, cash flows, and financial condition of the Company's casino customers, their ability to purchase or lease the Company's products and services and therefore the Company's machine gaming business revenue, revenues to lotteries and, therefore, the Company's lottery business revenue, and revenues to the Company's online casino and sports book partners and, therefore, the Company's sports betting and digital business revenue.

The outbreak of COVID-19 and the resulting unfavorable economic conditions have also impacted and could continue to impact, the ability of the Company's customers to make timely payments. These unfavorable conditions have caused, and could continue to or may cause, some of the Company's customers to close casinos, gaming halls and/or lottery operations, decrease spending on marketing of or purchases of products or declare bankruptcy, which would adversely affect the Company's business. The recent outbreak also resulted in significant volatility in both the credit and equity markets, negatively impacting general economic conditions. The difficulty or inability of the Company's customers to generate or obtain adequate levels of capital to finance their ongoing operations may reduce their ability to purchase the Company's products and services. In the Company's lottery business, difficult economic conditions may contribute to reductions in spending on marketing by customers and, in certain instances, less favorable terms under contracts, as many of the Company's customers face budget shortfalls and seek to cut costs. In the Company's sports betting business, the suspension or cancellation of the majority of sporting events has and could continue to negatively impact the financial condition of the Company's sports book customers, their ability to purchase development and other services, their risk of payment default, or their spending levels as they seek to reduce costs, each of which could negatively impact the Company's sports betting business revenue.

Slow growth or declines in the replacement of gaming machines, slow growth of new gaming jurisdictions or slow addition of casinos and gaming halls in existing jurisdictions, including as a result of COVID-19, may have an adverse impact on the Company

Demand for the Company's machine gaming products and services is driven by the replacement of existing gaming machines in existing casinos and gaming halls, the establishment of new jurisdictions, the opening of additional casinos and gaming halls in existing jurisdictions, and the expansion of existing casinos and gaming halls. Slow growth or declines in the replacement cycle of gaming machines resulting from the COVID-19 pandemic have reduced and may continue to reduce the demand for the Company's products and negatively impact the Company's results of operations, cash flows, and financial condition. In 2020, the Company's machine gaming revenue was adversely affected by casino closures and fewer casino openings and expansions.

The opening of new casinos and gaming halls, expansion of existing casinos and gaming halls, and replacement of existing gaming machines in existing casinos and gaming halls fluctuate with demand, economic conditions, regulatory approvals, and the availability of financing and have been negatively affected by the recent COVID-19 pandemic. In addition, the expansion of gaming into new jurisdictions can be a protracted process. Any of these factors could delay, restrict, or prohibit the expansion of the Company's business and negatively impact the Company's results of operations, cash flows, and financial condition.

The Company is subject to substantial penalties for failure to perform

The Company's Italian licenses, lottery contracts in the U.S. and in other jurisdictions, and other service contracts often require performance bonds or letters of credit to secure its performance under such contracts and require the Company to pay substantial monetary liquidated damages in the event of non-performance by the Company.

At December 31, 2020, the Company had outstanding performance bonds and letters of credit in an aggregate amount of approximately $1.7 billion. These instruments present a potential for expense for the Company and divert financial resources from other uses. Claims on performance bonds, drawings on letters of credit, and payment of liquidated damages could

individually or in the aggregate have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Slow growth or declines in the lottery and gaming markets could lead to lower revenues for the Company

The Company's future success will depend, in part, on the success of the lottery industry and the gaming industry in attracting and retaining new players in the face of such increased competition in the entertainment and gaming markets, as well as the Company's own success in developing innovative services, products and distribution methods/systems to achieve this goal. In addition, there is a risk that new products and services may replace existing products and services and the Company's customers might acquire or develop competencies that reduce their dependencies on the Company's product and services. The replacement of old products and services with new products and services may offset the overall growth of sales of the Company. A failure by the Company to achieve these goals could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Brexit has created uncertainty that could impact the Company's operations, business, financial condition, or prospects

The U.K. exited the E.U. on January 31, 2020, which commenced a transition period through December 31, 2020, during which the U.K. continued to apply E.U. laws and regulations and the trading relationship between the U.K. and the E.U. remained the same. In December 2020, the U.K. and E.U. announced they had entered into a post-Brexit deal on certain aspects of trade and other strategic and political issues. Because the Company maintains significant operations in the E.U., the terms of the December 2020 post-Brexit deal could subject the Company to increased risk. The Company is in the process of evaluating the impact of the December 2020 post-Brexit deal on its business, future operations, operating results and cash flows. The Company continues to monitor Brexit and its potential impacts on the Company's results of operations, business, financial condition, or prospects.

The Company's success depends in large part on its ability to develop and manage frequent introductions of innovative products and the ability to respond to technological changes

The Company must continually introduce and successfully market new games and technologies to remain competitive and effectively stimulate customer demand. The process of developing new products is inherently complex and uncertain. It requires accurate anticipation of changing customer needs and end-user preferences as well as emerging technological trends. If the Company's competitors develop new game content and technologically innovative products and the Company fails to keep pace, its business could be adversely affected. In addition, if the Company fails to accurately anticipate customer needs and end-user preferences through the development of new products and technologies, the Company could lose business to its competitors, which would adversely affect its results of operations, business, financial condition, or prospects. The Company intends to continue investing resources in research and development. There is no assurance that its investments in research and development will guarantee successful products. The Company invests heavily in product development in various disciplines: platform hardware, platform software, digital services, content (game) design and casino software systems. Because the Company's newer products are generally more technologically sophisticated than those it has produced in the past, the Company must continually refine its design, development, and delivery capabilities across all channels to ensure product innovation. If the Company cannot efficiently adapt its processes and infrastructure to meet the needs of its product innovations, its results of operations, business, financial condition, or prospects could be negatively impacted.

If the Company is unable to protect its intellectual property or prevent its unauthorized use by third parties, its ability to compete in the market may be harmed

The Company protects its intellectual property to ensure that its competitors do not use such intellectual property. However, intellectual property laws in the U.S., Italy, and in other jurisdictions may afford differing and limited protection, may not permit the Company to gain or maintain a competitive advantage, and may not prevent its competitors from duplicating its products, designing around its patented products, or gaining access to its proprietary information and technology.

The Company may not be able to prevent the unauthorized disclosure or use of its technical knowledge or trade secrets. For example, there can be no assurance that consultants, vendors, partners, former employees, or current employees will not breach their obligations regarding non-disclosure and restrictions on use. In addition, anyone could seek to challenge, invalidate, circumvent, or render unenforceable any of the Company's patents. The Company cannot provide assurance that any pending or future patent applications it holds will result in an issued patent, or that, if patents are issued, they would necessarily provide meaningful protection against competitors and competitive technologies or adequately protect the Company's then-current technologies. The Company may not be able to detect the unauthorized use of its intellectual property, prevent breaches of its cybersecurity efforts, or take appropriate steps to enforce its intellectual property rights effectively. In addition, certain contractual provisions, including restrictions on use, copying, transfer, and disclosure of software, may be unenforceable under the laws of certain jurisdictions.

The Company's success may depend in part on its ability to obtain trademark protection for the names or symbols under which it markets its products and to obtain copyright protection and patent protection of its technologies and game innovations. The Company may not be able to build and maintain goodwill in its trademarks or obtain trademark or patent protection, and there can be no assurance that any trademark, copyright, or issued patent will provide competitive advantages for the Company or that the Company's intellectual property will not be successfully challenged or circumvented by competitors.

The Company intends to enforce its intellectual property rights, and from time to time may initiate claims against third parties that it believes are infringing its intellectual property rights. Litigation brought to protect and enforce the Company's intellectual property rights could be costly, time-consuming, and distracting to management, could fail to obtain the results sought, and could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

If the Company is unable to license intellectual property from third parties, its ability to compete in the market may be harmed

The Company licenses intellectual property rights from third parties. If such third parties do not properly maintain or enforce the intellectual property rights underlying such licenses, or if such licenses are terminated or expire without being renewed, the Company could lose the right to use the licensed intellectual property, which could adversely affect its competitive position or its ability to commercialize certain of its technologies, products, or services.

In addition, some of the Company's most popular games and features are based on trademarks, patents and other intellectual property licensed from third parties. The Company's future success may depend upon its ability to obtain, retain and/or expand licenses for popular intellectual property rights with reasonable terms in a competitive market. If the Company cannot renew and/or expand existing licenses, it may be required to discontinue or limit its use of the games or gaming machines that use the licensed technology or bear the licensed marks, which could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Third party intellectual property infringement claims against the Company could limit its ability to compete effectively

The Company cannot provide assurance that its products do not infringe the intellectual property rights of third parties. Infringement and other intellectual property claims and proceedings brought against the Company, whether successful or not, are costly, time-consuming and distracting to management, and could harm the Company's reputation. In addition, intellectual property claims and proceedings could require the Company to do one or more of the following: (1) cease selling or using any of its products that allegedly incorporate the infringed intellectual property, (2) pay substantial damages, (3) obtain a license from the third-party owner, which license may not be available on reasonable terms, if at all, (4) rebrand or rename its products, and (5) redesign its products to avoid infringing the intellectual property rights of third parties, which may not be possible and, if possible, could be costly, time-consuming, or result in a less effective product. A successful claim against the Company could have a material adverse effect on its results of operations, business, financial condition, or prospects.

The Company's business may be adversely affected by lower cost of entry into the gaming industry

As a result of developments in digital and internet gaming, the cost of entry to the gaming market has decreased significantly. This results in a highly competitive environment. Digital and internet gaming have emerged as substantial methods of competition from existing competitors and, increasingly, new competitors as a result of the lower cost of entry. The increased competition may result in increased pricing pressures on a number of the Company's products and services, and may impact the Company's results and financial position.

Divestitures, including the sale of the Company's Italian B2C gaming machine, sports betting, and digital gaming businesses, may materially adversely affect the Company's financial condition, results of operations or cash flows.

On December 7, 2020, the Parent announced that it had entered into a definitive agreement to sell its Italian B2C gaming machine, sports betting, and digital gaming businesses to Gamenet Group S.p.A. Divestitures involve risks, including difficulties in the separation of operations, services, products and personnel, the diversion of management's attention from other business concerns, the disruption of business, the potential loss of key employees and the retention of uncertain contingent liabilities related to the divested business. The Company may not be successful in managing these or any other significant risks that it encounters in divesting the Italian B2C gaming machine, sports betting, and digital gaming businesses, or any other divestiture the Company may undertake in the future, and any such divestiture could materially and adversely affect the Company's business, financial condition, results of operations and cash flows, and may also result in a diversion of management attention, operational difficulties and losses. Further, there can be no assurance whether and when the required regulatory approvals for the divestiture of the Italian B2C gaming machine, sports betting, and digital gaming businesses will be

obtained, whether and when the closing conditions will be satisfied or waived, and whether the strategic benefits and expected financial impact of the divestiture will be achieved.

The Company's inability to successfully complete and integrate future acquisitions could limit its future growth or otherwise be disruptive to its ongoing business

From time to time, the Company expects it will pursue acquisitions in support of its strategic goals. There can be no assurance that acquisition opportunities will be available on acceptable terms or at all or that the Company will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. The Company's ability to succeed in implementing its strategy will depend to some degree upon the ability of its management to identify, complete and successfully integrate commercially viable acquisitions. Acquisition transactions may disrupt the Company's ongoing business and distract management from other responsibilities. Further, the Company may incur unexpected costs, or fail to realize expected benefits from such acquisitions. In connection with any such acquisitions, the Company could face significant challenges in managing and integrating its expanded or combined operations, including acquired assets, operations, and personnel.

The Company faces reputational risks related to the use of social media

The Company frequently uses social media platforms as marketing tools. These platforms provide the Company, as well as individuals, with access to a broad audience of consumers and other interested persons. Negative commentary regarding the Company or the products it sells may be posted on social media platforms and similar devices at any time and may be adverse to the Company's reputation or business. Further, as laws and regulations rapidly evolve to govern the use of social media, the failure by the Company, its employees or third parties acting at the Company's direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact the Company's business, financial condition, and results of operations or subject it to fines or other penalties.

Legal and Compliance Risks

Changing enforcement of the Wire Act may negatively impact the Company's operations, business, financial condition, or prospects

On January 14, 2019, the U.S. Department of Justice (the "DOJ") published an opinion (the "2019 Opinion") reversing its previously-issued opinion (the "2011 Opinion") that the Wire Act, which prohibits several types of wager-related communications over a "wire communications facility," was applicable only to sports betting. The 2019 Opinion interprets the Wire Act as applying to other forms of gambling that cross state lines, though the precise scope of the 2019 Opinion is unclear, and the DOJ has not yet addressed how it plans to enforce the Wire Act in light of the 2019 Opinion. Further, the New Hampshire Lottery Commission and certain private parties have commenced litigation in federal district court in New Hampshire challenging the 2019 Opinion. In response to this and other lawsuits, the DOJ issued a memorandum in April 2019 acknowledging that the 2019 Opinion did not consider whether the Wire Act applies to State lotteries and their vendors, and the DOJ is now considering this issue. In connection with such acknowledgment, the DOJ also extended the non-prosecution period for State lotteries and their vendors indefinitely while they consider the question. If the DOJ concludes that the Wire Act does apply to State lotteries and/or their vendors, they would extend the non-prosecution period for an additional period of 90 days after the DOJ publicly announces such position.

On June 3, 2019, the U.S. District Court for the District of New Hampshire ruled in favor of the plaintiffs and opined that the Wire Act applies only to sports betting and related activities (the "NH Decision"). The NH Decision also set aside the 2019 Opinion leaving the 2011 Opinion as the DOJ's only stated opinion on the subject. In response to the NH Decision, the DOJ extended the forbearance period to December 31, 2019; such forbearance period was further extended through December 1, 2020. The Lottery Forbearance remains unchanged. On August 16, 2019, the DOJ filed a Notice of Appeal with respect to the NH Decision. On January 20, 2021, the United States Court of Appeals for the First Circuit affirmed in part the NH Decision (the "First Circuit Decision"). The First Circuit Decision also vacated the portion of the NH Decision that set aside the 2019 Opinion. It is unclear whether the DOJ will appeal the First Circuit Decision to the Supreme Court of the United States, when the DOJ will conclude its consideration of whether the Wire Act applies to State lotteries and their vendors, or whether other courts would come to the same conclusions set forth in the NH Decision and the First Circuit Decision. The Company's management is evaluating the First Circuit Decision, the 2019 Opinion, the possibilities of further DOJ appeal and their implications to the Company, its customers, and the industries in which the Company operates. If the Wire Act is broadly interpreted and enforced to prohibit activities in which the Company and its customers are engaged, the Company could be subject to investigations, criminal and civil penalties, sanctions and/or other remedial measures and/or the Company may be required to substantially change the way it conducts its business, any of which could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

The Company faces risks related to the extensive and complex governmental regulation applicable to its operations

The Company's activities are subject to extensive and complex governmental regulation, including restrictions on advertising, increases in or differing interpretations by authorities on taxation, limitations on the use of cash, and anti-money laundering compliance procedures. These regulatory requirements are constantly evolving and may vary from jurisdiction to jurisdiction. In particular, the Italian government has recently banned gaming advertising and significantly raised gaming taxes. Any changes in the legal or regulatory framework or other changes, such as increases in the taxation of sports betting or gaming, changes in the compensation paid to licensees, or increases in the number of licenses, authorizations, or licenses awarded to the Company's competitors, could materially affect its profitability.

In addition, in the U.S. and in many international jurisdictions where the Company currently operates or seeks to do business, lotteries, sports betting, and gaming are not permitted unless expressly authorized by law. The successful implementation of the Company's growth strategy and its business could be materially adversely affected if jurisdictions that do not currently authorize lotteries, sports betting, or gaming do not approve such activities or if those jurisdictions that currently authorize lotteries, sports betting, or gaming do not continue to permit such activities.

Investigations by governmental and licensing entities can result in adverse findings or negative publicity

From time to time, the Company is subject to extensive background investigations, and other investigations of various types are conducted by governmental and licensing authorities with respect to applicable gaming regulations. These regulations and investigations vary from time to time and from jurisdiction to jurisdiction where the Company operates. Because the Company's reputation for integrity is an important factor in its business dealings with lottery and other governmental agencies, a governmental allegation or a finding of improper conduct by or attributable to the Company in any manner, the prolonged investigation of these matters by governmental or regulatory authorities, and/or the adverse publicity resulting therefrom could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects, including its ability to retain existing contracts or to obtain new or renewed contracts, both in the subject jurisdiction and elsewhere.

Failure to comply with data privacy laws, including the GDPR could result in significant penalties

The GDPR came into effect on May 25, 2018, expanding the rules on using personal data and increasing the risks of processing personal data compared to prior legislation and introducing new obligations on data controllers and rights for data subjects, including, among others:

- accountability and transparency requirements, which will require data controllers to demonstrate and record compliance with the GDPR and to provide more detailed information to data subjects regarding processing;
- enhanced data consent requirements, which includes "explicit" consent in relation to the processing of sensitive data;
- obligations to consider data privacy as any new products or services are developed and limit the amount of information collected, processed, and stored as well as its accessibility;
- constraints on using data to profile data subjects;
- providing data subjects with personal data in a usable format on request and erasing personal data in certain circumstances; and
- reporting of breaches without undue delay (72 hours where feasible).

Other jurisdictions in which the Company operates have implemented, or are considering implementing, data privacy laws similar to the GDPR. Several of the Parent's subsidiaries, particularly those in Italy, deal with a significant amount of employee and customer personal data. There is a risk that the Company's policies and procedures for compliance with data privacy laws, including the GDPR will not be implemented correctly or that individuals within the Company will not be fully compliant with the new procedures. Failure to comply with data privacy laws may have serious financial consequences to the Company. For example, failure to comply with the GDPR may lead to fines for data breaches of up to the maximum of either €20 million or 4% of worldwide annual revenue, and the Company could face significant administrative sanctions and reputational damage that could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

The Company is exposed to significant risks in relation to compliance with anti-corruption laws and regulations and economic sanction programs

Doing business on a worldwide basis requires the Company to comply with the laws and regulations of various jurisdictions. In particular, the Company's operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act of 2010 and other anti-corruption laws that apply in countries where the Company operates. Other laws and regulations applicable to the Company control trade by imposing economic sanctions on countries and persons and creating customs requirements and currency exchange regulations. The Company's continued global expansion,

including in countries which lack a developed legal system or have high levels of corruption, increases the risk of actual or alleged violations of such laws.

The Company cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which such laws might be administered or interpreted.

There can be no assurance that the policies and procedures the Company has implemented have been or will be followed at all times or will effectively detect and prevent violations of these laws by one or more of the Company's directors, officers, employees, consultants, agents, joint-venture partners or other third-party partners. As a result, the Company could be subject to investigations, criminal and civil penalties, sanctions and/or other remedial measures that in turn could have a material adverse effect on its business, results of operations and financial condition.

Negative perceptions and publicity surrounding the gaming industry could lead to increased gaming regulation

The popularity and acceptance of gaming is influenced by prevailing social attitudes toward gaming, and changes in social attitudes toward gaming could result in reduced acceptance of gaming as a leisure activity. Further, from time to time, the gaming industry is exposed to negative publicity related to gaming behavior, gaming by minors, the presence of gaming machines in too many locations, risks related to digital gaming and alleged association with money laundering. Publicity regarding problem gaming and other concerns with the gaming industry, even if not directly connected to the Company, could adversely impact its business, results of operations, and financial condition. For example, if the perception develops that the gaming industry is failing to address such concerns adequately, the resulting political pressure may result in the industry becoming subject to increased regulation and restrictions on operations. Such an increase in regulation could adversely impact the Company's results of operations, business, financial condition, or prospects.

Changes to U.S. and foreign tax laws could adversely affect the Company

The Company is subject to tax laws in the U.S. and several foreign tax jurisdictions and judgment is required in determining the Company’s global provision for income taxes. While the Company believes its tax positions are consistent with the tax laws in the jurisdictions in which it conducts business, it is possible that these positions may be overturned by tax authorities, which may have a significant impact on the Company’s global provision for income taxes.

Furthermore, changes in tax laws or regulations may be proposed or enacted that could significantly affect the Company’s overall tax expense. For example, on December 22, 2017, the U.S. government enacted comprehensive tax legislation through the Tax Act, which significantly changed the U.S. corporate income tax system and has had a meaningful impact on the Company’s provision for income taxes. The Tax Act made broad changes to the U.S. federal income tax code, including reducing the federal corporate income tax rate from 35% to 21%, imposing limitations on the Company’s ability to deduct interest expense for tax purposes, creating a new minimum tax on GILTI, and creating BEAT, among many other complex provisions.

In addition, tax authorities are increasingly scrutinizing the tax positions of companies. Many countries in the E.U., as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, are actively considering changes to existing tax laws that, if enacted, could increase the Company’s tax obligations in countries where it does business. If U.S. or other foreign tax authorities change applicable tax laws, the Company’s overall taxes could increase, and its results of operations, business, financial condition, or prospects may be adversely affected.

The Company may be subject to an unfavorable outcome with respect to pending regulatory, tax, or other legal proceedings, which could result in substantial monetary damages or other harm to the Company

The Company is involved in a number of legal, regulatory, tax, and arbitration proceedings including claims by and against it as well as injunctions by third parties arising out of the ordinary course of its business and is subject to investigations and compliance inquiries related to its ongoing operations. It is difficult to estimate accurately the outcome of any proceeding. As such, the amounts of the Company’s provision for litigation risks could vary significantly from the amounts the Company may be asked to pay or ultimately pay in any such proceeding. In addition, unfavorable resolution of or significant delay in adjudicating such proceedings could require the Company to pay substantial monetary damages or penalties and/or incur costs that may exceed any provision for litigation risks or, under certain circumstances, cause the termination or revocation of the relevant license or authorization and thereby have a material adverse effect on the Company’s results of operations, business, financial condition, or prospects.

Operational Risks

Failure to attract, retain and motivate personnel may adversely affect the Company's ability to compete

The Company's ability to attract and retain key management, product development, finance, marketing, and research and development personnel, and its ability to attract and maintain a diverse workforce, is directly linked to the Company's continued success. Particularly in the lottery and gaming industries, the market for qualified executives and highly-skilled technical workers is intensely competitive, and the loss of key employees or an inability to hire a sufficient number of technical staff could limit the Company's ability to develop successful products and could cause delays in getting new products to market.

The Company's business prospects and future success rely heavily upon the integrity of its employees, directors and agents

The Company strives to set exacting standards of personal integrity for its employees and directors and its reputation in this regard is an important factor in its business dealings with lottery, gaming, and other governmental agencies. For this reason, an allegation or a finding of improper conduct on the Company's part, or on the part of one or more of its current or former employees, directors or agents, or the failure to detect fraudulent activity by employees in a timely manner, could have a material adverse effect upon the Company's results of operations, business, financial condition, or prospects, including its ability to retain or renew existing contracts or obtain new contracts.

For example, in October 2020, the Italian Tax Police announced that it is investigating alleged misconduct by a small number of the Company's former employees. The alleged misconduct involved unauthorized access to the Company's lottery system in Italy in order to identify and redeem winning scratch-off lottery tickets. The Company is fully cooperating with the Italian Tax Police in order to facilitate its investigation into the alleged misconduct and has taken proactive steps to ensure the integrity of the Company's games and to protect the interests of the Company's customers. The Company has also taken measures to review its operational systems and processes designed to prevent fraudulent activities and remains focused on ensuring its business is conducted at the highest levels of integrity. Nevertheless, the investigation (including any adverse impact on the perceived integrity and security of the Company's products and systems) could have a material adverse effect upon the Company's results of operations, business, financial condition, or prospects, including its ability to retain or renew existing contracts or obtain new contracts.

The success of the Company's business is dependent on customers' confidence in the integrity of the Company's products and systems

The real and perceived integrity and security of the Company's products and systems are critical to its ability to attract customers and players. In the event of an actual or alleged defect in a Company product or unauthorized access of a Company system, the Company's existing and prospective customers may lose confidence in the integrity and security of the Company's products and systems. Such a failure could have a material adverse effect upon the Company's results of operations, business, financial condition or prospects, including its ability to attract new customers and retain its existing customers.

The Company faces supply chain risks that, if not properly managed, could adversely affect its financial results

The Company purchases most of the parts, components, and subassemblies necessary for its lottery terminals and electronic gaming machines from outside sources. The Company outsources all the manufacturing and assembly of certain lottery terminals and portions of other products to third-party vendors. The Company's operating results could be adversely affected if one or more of its manufacturing and assembly outsourcing vendors fails to meet production schedules. The Company's management believes that if a supply contract with one of these vendors were to be terminated or breached, it may take time to replace such vendor under some circumstances and any replacement parts, components, or subassemblies may be more expensive, which could reduce the Company's margins. Depending on a number of factors, including the Company's available inventory of replacement parts, components or subassemblies, the time it takes to replace a vendor may result in a delay for a customer. Generally, if the Company fails to meet its delivery schedules under its contracts, it may be subject to substantial penalties or liquidated damages, or contract termination, which in turn could adversely affect the Company's results of operations, business, financial condition, or prospects.

The Company and its operations are subject to cyber-attacks and cyber-security risks which may have an adverse effect on its business and results of operations and result in increasing costs to minimize these risks

The Company's business involves the storage and transmission of confidential business and personal information, and theft and security breaches may expose the Company to a risk of loss of, or improper use and disclosure of, such information, which may result in significant litigation expenses and liability exposure. Cyber-attacks on businesses are becoming more frequent, and increasingly more difficult to anticipate and prevent due to their rapidly evolving nature. The Company has experienced and continues to experience cyber-attacks of varying degrees and phishing attacks on a regular basis. To date, the Company has not

suffered any material losses as a result of such attacks. The Company's internal policies and procedures may not be able to prevent or detect every cyber-attack or reduce all negative effects they may cause. In addition, the Company's insurance policies may not be sufficient to mitigate all potential negative effects of a cyber-attack.

Any systems failure or compromise of the Company's security that results in the release of confidential business or personal information could seriously harm the Company's reputation and have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

The Company's security measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of the Company's subcontractors, vendors, suppliers, or otherwise. Such breach could result in significant reputational, legal, and financial liability, and may potentially have a material adverse effect upon the Company's business, results of operations and financial condition. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, become more sophisticated, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement adequate preventative measures. Additionally, cyber-attacks could also compromise trade secrets and other sensitive information and result in such information being disclosed to others and becoming less valuable, which could have a material adverse effect upon the Company's results of operations, business, financial condition, or prospects.

The Company may face decreased operational efficiency and productivity due to measures taken to reduce the impact of the COVID-19 pandemic

The outbreak of COVID-19 has caused, and may continue to cause us and certain of the Company's suppliers, to implement temporary measures mandating employees to work from home and collaborate remotely where possible. The Company has taken measures to monitor and reduce the impact of the outbreak on its operations, including establishing a cross-functional global crisis management team, protocols for responding when employees are infected, and enhanced cleaning procedures at all sites, but it cannot assure these will be sufficient to mitigate the risks faced by the Company and its partners' work forces. The Company has also taken measures to reduce operating costs and ensure liquidity given the uncertain impact of COVID-19 on revenue, deferred non-critical capital expenditures, has implemented a number of employee-related actions, and may in the future implement further actions. However, the Company may still experience lower work efficiency and productivity, which may adversely affect its service quality, and its business operations could be disrupted if any of the Company's employees are suspected of infection, since this may cause its employees to be quarantined and/or its offices to be temporarily shut down. The Company will continue to incur costs for its operations, and its revenues during this period are difficult to predict. As a result of the above developments, the Company's business, results of operations, cash flows, and financial condition have been and will likely continue to be adversely affected by the COVID-19 outbreak. Furthermore, the COVID-19 pandemic has changed the way the Company connects with customers, as most in-person trade shows and conferences have been canceled, requiring sales teams and executives to meet with customers virtually. If the Company is unable to effectively adapt to these new methods of connecting with customers, or if these new methods prove to be less effective than the Company's traditional methods of operation, it could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

The extent to which the COVID-19 outbreak impacts the Company's results of operations, cash flows, and financial condition will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity and duration of this outbreak and the actions taken by governmental authorities and us to contain it or treat its impact.

Failures in technology may disrupt the Company's business and have an adverse effect on its results of operations

The Company's success depends on its ability to avoid, detect, replicate, and correct software and hardware defects and fraudulent manipulation of its products. The Company incorporates security features into the design of its products which are designed to prevent its customers and players from being defrauded. The Company also monitors its software and hardware in an effort to avoid, detect and correct any technical errors. However, there can be no guarantee that the Company's security features or technical efforts will continue to be effective in the future.

In addition, any disruption in the Company's network or telecommunications services, or those of third parties that the Company uses in its operations, could affect the Company's ability to operate its systems, which could result in reduced revenues and customer downtime. The Company's network and databases of business and customer information, including intellectual property and other proprietary business information and those of third parties the Company uses, are susceptible to outages due to fire, floods, power loss, break-ins, cyber-attacks, network penetration, data privacy or security breaches, denial of service attacks, and similar events, including inadvertent dissemination of information due to increased use of social media. Disruptions with such systems could result in a wide range of negative outcomes, including devaluation of the Company's intellectual property, increased expenditures on data security, and costly litigation and potential payment of liquidated damages,

each of which could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Financial Risks

Covenants in the Company's debt agreements may limit its ability to pay dividends, repurchase shares and operate its business, and the Company's breach of such covenants could materially and adversely affect its results of operations, business, financial condition, or prospects

Certain of the Company's debt agreements require it to comply with covenants that may limit the Company's ability to:

- pay dividends and repurchase shares;
- acquire assets of other companies or acquire, merge or consolidate with other companies;
- dispose of assets;
- incur indebtedness; and
- grant security interests in its assets.

The Company's ability to comply with these covenants may be affected by events beyond its control, such as prevailing economic, financial, regulatory and industry conditions. These covenants may limit its ability to react to market conditions or take advantage of potential business opportunities. Further, a breach of such covenants could, if not cured or waived, result in acceleration of its indebtedness, result in the enforcement of security interests or force the Company into bankruptcy or liquidation. Such a breach or any failure to otherwise timely repay outstanding indebtedness could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

On May 7, 2020, the Company entered into an agreement to amend its Senior Revolving Credit Facilities Agreement (the "RCF Amendment") and on May 8, 2020, the Company entered into an agreement to amend its Senior Term Loan Facility Agreement (the TLF Amendment, and together with the RCF Amendment, the "Amendments") to provide temporary relief from its financial covenants. The Amendments modified the RCF Agreement and the TLF Agreement by, among other things:

- Providing a waiver of the covenants requiring the Company to maintain a minimum ratio of EBITDA to net interest costs and a maximum ratio of total net debt to EBITDA from the fiscal quarter ending June 30, 2020 through the fiscal quarter ending June 30, 2021 and establishing new thresholds for these financial covenants starting with the fiscal quarter ending September 30, 2021 as described in the amendments;
- Providing that for the period commencing on January 30, 2020 and expiring on August 31, 2021 (the "Relief Period Expiration Date"), a material adverse effect arising from the COVID-19 pandemic shall not constitute a material adverse effect under the agreements and any cessation or suspension of business arising from the COVID-19 pandemic shall not constitute an event of default under the agreements;
- Providing that the obligation to grant security over additional collateral be waived provided that the public debt ratings of the Company are not less than BB- or Ba3;
- Obligating the Company to maintain "Liquidity" (as defined in the amendments) of at least $500 million for the period commencing on the date of the amendments and expiring on the Relief Period Expiration Date (the "Relief Period"), with such financial covenant being tested quarterly or, if any monthly trading update or quarterly compliance certificate evidences that Liquidity is less than $750 million, monthly;
- Increasing the margin from 2.75% to 3.25% if the public debt ratings of the Company are B+ or B1 (or lower);
- Prohibiting restricted payments (including dividends and ordinary share repurchases) during the period commencing on April 1, 2020 and expiring on June 30, 2021, and permitting restricted payments during the period commencing on July 1, 2021 and expiring on the maturity date of the respective agreements provided that the ratio of total net debt to EBITDA as adjusted to reflect the restricted payment is less than specified thresholds; and
- Decreasing the maximum annual amount that the Company can spend on acquisitions during the Relief Period to $100 million.

In addition, the amendment to the RCF Agreement provided that the margin applicable to all loans under the RCF Agreement outstanding as of April 11, 2020 was increased to 2.475%, and the amendment to the TLF Agreement provided that the margin applicable to all loans under the TLF Agreement outstanding as of April 11, 2020 was increased to 2.50%.

The Company may incur additional impairment charges

The Company reviews its amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The Company tests goodwill and other indefinite-lived intangible assets for impairment at least annually. Factors that may indicate a change in circumstances, such that the carrying value of the Company's goodwill, amortizable intangible assets, or other non-amortizing assets may not be recoverable, include a decline in the Company's stock price and market capitalization, reduced future cash flow estimates, and slower growth rates in industry segments in which the Company participates. The Company may be required to record a significant charge in its consolidated financial statements during the period in which any impairment of goodwill or intangible assets is determined, which would negatively affect the Company's results of operations. In light of the COVID-19 pandemic and the resulting unfavorable social, political, economic, and financial conditions, the Company performed an interim goodwill impairment assessment in the three months ended March 31, 2020, which resulted in a $296.0 million goodwill impairment charge reducing the value of its former International and North America Gaming and Interactive segments. The Company cannot provide assurance that future changes will not require additional material impairment charges in any of its business segments in the future. For more information on the assessment and the goodwill impairment charge, see "Critical Accounting Estimates" in Item 5. "Operating and Financial Review and Prospects" and "Notes to the Consolidated Financial Statements—13. Goodwill" in Item 18. "Financial Statements".

Unfavorable economic and business conditions resulting from the COVID-19 pandemic could negatively impact the Company's ability to remain in compliance with its financial covenants

In order to remain in compliance with the Company's debt covenants and meet its payment obligations, the Company entered into the Amendments to provide temporary relief from its financial covenants. Please refer to "Covenants in the Company's debt agreements may limit its ability to pay dividends, repurchase shares and operate its business, and the Company's breach of such covenants could materially and adversely affect its results of operations, business, financial condition, or prospects" above for more information regarding the details of the Amendments.

Unfavorable economic and business conditions resulting from the COVID-19 pandemic have impacted, and could continue to impact the Company's business. For example, due to the COVID-19 pandemic, most casinos and gaming halls throughout the globe closed in the first half of 2020, and some casinos and gaming halls have yet to reopen. The closure and restriction on operations of casinos and gaming halls has significantly disrupted the Company's ability to generate revenues. However, the Company has no control over and cannot predict the length of the closure of casinos and gaming halls due to the COVID-19 pandemic, or any future closures of casinos and gaming halls that have reopened. If the Company is unable to generate machine gaming and other revenue due to closures of casinos and gaming halls or experiences significant declines in business upon reopening, this would negatively impact its ability to remain in compliance with its financial covenants and meet its payment obligations even after the Amendments.

If the Company is unable to meet its financial covenants or in the event some other event of default arises, the Company's lenders could exercise certain remedies, including declaring the principal of and accrued interest on all outstanding indebtedness due and payable and terminating all remaining commitments and obligations. Although the lenders under the Company's Senior Revolving Credit Facilities Agreement and Senior Term Loan Facility Agreement could waive the defaults or forebear the exercise of remedies, they would not be obligated to do so. Such default may also result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. Failure to obtain such a waiver in the future would have a material adverse effect on the Company's liquidity, financial condition, and results of operations.

Risks related to the Loyalty Voting Structure

The Parent's controlling shareholder and loyalty voting structure may limit other shareholders' ability to influence corporate decisions

At February 24, 2021, De Agostini had an economic interest of approximately 50.49% and, due to its election to exercise the Special Voting Shares associated with its ordinary shares pursuant to the Loyalty Plan, a voting interest in the Parent of approximately 65.05% of the total voting rights. See "Item 7. Major Shareholders and Related Party Transactions" for additional information. This shareholder may make decisions with which other shareholders may disagree, including, among other things, delaying, discouraging, or preventing a change of control of the Company or a potential merger, consolidation, tender offer, takeover, or other business combination and may also prevent or discourage shareholders' initiatives aimed at changes in the Parent's management.

The tax consequences of the loyalty voting structure are uncertain

No statutory, judicial, or administrative authority has provided public guidance in respect of the Special Voting Shares of the Parent and as a result, the tax consequences of owning such shares are uncertain. The fair market value of the Parent's Special Voting Shares, which may be relevant to the tax consequences of owning, acquiring, or disposing of such shares, is a factual determination and is not governed by any guidance that directly addresses such a situation. Because, among other things, (i) the Special Voting Shares are not transferable (other than in very limited circumstances as provided for in the loyalty voting structure), (ii) on a winding up or otherwise, the holders of the Special Voting Shares will only be entitled to receive out of the Parent's assets available for distribution to its shareholders, in aggregate, $1, and (iii) loss of the entitlement to instruct the nominee on how to vote in respect of Special Voting Shares will occur without consideration, the Parent believes and intends to take the position that the value of each special voting share is minimal. However, the relevant tax authorities could assert that the value of the Special Voting Shares as determined by the Parent is incorrect. Shareholders are urged to consult their own tax advisors with respect to treatment of Special Voting Shares. See "Item 10.E Taxation" for additional information.

The loyalty voting structure may affect the liquidity of the Parent's ordinary shares and reduce their ordinary share price

The loyalty voting structure may limit the liquidity and adversely affect the trading prices of the Parent's ordinary shares. The loyalty voting structure is intended to reward shareholders for maintaining long-term share ownership by granting persons holding ordinary shares continuously for at least three years the option to elect to receive Special Voting Shares. The Special Voting Shares cannot be traded and, immediately prior to the deregistration of ordinary shares from the register of loyalty shares, any corresponding Special Voting Shares shall cease to confer any voting rights in connection with such Special Voting Shares. This loyalty voting structure is designed to encourage a stable shareholder base, but it may deter trading by those shareholders who are interested in gaining or retaining the Special Voting Shares. Therefore, the loyalty voting structure may reduce liquidity in the Parent's ordinary shares and adversely affect their trading price.

Item 4. Information on the Company

A. History and Development of the Company

The Parent is organized as a public limited company under the laws of England and Wales. The Parent's principal office is located at 66 Seymour Street, 2nd Floor, London W1H 5BT, United Kingdom, telephone number +44 (0) 207 535 3200. The Parent's agent for service in the United States is CT Corporation System, 701 S. Carson Street - Suite 200, Carson City, Nevada 89701 (telephone number: +1 518 433 4740). The Company operates under the Companies Act 2006, as amended.

The Parent was formed as a business combination shell company on July 11, 2014 under the name "Georgia Worldwide Limited." On September 16, 2014, it changed its name to "Georgia Worldwide PLC," and on February 26, 2015, it changed its name to "International Game Technology PLC."

The Company is a product of the acquisition of International Game Technology by GTECH S.p.A., which was completed on April 7, 2015, through mergers of the prior businesses into the Parent and a subsidiary of the Parent. Prior to the mergers, the Parent did not conduct any material activities other than those incident to its formation, the making of certain required securities law filings, and the preparation of the proxy statement/prospectus filed in connection with the acquisition and mergers. For more information on the mergers, see Item 4.A of the Parent's annual report on Form 20-F for 2015, filed with the SEC on April 29, 2016.

Capital Expenditures and Divestitures

For a description, including the amount invested, of the Company's principal capital expenditures (including interests in other companies) for the years ended December 31, 2020, 2019 and 2018, see "Item 5. C. Liquidity and Capital Resources—Capital Expenditures."

For a description of the Company's principal divestitures for the years ended December 31, 2020, 2019, and 2018, see "Item 5.B. Operating Results."

On December 7, 2020, the Parent announced that its wholly-owned subsidiary, Lottomatica, had entered into a definitive agreement to sell one hundred percent of the share capital of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., the members of the IGT group which conduct its Italian B2C gaming machine, sports betting, and digital gaming businesses, to Gamenet Group S.p.A for a sale price of €950 million. The transaction is expected to close in the first half of 2021, and is subject to customary closing conditions, including regulatory approvals. To date, the Company has not made any other capital expenditures or divestitures in calendar year 2021 that were not in the ordinary course of business.

More Information

The SEC maintains an internet site that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov. The Company's SEC filings can be found there and on the Company's website: www.igt.com.

B. Business Overview

The Company is a global leader in gaming that delivers entertaining and responsible gaming experiences for players across all channels and regulated segments, from gaming machines and lotteries to sports betting and digital. Leveraging compelling content, substantial investment in innovation, player insights, operational expertise, and leading-edge technology, the Company's solutions deliver gaming experiences that responsibly engage players and drive sustainable growth. The Company has a well-established local presence and relationships with governments and regulators in more than 100 countries around the world, and creates value by adhering to the highest standards of service, integrity, and responsibility.

The Company operates and provides an integrated portfolio of innovative gaming technology products and services, including: lottery management services, instant lottery systems, gaming systems, instant ticket printing, electronic gaming machines, sports betting, digital gaming, and commercial services. The Company is headquartered in London, with principal operating facilities located in Providence, Rhode Island; Las Vegas, Nevada; and Rome, Italy. Research and development and product assembly are mostly centralized in North America. The Company had approximately 11,000 employees at December 31, 2020.

Effective July 1, 2020, the Company adopted a new organizational structure focused on two business segments, Global Lottery and Global Gaming, along with a streamlined corporate support function. This resulted in a change in our operating segments and reporting units. Prior to this change, the Company had four reporting units: North America Gaming and Interactive, North America Lottery, International, and Italy. The key intended benefits of the new structure include:

- Enabling greater responsiveness to customers and players;
- Increasing effectiveness and competitiveness in each segment;
- Harmonizing best practices in each product category;
- Increasing organizational efficiency by leveraging economies of scale;
- Improving market understanding of segment performance by enhancing peer comparability; and
- Reducing complexity to support the Parent's intrinsic value.

The Company's operations for the periods presented here-in are reported under this new organizational structure.

On December 7, 2020, the Parent announced that its wholly-owned subsidiary, Lottomatica, had entered into a definitive agreement to sell one hundred percent of the share capital of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., the members of the IGT group which conduct its Italian B2C gaming machine, sports betting, and digital gaming businesses, to Gamenet Group S.p.A for a sale price of €950 million (the "Italy B2C Transaction"). This action stemmed from the Company's decision to monetize its leadership positions in the Italian B2C gaming machine, sports betting, and digital spaces at an attractive multiple to comparable Italian transactions, providing the Company with enhanced financial flexibility. The Italy B2C Transaction is expected to close in the first half of 2021, and is subject to customary closing conditions, including regulatory approvals. As a result, this disposition is accounted for as discontinued operations in our consolidated financial statements. Refer to the "Notes to the Consolidated Financial Statements—3. Discontinued Operations and Assets Held for Sale included in "Item 18. Financial Statements" for additional information.

Sustainability

As a global leader in gaming, the Company is committed to responsible and sustainable practices. The Company's corporate social responsibility strategy is centered on four key priorities: Valuing our People, Advancing Responsibility, Supporting our Communities, and Fostering Sustainable Operations.

The Company is invested in creating a path to sustainability that is inspired by its five fundamental corporate values (*Passionate*, *Responsible*, *Authentic*, *Collaborative*, *Pioneering*). The Company's commitment complies to high standards of integrity and ethical conduct, diversity and inclusion, and professional development. The Company has joined prominent international organizations in supporting the United Nations' 17 Sustainable Development Goals (SDGs), and adhering to the United Nations Global Compact.

The Company's main sustainability achievements in 2020 are listed below:

- CRRA 2020: The Company's 2018 Sustainability Report ranked in the Top 10 worldwide in the Credibility Through Assurance category of the 2020 Corporate Register Reporting Awards;
- ICA 2020: The Company was awarded the Sustainable Business Award – Supplier at the 2020 Industry Community Awards;
- G4 Certification: The Company was re-certified for both its digital and gaming operations from the Global Gambling Guidance Group;
- The Company was rated as an "outperformer" by Sustainalytics, a global provider of Environmental, Social and Corporate Governance ("ESG") research and ratings, in its ESG Report on the Company in 2020;
- The Company received a 4.6 out of 5 ESG rating from FTSE Russell, a provider of stock market indices and data services, in 2020; and
- The Company is one of 325 companies across 50 industries selected for the 2020 Bloomberg Gender-Equality Index which distinguishes companies committed to advancing women's equality and transparently reporting gender data.

Products and Services

The Company has five broad categories of products and services: (1) Lottery, (2) Machine Gaming, (3) Sports Betting, (4) Digital, and (5) Commercial Services.

1. Lottery

The Company supplies a unique set of lottery solutions to approximately 90 customers worldwide, including to 37 of the 46 U.S. lotteries through its Global Lottery segment. Lottery customers frequently designate their revenues for particular purposes, such as education, economic development, conservation, transportation, programs for senior citizens and veterans, health care, sports facilities, capital construction projects, cultural activities, tax relief, and others. Many governments have become increasingly dependent on their lotteries as revenues from lottery ticket sales are often a significant source of funding for these programs.

Lottery products and services are provided through operating contracts, facilities management contracts ("FMCs"), lottery management agreements ("LMAs"), and product sales contracts. In the majority of jurisdictions, lottery authorities award contracts through a competitive bidding process. Typical service contracts are five to 10 years in duration, often with multi-year extension options. After the expiration of the initial or extended contract term, a lottery authority generally may either seek to negotiate further extensions or commence a new competitive bidding process. Certain customers may require the Company to pay an upfront fee for the right to exclusively manage their lottery.

The Company designs, sells, leases, and operates a complete suite of point-of-sale machines that are electronically linked with a centralized transaction processing system that reconciles lottery funds between the retailer and the lottery authority. The Company provides and operates highly secure, online lottery transaction processing systems that are capable of processing over 500,000 transactions per minute. The Company provides more than 450,000 point-of-sale devices to lottery customers and lotteries that it supports worldwide. The Company also produces high-quality instant ticket games and provides printing services such as instant ticket marketing plans and graphic design, programming, packaging, shipping, and delivery services.

The Company has developed and continues to develop new lottery games, licenses new game brands from third parties, and installs a range of new lottery distribution devices, all of which are designed to drive responsible same-store sales growth for its customers. In connection with its delivery of lottery services, the Company actively advises its customers on growth strategies. Depending on the type of contract and the jurisdiction, the Company also provides marketing services, including retail optimization and lottery brand awareness campaigns. The Company works closely with its lottery customers and retailers to help retailers sell lottery games more effectively. These programs include product merchandising and display recommendations, a selection of appropriate lottery product mix for each location, and account reviews to plan lottery sales growth strategies. The Company leverages years of experience accumulated from being the exclusive licensee for the Italian Scratch & Win instant lottery game and the Italian Lotto, one of the world's largest lotteries. This B2C expertise in Italy, which includes management of all the activities along the lottery value chain, allows the Company to better serve B2B customers. The Company's primary competitors in the Lottery business include Camelot, Intralot, La Francaise des Jeux, Neogames, Pollard, SAZKA, Scientific Games, Sisal, and Tabcorp.

The primary types of lottery agreements are outlined below:

Operating and Facilities Management Contracts

The majority of the Company's revenue in the Lottery business comes from operating contracts and FMCs.

Since 1998, the Company has been the exclusive licensee for the Italian Lotto game (management of operations commenced in 1994). Beginning in November of 2016, the Company's exclusive license for the Italian Lotto includes partners as part of a joint venture. Lottoitalia s.r.l. ("Lottoitalia"), a joint venture company among Lottomatica, Italian Gaming Holding a.s., Arianna 2001 (an entity associated with the Federation of Italian Tobacconists), and Novomatic Italia, is the exclusive manager of the Italian Lotto game. Lottoitalia is 61.5% owned by Lottomatica. The Company, through Lottoitalia, manages the activities along the lottery value chain, such as creating games, determining payouts, collecting wagers through its network, paying out prizes, managing all accounting and other back-office functions, running advertising and promotions, operating data transmission networks and processing centers, training staff, providing retailers with assistance, and supplying materials including play slips, tickets and receipts, and marketing and point-of-sale materials for the game. Since 2004, and for a term expiring in 2028, the Company also has been the exclusive licensee for the instant ticket lottery ("Gratta e Vinci") through Lotterie Nazionali S.r.l., a joint venture 64.0% owned by the Parent's subsidiary Lottomatica, with the remainder directly and indirectly owned by Scientific Games Corporation and Arianna 2001. As of December 31, 2020, the revenue weighted-average remaining term of the Company's existing lottery contracts in Italy was 6.1 years.

The Company's FMCs typically require the Company to design, install, and operate the lottery system and retail terminal network for an initial term, which is typically five to 10 years. The Company's FMCs are granted on an exclusive basis, and usually contain extension options under the same or similar terms and conditions, generally ranging from one to five years. Under a typical FMC, the Company maintains ownership of the technology and equipment, and is responsible for capital investments throughout the duration of the contract, although the investments are generally concentrated during the early years. The Company provides a wide range of services to lottery customers related to the technology, equipment, and facilities such as hosting, maintenance, marketing, and other support services. The Company generally provides its lottery customers retailer terminal and communication network equipment through operating leases. In return, the Company typically receives fees based upon a percentage of the sales of draw-based and/or instant ticket games, though under certain of its agreements, the Company may receive fixed fees for certain goods or services. In limited instances, the Company provides instant tickets and online lottery systems and services under the same facilities management contract. As of February 24, 2021, the Company had FMCs with or for the benefit of 24 U.S. jurisdictions. As of December 31, 2020, the Company's largest FMCs by annual revenue were Texas, California, Florida, New York, and Michigan, and the revenue weighted-average remaining term of the Company's existing FMCs (excluding Italy) was 5.6 years (7.4 years including available extensions). Also, as of February 24, 2021, the Company operated under operating contracts or FMCs in 17 international jurisdictions, excluding Italy.

Another form of Operating Contract is our Lottery Management Agreements ("LMAs"). Under an LMA, the Company manages, within parameters determined by the lottery customer, the core lottery functions, including the lottery systems and the majority of the day-to-day activities along the lottery value chain. This includes collecting wagers, managing accounting and other back-office functions, running advertising and promotions, operating data transmission networks and processing centers, training staff, providing retailers with assistance, and supplying materials for the games. LMAs also include a separate FMC, pursuant to which the Company leases certain hardware and equipment, and provides access to software and support services. The Company provides lottery management services in New Jersey as part of a joint venture and in Indiana through a wholly-owned subsidiary of the Parent. The Company's revenues from LMAs are based on achievement of contractual metrics, and, with respect to the supply agreements, are based generally on a percentage of wagers. The Company is also subject to penalties for failure to achieve contractual metrics under its LMAs. The Company categorizes revenue from LMAs as service revenue from "Operating and facilities management contracts" as described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies - Revenue Recognition" included in "Item 18. Financial Statements."

Operating contracts and FMCs often require the Company to pay substantial monetary liquidated damages in the event of non-performance by the Company. The Company's revenues from operating contracts and FMCs are generally service fees paid to the Company directly by the lottery authority based on a percentage of such lottery's wagers or ticket sales. The Company categorizes revenue from operating contracts and FMCs as service revenue from "Operating and facilities management contracts" as described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies - Revenue Recognition" included in "Item 18. Financial Statements."

Instant Ticket Printing Contracts

As an end-to-end provider of instant tickets and related services, the Company produces high-quality instant ticket games and provides ancillary printing services such as instant ticket marketing plans and graphic design, programming, packaging, shipping, and delivery services. Instant tickets are sold at numerous types of retail outlets but most successfully in grocery and convenience stores.

Instant ticket contracts are priced based on a percentage of ticket sales revenues or on a price per unit basis and generally range from two to five years with extension opportunities. Government-sponsored lotteries grant printing contracts on both an exclusive and non-exclusive basis where there is typically one primary vendor and one or more secondary vendors. A primary contract permits the vendor to supply the majority of the lottery's ticket printing needs and includes the complete production process from concept development through production and shipment. It also typically includes marketing and research support. A primary printing contract can include any or all of the following services: warehousing, distribution, telemarketing, and sales/field support. A secondary printing contract includes providing backup printing services and alternate product sources. It may or may not include a guarantee of a minimum or maximum number of games. As of February 24, 2021, the Company provided instant ticket printing products and services to 31 customers in North America and 21 customers in international jurisdictions. The Company categorizes revenue from instant ticket printing contracts, that are not part of an operator or LMA contract, as product sales from "Lottery products" as described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies - Revenue Recognition" included in "Item 18. Financial Statements." The instant ticket production business is also highly competitive and subject to strong, price-based competition.

Product Sales and Services Contracts

Under product sales and services contracts, the Company assembles, sells, delivers, and installs turnkey lottery systems or lottery equipment, provides related services, and licenses related software. The lottery authority maintains, in most instances, responsibility for lottery operations. The Company sells additional machines and central computers to expand existing systems and/or replace existing equipment and provides ancillary maintenance and support services related to the systems, equipment sold, and software licensed. The Company categorizes revenue from product sales and services contracts on a case-by-case basis as either service revenue or product sales from "Systems, software, and other" or "Lottery products" respectively, as described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies - Revenue Recognition" included in "Item 18. Financial Statements."

2. Machine Gaming

The Company designs, develops, assembles or orders the assembly of, and provides cabinets, games, systems, and software for customers in regulated gaming markets throughout the world under fixed fee, participation and product sales contracts. The Company holds more than 450 global gaming licenses and does business with commercial casino operators, tribal casino operators, and governmental organizations (primarily consisting of Lottery operators). Machine gaming products and services are provided through the Global Gaming business segment.

The Company's primary global competitors in Machine Gaming are American Gaming Systems, Aristocrat, Everi, Euro Games Technology, Konami, Novomatic, and Scientific Games.

Gaming Machines and Game Content

The Company offers a diverse range of gaming machine cabinets from which land-based casino customers can choose to maximize functionality, flexibility, and player comfort. In addition to cabinets, the Company develops a wide range of casino games taking into account local jurisdictional requirements, market dynamics, and player preferences. The Company combines elements of math, play mechanics, sound, art, and technological advancements with a library of entertainment licenses and a proprietary intellectual property portfolio to provide gaming products designed to provide a high degree of player appeal and entertainment. The Company offers a wide array of casino-style games in a variety of multi-line, multi-coin, and multi-currency configurations.

The Company's casino games typically fall into two categories: premium games and core games.

Premium games include:

- Wide Area Progressives - games that are linked across several casinos and/or jurisdictions and share a large common jackpot, including The Wheel of Fortune® franchise; and
- Multi-Level Progressives - games that are linked to a number of other games within the casino itself and offer players the opportunity to win different levels of jackpots, such as Fortune Coin™ Boost.

Core games, which include video reel, mechanical reel, and video poker, are typically sold and in some situations leased to customers. Some of the Company's most popular core games in 2020 included Hexbreaker 3, Wolf Run Gold and Treasure Box Kingdom, which are all video slot games.

The Company produces other types of games including:

- "Centrally Determined" games which are games connected to a central server that determines the game outcome;
- Class II games which are electronic video bingo machines that can be typically found in North American tribal casinos and certain other jurisdictions like South Africa; and
- Random-number-generated and live dealer electronic table games, including baccarat and roulette.

Gaming service revenue is primarily generated through providing premium game content and cabinets on short duration leases to customers. The pricing of these arrangements is largely variable where the casino customer pays fees to the Company based on a percentage of amounts wagered, net win, or a daily fixed fee for use of the game content, cabinets, and related support services.

Machine gaming product sales revenues are generated from the sales of land-based gaming machines (equipment and game content), systems, component parts (including game conversion sales), other equipment and services. The Company categorizes revenue from gaming machines as product sales from "Gaming terminals" and revenue from game content as product sales from "Gaming other" as described in "Notes to the Consolidated Financial Statements —2. Summary of Significant Accounting Policies - Revenue Recognition" included in "Item 18. Financial Statements."

Video Lottery Terminals ("VLT") and Amusement with Prize Machines ("AWP")

The Company provides VLTs, VLT central systems, and VLT games worldwide. VLTs are gaming machines which are regulated by lotteries, and are usually connected to a central system. In addition, the Company provides AWPs and games to licensed operators in Europe. AWPs are typically low-denomination gaming machines installed in retail outlets.

The Company provides systems and machines to other machine gaming licensees, either as a product sale or with long-term, fee-based contracts where the service revenue earned is generally based on a percentage of wagers, net of applicable gaming taxes. The Company categorizes revenue from VLTs as either service revenue from "Gaming terminal services" or product sales from "Gaming terminals", depending on the nature of the transaction, as described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies - Revenue Recognition" included in "Item 18. Financial Statements."

Gaming Management Systems

The Company offers a comprehensive range of system modules and applications for all areas of casino management. Gaming systems products include infrastructure and applications for casino management, customer relationship management, patron management, and server-based gaming. The Company's main casino management system offering is the Advantage® System, which offers solutions and modules for a wide-range of activities from accounting and payment processing to patron management and regulatory compliance.

The Company's systems feature customized player messaging, tournament management, and integrated marketing and business intelligence modules that provide analytical, predictive, and management tools for maximizing casino operational effectiveness. The server-based solutions enable electronic game delivery and configuration for slot machines, as well as providing casino operators with opportunities to increase profits by enhancing the players' experience, connecting with players interactively, and creating operational efficiencies. Service Window enables operators to market to customers more effectively by leveraging an additional piece of hardware onto existing machines for delivering in-screen messaging. The Company's systems portfolio also extends to encompass mobile solutions such as the Resort Wallet™, which is a cardless, cashless loyalty solution for casino players. Resort Wallet™ includes IGTPay, a fully cashless land-based offering for casino operators which provides a direct link

to external funding, allowing customers to sustain operations in a changing environment, including through the COVID-19 pandemic. Mobile solutions that drive efficiencies and enable floor monitoring for operators while decreasing response time to player needs include Mobile Host, Mobile Responder, and Mobile Notifier. The Company categorizes revenue from gaming management systems as product sales from “Gaming other” as described in “Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies - Revenue Recognition” included in “Item 18. Financial Statements.”

3. Sports Betting

The Company provides sports betting technology and management services to licensed sports betting operators in 16 states in the U.S. through the Global Gaming segment. The Company does not operate direct to consumer sports betting in the U.S.

The Company offers a combination of technology and services to U.S. licensed sports book operators in each state where sports betting is legal. The offering may be different in each market in order to comply with local regulations and market conditions. The Company currently packages services in two ways:

- “Sports betting platform” solutions offer modular services hosted and maintained in each U.S. state or tribal jurisdiction where Sports Betting is legal. These solutions provide certified and managed sports betting software made available for customers to operate retail and account-based interactive sports and pari-mutuel race wagering in a particular jurisdiction; and
- “Turnkey” managed service solutions combine the Company’s end-to-end sports betting management technology with a portfolio of value-added services including offer management, payments, fraud management, advisory functions, as well as retail components such as kiosks and betting terminals, interactive components such as mobile web and desktop applications, and trading support services, all of which support the operations of land-based, digital, and omni-channel sports betting operators.

The Company also manufactures and sells a range of retail point of sale products for use by its sports betting customers in the U.S. which includes a variety of self-service kiosks and over the counter betting solutions.

Sports betting operators who are customers of the Company in the U.S. include: FanDuel (Flutter plc), PointsBet, FoxBet (Stars Group), Delaware North, Boyd Gaming Corporation and the Rhode Island Lottery. The Company’s primary competitors in the U.S. sports betting market include Scientific Games and Kambi.

The Company categorizes revenue from sports betting as service revenue from “Systems, software, and other” as described in “Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies - Revenue Recognition” included in “Item 18. Financial Statements.”

4. Digital

Digital gaming enables game play via the internet for real money or for fun (social). The Company designs, assembles, and distributes a full suite of configurable products, systems, content, and services, and holds more than 30 licenses that authorize the provision of digital gaming products and services worldwide, including digital products such as slot games, poker, bingo, and online casino table games with features such as single and multiplayer options with branded titles and select third-party content. The Company provides social casino content as part of a multi-year strategic partnership with DoubleU Games, and its complete suite of PlayLottery solutions, services, and professional expertise allows lotteries to fully engage their players on any digital channel in regulated markets. Existing lottery game portfolios are extended to the digital channel to provide a spectrum of engaging content such as e-Instant tickets.

The Company’s iGaming systems and digital platforms offer customers an integrated system that provides player account management, advanced marketing and analytical capabilities, and a highly reliable and secure payment system. IGT Connect™ integrates third-party player account management systems, third-party game engines, and regulatory systems. The Company also offers a remote game server, which is a fast gateway to extensive casino and eInstant content, and digital and social gaming services that enhance player experiences and create marketing opportunities around either the Company’s games or third-party games.

The Company’s diverse iGaming B2B customer base includes Caesar’s Entertainment, FanDuel, the Georgia Lottery, Loto-Quebec, Ontario Lottery and Gaming, Penn National Gaming and William Hill, among others. Digital and social gaming products and services are provided through the Global Gaming business segment. The Company faces competition from operators, such as 888 Holdings and bwin.party, and broad-based traditional B2B providers, such as Playtech plc and Microgaming. The Company also faces competition in the digital space from other machine gaming suppliers, such as Scientific

Games and GAN.

The Company categorizes revenue from digital gaming products as product sales from "Gaming other", revenue from digital gaming services as service revenue from "Systems, software, and other", and revenue from PlayLottery services as service revenue from "Operating and facilities management contracts" as described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies - Revenue Recognition" included in "Item 18. Financial Statements."

5. Commercial Services

The Company develops innovative technology to enable lotteries to offer commercial services over their existing lottery infrastructure or over standalone networks separate from the lottery. Leveraging its distribution network and secure transaction processing experience, the Company offers high-volume processing of commercial transactions including: prepaid cellular telephone recharges, bill payments, e-vouchers and retail-based programs, electronic tax payments, stamp duty services, prepaid card recharges, and money transfers. These services are primarily offered outside of North America. In Italy, the Company's commercial payment and eMoney services network comprises points-of-sale divided among the primary retailers of lottery products: tobacconists, bars, petrol stations, newspaper stands, and motorway restaurants. The Company categorizes revenue from commercial services as service revenue from "Systems, software, and other" as described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies - Revenue Recognition" included in "Item 18. Financial Statements."

Business Segment Revenue

Revenues for the Company by business segment are as follows:

	For the year ended December 31,		
($ thousands)	**2020**	**2019**	**2018**
Service revenue	2,042,652	2,182,961	2,234,801
Product sales	121,346	109,884	126,889
Global Lottery	2,163,998	2,292,845	2,361,690
Service revenue	596,906	917,907	961,129
Product sales	354,552	821,005	658,053
Global Gaming	951,458	1,738,912	1,619,182
Total revenue	**3,115,456**	**4,031,757**	**3,980,872**

For a further description of the principal services and products the Company provides by business segment, including a breakdown of the Company's revenues by geographic market, see "Item 5. Operating and Financial Review and Prospects" and "Notes to the Consolidated Financial Statements—21. Segment Information."

Seasonality

In general, the Company's business is not materially affected by seasonal variation. In the lottery business, lottery consumption and gaming may decrease over the summer months due to the tendency of consumers to be on vacation during that time. Seasonal gaming trends generally show higher play levels in the spring and summer months and lower levels in the fall and winter months. Gaming product sales may be uneven throughout the year, and can be affected by factors including the timing of large transactions and new casino openings.

In 2020, all aspects of the Company's business were significantly affected by the COVID-19 pandemic and its consequences, including the shutdown of almost all casinos and gaming halls in the second quarter of 2020, which dramatically decreased demand for gaming products and services. See "Item 3.D. Risk Factors - "The outbreak of the novel coronavirus COVID-19 has had and will likely continue to have an adverse effect on the Company's business, operations, financial condition and operating results."

Source of Materials

The Company uses a variety of raw materials to assemble gaming devices (e.g., metals, wood, plastics, glass, electronic components, and LCD screens). Moreover, there is significant paper, toner, and ink consumption at our two ticket printing facilities. A large portion of the materials used involve packaging, most of which is cardboard and paper.

Management believes that adequate supplies and alternate sources of the Company's principal raw materials are available, and does not believe that the prices of these raw materials are especially volatile. The Company generally has global material suppliers and uses multi-sourcing practices to promote component availability.

Product Development

The Company devotes substantial resources to research and development and incurred $190.9 million and $266.2 million of related expenses in 2020 and 2019, respectively. The Company's research and development efforts cover multiple creative and engineering disciplines for its lottery and gaming businesses, including creative game content, hardware, and software; and land-based, online social, and digital real-money applications. These products are created primarily by employee designers, engineers, and artists, as well as third-party content creators. Third-party technologies are used to improve the yield from development investment and concentrate increased resources on product differentiation engineering.

Product assembly operations primarily involve the configuration and assembly of electronic components, cables, harnesses, video monitors, and prefabricated parts purchased from outside sources.

Intellectual Property

The Company's intellectual property ("IP") portfolio of patents, trademarks, copyrights, and other licensed rights is significant. At December 31, 2020, the Company held approximately 4,200 patents and 7,600 trademarks filed and registered worldwide. The Company's IP portfolio is widely diversified with patents related to a variety of products, including game designs, bonus and secondary embedded game features, device components, systems features, and web-based or mobile functionality. The Company also relies on trade secret protection, believing that its technical "know-how" and the creative skills of its personnel are of substantial importance to its success.

Most of the Company's products are marketed under trademarks and copyrights that provide product recognition and promote widespread acceptance. The Company seeks protection for its copyrights and trademarks in the U.S. and various foreign countries, where applicable, and uses IP assets offensively and defensively to protect its innovation. The Company also has a program where it licenses its patents to others under terms designed to promote standardization in the gaming industry.

In addition, some of the Company's most popular games and features, including Wheel of Fortune®, are based on trademarks, patents and/or other intellectual property licensed from third parties. The Company routinely obtains, retains, and expands licenses for popular intellectual property.

Software Development

The Company has developed software for use in the management of a range of lottery, gaming, and betting functions and products, including leveraging integration with third-party software components. Software developed by the Company is used in a variety of applications including (i) in centralized systems for the management of lotteries, machine gaming and betting, and other commercial services; (ii) to enhance functions connected to services provided through websites and mobile applications including lotteries, sports betting, instant win, and casino style games; and (iii) in a variety of back-office functions. Software developed by the Company is also used in machines for: management of lotteries, machine gaming, betting and online payments; provision of gaming and non-gaming content; and integration with other devices such as mobile phones and tablets.

Regulatory Framework

The gaming and lottery industries are subject to extensive and evolving governmental regulation in the U.S. and other jurisdictions. Gaming laws are based upon declarations of public policy designed to ensure that gaming is conducted honestly, competitively, and free of criminal and corruptive elements. While the regulatory requirements vary from jurisdiction to jurisdiction, the majority typically require some form of licensing or regulatory suitability of operators, suppliers, manufacturers and distributors as well as their major shareholders, officers, directors and key employees. Regulators review many aspects of an applicant including financial stability, integrity and business experience. Additionally, the Company's gaming and lottery products and technologies require certification or approval in most jurisdictions where the Company conducts business.

A comprehensive network of internal and external resources and controls is required to achieve compliance with the broad governmental oversight of the Company's business. The Company has a robust internal compliance program designed to ensure compliance with applicable requirements imposed in connection with its gaming and lottery activities, as well as legal requirements generally applicable to all publicly traded companies. The Company employs more than 150 people to support global compliance which is directed on a day-to-day basis by the Company's Senior Vice President, Chief Compliance and

Risk Management Officer. Legal advice is provided by attorneys from the Company's legal department as well as outside experts. The compliance program, accountable to the Parent's board of directors, is overseen by the Global Compliance Governance Committee, which comprises employee and nonemployee directors and a non-employee gaming law expert. Through these efforts, the Company seeks to assure both regulators and investors that all its operations maintain the highest levels of integrity.

Lottery

Lotteries in the U.S. are regulated by state or other applicable law. There are currently 46 U.S. jurisdictions (including the District of Columbia) that authorize the operation of lotteries. The ongoing operations of lotteries and lottery operators are typically subject to extensive and broad regulation, which vary state-by-state. The awarding of lottery contracts and ongoing operations of lotteries in international jurisdictions are also extensively regulated, although international regulations typically vary from those prevailing in the U.S. Lottery regulatory authorities generally exercise significant discretion, including with respect to the determination of the types of games played, the price of each wager, the manner in which the lottery is marketed and the selection of suppliers of equipment, technology, and services, as well as the retailers of lottery products. To ensure the integrity of contract awards and lottery operations, most jurisdictions require detailed background disclosure on a continuous basis from vendors and their officers, directors, subsidiaries, affiliates, and principal stockholders. Background investigations of the vendors' employees who will be directly responsible for the operation of lottery systems are also generally conducted. Certain jurisdictions also require extensive personal and financial disclosure and background checks from persons and entities beneficially owning a specified percentage of a vendor's securities.

Gaming

The assembly, sale and distribution of gaming devices, equipment, and related technology and services are subject to federal, state, tribal, and local regulations in the U.S. and foreign jurisdictions. The initial regulatory requirement in most jurisdictions is to obtain the privileged licenses that allow the Company to participate in gaming activities. The Company's operating entities and key personnel have obtained or applied for all known government licenses, permits, registrations, findings of suitability, and approvals necessary to assemble, distribute and/or operate gaming products in all jurisdictions where it does business. Although many gaming regulations across jurisdictions are similar or overlapping, the Company must satisfy all conditions individually for each jurisdiction. Obtaining the required licenses at a corporate and individual level is a thorough process, in which the authorities review detailed information about the companies and individuals applying for suitability, as well as the processes used in the assembly, sale, and distribution of gaming devices. Once the license has been granted, regulatory oversight is designed to ensure that the licensee continue to operate with honesty and integrity.

Frequently, gaming regulators not only govern the activities within their jurisdiction or origin, but also monitor activities in other jurisdictions to ensure that the Company complies with local standards on a worldwide basis. A violation in one jurisdiction could result in disciplinary action in another.

The Company holds over 450 gaming licenses across approximately 340 jurisdictions. Key regulatory authorities that have licensed the Company include, among others, the United Kingdom Gambling Commission, the Nevada State Gaming Control Board and the New Jersey Division of Gaming Enforcement. The Company has never been denied a gaming related license, nor had any of its licenses suspended or revoked.

Digital and Sports Betting

In 2020, there was continued growth in sports wagering across the U.S. In addition to the states and tribal jurisdictions that adopted Sports Betting in 2018 and 2019, more states legalized and adopted regulations to govern sports wagers in 2020, including Colorado, Michigan, Tennessee, Virginia, and additional tribal jurisdictions. Some of these states launched in 2020, with others expected to launch in 2021 and beyond. More states are expected to address the legalization of sports wagering in upcoming legislative sessions. The channels for offering sports wagering differ from state to state, with most states seeking to offer sports wagering both in person and through some electronic means, such as via a mobile phone app.

In the U.S., the Unlawful Internet Gambling Enforcement Act of 2006 ("UIGEA") prohibits, among other things, the acceptance by a business of a wager by means of the internet where such wager is prohibited by any applicable law where initiated, received or otherwise made. Under UIGEA, severe criminal and civil sanctions may be imposed on the owners and operators of such systems and on financial institutions that process wagering transactions. The law contains a safe harbor for wagers placed within a single state (disregarding intermediate routing of the transmission) where the method of placing the bet and receiving the bet is authorized by that state's law, provided the underlying regulations establish appropriate age and location verification.

Also in the U.S., the Wire Act prohibits several types of wager-related communications over a "wire communications facility." In 2011, the DOJ issued the 2011 Opinion, interpreting the Wire Act as applicable only to sports wagering and that UIGEA does not supersede or otherwise limit the scope of the Wire Act. In January 2019, the DOJ published the 2019 Opinion, concluding that the Wire Act was applicable to other forms of gambling that cross state lines, though the precise scope of the 2019 Opinion is unclear, and the DOJ has not yet addressed how it plans to enforce the Wire Act. The DOJ initially issued a memorandum stating that it will not enforce the 2019 Opinion prior to June 14, 2019. Further, the New Hampshire Lottery Commission and certain private parties (the "Plaintiffs") commenced litigation in federal district court in New Hampshire challenging the 2019 Opinion. In response to this and other lawsuits, the DOJ issued a memorandum in April 2019 acknowledging that the 2019 Opinion did not consider whether the Wire Act applies to State lotteries and their vendors, and the DOJ is now considering this issue. In connection with such acknowledgment, the DOJ also extended the non-prosecution period for State lotteries and their vendors indefinitely while they consider the question. If the DOJ concludes that the Wire Act does apply to State lotteries and/or their vendors, they would extend the non-prosecution period for an additional period of 90 days after the DOJ publicly announces such position (the "Lottery Forbearance").

On June 3, 2019, the U.S. District Court for the District of New Hampshire issued the NH Decision, ruling in favor of the Plaintiffs and opining that the Wire Act applies only to sports betting and related activities. The NH Decision also set aside the 2019 Opinion leaving the 2011 Opinion as DOJ's only stated position on the subject. In response to the NH Decision, the DOJ extended the forbearance period to December 31, 2019; such forbearance period was further extended through December 1, 2020. The Lottery Forbearance remains unchanged. The DOJ appealed the NH Decision to the United States Court of Appeal for the First Circuit, and on January 20, 2021, the United States Court of Appeal for the First Circuit of Appeal affirmed the NH Decision in part through issuance of the First Circuit Decision. The First Circuit Decision also vacated the portion of the NH Decision which set aside the 2019 Opinion. It is unclear whether the DOJ will appeal the First Circuit Decision to the Supreme Court of the United States, when the DOJ will conclude its consideration of whether the Wire Act applies to State lotteries and their vendors, or whether other courts would come to the same conclusions set forth in the NH Decision. The Company's management is evaluating the First Circuit Decision, the 2019 Opinion, the possibilities of further DOJ appeal and their implications to the Company, its customers, and the industries in which the Company operates.

Michigan has been added to the list of states that have authorized internet casino gaming, alongside Delaware, New Jersey, Pennsylvania and West Virginia, and Nevada has authorized online poker. Additionally, a few state lotteries offer internet instant game sales to in-state lottery customers and several states allow subscription sales of draw games over the internet.

The Company participates in digital gaming and sports wagering in the U.S. as a content and technology provider within fully regulated gaming and lottery frameworks.

Digital gaming in the E.U. is characterized by diverse regulatory frameworks with some E.U. countries having monopolistic regimes run by a sole operator and others having established licensing systems for more than one operator. The Company carefully evaluates each E.U. jurisdiction to ensure adherence to applicable laws and regulations. As local regulations and related guidance from authorities change, the Company re-evaluates its position in any given country. In 2018, the E.U. Court of Justice announced that it was dropping all enforcement proceedings related to gambling which allows the individual E.U. country rulings to stand, regardless of whether or not they violate E.U. laws. As a result, the Company has made adjustments to its strategy, to respect the individual E.U. country rulings.

Italian Gaming and Betting Regulations

The Company operates in Italy in the lottery, gaming, and betting sectors and is subject to regulatory oversight by the Agenzia delle Dogane e Dei Monopoli ("ADM"). At December 31, 2020, the Company held licenses for (1) the activation and operation of the network for Italy's Lotto game, (2) the operation of instant and traditional lotteries, (3) the activation and operation of the network for the telematic operation of legalized AWPs and VLTs, (4) the land based collection of pari-mutuel and fixed odds betting through physical points of sale and digital channels and (5) the digital gaming collection operated through digital channels, including digital sports betting, skill games, casino games, and digital Bingo.

Gaming in Italy is an activity reserved to the State. Any game that is carried out without proper authorization is illegal and subject to criminal penalties. Italian law grants the Ministry of Economy and Finance, through ADM, the power to introduce games and to manage gaming and betting activities directly or by granting licenses to qualified operators selected by means of public tenders as further explained below. The process of creating and granting gaming and betting licenses in Italy is heavily regulated.

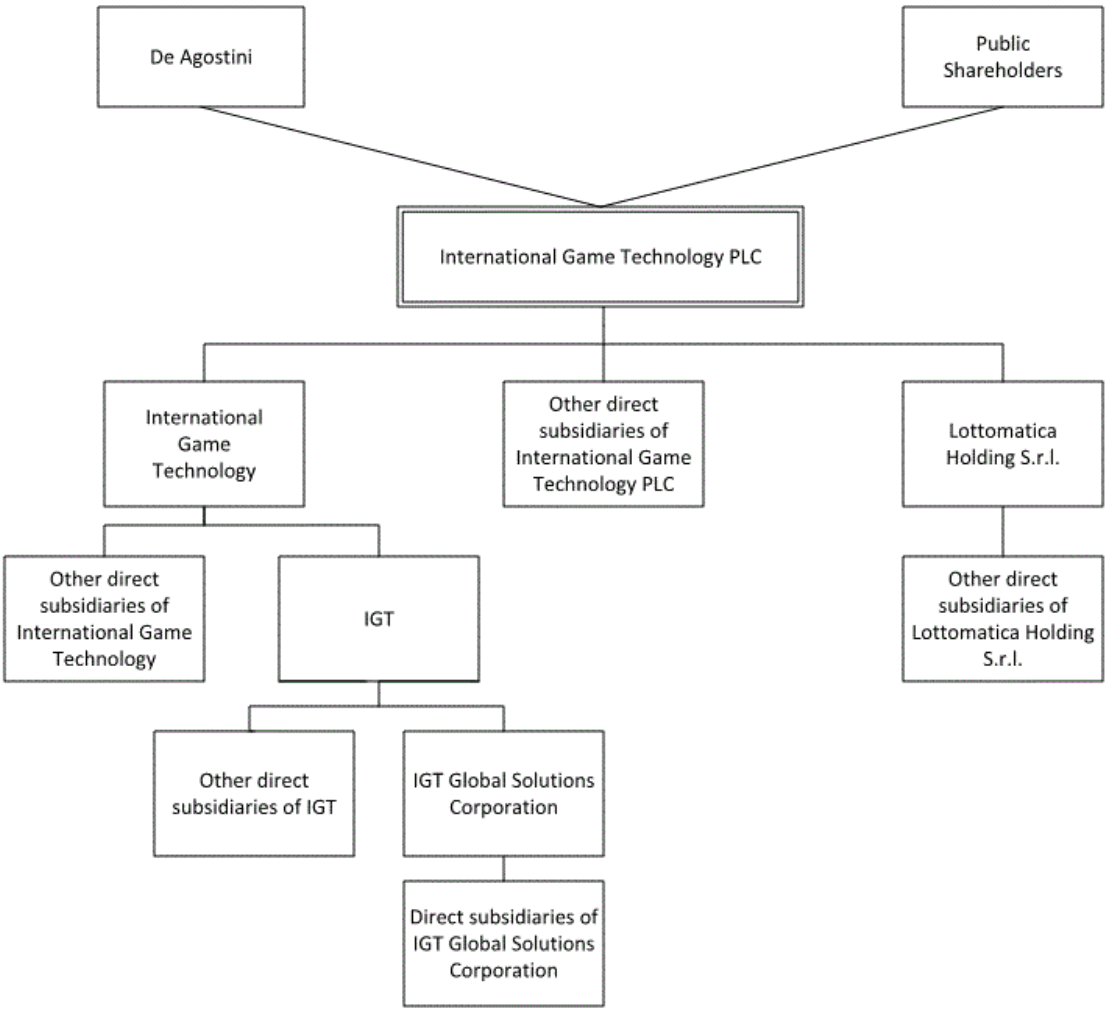
Gaming and betting licenses are granted pursuant to a public tender procurement process. The license provides for all of the licensee's requirements, in accordance with the provisions of Italian law and regulation, activities and duties, including

collection of the game's revenues, the payment of winnings, the payment of the point of sale, payment of gaming taxes and all the other amounts due to the State, the drawings and the management of all of the technological assets to operate gaming, requirements of the technological infrastructure and the relevant service levels. Licenses are for a determined time period, generally nine years, and are not renewable unless indicated in the licensing agreement; in such event, the renewal is not guaranteed to be on the same terms. In certain cases, the license may be extended at the option of the ADM on the same terms. Under other circumstances, which are typically defined in the licensing agreement, the license may be revoked or terminated. Most cases of early termination are related to the breach of the terms of the licensing agreement or the non-fulfillment of conditions of that agreement as well as the loss of the requirements prescribed by Italian law and regulation for the assignment and the maintenance of gaming licenses. In some cases, the early termination of the license allows the State to draw upon the entire amount of the performance bond presented by the licensee. Upon governmental request, the licensee has an obligation to transfer, free of charge, the assets subject of the license to the State at the end of the term of the license or in the event of its revocation or early termination. Each single license contains specific provisions enacting such general obligation.

C. *Organizational Structure*

A listing of the Parent's directly and indirectly owned subsidiaries at February 24, 2021 is set forth in Exhibit 8.1 to this annual report on Form 20-F. At February 24, 2021, De Agostini had an economic interest of approximately 50.49% and, due to its election to exercise the Special Voting Shares associated with its ordinary shares pursuant to the Loyalty Plan, a voting interest in the Parent of approximately 65.05% of the total voting rights. See "Item 7. Major Shareholders and Related Party Transactions.

The following is a diagram of the Parent and certain of its subsidiaries and associated companies at February 24, 2021:



D. *Property, Plant and Equipment*

The Parent's principal office is located at Marble Arch House, 66 Seymour Street, 2nd Floor, London W1H 5BT, U.K., telephone number +44 (0) 207 535 3200. At February 24, 2021, the Company leased approximately 117 properties in the U.S. under approximately 121 leases and approximately 239 properties outside of the U.S. under approximately 285 leases. Certain properties leased by the Company are subject to multiple leases (e.g., buildings where each floor leased by the Company is under a separate lease). As of February 24, 2021, the Company owned a number of facilities and properties, including:

- An approximately 113,000 square foot production and research and development office building in Moncton, New Brunswick, Canada;
- An approximately 51,000 square foot production and assembly facility and office in Gross St. Florian, Austria (listed for sale in January 2021); and
- An approximately 13,050 square foot enterprise data center in West Greenwich, Rhode Island.

The following table shows the Company's material properties at February 24, 2021:

U.S. Properties

Location	Square Feet	Use and Productive Capacity	Extent of Utilization	Holding Status
9295 Prototype Drive, Reno, NV*	1,251,179	Office; Warehouse, Game Studios; Hardware/Software Engineering; Global Production Center; Electronic Gaming Machine and Instant Ticket Vending Machine Production	93 %	Leased
6355 S. Buffalo Drive, Las Vegas, NV*	222,268	U.S. Principal Operating Facility, Game Studio, Systems Software, Showroom	100 %	Leased
55 Technology Way, West Greenwich, RI	170,000	WG Technology Center: Office; Research and Testing; Storage and Distribution	100 %	Leased
4000 South Frontage Road, Suite 101 Lakeland, FL	141,960	Printing Plant: Printing facility; Storage and Distribution; Office	100 %	Leased
10 Memorial Boulevard, Providence, RI	124,769	U.S. Principal Operating Facility	100 %	Leased
300 California Street, Floor 8, San Francisco, CA*	15,457	Office; PlayDigital HQ	100 %	Leased
8520 Tuscany Way, Bldg. 6, Suite 100, Austin, TX	81,933	Texas Warehouse and National Response Center: Contact Center; Storage and Distribution; Office	95 %	Leased
8200 Cameron Road, Suite E120, Austin, TX	41,705	Data Center of the Americas: Data Center; Network Operations; Office	80 %	Leased
5300 Riata Park Court, Bldg. E, Suite 100, Austin, TX	25,000	Austin Tech Campus: Research and Test; Office	59 %	Leased
47 Technology Way, West Greenwich, RI	13,050	Enterprise Data Center: Data Center; Network Operations	100 %	Owned
75 Baker Street, Providence, RI	10,640	RI National Response Center: Office; Contact Center	100 %	Leased

*This property has been listed for sub-lease.

Non-U.S. Properties

Location	Square Feet	Use and Productive Capacity	Extent of Utilization	Holding Status
Via delle Monachelle S.N.C. Pomezia, Rome, Italy	170,456	Instant Ticket Warehouse; Instant Ticket Production	100 %	Leased
Galwin 2 1046 AW Amsterdam, Netherlands	125,128	Electronic Gaming Machine Production; Gaming Distribution/Repair; Research and Test; Office	90 %	Leased
Viale del Campo Boario 56/D 00154 Roma, Italy	123,740	Principal Operating Facility in Italy: Office Italy Data Center: Data Center; Network Operations	100 %	Leased
328 Urquhart Ave, Moncton, New Brunswick, Canada	113,000	Canada HQ; Office; Research and Testing; VLT Production	100 %	Owned
Viale del Campo Boario 19 00154 Roma, Italy	96,840	Office; Software Development	95 %	Leased
Seering 13-14, Unterpremstatten, Austria	73,750	Austria Gaming HQ; Office; Research and Test	90 %	Leased
29 Suzhoujie Street, Viva Plaza, Haidian District, Room No. 1-20, 11th and 18th Floors, Beijing 100080, China	54,058	Game Studio; Systems Software; Office	85 %	Leased
Al. Jerozolimskie, 92 Brama Building, Warsaw, Poland	71,904	Global Tech Hub; Office; Research and Test	95 %	Leased
USCE Tower Bulevar Mihajla, Pupina No. 6 Belgrade, Serbia	42,764	Software Development Office, Lottery and Gaming Products	95 %	Leased
11 Talavera Rd. Building B, Sydney, Australia	27,432	Office; Sales & Marketing; Financial Support	100 %	Leased
10 Finsbury Square, 3rd Floor London EC2A 1AD, United Kingdom	17,340	Global Management HQ, Play Digital	100 %	Leased
Marble Arch House, 66 Seymour Street, 2nd Floor, London W1H 5BT, United Kingdom	11,495	Registered Global Headquarters of the Parent	75 %	Leased

All of the Company's facilities have remained open for critical workers during the COVID-19 pandemic, although the majority of employees are currently working remotely.

The Company's facilities are in good condition and are adequate for its present needs and there are no known environmental issues that may affect the Company's utilization of its real property assets.

The Company does not have any plans to construct, expand or improve its facilities in any material manner other than general maintenance of facilities. As such, no increase in productive capacity is anticipated.

None of the Company's properties are subject to mortgages or other material security interests.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

A. *Management's Discussion and Analysis*

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements, including the notes thereto, included in this annual report, as well as "Presentation of Financial and Certain Other Information," "Item 3.D. Risk Factors," and "Item 4.B. Business Overview."

The following discussion includes information for the fiscal years ended December 31, 2020, 2019 and 2018.

The following discussion includes certain forward-looking statements. Actual results may differ materially from those discussed in such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this annual report, including in "Item 5.F. Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995" and "Item 3.D. Risk Factors."

B. *Operating Results*

Business Overview

The Company is a global leader in gaming that delivers entertaining and responsible gaming experiences for players across all channels and regulated segments, from gaming machines and lotteries to sports betting and digital. Leveraging compelling content, substantial investment in innovation, player insights, operational expertise, and leading-edge technology, the Company's solutions deliver gaming experiences that engage players and drive growth. The Company has a well-established local presence and relationships with governments and regulators in more than 100 countries around the world, and creates value by adhering to the highest standards of service, integrity, and responsibility.

Segment Realignment

On July 1, 2020, we adopted a new organizational structure focused on two business segments: Global Lottery and Global Gaming, along with a streamlined corporate support function. During the third quarter of 2020, our chief operating decision maker requested changes in the information that he regularly reviews for purposes of allocating resources and assessing performance. This resulted in a change in our operating segments and reporting units. The key benefits of the new structure include:

- Enabling greater responsiveness to customers and players;
- Increasing effectiveness and competitiveness in each segment;
- Harmonizing best practices in each product category;
- Increasing organizational efficiency by leveraging economies of scale;
- Improving market understanding of segment performance; and
- Reducing complexity to support IGT PLC's intrinsic value.

The Company's operations for the periods presented herein are reported under this new organizational structure.

Discontinued Operations

The discussion that follows in this Item 5 has been prepared on a continuing operations basis and excludes results from our discontinued operations, discussed in detail in Notes to the Consolidated Financial Statements - Note 3 Discontinued Operations and Assets Held for Sale, included in "Item 18. Financial Statements."

Key Factors Affecting Operations and Financial Condition

The Company's worldwide operations can be affected by industrial, economic, and political factors on both a regional and global level. The following are the principal factors which have affected the Company's results of operations and financial condition and/or which may affect results of operations and financial condition for future periods.

COVID-19: In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified and has spread around the world, including in the Company's core markets of the United States and Italy. The World Health Organization declared the outbreak to be a pandemic on March 11, 2020. The global spread of COVID-19 has been, and continues to be, complex and rapidly evolving, with governments, public institutions and other organizations imposing or recommending, and businesses and individuals implementing, restrictions on various activities or other actions to combat its spread, such as restrictions and bans on travel or transportation, stay-at-home directives, limitations on the size of gatherings, closures of work facilities, schools, public buildings and businesses, cancellation of events, including sporting events, concerts, conferences and meetings, and quarantines and lock-downs. The pandemic and its consequences, including the closure of almost all casinos and gaming halls globally in the second quarter of 2020, dramatically reduced demand for gaming products and services, which has had a negative impact on all aspects of the Company's business. While many casinos and gaming halls have since reopened, some remain closed. The Company continues to take all prudent measures to protect the health and safety of our employees, such as practicing social distancing, performing deep cleaning in our facilities, and enabling our employees to work from home where possible.

Our Global Gaming segment was significantly impacted due to the widespread temporary closures of a substantial number of gaming establishments coupled with the global economic uncertainty. Our service revenue and cash flows have been significantly affected, as they are largely driven by the level of gaming activity and players' disposable incomes. As the level of play declined due to casino closures or quarantines, there was a directly correlated decline in our gaming businesses. Additionally, our product sales largely depend on our customers' liquidity and operating results, which has begun to impact the replacement cycle and demand for products and opportunities from new or expanded markets. Further, we granted customer concessions for the portion of the time for which such customers' operations were impacted by closures or quarantines.

Our Global Lottery segment was also affected as certain lottery retail establishments were temporarily closed and others experienced the general slowdown due to lower foot traffic and reduced spending by end players, resulting in a lower level of lottery ticket purchases. During the first and second quarter, our Global Lottery segment was significantly impacted due to the timing of the government-imposed quarantines and lockdowns to mitigate the spread of the virus. The scope and duration of these measures varied greatly by jurisdiction. The most significant impact on our results arose from measures imposed by the Italian government which included the suspension of all lottery games under the Lotto license starting in April 2020 with a phased reopening strategy starting in early May. During the third quarter and fourth quarters of 2020 we saw an 8.7% and a 7.9% increase in same-store sales, respectively, in particular with the lotteries in North America and recovery within our Italian lottery businesses.

The temporary closure of gaming establishments, disruptions to lottery operations, travel restrictions, cancellation of sporting events, expected lower disposable incomes of consumers, and adverse impact on our casino and gaming customers' liquidity and financial results caused by the COVID-19 pandemic, had, and continues to have, an adverse effect on our results of operations, cash flows, and financial condition.

Product Sales: Product sales fluctuate from year to year due to the mix, volume, and timing of the transactions. Product sales amounted to $475.9 million, $930.9 million and $784.9 million or approximately 15.3%, 23.1% and 19.7% of total revenues, for the years ended December 31, 2020, 2019, and 2018, respectively.

Jackpots and Late Numbers: The Company believes that the performance of lottery products is influenced by the size of available jackpots in jurisdictions that offer such jackpots. In general, when jackpots increase, sales of lottery tickets also increase, further increasing the jackpot. The Company also believes that consumers in Italy monitor "late numbers" (numbers that have not been drawn for more than 100 draws) and when there is a good pipeline of late numbers, wagers in Italy increase. Under both circumstances, the Company's service revenues are positively impacted.

Non-Cash Goodwill Impairments: In 2018 & 2019, the Company determined that there were impairments in the former International reporting unit's goodwill due to the results being lower than forecasted along with higher weighted average cost of capital. In 2018, a $118.0 million non-cash goodwill impairment loss with no income tax benefit was recorded to reduce the carrying amount of the former International reporting unit to fair value. In 2019, a $99.0 million non-cash goodwill impairment loss with no income tax benefit was recorded to reduce the carrying amount of the former International reporting unit to fair value. During the first quarter of 2020, the Company determined that the expected impact of COVID-19 to the Company's

future operations indicated that it was more likely than not that an impairment loss had been incurred within certain reporting units. As a result of changes to the discount rates and changes to management's forecasted results for the former International and North America Gaming and Interactive reporting units, the Company recorded non-cash goodwill impairments of $193.0 million and $103.0 million, respectively. As a result of the change in reporting units on July 1, 2020, and as discussed in "Notes to the Consolidated Financial Statements—21. Segment Information" included in "Item 18. Financial Statements.", we allocated goodwill to our new reporting units using a relative fair value approach. The goodwill allocated to the Global Lottery and Global Gaming reporting units was $2,942.2 million and $2,208.7 million, respectively. As of December 31, 2020, the excess of fair value over carrying value in the Global Lottery and Global Gaming reporting units was 70.8% and 11.4%, respectively.

Effects of Foreign Exchange Rates: The Company is affected by fluctuations in foreign exchange rates (i) through translation of foreign currency financial statements into U.S. dollars for consolidation, which is referred to as the translation impact, and (ii) through transactions by subsidiaries in currencies other than their own functional currencies, which is referred to as the transaction impact. Translation impacts arise in the preparation of the consolidated financial statements; in particular, the consolidated financial statements are prepared in U.S. dollars while the financial statements of each of the Company's subsidiaries are generally prepared in the functional currency of that subsidiary. In preparing consolidated financial statements, assets and liabilities measured in the functional currency of the subsidiaries are translated into U.S. dollars using the exchange rate prevailing at the balance sheet date, while income and expenses are translated using the average exchange rates for the period covered. Accordingly, fluctuations in the exchange rate of the functional currencies of the Company's subsidiaries against the U.S. dollar impacts the Company's results of operations. The Company is particularly exposed to movements in the euro/U.S. dollar exchange rate. Although the fluctuations in exchange rates have had a significant impact on the Company's revenues, net income, and net debt, the impact on operating income and cash flows is less significant as revenues are typically matched to costs denominated in the same currency.

Given the impact of foreign exchange rates on our consolidated results, certain key performance indicators (such as same store sales) are reported on a constant-currency basis in order to facilitate period-to-period comparisons of our results without regard to the impact of fluctuating foreign currency exchange rates. We calculate constant-currency amounts by applying the prior-year/period exchange rates (i.e., the exchange rates used in preparing the financial statements for the prior year) to current financial data expressed in local currency.

The Wire Act: The Company's management is evaluating the Wire Act and related legal developments, and their implications to the Company, its customers, and the industries in which the Company operates, as more fully described in "Item 3.D. Risk Factors" and "Item 4.B. Business Overview." If the Wire Act is broadly interpreted and enforced to prohibit activities in which the Company and its customers are engaged, the Company could be subject to investigations, criminal and civil penalties, sanctions and/or other remedial measures and/or the Company may be required to substantially change the way it conducts its business, any of which could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Critical Accounting Estimates

The Company's consolidated financial statements are prepared in conformity with GAAP which require the use of estimates, judgments, and assumptions that affect the carrying amount of assets and liabilities and the amounts of income and expenses recognized. The estimates and underlying assumptions are based on information available at the date that the financial statements are prepared, on historical experience, judgments, and assumptions considered to be reasonable and realistic.

The Company periodically and continuously reviews estimates and assumptions. Actual results for those areas requiring management judgment or estimates may differ from those recorded in the consolidated financial statements due to the occurrence of events and the uncertainties which characterize the assumptions and conditions on which the estimates are based. The impact of COVID-19 on our business continues to unfold. As a result, many of our estimates and assumptions require increased judgment and may carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change in future periods.

The areas that require greater subjectivity of management in making estimates and judgments and where a change in such underlying assumptions could have a significant impact on the Company's consolidated financial statements are fully described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies" included in "Item 18. Financial Statements." Certain critical accounting estimates are discussed below.

Revenue Recognition

Application of GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Specifically, complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting, including whether promised goods and services specified in an arrangement are distinct performance obligations. Other significant judgments include determining whether the Company is acting as the principal in a transaction and whether separate contracts should be combined and considered part of one arrangement.

Revenue recognition is also impacted by our ability to determine when a contract is probable of collection and to estimate variable consideration, including, for example, rebates, volume discounts, service-level penalties, and performance bonuses. We consider various factors when making these judgments, including a review of specific transactions, historical experience and market and economic conditions. Evaluations are conducted each quarter to assess the adequacy of the estimates.

The Company recognized service and product revenues of $2,639.6 million and $475.9 million, respectively, for the year ended December 31, 2020. The Company often enters into contracts with customers that consist of a combination of services and products that are accounted for as one or more distinct performance obligations. Management applies judgment in identifying and evaluating the contractual terms and conditions that impact the identification of performance obligations and the pattern of revenue recognition. The Company's revenue recognition policy, which requires significant judgments and estimates, is fully described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies" included in "Item 18. Financial Statements."

Goodwill Valuation

The process of evaluating potential impairments related to goodwill requires the application of significant judgment. Goodwill is tested for impairment annually, in the fourth quarter, or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If an event occurs that would cause revisions to the estimates and assumptions used in analyzing the fair value of goodwill, the revision could result in a non-cash impairment loss that could have a material impact on financial results.

As discussed in "Notes to the Consolidated Financial Statements - 13. Goodwill**"** included in "Item 18. Financial Statements", on March 31, 2020, the Company determined that the expected impact of COVID-19 to the Company's future operations indicated that it was more likely than not that an impairment loss had been incurred within certain reporting units. As a result of changes to the discount rates and changes to management's forecasted results for the former International and North America Gaming and Interactive reporting units, the Company recorded non-cash goodwill impairments of $193.0 million and $103.0 million, respectively.

Effective July 1, 2020, the Company adopted a new organizational structure focused on two business segments: Global Lottery and Global Gaming, along with a streamlined corporate support function. Under the new organizational structure, our chief operating decision maker will regularly review information for purposes of allocating resources and assessing performance based on information prepared for the Global Lottery and Global Gaming segments. This resulted in a change in our operating segments and reporting units. As a result of the change in reporting units, at July 1, 2020, we allocated goodwill to our new reporting units using a relative fair value approach. The goodwill allocated to the Global Lottery and Global Gaming reporting units was $2,942.2 million and $2,208.7 million, respectively. In addition, we completed an assessment of any potential goodwill impairment for all the former reporting units immediately prior to the reallocation and determined that no impairment existed.

In conjunction with the Italy B2C Transaction announced in December 2020, for purposes of allocating goodwill to discontinued operations, the Company estimated the fair value of the Global Gaming reporting unit using an income approach based on projected discounted cash flows. Based on the relative fair values of the businesses to be disposed of and the portion of the Global Gaming reporting unit that will be retained, $520.3 million of goodwill was reclassified to assets held for sale on our balance sheet.

In the fourth quarter of 2020, the Company completed its annual goodwill impairment test. The excess of fair value over carrying value within the Global Lottery and Global Gaming reporting units was 70.8% and 11.4%, respectively.

The goodwill impairment test compares the fair value of the Company's two reporting units (which are the same as its reportable segments) with their carrying amounts and an impairment loss is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value.

In performing the goodwill impairment test, the Company estimates the fair value of the reporting units using an income approach based on projected discounted cash flows. The procedures the Company follows include, but are not limited to, the following:

- Analysis of the conditions in, and the economic outlook for, the reporting units;
- Analysis of general market data, including economic, governmental, and environmental factors;
- Review of the history, current state, and future operations of the reporting units;
- Analysis of financial and operating projections based on historical operating results, industry results, and expectations;
- Analysis of financial, transactional, and trading data for companies engaged in similar lines of business to develop appropriate valuation multiples and operating comparisons; and
- Calculation of the Company’s market capitalization, total invested capital, the implied market participant acquisition premium, and supporting qualitative and quantitative analysis.

Under the income approach, the fair value of the reporting unit is determined based on the present value of each unit's estimated future cash flows, discounted at a risk-adjusted rate. The Company uses internal forecasts for a five-year period to estimate future cash flows and estimates long-term future growth rates based on internal projections of the long-term outlook for each reporting unit. Actual results may differ from those assumed in forecasts. The discount rates are based on a weighted-average cost of capital analysis computed by calculating the after-tax cost of debt and the cost of equity and then weighted based on the concluded capital structure of the respective reporting unit. The Company uses discount rates that are commensurate with the risks and uncertainty inherent in each reporting unit and in internally developed forecasts. Discount rates used in the Global Lottery and Global Gaming reporting unit valuations as of December 31, 2020 were 9.6% and 11.0%, respectively. An increase of approximately 70 basis points in the Global Gaming reporting units’s discount rate would lead to an impairment.

Estimating the fair value of reporting units requires the Company’s management to use its judgment in making estimates and making forecasts that are based on a number of factors including forecasted revenue, forecasted operating profits, terminal growth rates, and weighted-average costs of capital.

Results of Operations

Comparison of the years ended December 31, 2020 and 2019

	For the year ended					
	December 31, 2020		December 31, 2019		Change	
($ thousands)	**$**	**% of Revenue**	**$**	**% of Revenue**	**$**	**%**
Service revenue by segment						
Global Lottery	2,042,652	65.6	2,182,961	54.1	(140,309)	(6.4)
Global Gaming	596,906	19.2	917,907	22.8	(321,001)	(35.0)
Total service revenue	2,639,558	84.7	3,100,868	76.9	(461,310)	(14.9)
Product sales by segment						
Global Lottery	121,346	3.9	109,884	2.7	11,462	10.4
Global Gaming	354,552	11.4	821,005	20.4	(466,453)	(56.8)
Total product sales	475,898	15.3	930,889	23.1	(454,991)	(48.9)
Total revenue	3,115,456	100.0	4,031,757	100.0	(916,301)	(22.7)
Operating expenses						
Cost of services	1,633,899	52.4	1,777,225	44.1	(143,326)	(8.1)
Cost of product sales	345,800	11.1	558,011	13.8	(212,211)	(38.0)
Selling, general and administrative	706,895	22.7	849,620	21.1	(142,725)	(16.8)
Research and development	190,948	6.1	266,241	6.6	(75,293)	(28.3)
Restructuring	45,045	1.4	24,855	0.6	20,190	81.2
Goodwill impairment	296,000	9.5	99,000	2.5	197,000	199.0
Other operating expense (income), net	4,334	0.1	(21,111)	(0.5)	25,445	120.5
Total operating expenses	3,222,921	103.4	3,553,841	88.1	(330,920)	(9.3)
Operating (loss) income	(107,465)	(3.4)	477,916	11.9	(585,381)	(122.5)
Interest expense, net	(397,916)	(12.8)	(410,875)	(10.2)	12,959	3.2
Foreign exchange (loss) gain, net	(308,898)	(9.9)	39,874	1.0	(348,772)	> 200.0
Other (expense) income, net	(33,428)	(1.1)	21,092	0.5	(54,520)	> 200.0
Total non-operating expenses	(740,242)	(23.8)	(349,909)	(8.7)	(390,333)	(111.6)
(Loss) income from continuing operations before provision for income taxes	(847,707)	(27.2)	128,007	3.2	(975,714)	> 200.0
Provision for income taxes	27,698	0.9	130,757	3.2	(103,059)	(78.8)
Loss from continuing operations	(875,405)	(28.1)	(2,750)	(0.1)	(872,655)	> 200.0
Income from discontinued operations, net of tax	36,681	1.2	114,408	2.8	(77,727)	(67.9)
Net (loss) income	(838,724)	(26.9)	111,658	2.8	(950,382)	> 200.0
Less: Net income attributable to non-controlling interests from continuing operations	63,926	2.1	126,144	3.1	(62,218)	(49.3)
Less: Net (loss) income attributable to non-controlling interests from discontinued operations	(4,760)	(0.2)	4,539	0.1	(9,299)	> 200.0
Net loss attributable to IGT PLC	(897,890)	(28.8)	(19,025)	(0.5)	(878,865)	> 200.0

Revenue

Total revenue for the year ended December 31, 2020 decreased $916.3 million, or 22.7%, to $3,115.5 million from $4,031.8 million for the prior corresponding period. Total service revenues were adversely affected by mobility and social distancing restrictions imposed by governmental authorities in an effort to mitigate the spread of COVID-19. Total product sale declines were primarily caused by COVID-19 budgetary constraints and social distancing restrictions. See “Segment Revenues and Key Performance Indicators” section below for further discussion related to the principal drivers of these changes.

Operating expenses

Cost of services

Cost of services for the year ended December 31, 2020 decreased $143.3 million, or 8.1%, to $1,633.9 million from $1,777.2 million for the prior corresponding period. This decrease is primarily attributable to a $109.5 million decrease within our Global Gaming segment primarily resulting from a $38.5 million decrease in licensing and royalty fees principally due to lower royalties on installed base and poker units due to inactive machines. Global Gaming expenses related to payroll, employee benefits and incentive compensation decreased $29.7 million due to temporary salary reductions, cancellation of the 2020 short-term incentive compensation program and employee furloughs. Cost of services for our Global Lottery segment decreased by $19.3 million primarily as a result of a $20.8 million decrease in marketing and advertising; a $19.8 million decrease in payroll, employee benefits and incentive compensation due to temporary salary reductions, cancellation of the 2020 short-term incentive compensation program, and employee furloughs; a $10.3 million decrease in communications, consumables, and travel; and a $7.1 million decrease in outside services, primarily consultants. These decreases were partially offset by a $55.6 million increase in point of sale (“POS”) and partner fees, primarily related to an increase in commercial service sales in Italy.

Cost of product sales

Cost of product sales for the year ended December 31, 2020 decreased $212.2 million, or 38.0%, to $345.8 million from $558.0 million for the prior corresponding period. This decrease is primarily attributable to a $200.2 million decrease within our Global Gaming segment primarily resulting from the $466.5 million decrease in product sales. Cost of product sales for our Global Lottery segment decreased $4.8 million primarily related to product mix. In addition, there was a $6.9 million decrease in Corporate and Other, principally associated with a decrease in amortization of acquired intangible assets.

Selling, general and administrative

Selling, general and administrative for the year ended December 31, 2020 decreased $142.7 million, or 16.8%, to $706.9 million from $849.6 million for the prior corresponding period. This decrease is primarily attributable to a $68.2 million decrease within our Global Gaming segment. This decrease was primarily due to a $59.7 million decrease in corporate allocations; a $28.3 million decrease in payroll, employee benefits, and incentive compensation principally due to temporary salary deductions, cancellation of the 2020 short-term incentive compensation program, and employee furloughs; a $12.5 million decrease in license and royalty fees; and an $8.6 million decrease in travel expenses. These decreases were partially offset by a $44.5 million increase in expected credit losses on long-term customer financing receivables resulting primarily from the impact of COVID-19 within Latin America and the Caribbean.

Selling, general and administrative expense for our Global Lottery segment decreased $42.6 million primarily as a result of a decrease of $19.1 million in non-deductible value-added tax (“VAT”) driven by lower spending and the implementation of the Italy VAT group from January 1, 2020, a $14.3 million decrease in payroll, employee benefits, and incentive compensation principally due to temporary salary deductions, cancellation of the 2020 short-term incentive compensation program, and employee furloughs; and an $8.8 million reduction in corporate allocations. These decreases within our Global Lottery segment were partially offset by an $8.6 million increase in other expenses primarily relating to legal settlements.

Selling, general and administrative expense for Corporate and Other decreased $31.9 million primarily as a result of a $52.1 million decrease in payroll, employee benefits, and incentive compensation principally due to temporary salary reductions, cancellation of the 2020 short-term incentive compensation program, and employee furloughs. Corporate and Other expenses also decreased related to an $18.6 million decrease in outside services, principally related to external consultants; a $10.6 million reduction in advertising; and a $6.0 million reduction in travel. These decreases were partially offset by a $55.8 million reduction of costs allocated to our business segments caused by an overall reduction of Corporate and Other costs.

Research and development

Research and development for the year ended December 31, 2020 decreased $75.3 million, or 28.3%, to $190.9 million from $266.2 million for the prior corresponding period. This decrease is primarily due to decreases of $46.3 million and $12.4 million in payroll, employee benefits, and incentive compensation in our Global Gaming and Global Lottery segments, respectively. These decreases were the result of temporary salary reductions, cancellation of the 2020 short-term incentive compensation program, employee furloughs, and COVID-19 related government subsidies. Additionally, there were decreases related to outside services primarily due to a reduction in consulting services provided to the Company for the Global Gaming and Global Lottery segments of $9.2 million and $10.4 million, respectively.

Restructuring

Restructuring for the year ended December 31, 2020 increased $20.2 million, or 81.2%, to $45.0 million from $24.9 million for the prior corresponding period. This increase was primarily due to management initiating restructuring plans in 2020 to achieve long-term structural cost savings by simplifying our organizational structure, optimizing our global supply chain, and consolidating our global technology organization.

Goodwill impairment

Goodwill impairment for the year ended December 31, 2020 was $296.0 million compared to $99.0 million for the prior corresponding period. During the first quarter of 2020, we determined there was an interim goodwill triggering event caused by the COVID-19 pandemic. Based principally on management's financial projections, which included the estimated impact of COVID-19, we recorded $193.0 million and $103.0 million non-cash impairment losses within the former International and North America Gaming and Interactive reporting units, respectively, to reduce the carrying amount of these reporting units to fair value. For the year ended December 31, 2019, we determined there was a goodwill impairment of $99.0 million within the former International reporting unit due to lower forecasted cash flows along with a higher weighted-average cost of capital.

Other operating expense (income), net

Other operating expense (income), net for the year ended December 31, 2020 increased $25.4 million, or 120.5%, to $4.3 million from $(21.1) million for the prior corresponding period. This increase was primarily the result of a non-recurring gain on the sale of assets to a distributor for $27.7 million in the prior year.

Interest expense, net

Interest expense, net for the year ended December 31, 2020 decreased $13.0 million, or 3.2%, to $397.9 million from $410.9 million for the prior corresponding period. This decrease was primarily due to lower LIBOR interest rates on floating rate debt and a decrease in Senior Secured Notes, principally due to the following 2020 refinancing activities: redemption, upon maturity, of the remaining €387.9 million 4.75% Senior Secured Notes due March 2020; partial redemption, in June 2020, of the $1.5 billion 6.25% Senior Secured Notes due February 2022; issuance, in June 2020, of the $750.0 million 5.25% Senior Secured Notes due June 2029; and redemption, upon maturity, of the remaining $27.3 million 5.50% Senior Secured Notes due June 2020.

Foreign exchange (loss) gain, net

Foreign exchange (loss) gain, net for the year ended December 31, 2020 was $(308.9) million, compared to foreign exchange gain, net of $39.9 million for the prior corresponding period. Foreign exchange (loss) gain, net is principally related to fluctuations in the euro to U.S. dollar exchange rate on euro-denominated debt.

Other (expense) income, net

Other (expense) income, net for the year ended December 31, 2020 changed $54.5 million, or > 200.0%, to a $33.4 million net expense position from a $21.1 million net income position for the prior corresponding period. In 2020, the Company incurred $28.3 million of expense related to the partial redemption of the 6.250% Senior Secured U.S. Dollar Notes due February 2022. In 2019, the Company recorded gains of $33.9 million on the sale of investments, primarily related to the May 2019 sale of its ownership interest in Yeonama Holdings Co. Limited for a $29.1 million pre-tax gain, partially offset by $9.6 million in expenses related to the redemption of senior secured notes.

Provision for income taxes

Provision for income taxes for the year ended December 31, 2020 decreased $103.1 million, or 78.8%, to $27.7 million from $130.8 million for the prior corresponding period. In 2020, the Company's effective tax rate was higher than the U.K. statutory rate of 19.0% primarily due to increases in valuation allowances on deferred tax assets, the impact of the international provisions of the Tax Act (BEAT and GILTI), foreign rate differences, and a goodwill impairment with no associated tax benefit. In 2019, the Company's effective tax rate was higher than the U.K. statutory rate of 19.0% primarily due to the impact of the international provisions of the Tax Act (BEAT and GILTI), foreign rate differences, and a goodwill impairment with no associated tax benefit.

Income from discontinued operations, net of tax

Income from discontinued operations, net of tax for the year ended December 31, 2020 decreased $77.7 million, or 67.9%, from $114.4 million for the prior corresponding period. Discontinued operations reflects the operating activities of our Italian B2C gaming machine, sports betting, and digital gaming businesses. The decline in income was primarily due to lower wagers caused by temporary casino and gaming hall closures required by the Italian government to mitigate the spread of COVID-19. Refer to "Notes to the Consolidated Financial Statements—3. Discontinued Operations and Assets Held for Sale" included in "Item 18. Financial Statements" for further information.

Segment Revenues and Key Performance Indicators

Global Lottery

	For the year ended December 31,		Change	
($ thousands)	**2020**	**2019**	**$**	**%**
Service revenue				
Operating and facilities management contracts	1,743,916	1,930,761	(186,845)	(9.7)
Systems, software, and other	298,736	252,200	46,536	18.5
	2,042,652	2,182,961	(140,309)	(6.4)
Product sales				
Lottery products	121,346	109,884	11,462	10.4
	121,346	109,884	11,462	10.4
Global Lottery segment revenue	2,163,998	2,292,845	(128,847)	(5.6)

	For the year ended December 31,	
(% on a constant-currency basis)	**2020**	**2019**
Global same-store sales growth (%)		
Instant ticket & draw games	1.6 %	4.1 %
Multi-jurisdiction jackpots	(17.0)%	(18.3)%
Total	0.1 %	1.7 %
North America & Rest of world same-store sales growth (%)		
Instant ticket & draw games	7.3 %	5.2 %
Multi-jurisdiction jackpots	(17.0)%	(18.3)%
Total	4.7 %	2.0 %
Italy same-store sales growth (%)		
Instant ticket & draw games	(16.1)%	0.8 %

Operating and facilities management contracts

Service revenue from Operating and facilities management contracts decreased $186.8 million, or 9.7%, from $1,930.8 million for the prior corresponding period. This decrease was primarily the result of lower same-store sales in Italy for draw-based and instant ticket games resulting from the impact of COVID-19 mobility restrictions, and lower incentives arising within our Lottery Management Agreements. These decreases were partially offset by increases in same-store sales primarily driven by customer demand in North America, and favorable foreign currency translation of $15.7 million.

Systems, software, and other

Service revenue from Systems, software, and other increased $46.5 million, or 18.5%, from $252.2 million for the prior corresponding period. This increase was primarily the result of a $52.0 million increase from our commercial service offering in Italy due to expanded offerings which more than offset the reduction of revenue caused by the sale of the Company's BillBird subsidiary in the fourth quarter of 2019.

Lottery products

Lottery products revenue increased $11.5 million, or 10.4% from $109.9 million for the prior corresponding period. This increase was primarily the result of an increase of $10.4 million in lottery terminal sales primarily related to a customer network refresh and an increase in lottery software sales of $11.3 million as a result of increased customer demand. These increases were partially offset by a decrease in other lottery sales of $11.2 million primarily due to lower sales of printed instant tickets.

Global Gaming

	For the year ended December 31,		Change	
($ thousands, except yields)	**2020**	**2019**	**$**	**%**
Service revenue				
Gaming terminal services	297,418	567,849	(270,431)	(47.6)
Systems, software, and other	299,488	350,058	(50,570)	(14.4)
	596,906	917,907	(321,001)	(35.0)
Product sales				
Gaming terminals	205,289	581,017	(375,728)	(64.7)
Gaming other	149,263	239,988	(90,725)	(37.8)
	354,552	821,005	(466,453)	(56.8)
Global Gaming segment revenue	951,458	1,738,912	(787,454)	(45.3)

	For the year ended December 31,		Change	
	2020	**2019**	**Units / $**	**%**
Installed base units				
Total installed base units	49,300	50,834	(1,534)	(3.0)
Total yields	$18.06	$31.45	$(13.39)	(42.6)
Global machine units sold				
Total machine units sold	14,662	42,076	(27,414)	(65.2)

Gaming terminal services

Service revenue from Gaming terminal services decreased $270.4 million, or 47.6%, to $297.4 million from $567.8 million for the prior corresponding period. This decrease was principally driven by social distancing measures implemented by government authorities to mitigate the spread of COVID-19. These measures resulted in the temporary closure of casinos and gaming halls and upon reopening, fewer active machines available for use by players driving lower wagers and yields.

System, software, and other

Service revenue from Systems, software, and other decreased $50.6 million, or 14.4%, to $299.5 million from $350.1 million for the prior corresponding period. The decline was primarily due to a $67.0 million decrease in software revenue primarily related to non-recurring multi-year poker site license contracts executed in the prior year, and lower recurring poker software license fees due to inactive machines resulting from COVID-19 social distancing requirements. Additionally, there was a $24.6 million decrease in system revenue primarily due to lower demand during the COVID-19 pandemic. These decreases were partially offset by an increase of $34.7 million in iGaming.

Gaming terminals
Product sales from Gaming terminals decreased $375.7 million, or 64.7%, to $205.3 million from $581.0 million for the prior corresponding period. This decrease was primarily associated with fewer machines sold during the year driven by lower demand due to customer capital constraints resulting from COVID-19.

Gaming other

Product sales from Gaming other decreased $90.7 million, or 37.8%, to $149.3 million from $240.0 million for the prior corresponding period primarily related to lower demand due to customer capital constraints resulting from COVID-19, and multi-year licenses of intellectual property.

Operating results by segment

	For the year ended December 31,		Change	
($ thousands)	**2020**	**2019**	**$**	**%**
Operating (loss) income				
Global Lottery	641,930	697,267	(55,337)	(7.9)
Global Gaming	(205,657)	179,548	(385,205)	> 200.0
Corporate and Other	(543,738)	(398,899)	(144,839)	(36.3)
	(107,465)	477,916	(585,381)	(122.5)
Operating margin - Global Lottery	29.7 %	30.4 %		
Operating margin - Global Gaming	(21.6)%	10.3 %		

Global Lottery segment

Segment operating margin decreased from 30.4% for the year ended December 31, 2019 to 29.7% for the year ended December 31, 2020, primarily due to a decrease in revenues of $128.8 million resulting from the global impacts of COVID-19. Despite a 5.6% decline in revenue, operating margins decreased by approximately 70 basis points due primarily to management’s cost saving initiatives developed in response to COVID-19, partially offsetting the decrease in revenue.

Global Gaming segment

Segment operating margin decreased from 10.3% for the year ended December 31, 2019 to (21.6)% for the year ended December 31, 2020, primarily due to a decrease in revenues of $787.5 million resulting from the global impacts of COVID-19, of which $466.5 million was related to product sales which were impacted at a greater rate than service revenue due to capital constraints within the market, thereby contributing a more significant negative impact to operating margin. The negative impacts on margin have been partially mitigated by management’s implementation of cost savings initiatives to decrease or eliminate fixed and discretionary costs amidst the global pandemic.

Comparison of the years ended December 31, 2019 and 2018

	For the year ended					
	December 31, 2019		December 31, 2018		Change	
($ thousands)	**$**	**% of Revenue**	**$**	**% of Revenue**	**$**	**%**
Service revenue by segment						
Global Lottery	2,182,961	54.1	2,234,801	56.1	(51,840)	(2.3)
Global Gaming	917,907	22.8	961,129	24.1	(43,222)	(4.5)
Total service revenue	3,100,868	76.9	3,195,930	80.3	(95,062)	(3.0)
Product sales by segment						
Global Lottery	109,884	2.7	126,889	3.2	(17,005)	(13.4)
Global Gaming	821,005	20.4	658,053	16.5	162,952	24.8
Total product sales	930,889	23.1	784,942	19.7	145,947	18.6
Total revenue	4,031,757	100.0	3,980,872	100.0	50,885	1.3
Operating expenses						
Cost of services	1,777,225	44.1	1,772,224	44.5	5,001	0.3
Cost of product sales	558,011	13.8	491,030	12.3	66,981	13.6
Selling, general and administrative	849,620	21.1	845,503	21.2	4,117	0.5
Research and development	266,241	6.6	263,279	6.6	2,962	1.1
Restructuring	24,855	0.6	14,781	0.4	10,074	68.2
Goodwill impairment	99,000	2.5	118,000	3.0	(19,000)	(16.1)
Other (income) expense, net	(21,111)	(0.5)	2,458	0.1	(23,569)	> 200.0
Total operating expenses	3,553,841	88.1	3,507,275	88.1	46,566	1.3
Operating income	477,916	11.9	473,597	11.9	4,319	0.9
Interest expense, net	(410,875)	(10.2)	(417,383)	(10.5)	6,508	1.6
Foreign exchange gain, net	39,874	1.0	129,086	3.2	(89,212)	(69.1)
Other income (expense), net	21,092	0.5	(51,432)	(1.3)	72,524	141.0
Total non-operating expenses	(349,909)	(8.7)	(339,729)	(8.5)	(10,180)	(3.0)
Income from continuing operations before provision for income taxes	128,007	3.2	133,868	3.4	(5,861)	(4.4)
Provision for income taxes	130,757	3.2	144,164	3.6	(13,407)	(9.3)
Loss from continuing operations	(2,750)	(0.1)	(10,296)	(0.3)	7,546	73.3
Income from discontinued operations, net of tax	114,408	2.8	124,943	3.1	(10,535)	(8.4)
Net income	111,658	2.8	114,647	2.9	(2,989)	(2.6)
Less: Net income attributable to non-controlling interests from continuing operations	126,144	3.1	108,758	2.7	17,386	16.0
Less: Redeemable non-controlling interests in income from continuing operations	—	—	20,326	0.5	(20,326)	(100.0)
Less: Net income attributable to non-controlling interests from discontinued operations	4,539	0.1	6,913	0.2	(2,374)	(34.3)
Net loss attributable to IGT PLC	(19,025)	(0.5)	(21,350)	(0.5)	2,325	10.9

Revenue

Total revenue for the year ended December 31, 2019 increased $50.9 million, or 1.3%, to $4,031.8 million from $3,980.9 million for the prior corresponding period. See “Segment Revenues and Key Performance Indicators” section below for the principal drivers of these changes.

Operating expenses

Cost of services

Cost of services for the year ended December 31, 2019 increased $5.0 million, or 0.3%, to $1,777.2 million from $1,772.2 million for the prior corresponding period. This increase was primarily related to an increase in depreciation and amortization of $17.1 million in our Global Gaming segment. Global Lottery remained relatively flat versus the prior year which was the result of an increase of $26.2 million in POS fees which were partially offset by deceases of $18.5 million in advertising and other outside services of $9.2 million. Additionally, Corporate and Other costs decreased by $11.6 million primarily related to a reduction in depreciation and amortization for fully depreciated developed technologies acquired in the 2015 acquisition of IGT.

Cost of product sales

Cost of product sales for the year ended December 31, 2019 increased $67.0 million, or 13.6%, to $558.0 million from $491.0 million for the prior corresponding period. This increase was primarily due to an increase of $54.8 million related to product sale mix and a $10.4 million increase related to inventory obsolescence costs within our Global Gaming segment. Global Lottery remained relatively flat versus the prior year despite a $17.0 million decrease in product sales due to change in mix.

Selling, general and administrative

Selling, general and administrative for the year ended December 31, 2019 increased $4.1 million, or 0.5%, to $849.6 million from $845.5 million for the prior corresponding period. This increase was primarily attributable to a $7.9 million increase in depreciation and amortization in our Global Lottery segment. Our Global Gaming segment had a decrease in bad debt expense of $17.0 million that was partially offset by a $15.5 million increase in litigation costs and a non-recurring benefit in 2018 of $7.5 million related to an earnout provision of an acquisition. Additionally, Corporate and Other costs associated with short-term incentive compensation decreased by $5.3 million.

Research and development

Research and development for the year ended December 31, 2019 increased $3.0 million, or 1.1%, to $266.2 million from $263.3 million for the prior corresponding period principally due to an $8.3 million increase in our Global Gaming segment partially offset by a $4.4 million decrease in our Global Lottery segment. The increase in Global Gaming was primarily related to a $14.5 million reduction in capitalized projects and resources dedicated to customer deliveries, partially offset by a $4.6 million decrease in employee compensation. The decrease in Global Lottery primarily related to a $13.8 million decrease in outside services and a $5.6 million decrease in employee compensation, partially offset by a $17.6 million reduction in capitalized projects and resources dedicated to customer deliveries.

Restructuring

Restructuring for the year ended December 31, 2019 increased $10.1 million, or 68.2%, to $24.9 million from $14.8 million for the prior corresponding period principally due to management expanding existing restructuring plans during the year ended December 31, 2019.

Goodwill impairment

Goodwill impairment for the year ended December 31, 2019 was $99.0 million compared to $118.0 million for the prior corresponding period. In 2019, the Company incurred a $99.0 million impairment loss in the former International segment due principally to lower forecasted cash flows along with a higher weighted-average cost of capital. In 2018, the Company incurred a $118.0 million impairment loss in the former International segment due to the results of 2018 being lower than forecasted along with a higher weighted-average cost of capital.

Other (income) expense, net

Other (income) expense, net for the year ended December 31, 2019 was $(21.1) million compared to $2.5 million for the prior corresponding period. In 2019, the Company entered into a long-term strategic agreement with a distributor in Oklahoma that included the sale of used, non-premium equipment in the Global Gaming segment, which resulted in a gain of $27.7 million for the year ended December 31, 2019.

Interest expense, net

Interest expense, net for the year ended December 31, 2019 decreased $6.5 million, or 1.6%, to $410.9 million from $417.4 million for the prior corresponding period primarily due to a $5.6 million decrease related to cross-currency swaps designated as net investment hedges, and a $4.5 million decrease in Senior Secured Notes and Term Loan Facilities, principally due to the following 2019 refinancing activities: the redemption of the €700 million 4.125% Senior Secured Euro Notes due February 2020 in June 2019; the June 2019 issuance of the €750 million 3.500% Senior Secured Euro Notes due June 2026; the September 2019 issuance of the €500 million 2.375% Senior Secured Euro Notes due April 2028; and the prepayment of the Term Loan Facility amortization payment due January 2020 in September 2019.

Foreign exchange gain, net

Foreign exchange gain, net for the year ended December 31, 2019 decreased $89.2 million, or 69.1%, to $39.9 million from $129.1 million for the prior corresponding period. Foreign exchange gains are principally related to fluctuations in the euro to U.S. dollar exchange rate on euro-denominated debt.

Other income (expense), net

Other income (expense), net for the year ended December 31, 2019 was $21.1 million, a favorable increase from $(51.4) million for the prior corresponding period primarily due to a $33.9 million gain on sale of investments during 2019 and a $43.0 million change in debt related transactions. The sale of investments principally related to the May 2019 sale of our ownership interest in Yeonama Holdings Co. Limited resulting in a pre-tax gain of $29.1 million. The 2019 debt related transactions resulted in an $11.9 million loss and the 2018 debt related transactions resulted in a $54.9 million loss.

Provision for income taxes

Provision for income taxes for the year ended December 31, 2019 decreased $13.4 million, or 9.3%, to $130.8 million from $144.2 million for the prior corresponding period. In 2019, the Company's effective tax rate was higher than the U.K. statutory rate of 19.0% primarily due to the impact of the international provisions of the Tax Act (BEAT and GILTI), foreign rate differences, and a goodwill impairment with no associated tax benefit. In 2018, the Company's effective tax rate was higher than the U.K. statutory rate of 19.0% primarily due to the impact of the international provisions of the Tax Act (BEAT and GILTI), a goodwill impairment with no associated tax benefit, foreign rate differences, increases in uncertain tax positions, and the settlement of an Italian tax audit.

Income from discontinued operations, net of tax

Income from discontinued operations, net of tax for the year ended December 31, 2019 decreased $10.5 million, or 8.4%, from $124.9 million for the prior corresponding period. Discontinued operations reflects the operating activities of our Italian B2C gaming machine, sports betting, and digital gaming businesses. Refer to “Notes to the Consolidated Financial Statements—3. Discontinued Operations and Assets Held for Sale” included in “Item 18. Financial Statements” for further information.

Segment Revenues and Key Performance Indicators

Global Lottery

($ thousands)	For the year ended December 31, 2019	2018	Change $	Change %
Service revenue				
Operating and facilities management contracts	1,930,761	2,007,261	(76,500)	(3.8)
Systems, software, and other	252,200	227,540	24,660	10.8
	2,182,961	2,234,801	(51,840)	(2.3)
Product sales				
Lottery products	109,884	126,889	(17,005)	(13.4)
	109,884	126,889	(17,005)	(13.4)
Global Lottery segment revenue	2,292,845	2,361,690	(68,845)	(2.9)

(% on a constant-currency basis)	For the year ended December 31, 2019	2018
Global same-store sales growth (%)		
Instant ticket & draw games	4.1 %	4.1 %
Multi-jurisdiction jackpots	(18.3)%	25.1 %
Total	1.7 %	6.1 %
North America & Rest of world same-store sales growth (%)		
Instant ticket & draw games	5.2 %	4.1 %
Multi-jurisdiction jackpots	(18.3)%	25.1 %
Total	2.0 %	6.7 %
Italy same-store sales growth (%)		
Instant ticket & draw games	0.8 %	4.1 %

Operating and facilities management contracts

Service revenues related to Operating and facilities management contracts decreased $76.5 million, or 3.8%, to $1,930.8 million from $2,007.3 million in the prior corresponding period which includes unfavorable foreign currency translations of $48.6 million. As reported, this decrease was primarily the result of a $45.5 million decrease related to the conclusion of the Illinois supply contract in the first quarter of 2019 and a $21.1 million decrease in Lottery Management Agreements, principally driven by lower multi-state jackpot activity resulting in a lower amount of expected incentives. These decreases were partially mitigated by an increase of 1.7% in same-store sales, on a constant-currency basis.

Systems, software, and other

Service revenue for Systems, software, and other increased $24.7 million, or 10.8%, to $252.2 million from $227.5 million for the prior corresponding period primarily due to a $22.2 million increase in commercial services due to new offerings primarily in Italy.

Lottery products

Lottery products sales decreased $17.0 million, or 13.4%, to $109.9 million from $126.9 million in the prior corresponding period. This decrease was primarily due to a decrease of $27.8 million related to a large multi-year software license in the third quarter of 2018 that did not recur in 2019, as well as a $19.6 million decrease attributable to lower product sales to Massachusetts. These decreases were partially offset by increases in the sales of systems and point-of-sale machines of $27.8 million to existing lottery customers and a $3.7 million increase to instant ticket printing sales to new and existing customers.

Global Gaming

($ thousands, except yields)	For the year ended December 31, 2019	2018	Change $	%
Service revenue				
Gaming terminal services	567,849	601,536	(33,687)	(5.6)
Systems, software, and other	350,058	359,593	(9,535)	(2.7)
	917,907	961,129	(43,222)	(4.5)
Product sales				
Gaming terminals	581,017	454,884	126,133	27.7
Gaming other	239,988	203,169	36,819	18.1
	821,005	658,053	162,952	24.8
Global Gaming segment revenue	1,738,912	1,619,182	119,730	7.4

	For the year ended December 31, 2019	2018	Change $	%
Installed base units				
Total installed base units	50,834	54,494	(3,660)	(6.7)
Total yields	$31.45	$31.07	$0.38	1.2
Global machine units sold				
Total machine units sold	42,076	32,557	9,519	29.2

Gaming terminal services

Service revenue from Gaming terminal services decreased $33.7 million, or 5.6% to $567.8 million from $601.5 million for the prior corresponding period. The decrease correlates with the 6.7% decrease in total installed base units which includes the year-over-year reduction in installed base units resulting from a strategic agreement with a distributor in Oklahoma. The decrease in installed base units was partially offset by higher yields.

Systems, software, and other

Service revenue from Systems, software, and other decreased by $9.5 million, or 2.7%, to $350.1 million from $359.6 million for the prior corresponding period. Revenue increased by $16.4 million principally due to the expansion of the U.S. Sports Betting market, partially offset by a $12.0 million decrease in iGaming and a $9.3 million decrease in software sales.

Gaming terminals

Product sales from Gaming terminals increased $126.1 million primarily due to a 9,519, or 29.2%, increase in machines sold. The increase in machines sold was primarily attributable to the sale of 4,800 VLTs, principally in Sweden, and the sale of approximately 4,700 commercial gaming terminals. The increase in units sold was partially offset by a decrease in the average selling price per unit attributable to a change in product mix.

Gaming other

Gaming other increased $36.8 million primarily due to an increase of $31.0 million in AWP kit sales to support customers in Italy.

Operating results by segment

($ thousands)	For the year ended December 31, 2019	2018	Change $	Change %
Operating income (loss)				
Global Lottery	697,267	763,799	(66,532)	(8.7)%
Global Gaming	179,548	143,340	36,208	25.3 %
Corporate and Other	(398,899)	(433,542)	34,643	8.0 %
	477,916	473,597	4,319	0.9 %
Operating margin - Global Lottery	30.4 %	32.3 %		
Operating margin - Global Gaming	10.3 %	8.9 %		

Global Lottery segment

Segment operating margin decreased from 32.3% for the year ended December 31, 2018 to 30.4% for the year ended December 31, 2019, principally due to a reduction in same-store sales for the North America and Rest of world multi-state jackpot games and lower expected incentives from lottery management agreements, partially offset by increased same-store sales in Italy.

Global Gaming segment

Segment operating margin increased from 8.9% for the year ended December 31, 2018 to 10.3% for the year ended December 31, 2019, principally due to product sales margin mix and the strategic Oklahoma distributor sale, partially offset by lower operating margins derived from service revenue attributed to a reduction in the installed base.

C. *Liquidity and Capital Resources*

Overview

The Company’s business is capital intensive and requires liquidity to meet its obligations and fund growth. Historically, the Company’s primary sources of liquidity have been cash flows from operations and, to a lesser extent, cash proceeds from financing activities, including amounts available under the Revolving Credit Facilities due July 2024. In addition to general working capital and operational needs, the Company’s liquidity requirements arise primarily from its need to meet debt service requirements and to fund capital expenditures and upfront license fee payments. The Company also requires liquidity to fund any acquisitions and associated costs. The Company’s cash flows generated from operating activities together with cash flows generated from financing activities have historically been sufficient to meet the Company's liquidity requirements; however, the Company implemented robust business continuity plans with cost reduction and capital spending avoidance initiatives in anticipation of the impact on liquidity arising from COVID-19.

The Company believes its ability to generate cash from operations to reinvest in its business, primarily due to the long-term nature of its contracts, is one of its fundamental financial strengths. Combined with funds currently available and committed borrowing capacity, the Company expects to have sufficient liquidity to meet its financial obligations and working capital requirements in the ordinary course of business for at least the next 12 months from the date of issuance of these consolidated financial statements.

The cash management, funding of operations, and investment of excess liquidity are centrally coordinated by a dedicated treasury team with the objective of ensuring effective and efficient management of funds.

At December 31, 2020 and 2019, Company’s total available liquidity was as follows:

($ thousands)	December 31, 2020	2019
Revolving Credit Facilities due July 2024	1,816,938	1,752,125
Cash and cash equivalents	907,015	654,628
Total Liquidity	2,723,953	2,406,753

The Revolving Credit Facilities due July 2024 are subject to customary covenants (including maintaining a minimum ratio of EBITDA to net interest costs and a maximum ratio of total net debt to EBITDA) and events of default, none of which are expected to impact the Company's liquidity or capital resources. As previously discussed in Item 3.D. Risk Factors, during the COVID-19 pandemic, most casinos and gaming halls throughout the globe closed in the first half of 2020, and some casinos and gaming halls have yet to reopen. The closure of casinos and gaming halls has significantly disrupted the Company's ability to generate revenues. In order to remain in compliance with the Company's debt covenants and meet its payment obligations, the Company entered into amendments to the Revolving Credit Facilities due July 2024 (the "Amendments) to provide temporary relief from its financial covenants. The Amendments, among other things, provide a waiver for the Company's obligation to maintain a minimum ratio of EBITDA to net interest costs and a maximum ratio of total net debt to EBITDA from the fiscal quarter ending June 30, 2020 through the fiscal quarter ending June 30, 2021. During the period beginning on the date of the Amendments and ending on August 31, 2021, the Company will be subject to a minimum liquidity covenant that requires the Company to maintain liquidity of at least $500 million.

The Company completed multiple debt transactions in 2020 and 2019. Refer to the "Notes to the Consolidated Financial Statements—16. Debt" included in "Item 18. Financial Statements" for further discussion of these transactions as well as information regarding the Company's other debt obligations, including the maturity profile of borrowings and committed borrowing facilities, and further details regarding the Amendments.

At December 31, 2020 and 2019, approximately 23% and 24% of the Company's net debt portfolio was exposed to interest rate fluctuations, respectively. The Company's exposure to floating rates of interest primarily relates to the Euro Term Loan Facility due January 2023 and Revolving Credit Facilities due July 2024. At December 31, 2020, the Company held $425.0 million (notional amount) in interest rate swaps that were no longer designated as hedging relationships and the fair value of the swaps is recognized in interest expense with no corresponding offset to debt. At December 31, 2019, the Company held $625.0 million (notional amount) in interest rate swaps that effectively convert $625.0 million of the 6.25% Notes from fixed interest rate debt to variable rate debt.

The following table summarizes the Company's cash balances by currency:

	December 31, 2020		December 31, 2019	
($ thousands)	**$**	**%**	**$**	**%**
Euros	659,509	72.7	390,888	59.7
U.S. dollars	134,876	14.9	179,608	27.4
Other currencies	112,630	12.4	84,132	12.9
Total Cash	907,015	100.0	654,628	100.0

The Company holds insignificant amounts of cash in countries where there may be restrictions on transfer due to regulatory or governmental bodies. Based on the Company's review of such transfer restrictions and the cash balances held in such countries, it does not believe such transfer restrictions have an adverse impact on its ability to meet liquidity requirements at years ended December 31, 2020 and 2019.

Cash Flow Summary

The following table summarizes the statements of cash flows from continuing operations. A complete statement of cash flows is provided in the Consolidated Financial Statements included herein.

	For the year ended December 31,		Change	
($ thousands)	**2020**	**2019**	**$**	**%**
Net cash provided by operating activities from continuing operations	594,802	907,340	(312,538)	(34.4)
Net cash used in investing activities from continuing operations	(233,287)	(247,542)	14,255	5.8
Net cash used in financing activities	(437,859)	(376,274)	(61,585)	(16.4)
Net cash flows of continuing operations	(76,344)	283,524		

Analysis of Cash Flows

Net Cash Provided by Operating Activities from Continuing Operations

During the year ended December 31, 2020, the Company generated $594.8 million of net cash provided by operating activities of continuing operations, a decrease of $312.5 million compared to the year ended December 31, 2019. The decrease was principally attributed to a decline in operating income of $585.4 million.

Non-cash adjustments to net loss for the year ended December 31, 2020 were $1.3 billion, compared to $825.7 million for the prior corresponding period. The principal drivers of the increase in non-cash adjustments were a $348.8 million increase in unfavorable foreign exchange losses, and a $296.0 million goodwill impairment charge incurred during the year, compared to a $99.0 million goodwill impairment charge incurred in the prior corresponding period.

Changes in operating assets and liabilities for the year ended December 31, 2020 increased to $125.9 million, from $84.4 million in the prior corresponding period.

Net Cash Used in Investing Activities from Continuing Operations

During the year ended December 31, 2020, the Company used $233.3 million of net cash for investing activities, a decrease of $14.3 million compared to the year ended December 31, 2019. The decrease in net cash used in investing activities was principally attributed to a reduction of capital expenditures of $122.6 million, primarily attributable to overall economic slowdown from COVID-19.

Proceeds from the sale of assets for the year ended December 31, 2020 were $9.3 million, compared to $123.9 million from the prior corresponding period. During the prior year, the Company sold its investment in Yeonama, had sales of used, non-premium equipment, which were previously included within Systems & Equipment as part of a strategic agreement with a distributor in Oklahoma, and sold its Billbird subsidiary.

Net Cash Used in Financing Activities

During the year ended December 31, 2020, the Company used $437.9 million of net cash for financing activities, an increase of $61.6 million compared to the year ended December 31, 2019.

During 2020, cash flows used in financing activities primarily included proceeds from long-term debt of $750.0 million, principal payments on long-term debt of $988.4 million, dividends paid to shareholders of $40.9 million, dividends paid to non-controlling interests of $136.4 million, and returned $32.3 million of capital to non-controlling shareholders.

During 2019, cash flows used in financing activities primarily included proceeds from long-term debt of $1,397.0 million, principal payments on long-term debt of $1,264.6 million, dividends paid to shareholders of $163.5 million, dividends paid to non-controlling interests of $136.7 million, and returned $98.8 million of capital to non-controlling shareholders.

Capital Expenditures

Capital expenditures are principally composed of:

- Systems, equipment and other assets related to contracts;
- Intangible assets; and
- Property, plant and equipment.

The table below details total capital expenditures from continuing operations by business segment:

	For the year ended December 31,		
($ thousands)	**2020**	**2019**	**2018**
Global Lottery	(176,111)	(198,588)	(234,585)
Global Gaming	(75,578)	(169,233)	(226,717)
Business Segment Total	(251,689)	(367,821)	(461,302)
Corporate and Other	(3,000)	(9,427)	(10,976)
	(254,689)	(377,248)	(472,278)

Global Lottery

Capital expenditures for 2020, of $176.1 million, principally consist of $136.9 million for investments in systems, equipment and other assets related to contracts, including systems and equipment deployed in New Jersey, California, Michigan, Mississippi, and Kentucky; investments in intangible assets of $24.4 million; and investments in property, plant and equipment of $11.8 million.

Capital expenditures for 2019, of $198.6 million, principally consist of $160.7 million for investments in systems, equipment and other assets related to contracts, including systems and equipment deployed in New Jersey, California, Florida, Michigan, Texas, and South Dakota; investments in intangible assets of $31.2 million; and investments in property, plant and equipment of $6.6 million.

Capital expenditures for 2018, of $234.6 million, principally consist of $192.4 million for investments in systems, equipment and other assets related to contracts, including systems and equipment deployed in California, South Carolina, West Virginia, Florida, and New York; investments in intangible assets of $32.2 million; and investments in property, plant and equipment of $10.0 million.

Global Gaming

Capital expenditures for 2020, of $75.6 million, principally consist of investments in systems, equipment and other assets related to contracts with customers in North America of $47.4 million and Digital and Betting customers of $20.0 million.

Capital expenditures for 2019, of $169.2 million, principally consist of investments in systems, equipment and other assets related to contracts with customers in North America of $134.8 million, and other customers, principally in Europe, Africa, and Mexico of $18.6 million, and Digital and Betting customers of $11.1 million.

Capital expenditures for 2018, of $226.7 million, principally consist of investments in systems, equipment and other assets related to contracts with customers in North America of $148.1 million, and other customers, principally in Greece, Africa, and Mexico of $42.5 million, and Digital and Betting customers of $21.8 million; and investments in property, plant and equipment of $11.9 million.

Tabular Disclosure of Cash Requirements

At December 31, 2020, the Company's material cash requirements are as follows:

	Payments due by period				
($ thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**more than 5 years**
Long-term debt [1]	8,299,006	392,672	3,158,909	1,713,550	3,033,875
Jackpot liabilities [2]	251,695	71,143	52,046	34,193	94,313
Operating leases [3]	422,817	63,964	104,473	83,212	171,168
Finance leases [4]	47,834	12,729	16,661	10,294	8,150
Total	9,021,352	540,508	3,332,089	1,841,249	3,307,506

[1] Long-term debt consists of the principal amount of long-term debt, including current portion, as included in "Notes to the Consolidated Financial Statements—16. Debt" included in "Item 18. Financial Statements." Certain of the Company's long-term debt is denominated in euros.

[2] Jackpot liabilities are composed of payments due to previous winners and future winners.
[3] Operating leases principally relate to leases for facilities and equipment used in the Company's business. The amounts presented include the imputed interest to the counterparties.
[4] Finance leases principally consist of the Company's facility in Providence, Rhode Island and communications equipment used in its business. The amounts presented include the imputed interest to the counterparties.

Off-Balance Sheet Arrangements

The Company has the following off-balance sheet arrangements:

Performance and other bonds

Certain contracts require us to provide a surety bond as a guarantee of performance for the benefit of customers; bid and litigation bonds for the benefit of potential customers; and WAP bonds that are used to secure our financial liability when a player elects to have their WAP jackpot winnings paid over an extended period of time.

These bonds give beneficiaries the right to obtain payment and/or performance from the issuer of the bond if certain specified events occur. In the case of performance bonds, which generally have a term of one year, such events include our failure to perform our obligations under the applicable contract(s). In general, we would only be liable for these guarantees in the event of default in our performance of our obligations under each contract, the probability of which we believe is remote.

Letters of Credit

The Parent and certain of its subsidiaries may obtain letters of credit under the Revolving Credit Facilities due July 2024 and under senior unsecured uncommitted demand credit facilities. The letters of credit secure various obligations, including obligations arising under customer contracts and real estate leases. The following table summarizes the letters of credit outstanding at December 31, 2020 and 2019 and the weighted-average annual cost of such letters of credit:

	Letters of Credit Outstanding			
($ thousands)	**Not under the Revolving Credit Facilities**	**Under the Revolving Credit Facilities**	**Total**	**Weighted-Average Annual Cost**
December 31, 2020	426,740	—	426,740	1.06 %
December 31, 2019	402,300	—	402,300	1.02 %

D. *Research and Development, Patents, and Licenses, etc.*

To remain competitive, the Company invests resources toward its R&D efforts to introduce new and innovative games with dynamic features to attract new customers and retain existing customers. The Company's R&D efforts cover multiple creative and engineering disciplines, including creative game content, hardware, electrical, systems, and software for lottery, land-based, online social, and digital real-money applications.

R&D costs include salaries and benefits, stock-based compensation, consultants' fees, facilities-related costs, material costs, depreciation, and travel, and are expensed as incurred.

The Company devotes substantial resources to R&D and incurred $190.9 million, $266.2 million, and $263.3 million of related expenses in 2020, 2019, and 2018, respectively.

E. ***Trend Information***

See "Item 5. Operating and Financial Review and Prospects — B. Operating Results" and "Item 5. Operating and Financial Review and Prospects — C. Liquidity and Capital Resources."

F. ***Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995***

This annual report on Form 20-F includes forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning 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 possibility that the Parent will be unable to pay dividends to shareholders or that the amount of such dividends may be less than anticipated;
- the length, duration and severity of the COVID-19 pandemic, including any resurgence of the pandemic, and the response of governments, including government-mandated property closures and travel restrictions;
- the effect of the COVID-19 pandemic on our operations or the operations of our customers and suppliers;
- the possibility that the Company may not achieve its anticipated financial results in one or more future periods;
- reductions in customer spending;
- a slowdown in customer payments and changes in customer demand for products and services as a result of changing economic conditions or otherwise;
- unanticipated changes relating to competitive factors in the industries in which the Company operates;
- the Company's ability to hire and retain key personnel;
- the Company's ability to attract new customers and retain existing customers in the manner anticipated;
- reliance on and integration of information technology systems;
- changes in legislation, governmental regulations, or the enforcement thereof that could affect the Company;
- enforcement of an interpretation of the Wire Act in such a manner as to prohibit or limit activities in which the Company and its customers are engaged;
- the uncertainty of impacts from Brexit, including legal, regulatory and trade implications;
- the expected financial impact and timing of the divestiture of the Company's Italian B2C gaming machine, sports betting, and digital gaming businesses, whether and when the required regulatory approvals for the divestiture will be obtained, the possibility that closing conditions for the divestiture may not be satisfied or waived, and whether the strategic benefits of the divestiture can be achieved;
- international, national, or local economic, social, or political conditions that could adversely affect the Company or its customers;
- conditions in the credit markets; risks associated with assumptions the Company makes in connection with its critical accounting estimates;
- the resolution of pending and potential future legal, regulatory, or tax proceedings and investigations; and
- the Company's international operations, which are subject to the risks of currency fluctuations and foreign exchange controls.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the Company's business, including those described in "Item 3. Key Information—D. Risk Factors" and other documents filed by the Parent from time to time with the SEC. Except as required under applicable law, the Company does not assume any obligation to update these forward-looking statements. Nothing in this annual report is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per share of the Parent for the current or any future

financial years will necessarily match or exceed the historical published earnings per share of the Parent, as applicable. All forward-looking statements contained in this annual report on Form 20-F are qualified in their entirety by this cautionary statement.

Item 6. Directors, Senior Management, and Employees

A. *Directors and Senior Management*

As of February 24, 2021, the Parent's board of directors (the "Board") consists of 11 directors. Seven of the current directors were determined by the Board to be independent under the listing standards and rules of the NYSE, as required by the Articles of Association of the Parent (the "Articles"). For a director to be independent under the listing standards of the NYSE, the Board must affirmatively determine that the director has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). The Board has made an affirmative determination that the members of the Board so designated in the table below meet the standards for "independence" set forth in the Parent's Corporate Governance Guidelines and applicable NYSE rules. The Articles require that for as long as the Parent's ordinary shares are listed on the NYSE, the Parent will comply with all NYSE corporate governance standards set forth in Section 3 of the NYSE Listed Company Manual applicable to non-controlled domestic U.S. issuers, regardless of whether the Parent is a foreign private issuer.

At February 24, 2021, the directors, certain senior managers, and the senior consultant are as set forth below:

Name	Position
Lorenzo Pellicioli[(1)]	Chairperson of the Board; Non-executive Director
James F. McCann	Vice-Chairperson of the Board; Lead Independent Director; Non-executive Director
Beatrice H. Bassey	Independent Non-executive Director
Massimiliano Chiara	Director, Executive Vice President and Chief Financial Officer
Alberto Dessy	Independent Non-executive Director
Marco Drago[(1)]	Non-executive Director
Heather J. McGregor	Independent Non-executive Director
Samantha F. Ravich	Independent Non-executive Director
Vincent L. Sadusky	Independent Non-executive Director
Marco Sala[(1)]	Director and Chief Executive Officer
Gianmario Tondato da Ruos	Independent Non-executive Director
Renato Ascoli	Chief Executive Officer, Global Gaming
Fabio Cairoli	Chief Executive Officer, Global Lottery
Walter Bugno	Executive Vice President, New Business and Strategic Initiatives
Fabio Celadon	Executive Vice President, Strategy and Corporate Development
Dorothy Costa	Senior Vice President, People & Transformation
Scott Gunn	Senior Vice President, Corporate Public Affairs
Wendy Montgomery	Senior Vice President, Global Brand, Marketing and Communications
Timothy M. Rishton[(2)]	Senior Vice President, Chief Accounting Officer
Christopher Spears	Senior Vice President, General Counsel
Robert Vincent[(3)]	Chairperson of IGT Global Solutions Corporation

[(1)] Messrs. Pellicioli and Drago are the chief executive officer and chairperson of the board, respectively, of De Agostini. Mr. Sala was appointed to the board of De Agostini on June 27, 2020.
[(2)] Timothy M. Rishton was previously Interim Chief Financial Officer until Massimiliano Chiara's appointment as Executive Vice President and Chief Financial Officer on April 6, 2020.
[(3)] IGT Global Solutions Corporation is the primary operating subsidiary for the Company's U.S. lottery business. Mr. Vincent's title is honorary and he serves as a senior consultant to Mr. Sala and the rest of the Company's senior leadership team.

On May 16, 2018, the Board approved the observer agreement (the "Observer Agreement") between De Agostini and the Company permitting De Agostini to appoint an observer to attend meetings of the Parent's directors. Effective November 12, 2019, the Observer Agreement was renewed for a two-year term and Paolo Ceretti, a former director of the Parent, acknowledged and agreed to his renewed appointment by De Agostini as an observer pursuant to the terms of the Observer Agreement. The Observer Agreement expires following the meeting of the Parent's directors at which the financial results for the third quarter of 2021 are reviewed.

Directors

Lorenzo Pellicioli, 69, has served as Chairperson of the Board since November 2018, before which he served as Vice-Chairperson of the Board since the formation of the Company in April 2015. From August 2006 to the formation of the Company, Mr. Pellicioli served on the GTECH S.p.A. (formerly Lottomatica Group) board of directors as Chairman from August 2006 to April 2015. Mr. Pellicioli has served as Chief Executive Officer of De Agostini since November 2005.

Mr. Pellicioli started his career as a journalist for the newspaper Giornale Di Bergamo and afterwards he became Bergamo TV Programmes Vice President. From 1978 to 1984, he held different posts in the sector of the Italian private television for Manzoni Pubblicità, Publikompass up to his nomination as Rete4 General Manager. In 1984, he joined the Gruppo Mondadori Espresso, the first Italian publishing group. He was initially appointed General Manager for Advertising Sales and Mondadori Periodici (magazines) Vice General Manager and afterwards President and CEO of Manzoni & C. S.p.A, advertising rep of the Group.

From 1990 to 1997, he was appointed first President and CEO of Costa Cruise Lines in Miami, being part of Costa Crociere Group operating in the North American market (USA, Canada and Mexico) and then became Worldwide General Manager of Costa Crociere S.p.A., based in Genoa. From 1995 to 1997 he was also appointed President and CEO of the Compagnie Francaise de Croisières (Costa-Paquet), the Paris-based subsidiary of Costa Crociere.

In 1997, he took part to the privatization of SEAT Pagine Gialle purchased by a group of financial investors. After the acquisition he was appointed CEO of SEAT. In February 2000, he also managed the "Internet Business Unit" of the Telecom Italia Group following the sale of SEAT. In September 2001, following the acquisition of Telecom Italia by the Pirelli Group, he resigned. Since November 2005 he has been CEO of the De Agostini Group, an Italian financial group with ownership in the publishing sector (De Agostini Editore), games and lotteries (IGT PLC), media and communications (Atresmedia - Spanish television leader, Banijay Group - a leading company in the production and distribution of television and media content) and financial investments (DeA Capital).

He is also Chairman of the Board of Directors of DeA Capital, a member of the Board of Directors of Assicurazioni Generali S.p.A., and a member of the Advisory Board of Palamon Capital Partners. He was formerly also a member of the Boards of Directors of Enel, INA-Assitalia, and Toro Assicurazioni and of the Advisory Board of Lehman Brothers Merchant Banking.

On April 3, 2017 he was honored with the title of *Chevalier dans l'ordre de la Légion d'Honneur.*

James F. McCann, 69, has served on the Board since the formation of the Company and is currently the Vice Chairperson, Lead Independent Director and is Chair of the Nominating and Corporate Governance Committee. He is the Chairman of 1-800-Flowers.com, Inc., and previously served as Chief Executive Officer, a position he held since 1976. He is also Chairman and CEO of Clarim Acquisition, a blank check company targeting consumer-facing e-commerce which was founded in 2020. Mr. McCann previously served as director and Chair of the Nominating and Governance Committee of Willis Towers Watson until his retirement in May 2019. He previously served as the Chairman of the Board of Directors of Willis Towers Watson from January 4, 2016 to January 1, 2019. Previously he served as Director (2004-2015) and non-executive Chairman (2013-2015) of Willis Group Holdings PLC ("Willis Group"). Prior to serving as the non-executive Chairman of the board of Willis Group, he served as the company's presiding independent director. Mr. McCann has served on the board of Amyris, Inc. since 2019, including as a member of the Audit Committee and the Operations and Finance Committee.

He previously served as a director and compensation committee member of Lottomatica S.p.A. (from August 2006 to April 2011), and as a director of Gateway, Inc., The Boyds Collection, Ltd and Scott's Miracle-Gro.

Beatrice H. Bassey, 49, has served on the Board since March 2020 and is a member of the Nominating and Corporate Governance Committee. She is the General Counsel, Chief Compliance Officer and Corporate Secretary at Atlas Mara Limited, a publicly listed financial services company that operates banks in various parts of Africa, responsible in overseeing compliance, corporate governance and legal affairs across all its subsidiaries as well as leading on Atlas Mara's acquisition and integration activities. In addition, she serves as Chair of the Board of Union Bank of Nigeria plc, a publicly listed bank regulated by the Nigerian Central Bank and the U.K. Prudential Regulatory Authority. She is a member of the board of African Banking Corporation of Botswana Limited, a publicly listed bank, where she also sits on the remuneration, risk & compliance and audit committees. She also serves as a member of the board of Banque Populaire du Rwanda, where she chairs the credit committee, and also sits on the remuneration and risk and compliance committees. Prior to her joining Atlas Mara, Mrs. Bassey was a Senior Partner in the New York offices of Hughes Hubbard & Reed LLP, where she was a member of the Executive Committee.

Mrs. Bassey holds an LL.B in Law from University of Maiduguri, Nigeria, a BL in Law from the Nigerian Law School and an LL.M from Harvard Law School. She was called to the Nigerian Bar in 1995 and the New York Bar in 1999. She is a member of the London Court of International Arbitration, and also a Fellow of the David Rockefeller Fellows Program of the Partnership for New York City.

Massimiliano Chiara, 52, has served on the Board of Directors since May 2020, and as Chief Financial Officer of the Company since April 2020. Before joining the Company, Mr. Chiara served as Chief Financial Officer of CNH Industrial since September 2013. Max was also named the Chief Sustainability Officer at CNH Industrial in 2016, and he also served since 2017 as head of Mergers & Acquisitions for CNH Industrial. Between 2009 and 2013, Mr. Chiara served in various positions with Fiat Chrysler Automobiles (and its predecessors) as Chief Financial Officer and Head of Business Development in Latin America, Vice President of Financial Planning and Analysis and Business Development Finance, VP Finance Brands and Marketing Controller, and served as Director of Business Development Finance for its engine business unit Fiat Powertrain between 2007 and 2009. Earlier in his career, Mr. Chiara held various managerial roles at Teksid Aluminum, PricewaterhouseCoopers, Robert Bosch, the Wuerth Group, and was a M&A financial analyst with Dresdner Kleinwort Benson.

Mr. Chiara graduated from the Luigi Bocconi University in Milan (Italy), with a degree in Business Administration Cum Laude, and has a CEMS Master's degree in International Management from the Bocconi University and the University of Cologne (Germany). Mr. Chiara also held the position of Chairman of the Italian Association of Corporate Treasurers (AITI) for the years 2004-2007.

Alberto Dessy, 68, has served on the Board since the formation of the Company in April 2015 and is a member of the Audit Committee and the Compensation Committee. He is currently a Professor at Bocconi University. Mr. Dessy is a Chartered Accountant who specializes in corporate finance, particularly the evaluation of companies, trademarks, equity and investments, financial structure, channels and loan instruments, funding for development and in acquisitions and disposals of companies. He has been an expert witness for parties to lawsuits and as an independent expert appointed by the court in various legal disputes.

He has previously served on the boards of many companies, both listed and unlisted, including Chiorino S.p.A., Redaelli Tecna S.p.A., Laika Caravans S.p.A., Premuda S.p.A., I.M.A. S.p.A., Milano Centro S.p.A., and DeA Capital S.p.A. Mr. Dessy graduated from Bocconi University and is a member of the distinguished faculty in corporate finance at the SDA Bocconi School of Management.

Marco Drago, 75, has served on the Board since the formation of the Company in April 2015. From 2002 to the formation of the Company, Mr. Drago served on the board of directors of GTECH S.p.A. (formerly Lottomatica Group). Since 1997, Mr. Drago has been the Chairman of De Agostini, one of Italy's largest family-run groups. Since July 2018 he has been the President of The Board of Directors of B&D Holding S.p.A. (formerly B&D Holding di Marco Drago e C.S.a.p.A., of which he had been President of the Board of Partners since 2006). He is also Vice Chairman of Planeta De Agostini Group, Director of Atresmedia, DeA Capital S.p.A., Honorary Chairman of De Agostini Editore S.p.A. and member of the S. Faustin (Techint Group) board.

Mr. Drago graduated in Economics and Business at Università Bocconi in Milan in 1969. He started his career that same year in the family company joining Istituto Geografico De Agostini. In 1997 he replaced Achille Boroli as Chairman of De Agostini Holding S.p.A., having previously served as Executive Officer and Managing Director. He has received important awards such as *"Bocconiano dell'anno"* in 2001, and was made *"Cavaliere del Lavoro"* in 2003.

Prof. Heather J. McGregor, 58, was appointed to the Board in March of 2017 and is a member of the Audit Committee. She is the Executive Dean of the Edinburgh Business School, the business school of Heriot Watt University in the U.K. In addition, Professor McGregor is a director of Non-Standard Finance PLC, a company specializing in offering consumer loans in the U.K. Professor McGregor has a Ph.D. from the University of Hong Kong in Structured Finance and is an experienced writer and broadcaster, including writing for the Financial Times for 17 years, and is currently a weekly columnist in the Sunday Times. Professor McGregor is also the founder of the Taylor Bennett Foundation, which works to promote diversity in the communications industry, and a founding member of the steering committee of the 30% Club, which is working to raise the representation of women at senior levels within the U.K.'s publicly listed companies.

In June 2015, Professor McGregor was made a Commander of the British Empire for her services to diversity and employment. In February 2017, she was appointed by the U.K. Government to be a member of the Honours Committee for the Economy.

Dr. Samantha F. Ravich, 54, was appointed to the Board in July of 2019 and is a member of the Compensation Committee and the Nominating and Corporate Governance Committee. She is a defense and intelligence policy and tech entrepreneur and the Chair of the Center on Cyber and Technology Innovation at the Foundation for Defense of Democracies and its Transformative Cyber Innovation Lab; the Vice Chair of the President's Intelligence Advisory Board; a Commissioner on the Congressionally-mandated Cyberspace Solarium Commission; and a member of the Secretary of Energy's Advisory Board. Dr. Ravich is also a managing partner at A2P, LLC, a technology company that focuses on advanced advertising techniques, and a Board Governor at the Gemological Institute of America. Previously, she was the Republican Co-Chair of the Congressionally-mandated National Commission for Review of Research and Development Programs in the United States Intelligence Community and served as Deputy National Security Advisor for Vice President Cheney.

Dr. Ravich received her Ph.D. in Policy Analysis from the RAND Graduate School and her MCP/BSE from the University of Pennsylvania/Wharton School and is a member of the Council on Foreign Relations and the National Association of Corporate Directors.

Vincent L. Sadusky, 55, has served on the Board since the formation of the Company and is Chair of the Audit Committee. Prior to the formation of the Company, Mr. Sadusky served on the International Game Technology board of directors from July 2010 to April 2015. He formerly served as Chief Executive Officer and a member of the board of directors of Univision Communications Inc., the largest Hispanic media company in the U.S. He served as President and Chief Executive Officer of Media General, Inc., one of the U.S.'s largest owners of television stations, from December 2014 until January 2017, following the company's merger with LIN Media LLC. Mr. Sadusky served as President and Chief Executive Officer of LIN Media LLC from 2006 to 2014 and was Chief Financial Officer from 2004 to 2006. Prior to joining LIN Media LLC, he held several management positions, including Chief Financial Officer and Treasurer, at Telemundo Communications, Inc. from 1994 to 2004, and from 1987 to 1994, he performed attestation and consulting services with Ernst & Young, LLP. Mr. Sadusky formerly served on the board of directors of Hemisphere Media Group, Inc. Previously, he served on the Open Mobile Video Coalition, to which he served as President from 2011 until its integration into the National Association of Broadcasters in January 2013. He formerly served on the boards of directors of JVB Financial Group, LLC, Maximum Service Television, Inc., Media General, Inc., LIN Media LLC and NBC Affiliates.

Mr. Sadusky earned a Bachelor of Science degree in Accounting from Pennsylvania State University where he was a University Scholar. He earned a Master of Business Administration degree from the New York Institute of Technology.

Marco Sala, 61, has served as a member of the Board of Directors and Chief Executive Officer of the Company since its admission to the listing on the NYSE in 2015. Before then and since 2009, Mr. Sala served as Chief Executive Officer and a member of the Board of Directors of predecessor GTECH S.p.A. (formerly Lottomatica Group). Prior to the Company's admission to the listing on the NYSE in 2015, Mr. Sala served on the Board of Directors of Lottomatica since 2003, when he joined as Co-General Manager, before being appointed Managing Director with responsibility for the Italian Operations and other European activities since 2006.

In June 2020, Mr. Sala was appointed to the Board of Directors of De Agostini. He is also a member of the Board of Directors of Save the Children Italia, the Italian extension of the worldwide non-profit organization, and a member of the Board of Directors of the Rome Biomedical Campus University Foundation, a non-profit organization in charge of promoting scientific research and of supporting the Biomedical Campus University of Rome. Until June 2019, Mr. Sala served as a member of the Board of Directors of OPAP S.A., a Greek gaming and sports betting operator.

Before joining the Company, he served as Chief Executive Officer of Buffetti, Italy's leading office equipment and supply retail chain. Prior to Buffetti, Mr. Sala served as Head of the Italian Business Directories Division for SEAT Pagine Gialle. He was later promoted to Head of Business Directories with responsibility for a number of international companies, such as Thomson (Great Britain), Euredit (France), and Kompass (Italy). Earlier in his career, he worked as Head of the Spare Parts Divisions at Magneti Marelli (a Fiat Group company) and soon after he became Head of the Lubricants Divisions. Additionally, he held various marketing positions at Kraft Foods. Mr. Sala graduated from Bocconi University in Milan, majoring in Business and Economics.

Gianmario Tondato da Ruos, 61, has served on the Board since the formation of the Company and is Chair of the Compensation Committee. From 2006 to the formation of the Company, Mr. Tondato da Ruos served as a Lead Independent Director of GTECH S.p.A. (formerly Lottomatica Group). Mr. Tondato da Ruos has served as the Chief Executive Officer of Autogrill S.p.A. since April 2003. He joined Autogrill Group in 2000, and moved to the United States to manage the integration of the North American subsidiary HMSHost and successfully implemented a strategic refocusing on concessions and diversification into new business sectors, distribution channels, and geographies.

Mr. Tondato da Ruos is Chairman of HMSHost Corporation, of Autogrill Italia S.p.A. and of Autogrill Europe S.p.A. He has been a director of Autogrill since March 2003, and sits on the advisory board of Rabobank (Hollande). He was formerly Chairman of World Duty Free S.p.A. and a director of World Duty Free Group S.A.U. Mr. Tondato da Ruos graduated with a degree in economics from Ca'Foscari University of Venice.

Senior Management

Renato Ascoli, 59, is Chief Executive Officer, Global Gaming, and is responsible for the IGT Gaming business. This includes PlayDigital, Sports, Italy Gaming, Global Gaming Sales, Global Gaming Product Management, Global Gaming Studios, Global Manufacturing, Operations and Services including Global Gaming Technology. Prior to his appointment as CEO, Global Gaming, Mr. Ascoli served as CEO, North America of IGT. In this capacity, other than serving all North America Customers, he held global responsibility for product development, manufacturing, product management, technology and delivery of all the Company's portfolio outside Italy: gaming, digital, and lottery.

Prior to the formation of the Company, Mr. Ascoli served as General Manager of GTECH S.p.A. (formerly known as Lottomatica Group) and President of GTECH Products and Services, where he was responsible for overseeing the design, development, and delivery of state-of-the-art platforms, products, and services. He supported all stages of the sales process, and provided marketing and technology leadership to optimize investment decisions. Prior to this role, Mr. Ascoli served as Head of Italian Operations. In this position, he was responsible for the strategic direction and operations of the Company's Italian businesses. He joined GTECH S.p.A. in 2006 as Director of the Gaming division.

From 1992 to 2005, Mr. Ascoli worked for the national railway system Ferrovie dello Stato/Trenitalia, where he held roles of increasing responsibility including head of Administration, Budget, and Control of the Local Transport Division; head of Strategies, Planning, and Control of the Transport Area; and head of the Passengers Commercial Unit. In 2000, he was appointed Marketing Director of the Passengers Division, and later served as Director of Operations and Passengers Division. He also was head of International Development for Trenitalia. Earlier in his career, he led international marketing efforts for Fincentro Group - Armando Curcio Editore, where he was responsible for commercial development of the publishing assets of Fincentro Group. He was also responsible for defining the strategic and management assets of the many companies comprising Fincentro Group. Mr. Ascoli also served as a consultant to Ambrosetti Group, supporting the internationalization process (Spain, England, and U.S.A.). He graduated from Bocconi University in Milan, majoring in Economics and Social Studies.

Fabio Cairoli, 55, is Chief Executive Officer, Global Lottery, and is responsible for the IGT Lottery business. This includes Global Lottery Sales and Operations, Global Lottery Product and Sales Development, Global Lottery Technology and Support. Prior to this role, Mr. Cairoli served as Chief Executive Officer, Italy, where he was responsible for managing all business lines, marketing services, and sales for the Company's Italian operations. Through his leadership of the largest lottery operator in the world, Mr. Cairoli shares insights and best practices with other organizations in the Company. Mr. Cairoli joined the Company in 2012 as Senior Vice President of Business. He has more than 20 years of experience in consumer goods for multinational organizations, with both local and international expertise. He served as Group General Manager and Board Member of Bialetti Industrie, a world-renowned Italian manufacturer and retailer of stovetop coffee (espresso) makers and small household electrical appliances. During his tenure at Bialetti, he was responsible for turning around the business by refocusing strategy, streamlining costs, and optimizing the product portfolio and retail presence.

Prior to Bialetti, Mr. Cairoli served as General Manager of Star Alimentare, a major Italian food company, and successfully relaunched a historical brand. Additionally, he spent part of his career with Julius Meinl Italia and with Motorola Mobile Devices Italy. He also spent 10 years with Kraft Foods in Italy and the U.K. in various capacities. Mr. Cairoli holds a Bachelor's degree in Economics from the Catholic University in Milan.

Walter Bugno, 61, is Executive Vice President, New Business and Strategic Initiatives, and is responsible for leading business development in jurisdictions where IGT is not present, and where — while there may be a company presence — there is no defined product segment presence. Additionally, the New Business and Strategic Initiatives group, under Mr. Bugno's leadership, is responsible for managing new in-country initiatives during the start-up phase and offering on-demand commercial support globally for key accounts with multiple product requirements. He is also responsible for managing key strategic initiatives within existing jurisdictions as needed and as determined by company leadership.

Prior to this role, Mr. Bugno served as Chief Executive Officer, International, where he was responsible for the management and strategic development of the International region. He worked directly with the Company's management teams to implement the Company's vision through the ongoing delivery of value to customers, shareholders, and employees. Mr. Bugno led the Company's lottery, gaming, and interactive businesses throughout Europe (except Italy), as well as in the Middle East, Latin America and the Caribbean, Africa, and the Asia-Pacific region. He also oversaw private manager agreement opportunities across these regions. He joined GTECH S.p.A. (formerly known as Lottomatica Group) in July 2010 as President and CEO of SPIELO International. He led the business by capitalizing on the many growth opportunities in the gaming industry, and overseeing the Company's long-term strategic direction. In 2012, Mr. Bugno's portfolio expanded to include the Company's interactive business. Under his leadership, SPIELO experienced substantial growth and became a major contributor to the Company's total earnings. From 2006 to 2009, Mr. Bugno was the CEO of Casinos for Tabcorp Holdings Limited, Australia's premier gambling and entertainment group. During his tenure with Tabcorp, Mr. Bugno transformed the business from being product-driven to customer-driven by revitalizing the customer casino experience with new loyalty programs, products, and customer service. Some of his successes included a new 12-year exclusive casino license with the New South Wales government, expansion of gaming products, and increases in market share.

Prior to Tabcorp, Mr. Bugno was President of Campbell Soup Company in Asia Pacific from 2002 to 2006. He was responsible for Campbell's food products, manufacturing, and distribution. He was previously Managing Director of Lion Nathan Australia, a division of Lion, one of Australasia's leading beverage and food companies. Mr. Bugno grew up in Australia and Italy, and has Bachelor of Commerce and Master of Commerce degrees from the University of New South Wales, Australia.

Fabio Celadon, 49, is Executive Vice President, Strategy and Corporate Development, and is responsible for IGT's Strategy, Mergers and Acquisitions and Competitive Intelligence functions. Under his direction, the organization monitors industry and competitive trends in IGT's core and adjacent markets; develops IGT's portfolio strategy; identifies key portfolio initiatives and supports the business unit CEOs in the identification and execution of their business unit strategic initiatives; executes the Group's M&A strategy (mergers, acquisitions, JVs and divestitures), managing deal evaluation, structuring and negotiation, and coordinating internal cross-functional teams as well as external advisors.

Mr. Celadon most recently served as Senior Vice President, Gaming Portfolio, with responsibility for monitoring relevant technological advancements and market and competitive trends; consolidating the Company's global research and development plan and related allocation of budgets and resources; evolving the Company's content portfolio and consolidating hardware and content roadmaps; and, monitoring product performance and results.

Mr. Celadon previously served as Managing Director, IGT Greater China and Senior Vice President, IGT International. In this role, he was responsible for managing IGT's business and operations across lotteries, video lotteries, sports betting and interactive, and mobile gaming in Greater China. He was also responsible for the strategic development of IGT's business in Greater China, India, and Japan.

Prior to April 2015, Mr. Celadon served as Senior Vice President of Group Strategy and Corporate Development for GTECH S.p.A., where he was responsible for developing GTECH's overall corporate strategy, identifying and evaluating key strategic growth initiatives, and executing the corporate development strategy through mergers, acquisitions, joint ventures, and divestitures. Mr. Celadon has also held several strategy, corporate development, and finance positions since he joined Lottomatica Group, GTECH's predecessor-company, in 2002. Mr. Celadon served as CFO of Lottomatica from 2002 to 2004. Following the acquisition of GTECH by Lottomatica, he relocated to the U.S. where he held the position of GTECH Vice President of New Market Development before being promoted to Senior Vice President of Strategic Planning in 2008.

Prior to joining Lottomatica, he was a partner with Atlantis Capital Partners, a private equity firm, and prior to that, he worked for Morgan Stanley in London in the mergers and acquisitions department. Mr. Celadon holds a Law Degree from LUISS Guido Carli University and an MBA from Columbia Business School in New York.

Dorothy Costa, 49, is Senior Vice President, People & Transformation, and has strategic oversight for the IGT People and Transformation function, including all senior strategic business partners and the total rewards, diversity & inclusion, organization transformation and global services and talent management centers of excellence.

Ms. Costa has more than 26 years of Human Resources experience, with 22 in the lottery and gaming industry. Prior to her current role, Ms. Costa was IGT's Vice President of People & Transformation, where she had worldwide responsibility as the Human Resources Business Partner supporting the North America business unit that includes both gaming and lottery within IGT. She also served as Senior Director of Human Resources for the Products & Services organization, which consisted of product marketing and technology solutions for lottery, gaming, interactive, and betting, as well as HR Business Partner for all corporate functions within the Company. Her areas of responsibility within these groups included staffing, compensation, employee relations, talent development, succession planning, and executive coaching. Early in her career, she worked for Citizens Financial Group in various HR roles in Rhode Island.

Ms. Costa holds a Bachelor of Science degree in Business Management from Rhode Island College, and an MBA in Organizational Leadership from Johnson & Wales University in Providence, RI. She also completed the Advanced Human Resource Executive Program at the University of Michigan, Michigan Ross School of Business Executive Education.

Scott Gunn, 54, is Senior Vice President, Corporate Public Affairs, and is responsible for the Company's public affairs related to government relations strategy, and is instrumental in directing and facilitating government relationships and public engagement to advance global business interests for the Company. Mr. Gunn has been with the Company for more than 25 years, and has held positions in operations, sales, business development, and public affairs. Prior to his current role, he was Senior Vice President of Global Government Relations and North America Lottery Business Development, overseeing worldwide government relations strategy and managing the Company's global network of government relations resources, as well as pursuing public sector market opportunities for the Company's various lines of business in North America.

Mr. Gunn began his career at a public affairs firm in Washington, D.C. He was also an Associate at National Media Inc., where he worked on media strategy for state and federal political campaigns. He has held various positions within national and state political party organizations, and has been involved with several U.S. presidential campaigns. Mr. Gunn serves on the Board of Advisors to Reviver Auto, is chairperson of the Company's Political Action Committee, and is a member of the Company's Executive Diversity and Inclusion Council. He has a bachelor's degree in Political Economics from Tulane University.

Wendy Montgomery, 58, is Senior Vice President, Global Brand, Marketing and Communications, and oversees the strategy for the Company's global brand, trade shows, product marketing, and external communications, including community relations, responsible gaming, and corporate social responsibility. Prior to joining the Company in 2018 as Senior Vice President of Global Lottery Marketing, Ms. Montgomery spent 13 years at the Ontario Lottery and Gaming Corporation where she led marketing, sales, operations, policy and planning, and the iGaming business. Her previous experience spans multiple industries, including in the entertainment business in her role as Vice President and General Manager, W Network, under Corus Entertainment, Inc., and before that, in the telecommunications field as Vice President of Marketing with Star Choice Communications, Inc. She has also held leadership roles in apparel, consumer products, and food categories, and has previously lived and worked in South Africa, Israel, Eastern Europe, Canada, and the United States.

Ms. Montgomery is a graduate of the Executive Leadership Program at Queen's University in Kingston, Canada. She holds a diploma in Marketing Management from the Institute of Marketing Management in Johannesburg, South Africa, as well as a Higher National Diploma in Business Studies from Greenwich University in London, U.K.

Timothy M. Rishton, 55, is Senior Vice President, Chief Accounting Officer, and is responsible for overseeing Accounting and Tax, including developing and maintaining systems and internal controls over financial reporting; and the preparation of the Company's consolidated annual reporting in accordance with generally accepted accounting principles. Mr. Rishton served as the Company's Interim Chief Financial Officer from January 2020 through April 2020.

Prior to the formation of the Company, Mr. Rishton served as the Chief Accounting Officer for GTECH S.p.A. Mr. Rishton has been with the Company (and predecessor GTECH) since 1995, and over his 25 years with the Company, he has held a series of roles with increasing responsibility, including Vice President - Finance, Assistant Corporate Controller and Director of Accounting.

Before joining the Company, Mr. Rishton held various roles at Acushnet Company and Ernst & Young, where he provided assurance services to publicly listed and private company clients in a variety of industries. Mr. Rishton is a member of The American Institute of Certified Public Accountants and the Rhode Island Society of CPA's.

Mr. Rishton received his bachelor's degree in Accounting from the University of Rhode Island.

Christopher Spears, 53, is Senior Vice President, General Counsel, and is responsible for leading IGT's global legal strategy and function. In this role he is responsible for managing IGT's internal legal team and outside legal advisors, providing counsel to IGT's board of directors and executive leadership team and managing IGT's legal issues across a wide range of global subject matter areas including corporate governance, compliance, litigation, mergers and acquisitions, intellectual property, licensing and commercial and operational issues.

Mr. Spears has over 25 years of legal experience with a focus on supporting the broad legal needs of global businesses, including corporate governance, securities, capital markets, mergers and acquisitions, compliance, intellectual property and litigation. Prior to joining IGT in 2017, Mr. Spears served in a series of roles of increasing responsibility at Caterpillar Inc., including as Deputy General Counsel with responsibility for global commercial law matters, corporate governance and mergers and acquisitions, Chief Ethics and Compliance Officer with responsibility for global compliance and General Counsel – Asia-Pacific based in Singapore. Before joining Caterpillar Inc., Mr. Spears was in private practice with a focus on mergers and acquisitions, securities and corporate law.

Mr. Spears holds a Bachelor of Science degree in Business Administration from Berea College and MBA and Juris Doctorate degrees from the University of Kentucky.

Senior Consultant

Robert Vincent, 66, is Chairperson of IGT Global Solutions Corporation, the primary operating subsidiary for the U.S. lottery business, and represents the Company when interacting with global customers, current and potential partners, and government officials. He also serves as a senior counselor to Chief Executive Officer Marco Sala and the rest of the Company's senior leadership team.

Previously, Mr. Vincent served as the Company's Executive Vice President for Administrative Services and External Relations. He oversaw global external and internal corporate communications, media relations, branding, and social responsibility programs. He also led a centralized Administrative Services organization that included information security, global procurement, real estate/facilities, food services, environmental health and safety, and facility security and monitoring. In addition, he was involved in selected business development projects, and supported activities in compliance, investor relations, marketing communications, and government relations. Prior to that, he served as the Company's Senior Vice President of Human Resources and Public Affairs.

Before April 2015, Mr. Vincent had been affiliated with GTECH S.p.A. for more than 20 years, having served as an external consultant; as Vice President of Business Development for Dreamport, GTECH's former gaming and entertainment subsidiary; and as Senior Vice President of Human Resources and Public Affairs for GTECH S.p.A.

Before joining the Company, he was a senior partner at RDW Group, a regional advertising and public relations company in Rhode Island. He also held senior policy and administrative positions with Rhode Island-based governments, including the Governor's Office, Secretary of State's Office, and the Providence Mayor's Office. In addition, he has staffed community and government affairs efforts at Brown University in Providence.

Active in the community, Mr. Vincent serves on the Boards of the University of Rhode Island Foundation, Rhode Island Hospital Foundation, Family Service of Rhode Island, and the URI Harrington School of Communication.

Mr. Vincent received his bachelor's degree in Political Science from the University of Rhode Island.

There are no familial relationships among any of the Parent's directors, senior managers or the senior consultant set forth above.

B. ***Compensation***

Non-Executive Director Compensation

The Parent's compensation policy for non-executive directors is to provide an annual cash retainer payable in quarterly tranches as well as a restricted stock unit ("RSU") award vesting on an annual basis. Additional cash retainers are provided for the non-executive directors serving as Chairpersons of the Board and/or the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee as well as the Lead Independent Director. Awards to non-executive directors under the Long-Term Incentive ("LTI") Compensation Plan ("LTIP") vest over the service period of the award.

LTIP - Annual Equity Awards for Continuing Non-Executive Directors

On the date of each annual meeting of the Parent's shareholders ("AGM") each non-executive director continuing to serve after that date will automatically be granted an award of RSUs which vest on the AGM date of the next financial year. The number of RSUs covered by each such award will be determined by dividing (1) the Annual Equity Award grant value by (2) the closing price of an ordinary share as of the date of grant (rounded down to the nearest whole unit).

LTIP - Initial Equity Awards for New Non-Executive Directors

Each new non-executive director will be granted an award of RSUs determined by dividing (1) a pro-rata portion of the Annual Equity Award value by (2) the closing share price as of the date of grant. The pro-rata portion of the Annual Equity Award value will equal the Annual Equity Award value multiplied by the fraction which results from the following formula:

$$\frac{X - Y}{X}$$

where:

- X is the number of days in the period beginning with (and including) the date of the AGM immediately preceding the appointment date (the Previous AGM) and ending on (and including) the date of the AGM immediately after the appointment date (the Next AGM); and
- Y is the number of days in the period beginning with (and including) the date of the Previous AGM and ending on (and including) the appointment date.

Initial equity awards granted to non-executive directors will vest on the date of the AGM that first occurs after the grant date.

Annual Compensation

Position	Fees ($)[1]	RSUs ($)[2]
Non-executive Director	100,000	200,000
Chairperson additional compensation	50,000	50,000
Lead Independent Director additional compensation	20,000	20,000
Committee Chairpersons additional compensation:		
Audit Committee	40,000	—
Compensation Committee	30,000	—
Nominating and Corporate Governance Committee	20,000	—

[1] All fees are established in USD but paid quarterly in GBP, with the amount paid converted from USD to GBP based on the exchange rate in effect on the date of processing the payment.
[2] The number of RSUs granted is calculated by dividing the grant value listed in this column by the closing share price as of the date of grant.

2020 Plan Year Actual Compensation

The following table sets forth the approximate compensation received or earned, calculated in accordance with the Companies Act 2006 and relevant regulations, as applicable, by the Company's non-executive directors during the year ended December 31, 2020.

Name & Position(s)[1]	Fees ($)	Taxable Benefits ($)[2]	RSUs ($)[3]	Total
Lorenzo Pellicioli *Non-executive Director* *Chairperson of the Board*	150,000	—	345,662	495,662
James F. McCann *Non-executive Director* *Vice-Chairperson of the Board* *Lead Independent Director* *Chairperson of the Nominating and Corporate Governance Committee*	140,000	20,478	304,180	464,658
Paget L. Alves[4] *Non-executive Director*	48,974	9,441	—	58,415
Beatrice H. Bassey[5] *Non-executive Director*	78,077	—	330,552	408,629
Alberto Dessy[6] *Non-executive Director*	109,377	—	276,537	385,914
Marco Drago *Non-executive Director*	100,000	—	276,537	376,537
Heather J. McGregor *Non-executive Director*	100,000	—	276,537	376,537
Dr. Samantha Ravich *Non-executive Director*	100,000	—	276,537	376,537
Vincent L. Sadusky *Non-executive Director* *Chairperson of the Audit Committee*	140,000	6,720	276,537	423,257
Gianmario Tondato da Ruos *Non-executive Director* *Chairperson of the Compensation Committee*	130,000	—	276,537	406,537

[1] Marco Sala, the Company's Chief Executive Officer, and Massimiliano (Max) Chiara, the Company's Chief Financial Officer, also serve on the board of directors, but do not receive any additional compensation for such service. Please see the Executive Officer Compensation section below for information regarding Mr. Sala and Mr. Chiara's compensation.
[2] Relates to reimbursable meal and travel expenses for attending Board of Director meetings in the U.K.
[3] Amount reflects the number of RSUs granted at the 2020 AGM multiplied by $12.14, the three-month ending stock price as of December 31, 2020. The RSUs vest on the date of the 2021 AGM. Ms. Bassey's RSU also includes a pro-rated award for her services from March 20, 2020 to June 25, 2020, the amount of which is equal to the number of shares granted times the stock price on the vesting date, $8.78.
[4] Mr. Alves did not stand for re-election at the 2020 AGM and his term ended on June 25, 2020. Mr. Alves received a prorated amount of compensation for his services during the year.
[5] Ms. Bassey was appointed to the board of directors on March 20, 2020 and received a prorated amount of compensation for her services during the year.
[6] Includes a 4% stipend related to Italian regulatory requirements.

Executive Officer Compensation

Total Executive Officer Compensation

The following table sets forth the approximate 2020 compensation received or earned, calculated in accordance with the Companies Act 2006 and relevant regulations, as applicable, by the Company's executive officers as of December 31, 2020, including Marco Sala, CEO; Renato Ascoli, CEO, Global Gaming; Walter Bugno, Executive Vice President of New Business and Strategic Initiatives; Fabio Cairoli, CEO Global Lottery; Fabio Celadon, Executive Vice President of Strategy and Corporate Development; Massimiliano (Max) Chiara, Executive Vice President and CFO; Dorothy Costa, Senior Vice President, People & Transformation; Scott Gunn, Senior Vice President of Corporate Public Affairs; Wendy Montgomery, Senior Vice President, Global Brand, Marketing and Communications; and Christopher Spears, Senior Vice President and General Counsel. Also included is compensation paid to Alberto Fornaro, former Executive Vice President and CFO who resigned from the Company effective January 31, 2020; Mario Di Loreto, who served as Executive Vice President of People & Transformation until April 6, 2020 and as Senior Advisor to IGT Group CEO effective April 6, 2020 until his resignation on December 31, 2020; Timothy Rishton, Senior Vice President and Chief Accounting Officer, who served as interim CFO upon

Mr. Fornaro's departure on January 31, 2020 until Mr. Chiara joined the Company on April 6, 2020; and Robert Vincent, Chairperson of IGT Global Solutions Corporation who provides consulting services to the Company, the fees for which are included as "Other" compensation in the table below.

Name	Salary ($)[1]	2020 Bonus ($)[2]	Equity Awards ($)[3]	Other ($)[4][5]	Total ($)
Marco Sala, Chief Executive Officer	979,998	—	3,368,947	1,476,872	5,825,817
Max Chiara, Chief Financial Officer	453,846	—	1,054,735	795,465	2,304,046
Other Executive Officers & Senior Consultant	3,974,608	—	5,067,127	9,240,737	18,282,472

[1] Mr. Sala's annual salary is $1,000,000 paid monthly, of which 70% is paid in GBP and 30% in EUR, both of which are converted using fiscal year-to-date exchange rates. In addition to base salary, the amount includes true-up payments related to foreign currency fluctuations and tax equalization, per his employment contract. Mr. Sala's 2020 salary also reflects a 50% reduction from the April 2020 to September 2020 period.
Mr. Chiara's annual salary is $800,000 paid bi-weekly. He joined the Company in April 2020, therefore his salary reflects a prorated annual amount as well as a 30% reduction for the April 2020 to September 2020 period.
[2] The short-term incentive plan (STIP) was cancelled for the 2020 fiscal year.
[3] Amount reflects the number of RSUs granted in 2020 multiplied by $12.14, the three-month ending stock price as of December 31, 2020. The performance-based PSUs subject to the 2018 to 2020 performance period did not meet threshold achievement and therefore no shares will vest with respect to such performance-based PSUs.
[4] Represents the value of certain health, welfare and other benefits received by the executive officers during 2020 (including tax preparation, employer contributions to post-retirement plans, relocation benefits and taxable life insurance premiums paid). Also includes car allowances, housing allowances, and perquisites. Mr. Sala's other compensation also includes tax equalization of $228,363 related to benefits received in 2020. Mr. Chiara's other compensation also includes $500,000, the first installment of a $2.0 million bonus to be paid in four equal installments, provided to compensate Mr. Chiara for his forfeited compensation at his previous employer. The amount in Other Executive Officers & Senior Consultant also includes severance and benefits payments to Mr. Di Loreto pursuant to his separation agreement and consulting fees paid to Mr. Vincent.
[5] Mr. Sala's 2020 compensation includes a $766,717 pension contribution related to his 2019 STIP. In future periods, the Company will report any accrued pension contribution as part of compensation for the period in which it is accrued, rather than paid.

Key Compensation Decisions Related to COVID-19

As a result of the global onset of the coronavirus (COVID-19), the Compensation Committee approved six-month salary reductions, effective April 1, 2020 through September 30, 2020, of 50% for Mr. Sala and 30% for Mr. Chiara. Other executives received salary reductions ranging from 20% to 50% for the same six-month period. These salary reductions further impacted certain global leadership roles on a declining percentage scale for the same six-month period. In addition, the Compensation Committee cancelled the 2020 Short-Term Incentive Plan (STIP) for all eligible employees, including the executive officers.

Historically, IGT has awarded equity in the form of Performance Share Units (PSUs), which vest based on achievement against predetermined company financial performance targets. This practice, however, proved challenging in 2020 amid the COVID-19 pandemic. Establishing forward-looking performance metrics during this continued time of uncertainty led the Committee to consider alternatives for this year's process. The Compensation Committee altered historical practice of granting PSUs and approved a one-time restricted stock unit (RSU) award, as permitted under IGT's 2015 Equity Incentive Plan, deeming this a more appropriate way to recognize the global eligible employee population, including executive officers, for their extraordinary efforts to ensure IGT's success during this unprecedented year.

Long-Term Incentive Compensation Plans

The Company's 2015 Equity Incentive Plan provides for several different types of stock-based awards including stock options, restricted stock and RSUs, both time and performance-based. The principal purposes of granting LTI awards are to assist the Company in attracting and retaining executive officers, to provide a market-competitive total compensation package and to motivate recipients to increase shareholder value by enabling them to participate in the value created, thus aligning their interests with those of the Company's shareholders.

Grants of LTI

The table below sets forth the time-based RSUs granted pursuant to the Company's compensation plans to its executive officers during 2020, which will vest 50% on December 31, 2021 and the remaining 50% will vest on December 31, 2022, based on continued service through the applicable vesting dates.

Name	No. of Shares	Grant Date Fair Value	Vesting Period	Grant Date	Per Share Market Price on Date of Grant
Marco Sala, Chief Executive Officer	277,508	$ 9.08	2020-2022	November 6, 2020	$ 9.08
Max Chiara, Chief Financial Officer	86,881	$ 9.08	2020-2022	November 6, 2020	$ 9.08
Other Executive Officers	417,391	$ 9.08	2020-2022	November 6, 2020	$ 9.08

No performance-based PSUs or stock options were granted in 2020.

Performance against 2018 to 2020 performance conditions for the PSUs vesting (2018 PSUs)

The equity awards amount included in the 2020 officer compensation table reflects the PSUs granted in 2018, the vesting of which was dependent on performance over three financial years ending on December 31, 2020 and continued service until April 1, 2021 for 50% of the PSUs earned and April 1, 2022 for the remaining 50% of PSUs earned.

The vesting of the 2018 PSUs were tied to first achieving a three-year Cumulative Consolidated Adjusted EBITDA of at least 92.5% adjusted by an Adjusted Net Debt scoring factor measured on the Adjusted EBITDA/Adjusted Net Debt Scoring Matrix that positively or negatively adjusts the Adjusted EBITDA payout based on Adjusted Net Debt results versus the plan target. The performance of these awards is further modified by the Company's relative total shareholder return performance against the Russell Mid Cap Market Index. Given the impact of COVID-19 on the Company's financial results, threshold Adjusted EBITDA performance for vesting was not achieved and the Compensation Committee did not use discretion to vest any portion of the 2018 PSUs. The performance achieved against the performance targets is shown below.

($ in millions)	Threshold	Target	Maximum	2020 Performance	Performance % of Target	Payout %
2018 - 2020 Adjusted Cumulative EBITDA	4,867	5,262	5,525	4,565	87%	—%
Adjusted Net Debt	7,681	7,381	7,081	6,968	106%	—%
EBITDA/Net Debt Matrix Result						—%
Relative TSR[1] Modifier	<25th	60th	>75th	8.0%	13%	75.0%
Performance results (% of target)[2]						—%
Total PSUs earned (% of maximum)[3]						—%

[1] Total Shareholder Return (TSR).
[2] EBITDA/Net Debt Matrix Result payout (0.0%) multiplied by Relative TSR Percentile payout (75.0%).
[3] The maximum number of shares to be earned under the 2018 PSU plan is 145% of target.

Amounts accrued for pensions and similar benefits

At December 31, 2020, the total amount accrued by the Company to provide pension, retirement, or similar benefits was $13.6 million.

Severance Arrangements

Certain executive officers of the Company are entitled to severance payments and benefits if such executive officer's employment is terminated other than for cause under either individual employment agreements or provisions of national collective agreements for executives of the industry.

The employment agreements with United States-based executive officers (i.e., Messrs. Celadon, Chiara, Gunn, and Spears and Mses. Costa and Montgomery) generally provide for the following benefits upon a termination other than for "cause":

- 18 months of base salary;
- 18 months of short-term incentives ("STI") (based upon a three-year average) and perquisites;
- 18 months tax preparation;
- any accrued but unpaid STI earned for the prior fiscal year;
- a prorated STI for the current fiscal year based on actual performance;
- 18 months of health and welfare benefits continuation; and
- 18 months following termination of employment to exercise vested stock options, unless the options otherwise expire under the original terms and conditions of the award.

In addition, upon the United States executive officer's death or disability, the executive officer will be entitled to the following benefits under the employment agreements:

- 18 months of base salary;
- 18 months of STI compensation (based upon a three-year average) and perquisites;
- 18 months of tax preparation;
- any accrued but unpaid STI earned for the prior fiscal year;
- a prorated STI for the current fiscal year based on actual performance;
- 24 months of health and welfare benefits continuation; and
- 18 months following termination of employment to exercise vested stock options, unless the options otherwise expire under the original terms and conditions of the award.

Upon US-based executive officer's retirement from the Company, these employment agreements also provide for accelerated vesting of a portion of an executive officer's outstanding RSUs and PSUs and an ability to exercise vested options until the expiration date.

The employment agreement with Mr. Bugno requires a six month notice period and provides consideration for non-compete provisions over a 12 month period to be paid monthly over the period in addition to a severance payment upon a termination other than for "cause." Each payment approximates two times Mr. Bugno's base salary.

Pursuant to the terms of the Italian national collective agreement for executives of the industry (Contratto Collettivo Nazionale di Lavoro per i Dirigenti di Aziende produttrici di beni e servizi), Messrs. Sala (30% of employment), Ascoli, and Cairoli are generally entitled, unless ad hoc agreements provide differently, to the following severance payments and benefits upon a termination of employment by Lottomatica other than for "cause," a resignation for "good reason," or due to the executive officer's death or disability:

- severance pay determined under the collective agreement;
- any accrued but unpaid STI earned for the prior fiscal year; and
- a notice indemnity equal to a minimum of six and a maximum of 12 months of total base salary and STI compensation.

Under the Lottomatica service agreement, Mr. Sala's base salary is €244,479 ($300,000) at December 31, 2020 divided into 13 equal gross installments, plus additional benefits, including a company car. Mr. Sala also receives an integrative pension fund in accordance with Italian law.

Mr. Sala also has a service agreement with the Parent (70% of employment), under which Mr. Sala shall be paid a salary of £512,070 ($700,000 as of December 31, 2020) per annum and this salary shall be reviewed by the Board annually, but the Parent is under no obligation to award an increase in salary.

Mr. Sala's service agreement with the Parent (70% of employment) can be terminated by either party on the giving of six months' notice, if not, immediately for cause. Mr. Sala cannot resign without prior approval from the Board. Following termination of employment, for a period of 24 months thereafter, Mr. Sala is subject to certain restrictive covenants, including restrictions on soliciting or providing goods or services to certain customers, employing or enticing away from the group certain persons employed by any group company or being involved with any business in competition with any group company, among others. As consideration for compliance with the post-employment restrictive covenants, Mr. Sala is entitled to a lump sum payment equal to two years' base salary and any STI payments for the two financial years prior to the date of termination.

According to a severance agreement entered into between the Company and Mr. Sala (which supersedes a stability agreement originally entered into on February 20, 2012 between Mr. Sala and legacy GTECH S.p.A. and then assigned to Lottomatica S.p.A. as part of the merger), subject to Mr. Sala continuing to work during his notice period, he is entitled to a severance payment equal to one year's base salary (plus any amounts owed to Mr. Sala) and a pro-rated STI payment as of the date of termination based on the projection of the Company's full year business and financial results. The severance payment is subject to the Company determining that Mr. Sala is a good leaver which includes, but is not limited to, circumstances involving redundancy, permanent incapacity, or retirement with the agreement of the Company. No severance payment will be made if Mr. Sala's employment is terminated for cause.

The table below sets out the payments pursuant to provisions of Mr. Sala's service and severance agreements with the Parent assuming a termination of employment as of December 31, 2020.

	Period	Estimated Value at December 31, 2020 ($) [1]
Severance Provisions		
Base Pay	12-months	1,000,000
STI	Pro-rated at termination date [2]	
Non-Compete Provisions		
Additional Base Pay	Actual base for last 2 years	2,000,000
Projected STI	Actual payout for last 2 years (2018 & 2019)	4,802,550
	Total Value	7,802,550

[1] Excludes impact of FX payments and tax equalization, per Mr. Sala's employment contract, which is calculated as of the payment dates.
[2] The short-term incentive plan was cancelled for the 2020 fiscal year. As of December 31, 2020, the pro-rated amount Mr. Sala would be entitled to is $0.

The Parent will also fully reimburse all executives for business expenses incurred in accordance with Company policy.

In the event of a change in control, the Parent's equity incentive plan provides for full accelerated vesting of all outstanding share options, share appreciation rights and full-value awards (other than performance-based awards), when a replacement award is not provided. In addition, any performance-based award for which a replacement award is not issued will be deemed to be earned and payable with all applicable performance metrics deemed achieved at the greater of: (a) the applicable target level; or (b) the level of achievement as determined by the Compensation Committee not later than the date of the change in control, taking into account performance through the latest date preceding the change in control as to which performance can practically be determined, but in no case, later than the end of the applicable performance period.

C. ***Board Practices***

As of February 24, 2021, the Board consists of 11 members. The current directors were elected by shareholder vote on June 25, 2020, other than Marco Sala, who was elected to a term of three years at the Company's annual general meeting in 2018. See "Item 6.A. Directors and Senior Management" above. The term of office of the current Board will expire at the conclusion of the next annual general meeting of the Company. Each director may be re-elected at any subsequent general meeting of shareholders. None of the Parent's directors have service contracts with the Parent (or any subsidiary) providing for benefits upon termination of employment as a director, although Mr. Sala and Mr. Chiara have entered into severance arrangements with the Parent as described in section "Item 6.B. Compensation - Severance Arrangements".

The directors are responsible for the management of the Company's business, for which purpose they may exercise all of the powers of the Parent whether relating to the management of the business or not. As described above in section "Item 6.A. Directors and Senior Management," as of February 24, 2021, the Board is comprised of (i) seven independent directors including James F. McCann, the Vice Chairperson of the Board and Lead Independent Director, and (ii) four non-independent directors including the Parent's CEO, Marco Sala, the Parent's CFO, Massimiliano Chiara, the Board's Chairperson, Lorenzo Pellicioli, and Marco Drago. Messrs. Pellicioli and Drago are the chief executive officer and chairperson of the board, respectively, of De Agostini, the Parent's controlling shareholder. Mr. Sala was appointed to the board of De Agostini on June 27, 2020.

The Board has the following committees: (1) an Audit Committee, (2) a Nominating and Corporate Governance Committee, and (3) a Compensation Committee. The membership of each committee meets the independence and eligibility requirements of the NYSE and applicable law. The members of each committee are appointed by and serve at the discretion of the Board until

such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The chairperson of each committee is appointed by the Board.

The Audit Committee

The Parent's Audit Committee is responsible for, among other things, assisting the Board's oversight of:

- the integrity of the Parent's financial statements;
- the Parent's compliance with legal and regulatory requirements;
- the independent registered public accounting firm's qualifications and independence;
- the performance of the Parent's internal audit function and independent registered public accounting firm; and
- the Parent's internal controls over financial reporting and systems of disclosure controls and procedures.

As of February 24, 2021, the Audit Committee consists of Vincent L. Sadusky (chairperson), Alberto Dessy, and Heather J. McGregor. Each member of the Audit Committee must meet the financial literacy requirement, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. In addition, at least one member of the Audit Committee must have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment. See "Item 16A. Audit Committee Financial Expert" of this annual report on Form 20-F for additional information regarding Audit Committee financial experts.

The Compensation Committee

The purpose of the Compensation Committee is to discharge the responsibilities of the Board relating to compensation of the Parent's executives and directors. The Compensation Committee is responsible for, among other things:

- ensuring that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (U.K.), are fulfilled;
- producing a report of the Parent's remuneration policy and practices to be included in the Parent's U.K. annual report and ensure that it is approved by the Board and put to shareholders for approval at the annual general meeting in accordance with the Companies Act 2006;
- reviewing management recommendations and advising management on broad compensation policies such as salary ranges, deferred compensation, incentive programs, pension, and executive stock plans;
- reviewing and approving goals and objectives relevant to the CEO's compensation, evaluating the CEO's performance in light of those goals and objectives, and setting the CEO's compensation level based on this evaluation;
- monitoring issues associated with CEO succession (in non-emergencies) and management development;
- making recommendations to the Board with respect to non-CEO executive officer compensation, incentive compensation plans and equity-based plans that are subject to Board approval;
- reviewing and recommending director compensation;
- creating, modifying, amending, terminating, and monitoring compliance with stock ownership guidelines for executives and directors;
- designing, reviewing and amending the Company's policies relating to anti-harassment and coercion, and providing oversight of the enforcement of such policies by the Company's People & Transformation department;
- evaluating risks associated with the Parent's compensation and benefits policies, plans and programs and discussing with management procedures to identify and mitigate such risks; and
- reviewing, monitoring and making recommendations to the Board on human capital management matters including culture and employee engagement, and diversity, equity and inclusion.

As of February 24, 2021, the Compensation Committee consists of Gianmario Tondato da Ruos (chairperson), Alberto Dessy, and Samantha Ravich.

The Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for, among other things:

- recommending to the Board, consistent with criteria approved by the Board, the names of qualified persons to be nominated for election or re-election as directors and the membership and chairperson of each Board committee;
- reviewing each Director's character and integrity prior to appointment and in connection with re-nomination decisions and Board evaluations;
- periodically reviewing the size, composition (including diversity) and leadership of the Board and committees thereof and recommending any proposed changes to the Board;
- reviewing directorships in other public companies held by or offered to directors and senior officers of the Parent with a view to ensuring that such external positions do not have a negative impact on the performance of such director;
- making recommendations to the Board for any changes, amendments, and modifications to the Parent's code of conduct and promptly disclosing any waivers for directors or executive officers, as required by applicable law;
- reviewing and reassessing from time to time the Parent's Corporate Governance Guidelines and recommending any changes to the Board;
- determining, at least annually, the independence of each director under the independence requirements of the NYSE and any other regulatory requirements and report such findings to the Board;
- overseeing, at least annually, the evaluation of the performance of the Board and each Board committee, as well as individual directors where appropriate;
- assisting the Parent in making the periodic disclosures related to the Nominating and Corporate Governance Committee and required by rules issued or enforced by the SEC, the Companies Act 2006 and any other rules and regulations of applicable law;
- making recommendations to the Board concerning CEO emergency succession plans;
- giving due consideration to the Parent's legal obligations in the context of nominations and corporate governance, including any changes in applicable law and to recommendations and associated guidance from advisors, professional bodies, and proxy advisory firms; and
- overseeing management's corporate social responsibility program and giving due consideration to diversity and inclusion, sustainability, environmental and social matters that could impact the Company, the environment or the communities in which the Company operates.

As of February 24, 2021, the Nominating and Corporate Governance Committee consists of Mr. McCann (chairperson), Beatrice Bassey and Samantha Ravich.

The charters for each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are available at www.igt.com; information contained thereon, including each committee charter, is not included in, or incorporated by reference into, this annual report on Form 20-F.

Indemnification of Members of the Board

The Parent has committed, to the fullest extent permitted under applicable law, to indemnify and hold harmless (and advance any expenses incurred, provided that the person receiving such advancement undertakes to repay such advances if it is ultimately determined such person was not entitled to indemnification), each of the Parent's and its subsidiaries' present and former directors, officers, and employees against all costs and expenses (including attorneys' fees), judgments, fines, losses, claims, damages, liabilities, and settlement amounts paid in connection with any claim, action, suit, proceeding, or investigation arising out of or related to such person's service as a director, officer, or employee of the Parent or any of its subsidiaries.

D. Employees

As of December 31, 2020, the Company conducted business in more than 100 countries on six continents and had 11,048 employees. The Company believes that its relationship with its employees is generally satisfactory. Most of the Company's employees are not represented by any labor union. However, labor agreements are common in some countries around the world and the Company recognizes such arrangements and works closely with the applicable work councils. Relations with the Company's mid-level employees and production workers in Italy are subject to Italy's national collective bargaining agreement for the metalworks industry. Relations with the Company's executives in Italy are subject to the national collective bargaining agreement for executives in the industry companies producing services (CCNL Dirigenti Industria). During the last four years, the Company has not experienced any strike that significantly influenced its business activities. In the United States, three organizational units, totaling less than 100 employees, have elected representation by third-party union organizations. Collective bargaining agreements are in place with two of the organizational units and the Company is negotiating in good faith a collective bargaining agreement with the third organizational unit.

The Company is operated under two business segments supported by central corporate support functions.

Employees by Segment

	At December 31,		
	2020	**2019**	**2018**
Global Lottery	4,205	4,356	3,764
Global Gaming	5,421	5,981	6,695
Corporate and Other	1,422	1,585	1,641
	11,048	11,922	12,100

On July 1, 2020, the Company adopted a new organizational structure focused on two business segments: Global Lottery and Global Gaming, along with a streamlined corporate support function. The chart above recasts the prior period employee information to conform to the current year presentation.

The chart above includes 15, 131, and 147 interns and temporary employees at December 31, 2020, 2019, and 2018, respectively.

As of December 31, 2020, the proportion of women among permanent employees was 31.46% and 20.33% of employees with the title of vice president or higher were female.

In 2020, 768 employees left the Company voluntarily. The staff voluntary attrition rate was 6.70%, compared to 7.32% in 2019 and 7.88% in 2018. Additionally, 784 employees had their employment involuntarily terminated, 513 of which were workforce reductions.

E. *Share Ownership*

Executive Stock Ownership Requirements

On July 28, 2015, the Board approved share ownership guidelines for Senior Vice Presidents and above. Below is a summary of the guidelines.

Policy Effective Date:	July 28, 2015
Stock Ownership Guidelines apply to:	Share plans starting in 2015 Any award vesting after the Policy Effective Date Unvested Options as of the Policy Effective Date
Covered Executives:	CEO Business Unit CEOs and Executive Vice Presidents Senior Vice Presidents
Ownership Requirement Multiple of Base Salary:	CEO - 5X Business Unit CEOs and Executive Vice Presidents - 3X Senior Vice Presidents - 1X
Shares Included in Ownership:	All shares beneficially owned regardless of whether they are from a plan of the Parent or purchased on the market Vested shares held in a trust to benefit the executive or family members Shares under the legacy GTECH plans where vesting has been determined (earned) but shares have not been released *Note that Unearned Performance Shares do not count towards the Stock Ownership Guidelines until earned. (i.e., Performance Factor has not been determined/applied)*
Legacy GTECH Holding Requirements:	Holding requirements stated in legacy GTECH Plans are still in effect, in addition to the new Stock Ownership Guidelines
Additional Holding Requirement - Not in Compliance with Stock Ownership Requirements:	50% of after tax options or shares that vest or are exercised after the effective date of the Stock Ownership Guidelines
Additional Holding Requirement - In Compliance with Stock Ownership Requirements:	20% of after tax options or shares that are exercised or vest for a period of 3 years following the exercise or vest date

Director Stock Ownership Requirements

Beginning November 10, 2020 (or five years after joining the Board if such date is subsequent to November 10, 2020), each non-executive director is expected to hold, for as long as they remain on the Board, ordinary shares of the Parent that have a fair market value equal to at least three times the base annual retainer amount then in effect for non-executive directors. The current base annual retainer amount is $100,000.

The following table sets forth information, as of February 24, 2021, regarding the beneficial ownership of the Parent’s ordinary shares, including:

- each member of the Board;
- each executive officer and senior consultant of the Parent; and
- all members of the Board, executive officers, and senior consultant, taken together.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power over securities. Except in cases where community property laws apply or as indicated in the footnotes to this table, the Parent believes that each shareholder identified in the table possesses sole voting and investment power over all ordinary shares of the Parent shown as beneficially owned by that shareholder. Percentage of beneficial ownership is based on approximately 204.9 million ordinary shares of the Parent outstanding as of February 24, 2021.

Name of Beneficial Owner	Number of Ordinary Shares[1]	Number of Ordinary Shares issuable upon vest within 60 days[2]	Percentage[3]
Directors:			
Lorenzo Pellicioli	117,325	—	0.06
James F. McCann	113,029	—	0.06
Beatrice H. Bassey	6,081	—	Less than 0.005
Massimiliano Chiara	—	—	Less than 0.005
Alberto Dessy	41,088	—	0.02
Marco Drago	44,367	—	0.02
Heather J. McGregor	16,936	—	0.01
Dr. Samantha F. Ravich	9,802	—	Less than 0.005
Vincent L. Sadusky	51,035	—	0.02
Marco Sala	1,401,491	35,254	0.70
Gianmario Tondato da Ruos	40,117	—	0.02
Non-Director Executive Officers:			
Renato Ascoli	237,723	15,426	0.12
Walter Bugno	249,915	11,225	0.13
Fabio Cairoli	66,159	9,978	0.04
Fabio Celadon	22,058	2,287	0.01
Dorothy Costa	1,292	457	Less than 0.005
Scott Gunn	8,202	2,702	0.01
Wendy Montgomery	—	—	Less than 0.005
Christopher Spears	2,102	3,215	Less than 0.005
	2,428,722	80,544	1.22

[1] Includes shares issuable upon the exercise of options which are exercisable as of February 24, 2021, the details of which are included in the "Amount Exercisable (Vested)" in the table below.

[2] Represents performance share units expected to vest in the next 60 days, fractional amounts have been rounded down to the nearest whole number. Excludes shares issuable upon the exercise of options.

[3] Any securities not outstanding that are subject to options or conversion privileges exercisable within 60 days of February 24, 2021 are deemed outstanding for the purpose of computing the percentage of outstanding securities of the class owned by any person holding such securities and by all Board members and executive officers as a group, but are not deemed outstanding for the purpose of computing the percentage of the class owned by any other individual person. Except where noted, percentages have been rounded to the nearest hundredth.

The table below sets forth the options on the Parent's ordinary shares granted to Mr. Sala that were outstanding as of February 24, 2021. As of such date, no executive officer other than Mr. Sala held outstanding options. Further, none of the directors held outstanding options, other than Mr. Sala. For each of the option grants listed below, the options are exercisable for ordinary shares of the Parent, and there is no purchase price applicable to the options other than the exercise price indicated below.

Name	Grant Date	Amount of Shares Underlying Grant	Amount Exercisable (Vested)	Amount Unexercisable (Unvested)	Exercise Price	Expiration Date
Marco Sala	November 30, 2015	250,000	250,000	—	$ 15.53	May 17, 2022
	May 15, 2018	172,500	—	172,500	$ 30.12	May 15, 2024

For a further discussion of stock-based employee compensation, please see "Notes to the Consolidated Financial Statements—22. Stock-Based Compensation."

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

At February 24, 2021, the Parent's outstanding capital stock consisted of 204,856,564 ordinary shares having a nominal value of $0.10 per share, 204,856,564 Special Voting Shares of $0.000001 each, and 50,000 sterling non-voting shares of £1.00 each, held by Intertrust Corporate Services (UK) Limited. Each ordinary share carries one vote and each special voting share carries 0.9995 votes.

The following table sets forth information with respect to beneficial ownership of the Parent's ordinary shares by persons known by the Parent to beneficially own 5% or more of voting rights as a result of their ownership of ordinary shares and election to exercise the votes of Special Voting Shares by placing the associated ordinary shares on the Loyalty Register as of February 24, 2021.

Name of Beneficial Owner	Number of Ordinary Shares Owned	Percent of Ordinary Shares Owned	Number of Ordinary Shares on the Loyalty Register	Percent of Total Voting Power
De Agostini S.p.A.	103,422,324	50.49 %	85,422,324	65.05 %
Blackrock, Inc. [1]	11,480,172	5.60 %	—	4.00 %

[1] Information based on Schedule 13G filed with the SEC dated February 2, 2021 by Blackrock, Inc.

At February 24, 2021, B&D Holding S.p.A. ("B&D Holding") owned 61.24% of De Agostini. Marco Drago is the chairperson and a director of B&D Holding, and Lorenzo Pellicioli is a director of B&D Holding. B&D Holding is in turn owned by members of the Boroli and Drago families.

Significant Changes in Ownership

Prior to January 1, 2018, De Agostini's wholly-owned subsidiary, DeA Partecipazioni S.p.A., held 10,073,006 ordinary shares. Effective January 1, 2018, DeA Partecipazioni S.p.A. merged into De Agostini, resulting in the transfer of ownership of 10,073,006 ordinary shares from DeA Partecipazioni S.p.A. to De Agostini.

On May 22, 2018, De Agostini entered into a variable forward transaction (the "Variable Forward Transaction") with Credit Suisse Securities, Sociedad de Valores S.A., as assignee of Credit Suisse International ("Credit Suisse") relating to 18.0 million of the Company's ordinary shares owned by De Agostini (the "Variable Forward Transaction Shares"). As part of the Variable Forward Transaction, to hedge its exposure Credit Suisse or its affiliates borrowed approximately 13.2 million of the Company's ordinary shares from third-party stock lenders and subsequently sold such ordinary shares in an underwritten public offering through Credit Suisse Securities (USA) LLC, acting as the underwriter, pursuant to an automatically effective registration statement on Form F-3 (including a base prospectus) filed by the Company with the SEC on May 21, 2018.

De Agostini elected, effective as of May 25, 2018, to place all its owned ordinary shares, including the Variable Forward Transaction Shares, on the Loyalty Register, thereby gaining the power to exercise the votes of the related Special Voting Shares. In April 2020, De Agostini pledged the Variable Forward Transaction Shares to Credit Suisse as part of the Variable Forward Transaction and as a result removed the Variable Forward Transaction Shares from the Loyalty Register. As of February 24, 2021, no other shareholder has elected to place any ordinary shares on the Loyalty Register. For more information regarding the Special Voting Shares and the Loyalty Register, please see "Item 10.B Memorandum and Articles of Association—Loyalty Plan."

Credit Suisse has, in the event of a De Agostini default or similar enforcement event under the pledge, the right to vote or direct the vote and dispose of or direct the disposition of the Variable Forward Transaction Shares, but not to direct the votes of the related Special Voting Shares unless Credit Suisse subsequently elects to place such shares on the Loyalty Register in accordance with the terms of the Loyalty Plan.

Voting Rights

De Agostini controls the Parent but does not have different voting rights from the Parent's other shareholders, aside from the election to exercise the votes of the Special Voting Shares related to the shares owned by De Agostini. However, through its voting rights, De Agostini has the ability to control the Company and significantly influence the decisions submitted to a vote of the Parent's shareholders, including approval of annual dividends, the election and removal of directors, mergers or other business combinations, the acquisition or disposition of assets, and issuances of equity, and the incurrence of indebtedness.

Additional Share Information

The Parent's ordinary shares are listed and can be traded on the NYSE in U.S. dollars. The Parent's ordinary shares may be held in the following two ways:

- beneficial interests in the Parent's ordinary shares that are traded on the NYSE are held through the book-entry system provided by The Depository Trust Company ("DTC") and are registered in the register of shareholders in the name of Cede & Co., as DTC's nominee; and
- in certificated form

All of the Parent's ordinary shares are held on the U.S. registry. At February 24, 2021, there were 204 record holders in the U.S. holding approximately 49.51% of the Parent's outstanding ordinary shares, including ordinary shares held by Cede & Co., the nominee for DTC. Ordinary shares held through DTC may be beneficially owned by holders within or outside of the U.S. The shares held by De Agostini are beneficially owned by an entity organized under the laws of Italy. At February 24, 2021, there were 204,856,564 Special Voting Shares of the Parent outstanding, which are all held by Computershare Company Nominees Limited in its capacity as the nominee appointed by the Parent to hold the Special Voting Shares under the terms of the Parent's Loyalty Plan.

The Parent's Special Voting Shares are not listed on the NYSE and will be transferable only in very limited circumstances. For more information regarding the Special Voting Shares, please see "Item 10.B Memorandum and Articles of Association—Loyalty Plan."

B. *Related Party Transactions*

The Company engages in business transactions with certain related parties, which include (i) entities and individuals capable of exercising control, joint control, or significant influence over the Company, (ii) De Agostini or entities directly or indirectly controlled by De Agostini and (iii) unconsolidated subsidiaries or joint ventures of the Company. Members of the Parent's Board of Directors, executives with authority for planning, directing, and controlling the activities of the Company and such Directors' and executives' close family members are also considered related parties.

The Company is majority-owned by De Agostini. Amounts receivable from De Agostini and subsidiaries of De Agostini (the "De Agostini Group") are non-interest bearing. Transactions with the De Agostini Group include payments for support services provided and office space rented pursuant to a lease entered into prior to the formation of the Company. In addition, certain of the Company's Italian subsidiaries have a tax unit agreement, and in some cases, a value-added tax agreement, with De Agostini pursuant to which De Agostini consolidates certain Italian subsidiaries of De Agostini for the collection and payment of taxes to the Italian tax authority. Tax-related receivables from De Agostini were $0.0 million and $2.0 million at December 31, 2020 and 2019, respectively. Tax-related payables to De Agostini were $18.7 million and $17.0 million at December 31, 2020 and 2019, respectively.

The Company generally carries out transactions with related parties on commercial terms that are normal in their respective markets, considering the characteristics of the goods or services involved. For a further discussion of transactions with related parties, including transactions with De Agostini and companies in which we have strategic investments that develop software, hardware, and other technologies or provide services supporting the Company's technologies, please see "Notes to the Consolidated Financial Statements - 24**.** Related Party Transactions."

C. *Interests of Experts and Counsel*

Not applicable.

Item 8. Financial Information

A. *Consolidated Statements and Other Financial Information*

See "Item 18. Financial Statements" for the Company's Consolidated Financial Statements including the Notes thereto and report of its independent registered accounting firm. The Company has not yet implemented a formal policy on dividend distributions.

B. *Significant Changes*

No significant changes have occurred since December 31, 2020, the date of the financial statement included in this annual report on Form 20-F.

Item 9. The Offer and Listing

A. *Offer and Listing Details*

The Parent's ordinary shares are listed on the NYSE under the symbol "IGT."

B. *Plan of Distribution*

Not applicable.

C. *Markets*

The Parent's outstanding ordinary shares are listed on the NYSE under the symbol "IGT."

D. *Selling Shareholders*

Not applicable.

E. *Dilution*

Not applicable.

F. *Expenses of the Issue*

Not applicable.

Item 10. Additional Information

A. *Share Capital*

Not applicable.

B. *Memorandum and Articles of Association*

The Parent is a public limited company registered in England and Wales under company number 09127533. Its objects are unrestricted, in line with the default position under the Companies Act 2006, as amended. The following is a summary of certain provisions of the Articles and of the applicable laws of England. The following is a summary and, therefore, does not contain full details of the Articles, which are attached as Exhibit 1.1 to this annual report on Form 20-F.

The Parent's board of directors (the "Board")

Directors' interests

Except as otherwise provided in the Articles, a director may not vote on or be counted in the quorum in relation to a resolution of the directors or committee of the directors concerning a matter in which he has a direct or indirect interest which is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Parent), but this prohibition does not apply to any interest arising only because a resolution concerns any of the following matters:

- the giving of a guarantee, security, or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Parent or any of its subsidiary undertakings;

- the giving of a guarantee, security, or indemnity in respect of a debt or obligation of the Parent or any of its subsidiary undertakings for which the director has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- a transaction or arrangement concerning an offer of shares, debentures, or other securities of the Parent or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

- a transaction or arrangement to which the Parent is or is to be a party concerning another company (including a subsidiary undertaking of the Parent) in which he or any person connected with him is interested (directly or indirectly) whether as an officer, shareholder, creditor, or otherwise (a "relevant company"), if he and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in Sections 820 to 825 of the CA 2006) representing 1% or more of either any class of the equity share capital (excluding any share of that class held as treasury shares) in the relevant company or of the voting rights available to members of the relevant company;

- a transaction or arrangement for the benefit of the employees of the Parent or any of its subsidiary undertakings (including any pension fund or retirement, death or disability scheme) which does not award him a privilege or benefit not generally awarded to the employees to whom it relates; or

- a transaction or arrangement concerning the purchase or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

Directors' borrowing powers

The directors may exercise all the powers of the Parent to borrow money and to mortgage or charge all or part of the undertaking, property, and assets (present or future) and uncalled capital of the Parent and, subject to the CA 2006, to issue debentures and other securities, whether outright or as collateral security for a debt, liability, or obligation of the Parent or of a third party.

Directors' shareholding requirements

A director need not hold shares in the Parent to qualify to serve as a director.

Age limit

There is no age limit applicable to directors in the Articles.

Compliance with NYSE Rules

For as long as the Parent's ordinary shares are listed on the NYSE, the Parent will comply with all NYSE corporate governance standards set forth in Section 3 of the NYSE Listed Company Manual applicable to non-controlled domestic U.S. issuers, regardless of whether the Parent is a foreign private issuer.

Classes of shares

The Parent has three classes of shares in issue. This includes ordinary shares of U.S. $0.10 each; Special Voting Shares of U.S. $0.000001 each; and sterling non-voting shares of £1.00 each (the "Sterling Non-Voting Shares").

Dividends and distributions

Subject to the CA 2006, the Parent's shareholders may declare a dividend on the Parent's ordinary shares by ordinary resolution, and the Board may decide to pay an interim dividend to holders of the Parent's ordinary shares in accordance with their respective rights and interests in the Parent, and may fix the time for payment of such dividend. Under English law, dividends may only be paid out of distributable reserves, defined as accumulated realized profits (so far as not previously utilized by distribution or capitalization) less accumulated realized losses (so far as not previously written off in a reduction or reorganization of capital duly made), and not out of share capital, which includes the share premium account.

The Special Voting Shares and Sterling Non-Voting Shares do not entitle their holders to dividends.

If 12 years have passed from the date on which a dividend or other sum from the Parent became due for payment and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Parent.

The Articles also permit a scrip dividend scheme under which the directors may, with the prior authority of an ordinary resolution of the Parent, allot to those holders of a particular class of shares who have elected to receive them further shares of that class or ordinary shares in either case credited as fully paid instead of cash in respect of all or part of a dividend or dividends specified by the resolution.

Voting rights

Subject to any rights or restrictions as to voting attached to any class of shares and subject to disenfranchisement in the event of non-payment of any call or other sum due and payable in respect of any shares not fully paid, the voting rights of shareholders of the Parent in a general meeting are as follows:

1. On a show of hands,

    a. the shareholder of the Parent who (being an individual) is present in person or (being a corporation) is present by a duly authorized corporate representative at a general meeting of the Parent will have one vote; and

    b. every person present who has been appointed by a shareholder as a proxy will have one vote, except where:

        i. that proxy has been appointed by more than one shareholder entitled to vote on the resolution; and

        ii. the proxy has been instructed:

            A. by one or more of those shareholders to vote for the resolution and by one or more of those shareholders to vote against the resolution; or

            B. by one or more of those shareholders to vote in the same way on the resolution (whether for or against) and one or more of those shareholders has permitted the proxy discretion as to how to vote,

    in which case, the proxy has one vote for and one vote against the resolution.

2. On a poll taken at a meeting, every shareholder present and entitled to vote on the resolution has one vote for every ordinary share of the Parent of which he, she, or it is the holder, and 0.9995 votes for every Special Voting Share for which he, she, or it is entitled under the terms of the Parent's loyalty voting structure to direct the exercise of the vote.

Under the Articles, a poll on a resolution may be demanded by the chairperson, the directors, five or more people having the right to vote on the resolution, or a shareholder or shareholders (or their duly appointed proxies) having not less than 10% of either the total voting rights or the total paid up share capital. Once a resolution is declared, such persons may demand the poll both in advance of, and during, a general meeting, either before or immediately after a show of hands on such resolution.

In the case of joint holders, only the vote of the senior holder who votes (or any proxy duly appointed by him) may be counted by the Parent.

The necessary quorum for a general shareholder meeting is the shareholders who together represent at least a majority of the voting rights of all the shareholders entitled to vote at the meeting, present in person or by proxy, save that if the Parent only has one shareholder entitled to attend and vote at the general meeting, one shareholder present in person or by proxy at the meeting and entitled to vote is a quorum.

In case of a meeting requisitioned by the shareholders, where the quorum is not met the meeting is dissolved. In case of other meetings, where the quorum is not met, the meeting is adjourned. If a meeting is adjourned for lack of quorum, the quorum of the adjourned meeting will be one shareholder present in person or by proxy.

The Sterling Non-Voting Shares carry no voting rights (save where required by law).

Winding up

On a return of capital of the Parent on a winding up or otherwise, the holders of the Parent's ordinary shares (and any other shares outstanding at the relevant time which rank equally with such shares) will share equally, on a share for share basis, in the Parent's assets available for distribution, after paying:

- the holders of the Special Voting Shares who will be entitled to receive out of the assets of the Parent available for distribution to its shareholders the sum of, in aggregate, U.S. $1.00 but shall not be entitled to any further participation in the assets of the Parent; and

- the holders of the Sterling Non-Voting Shares who will be entitled to receive out of the assets of the Parent available for distribution to its shareholders the sum of, in aggregate, £1.00 but shall not be entitled to any further participation in the assets of the Parent.

Redemption provisions

The Parent's ordinary shares are not redeemable.

The Special Voting Shares may be redeemed by the Parent for nil consideration in certain circumstances (as set out in the Articles).

The Sterling Non-Voting Shares may be redeemed by the Parent for nil consideration at any time.

Sinking fund provisions

None of the Parent's shares are subject to any sinking fund provision under the Articles or as a matter of English law.

Liability to further calls

No holder of any share in the Parent is liable to make additional contributions of capital in respect of its shares.

Discriminating provisions

There are no provisions discriminating against a shareholder because of his or her ownership of a particular number of shares.

Variation of class rights

The Articles treat the Parent's ordinary shares and the Special Voting Shares as a single class for the purposes of voting. Any special rights attached to any shares in the Parent's capital may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, either while the Parent is a going concern or during or in contemplation of a winding up, with the consent in writing of those entitled to attend and vote at general meetings of the Parent representing 75% of the voting rights attaching to the Parent's ordinary shares and the Special Voting Shares, in aggregate, which may be exercised at such meetings, or with the sanction of 75% of those votes attaching to the Parent's ordinary shares and the Special Voting Shares, in aggregate, cast on a special resolution proposed at a separate general meeting of all those entitled to attend and vote at the Parent's general meetings, but not otherwise. The CA 2006 allows an English company to vary class rights of shares by a resolution of 75% of the shareholders of the class in question.

A resolution to vary any class rights relating to the giving, variation, revocation or renewal of any authority of the directors to allot shares or relating to a reduction of the Parent's capital may only be varied or abrogated in accordance with the CA 2006 but not otherwise.

The rights attached to a class of shares are not, unless otherwise expressly provided for in the rights attaching to those shares, deemed to be varied by the creation, allotment, or issue of further shares ranking *pari passu* with or subsequent to them or by the purchase or redemption by the Parent of its own shares in accordance with the CA 2006.

General meetings and notices

The Board has the power to call a general meeting of shareholders at any time. The Board shall determine whether a general meeting (including an annual general meeting) is to be held as a physical general meeting or an electronic general meeting (or a combination thereof). In addition, the Board must convene such a meeting if it has received requests to do so from shareholders representing at least 5% of the paid-up share capital of the Parent as carries voting rights at general meetings in accordance with Section 303 of the CA 2006.

An annual general meeting must be called by not less than 21 clear days' notice (i.e., excluding the date of receipt or deemed receipt of the notice and the date of the meeting itself). All other general meetings will be called by not less than 14 clear days'

notice. A general meeting may be called by shorter notice if it is agreed to by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority who together hold not less than 95% in nominal value of the shares giving that right. At least seven clear days' notice is required for any meeting adjourned for 28 days or more or for an indefinite period.

The notice of a general meeting will be given to the shareholders (other than any who, under the provisions of the Articles or the terms of allotment or issue of shares, are not entitled to receive notice), to the Board, to the beneficial owners nominated to enjoy information rights under the CA 2006, and to the auditors. The shareholders entitled to receive notice of and attend a general meeting are those on the share register at the close of business on a day determined by the directors. Under English law, the Parent is required to hold an annual general meeting within six months from the day following the end of its fiscal year and, subject to the foregoing, the meeting may be held at a time and place (whether physical or electronic or a combination thereof) determined by the Board whether within or outside of the U.K.

The notice of general meeting must specify a time (which must not be more than 48 hours, excluding any part of a day that is not a working day, before the time fixed for the meeting) by which a person must be entered on the share register in order to have the right to attend or vote at the meeting. Only such persons or their duly appointed proxies have the right to attend and vote at the meeting of shareholders.

Limitations on rights to own shares

There are no limitations imposed by the Articles or the applicable laws of England on the rights to own shares, including the right of non-residents or foreign persons to hold or vote the Parent's shares, other than limitations that would generally apply to all shareholders.

Change of control

There is no specific provision in the Articles that directly would have an effect of delaying, deferring, or preventing a change in control of the Parent and that would operate only with respect to a merger, acquisition, or corporate restructuring involving the Parent or any of its subsidiaries. However, the loyalty voting structure may make it more difficult for a third party to acquire, or attempt to acquire, control of the Parent. As a result of the loyalty voting structure, it is possible that a relatively large portion of the voting rights of the Parent could be concentrated in a relatively small number of holders who would have significant influence over the Parent. Such shareholders participating in the loyalty voting structure could reduce the likelihood of change of control transactions that may otherwise benefit holders of the Parent's ordinary shares. For a discussion of this risk, see "Item 3. Key Information - D. Risk Factors."

Disclosure of ownership interests in shares

Under the Articles, shareholders must comply with the notification obligations to the Parent contained in Chapter 5 (*Vote Holder and Issuer Notification Rules*) of the Disclosure Guidance and Transparency Rules ("DTR") (including, without limitation, the provisions of DTR 5.1.2) as if the Parent were an issuer whose home member state is in the United Kingdom, save that the obligation arises if the percentage of voting rights reaches, exceeds, or falls below 1% and each one percent threshold thereafter (up or down) up to 100%. In effect, this means that a shareholder must notify the Parent if the percentage of voting rights in the Parent it holds reaches 1% and crosses any one percent threshold thereafter (up or down).

Section 793 of the CA 2006 gives the Parent the power to require persons whom it knows have, or whom it has reasonable cause to believe have, or within the previous three years have had, any ownership interest in any shares of the Parent to disclose specified information regarding those shares. Failure to provide the information requested within the prescribed period (or knowingly or recklessly providing false information) after the date the notice is sent can result in criminal or civil sanctions being imposed against the person in default.

Under the Articles, if any shareholder, or any other person appearing to be interested in the Parent's shares held by such shareholder, fails to give the Parent the information required by a Section 793 notice, then the Board may withdraw voting rights and place restrictions on the rights to receive dividends, and transfer of such shares (including any shares allotted or issued after the date of the Section 793 notice in respect of those shares).

Changes in share capital

The Articles authorize the Company to allot (with or without conferring rights of renunciation), issue, grant options over or otherwise deal with or dispose of shares in the capital of the Company and to grant rights to subscribe for, or to convert any security into, shares in the capital of the Company to such persons, at such times and upon such terms as the directors may decide, provided that no share may be issued at a discount. Pursuant to a shareholder resolution passed on June 25, 2020, for a period expiring (unless previously revoked, varied or renewed) at the end of the next annual general meeting of the Company or, if sooner, on September 24, 2021, directors are authorized to:

(i) allot ordinary shares in the Parent, or to grant rights to subscribe for or to convert or exchange any security into shares in the Parent, up to an aggregate nominal amount (i.e., par value) of U.S. $6,824,827.70 and up to a further aggregate nominal amount of $6,824,827.70 where the allotment is in connection with an offer by way of a rights issue;

(ii) allot Special Voting Shares and to grant rights to subscribe for, or to convert any security into, Special Voting Shares, up to a maximum aggregate nominal amount of $136.50; and

(iii) exclude pre-emption rights: first, in relation to offers of equity securities by way of rights issue; second, in relation to the allotment of equity securities for cash up to an aggregate nominal amount (i.e., par value) of U.S. $1,023,724.20; and third, in relation to an acquisition or other capital investment up to an aggregate nominal amount (i.e., par value) of U.S. $1,023,724.20.

These provisions are more restrictive than required under English law which does not prescribe a limit for the maximum amounts for allotment of shares or exclusion of pre-emption rights.

Pursuant to a shareholder resolution passed on June 25, 2020, for a period expiring (unless previously revoked, varied or renewed) at the end of the next annual general meeting of the Company or, if sooner, on December 24, 2021, the Parent is authorized to purchase its own ordinary shares on the terms of the share repurchase contracts approved by the shareholders, provided that:

(i) the maximum aggregate number of the Parent’s ordinary shares authorized to be purchased equals 20,474,483, representing 10% of the total issued ordinary shares;

(ii) the minimum price (exclusive of expenses) which may be paid by the Company for each ordinary share shall be U.S. $0.10; and

(iii) the maximum price (exclusive of expenses) which may be paid to purchase an ordinary share of the Parent is 105% of the average market value of an ordinary share for the five business days prior to the day the purchase is made (subject to any further price restrictions contained in any share repurchase contract).

These provisions are more restrictive than required under English law which does not prescribe a limit for the maximum aggregate number or price paid for an "off market" repurchase of shares.

Loyalty Plan

Scope

The Parent has implemented a Loyalty Plan, the purpose of which is to reward long-term ownership of the Parent’s ordinary shares and promote stability of the Parent’s shareholder base by granting long-term shareholders, subject to certain terms and conditions, with the equivalent of 1.9995 votes for each ordinary share that they hold. The Loyalty Plan is governed by the provisions of the Articles and the Loyalty Plan Terms and Conditions from time to time adopted by the Board, a copy of which is available on the Company’s website, together with some Frequently Asked Questions.

Characteristics of Special Voting Shares

Each Special Voting Share carries 0.9995 votes. The Special Voting Shares and ordinary shares will be treated as if they are a single class of shares and not divided into separate classes for voting purposes (save upon a resolution in respect of any proposed termination of the Loyalty Plan).

The Special Voting Shares have only minimal economic entitlements. Such economic entitlements are designed to comply with English law but are immaterial for investors.

Issue

The number of Special Voting Shares on issue equals the number of ordinary shares on issue. A nominee appointed by the Parent (the "Nominee"), which is currently Computershare Company Nominees Limited, holds the Special Voting Shares on behalf of the shareholders of the Parent as a whole, and will exercise the voting rights attached to those shares in accordance with the Articles.

Participation in the Loyalty Plan

In order to become entitled to elect to participate in the Loyalty Plan, a person must maintain ownership in accordance with the Loyalty Plan for a continuous period of three years or more (an "Eligible Person").

An Eligible Person within the Loyalty Plan Terms and Conditions may elect to participate in the Loyalty Plan by submitting a validly completed and signed election form (the "Election Form") and, if applicable, the requisite custodial documentation, to the Parent's designated agent (the "Agent"). The Election Form is available on the Company's website. Upon receipt of a valid Election Form and, if applicable, custodial documentation, the Agent will register the relevant ordinary shares on a separate register (the "Loyalty Register"). In order for an Eligible Person's ordinary shares to remain on the Loyalty Register, they may not be sold, disposed of, transferred, pledged or subjected to any lien, fixed or floating charge or other encumbrance, except in very limited circumstances.

Voting arrangements

The Nominee will exercise the votes attaching to the Special Voting Shares held by it from time to time at a general meeting or a class meeting: (a) in respect of any Special Voting Shares associated with ordinary shares held by an Eligible Person, in the same manner as the Eligible Person exercises the votes attaching to those IGT PLC ordinary shares; and (b) in respect of all other Special Voting Shares, in the same percentage as the outcome of the vote of any general meeting (taking into account any votes exercised pursuant to (a) above).

The proxy or voting instruction form in respect of an Eligible Person's ordinary shares will contain an instruction and authorization in favor of the Nominee to exercise the votes attaching to the Special Voting Shares associated with those ordinary shares in the same manner as that Eligible Person exercises the votes attaching to those ordinary shares.

Transfer or withdrawal

If, at any time and for any reason, one or more ordinary shares are de-registered from the Loyalty Register, or any ordinary shares held by an Eligible Person on the Loyalty Register are sold, disposed of, transferred (other than with the benefit of a waiver in respect of certain permitted transfers), pledged or subjected to any lien, fixed or floating charge or other encumbrance, the Special Voting Shares associated with those ordinary shares will cease to confer on the Eligible Person any voting rights (or any other rights) in connection with those Special Voting Shares and such person will cease to be an Eligible Person in respect of those Special Voting Shares.

A shareholder may request the de-registration of their ordinary shares from the Loyalty Register at any time by submitting a validly completed Withdrawal Form to the Agent. The Agent will release the ordinary shares from the Loyalty Register within three business days thereafter. Upon de-registration from the Loyalty Register, such ordinary shares will be freely transferable. From the date on which the Withdrawal Form is processed by the Agent, the relevant shareholder will be considered to have waived their rights in respect of the relevant Special Voting Shares.

Termination of the Plan

The Loyalty Plan may be terminated at any time with immediate effect by a resolution passed on a poll taken at a general meeting with the approval of members representing 75% or more of the total voting rights attaching to the ordinary shares of members who, being entitled to vote on that resolution, do so in person or by proxy. For the avoidance of doubt, the votes attaching to the Special Voting Shares will not be exercisable upon such resolution.

Upon termination of the Loyalty Plan, the directors may elect to redeem or repurchase the Special Voting Shares from the Nominee for nil consideration or cancel them, or convert the Special Voting Share into deferred shares carrying no voting rights and no economic rights (or any other rights), save that on a return of capital or a winding up, the holder of the deferred shares shall be entitled to, in aggregate, $1.00.

Transfer

The Special Voting Shares may not be transferred, except in exceptional circumstances, e.g., for transfers between Loyalty Plan nominees.

Repurchase or redemption

Special Voting Shares may only be purchased or redeemed by the Parent in limited circumstances, including to reduce the number of Special Voting Shares held by the Nominee in order to align the aggregate number of ordinary shares and Special Voting Shares in issue from time to time or upon termination of the Loyalty Plan. Special Voting Shares may be redeemed or repurchased for nil consideration.

C. *Material Contracts*

Share Sale and Purchase Agreement with Gamenet Group S.p.A.

On December 7, 2020, the Parent's wholly-owned subsidiary, Lottomatica, entered into a share sale and purchase agreement with Gamenet Group S.p.A. Pursuant to the share sale and purchase agreement, and subject to the terms and conditions therein, Lottomatica has agreed to sell 100% of the share capital of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., the members of the IGT group which conduct its Italian B2C gaming machine, sports betting, and digital gaming businesses, to Gamenet Group S.p.A, a subsidiary of funds managed by an affiliate of Apollo Global Management, Inc. (together with its subsidiaries, "Apollo") for a sale price of €950 million, with €725 million to be paid at closing and deferred payments of €125 million and €100 million payable on December 31, 2021 and September 30, 2022, respectively. The sale price is subject to certain adjustments specified in the agreement. The deferred payments are not subject to any conditions other than closing and are secured by an equity commitment letter from Apollo-managed funds. The transaction is expected to close in the first half of 2021, and is subject to customary closing conditions, including regulatory approvals.

Observer Agreement with De Agostini

On May 16, 2018, the Parent's directors approved the observer agreement (the "Observer Agreement") between De Agostini and the Company permitting De Agostini to appoint an observer to attend meetings of the Parent's directors. On November 12, 2019, the Observer Agreement was renewed for a two-year term and Paolo Ceretti, a former director of the Parent, acknowledged and agreed to his renewed appointment by De Agostini as an observer pursuant to the terms of the Observer Agreement. Unless renewed, the Observer Agreement is set to expire following the meeting of the Parent's directors at which the financial results for the third quarter of 2021 are reviewed.

Agreements Related to the Italian Lotto License

In March 2016, the Parent, through its subsidiary Lottomatica, Italian Gaming Holding a.s., Arianna 2001, and Novomatic Italia (the "Consortium") entered into a consortium agreement (the "Consortium Agreement") to bid on the Italian Gioco del Lotto license (the "Lotto License"). On May 16, 2016, the Consortium was awarded management of the Lotto License for a nine-year term. Under the terms of the Consortium Agreement, Lottomatica is the principal operating partner to fulfill the requirements of the Lotto License. According to the bid procedure and Consortium Agreement, a joint venture company called Lottoitalia s.r.l ("Lottoitalia") has been established with Lottomatica having 61.5% equity ownership interest, and the remainder of the equity ownership shared among the other three Consortium members. For a further discussion of the Consortium Agreement's terms, please see "Notes to the Consolidated Financial Statements—20. Variable Interest Entities."

Italian Scratch & Win License

In December 2017, the Parent, through its subsidiary Lotterie Nazionali S.r.l. ("LN") accepted a contract extension of nine years for the Italian Scratch & Win license. The Italian Scratch & Win license is managed exclusively by LN, a joint venture owned 64% by Lottomatica, with Scientific Games Corporation (20%), Arianna 2001 (15%), and Servizi in Rete S.p.A. (1%) as minority shareholders.

Related Party Agreements

For a discussion of the Company's related party transactions, including additional transactions with De Agostini, please see "Notes to the Consolidated Financial Statements—24. Related Party Transactions."

Compensation Arrangements

For a description of compensation arrangements with the Parent's directors and executive officers, please see "Item 6. Directors, Senior Management, and Employees — B. Compensation."

Financing

For a description of the Company's outstanding financing agreements, please see section "Item 5.B. Liquidity and Capital Resources."

D. *Exchange Controls*

Other than applicable taxation, anti-money laundering, and counter-terrorist financing law and regulations and certain economic sanctions which may be in force from time to time, there are currently no English laws or regulations, or any provision of the Articles, which would prevent the transfer of capital or remittance of dividends, interest, and other payments to holders of the Parent's securities who are not residents of the U.K. on a general basis.

E. *Taxation*

Material United States Federal Income Tax Considerations

This section summarizes certain material U.S. federal income tax considerations regarding the ownership and disposition of the Parent's ordinary shares by a U.S. holder (as defined below). This summary is based on U.S. federal income tax law, including the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, administrative guidance and court decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to differing interpretations. No ruling from the Internal Revenue Service (the "IRS") has been sought with respect to any U.S. federal income tax considerations described below, and there can be no assurance that the IRS or a court will not take a contrary position. The discussion assumes that the Parent's shareholders hold their ordinary shares, as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion further assumes that all items or transactions identified as debt will be respected as such for U.S. federal income tax purposes.

This summary does not constitute tax advice and does not address all aspects of U.S. federal income taxation that may be relevant to the Parent's shareholders in light of their personal circumstances, including any tax consequences arising under the tax on certain investment income pursuant to the Health Care and Education Reconciliation Act of 2010 or arising under the U.S. Foreign Account Tax Compliance Act, (or any Treasury regulations or administrative guidance promulgated thereunder, any intergovernmental agreement entered into in connection therewith or any non-U.S. laws, rules or directives implementing or relating to any of the foregoing), or to shareholders subject to special treatment under the Code, including (but not limited to):

- banks, thrifts, mutual funds, and other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- traders in securities that elect to apply a mark-to-market method of accounting;
- broker-dealers;
- tax-exempt organizations and pension funds;
- U.S. holders that own (directly, indirectly, or constructively) 10% or more of the Company's stock (by vote or value);
- insurance companies;
- dealers or brokers in securities or foreign currency;
- individual retirement and other deferred accounts;
- U.S. holders whose functional currency is not the U.S. dollar;
- U.S. expatriates;
- "passive foreign investment companies" or "controlled foreign corporations";
- persons subject to the alternative minimum tax;
- U.S. holders that hold their shares as part of a straddle, hedging, conversion constructive sale or other risk reduction transaction;
- partnerships or other entities or other arrangements treated as partnerships for U.S. federal income tax purposes and their partners and investors; and
- U.S. holders that received their shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

This discussion does not address any non-income tax considerations or any state, local or non-U.S tax consequences. For purposes of this discussion, a "U.S. holder" means a beneficial owner of the Parent's ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

This discussion does not purport to be a comprehensive analysis or description of all potential U.S. federal income tax considerations. Each of the Parent's shareholders is urged to consult with such shareholder's tax advisor with respect to the particular tax consequences of the ownership and disposition of the Parent's ordinary shares to such shareholder.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds the Parent's ordinary shares, the tax treatment of a partner therein will generally depend upon the status of such partner, the activities of the partnership and certain determinations made at the partner level. Any such holder that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the ownership and disposition of their ordinary shares.

Ownership and Disposition of the Parent's Ordinary Shares

The following discusses certain material U.S. federal income tax consequences of the ownership and disposition of the Parent's ordinary shares by U.S. holders and assumes that the Parent will be a resident exclusively of the U.K. for all tax purposes.

Taxation of Distributions

Subject to the discussion below under "Passive Foreign Investment Company Considerations," the gross amount of distributions with respect to the Parent's ordinary shares (including the amount of any non-U.S. withholding taxes) will be taxable as dividends, to the extent that they are paid out of the Parent's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such dividends will be includable in a U.S. holder's gross income as ordinary dividend income on the day actually or constructively received by the U.S. holder. Such dividends will not be eligible for the dividends-received deduction allowed to corporations under the Code.

The gross amount of the dividends paid by the Parent to non-corporate U.S. holders may be eligible to be taxed at reduced rates of U.S. federal income tax applicable to "qualified dividend income." Recipients of dividends from non-U.S. corporations will be taxed at this rate, provided that certain holding period requirements are satisfied and certain other requirements are met, if the dividends are received from "qualified foreign corporations," which generally include corporations eligible for the benefits of an income tax treaty with the United States that the U.S. Secretary of the Treasury determines is satisfactory and includes an information exchange program. The U.S. Department of the Treasury and the IRS have determined that the U.K.- U.S. Income Tax Treaty is satisfactory for these purposes and the Parent believes that it is eligible for benefits under such treaty. Dividends paid with respect to stock of a foreign corporation which stock is readily tradable on an established securities market in the United States will also be treated as having been received from a "qualified foreign corporation." The U.S. Department of the Treasury and the IRS have determined that common stock is considered readily tradable on an established securities market if it is listed on an established securities market in the United States, such as the NYSE.

Non-corporate U.S. holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss, or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code, will not be eligible for the reduced rates of taxation regardless of the Parent's status as a qualified foreign corporation. In addition, even if the minimum holding period requirement has been met, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. Each U.S. holder should consult its own tax advisors regarding the application of these rules given its particular circumstances.

To the extent that the amount of any distribution exceeds the Parent's current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the excess will first be treated as a tax-free return of capital to the

extent of each U.S. holder's adjusted tax basis in the Parent's ordinary shares and will reduce such U.S. holder's basis accordingly. The balance of the excess, if any, will be taxed as capital gain, which would be long-term capital gain if the holder has held the Parent's ordinary shares for more than one year at the time the distribution is received. Long-term capital gain of certain non-corporate U.S. holders, including individuals, is generally taxed at reduced rates. The deduction of capital losses is subject to limitations.

The amount of any distribution paid in foreign currency will be the U.S. dollar value of the foreign currency distributed by the Parent, calculated by reference to the exchange rate in effect on the date the distribution is includable in the U.S. holder's income, regardless of whether the payment is in fact converted into U.S. dollars on the date of receipt. Generally, a U.S. holder would not recognize any foreign currency gain or loss if the foreign currency is converted into U.S. dollars on the date the payment is received. However, any gain or loss resulting from currency exchange fluctuations during the period from the date the U.S. holder includes the distribution payment in income to the date such U.S. holder actually converts the payment into U.S. dollars will generally be treated as ordinary income or loss.

Sale, Exchange, or Other Taxable Disposition

Subject to the discussion below under "Passive Foreign Investment Company Considerations," a U.S. holder will generally recognize taxable gain or loss on the sale, exchange or other taxable disposition of the Parent's ordinary shares in an amount equal to the difference, if any, between the amount realized on the sale, exchange, or other taxable disposition and the U.S. holder's tax basis in such Parent's ordinary shares. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the ordinary shares have been held for more than one year. Long-term capital gain of certain non-corporate U.S. holders, including individuals, is generally taxed at reduced rates. The deduction of capital losses is subject to limitations.

Passive Foreign Investment Company Considerations

A Passive Foreign Investment Company ("PFIC") is any foreign corporation if, after the application of certain "look-through" rules, (a) at least 75% of its gross income is "passive income" as that term is defined in the relevant provisions of the Code, or (b) at least 50% of the average value of its assets produces "passive income" or is held for the production of "passive income." The determination as to PFIC status is a fact-intensive determination that includes ascertaining the fair market value (or, in certain circumstances, tax basis) of all the Parent's assets on a quarterly basis and the character of each item of income, and cannot be completed until the close of a taxable year. If a U.S. holder is treated as owning PFIC stock, such U.S. holder will be subject to special rules generally intended to reduce or eliminate the benefit of the deferral of U.S. federal income tax that results from investing in a foreign corporation that does not distribute all of its earnings on a current basis. These rules may adversely affect the tax treatment to a U.S. holder of distributions paid by the Parent and of sales, exchanges, and other dispositions of the Parent's ordinary shares, and may result in other adverse U.S. federal income tax consequences.

The Parent believes that the ordinary shares should not be treated as shares of a PFIC in the current taxable year, and the Parent does not expect that it will become a PFIC in the future. However, there can be no assurance that the IRS will not successfully challenge this position or that the Parent will not become a PFIC at some future time as a result of changes in the Parent's assets, income, or business operations.

Each U.S. holder is urged to consult its tax advisor concerning the U.S. federal income tax consequences of acquiring, owning or disposing of the Parent's ordinary shares if the Parent is or becomes classified as a PFIC, including the possibility of making a mark-to-market election. The remainder of the discussion below assumes that the Parent is not a PFIC, has not been a PFIC and will not become a PFIC in the future.

Information Reporting

U.S. individuals and certain entities with interests in "specified foreign financial assets" (including, among other assets, the Parent's ordinary shares, unless such shares were held on such U.S. holder's behalf through certain financial institutions) with values in excess of certain thresholds are required to file an information report with the IRS. Taxpayers that fail to file the information report when required are subject to penalties. U.S. holders should consult their own tax advisors as to the possible obligation to file such information reports in light of their particular circumstances.

Special Voting Shares

NO STATUTORY, JUDICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE RECEIPT, OWNERSHIP, OR LOSS OF ENTITLEMENT TO INSTRUCT THE NOMINEE ON HOW TO VOTE IN RESPECT OF SPECIAL VOTING SHARES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AND AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES THEREOF ARE UNCERTAIN. ACCORDINGLY, U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE RECEIPT, OWNERSHIP, AND LOSS OF ENTITLEMENT TO INSTRUCT THE NOMINEE ON HOW TO VOTE IN RESPECT OF SPECIAL VOTING SHARES.

While the tax consequences of the receipt, ownership and loss of entitlement to instruct the nominee on how to vote in respect of Special Voting Shares are unclear, such receipt, ownership and loss is not expected to constitute a separate transaction from ownership of the ordinary shares for U.S. federal income tax purposes. As such, neither the receipt of the Special Voting Shares nor the loss of entitlement to instruct the nominee on how to vote the Special Voting Shares is expected to give rise to a taxable event for U.S. federal income tax purposes.

Material U.K. Tax Considerations

The following summary is intended to apply only as a general guide to certain U.K. tax considerations, and is based on current U.K. tax law and current published practice of Her Majesty's Revenue and Customs ("HMRC"), both of which are subject to change at any time, possibly with retrospective effect. They relate only to certain limited aspects of the U.K. taxation treatment of investors who are resident and, in the case of individuals, domiciled or deemed domiciled in (and only in) the U.K. for U.K. tax purposes (except to the extent that the position of non-U.K. resident shareholders is expressly referred to), who will hold the Parent's ordinary shares as investments (other than under an individual savings account or a self-invested personal pension) and who are the absolute beneficial owners of the Parent's ordinary shares. The statements may not apply to certain classes of investors such as (but not limited to) persons acquiring their ordinary shares in connection with an office or employment, dealers in securities, insurance companies, and collective investment schemes.

Any shareholder or potential investor should obtain advice from his or her own investment or taxation advisor.

Dividends

The Parent will not be required to withhold U.K. tax at the source from dividend payments it makes.

U.K. resident individual shareholders

All dividends received by an individual shareholder from the Parent or from other sources will form part of that shareholder's total income for income tax purposes and will constitute the top slice of that income. For the tax year 2020/ 2021, the extent that the dividends they receive (whether from the Parent or other companies) exceed the tax free dividend allowance (£2,000 for the tax year 2020/2021, they are taxed on such dividends at either 7.5% (to the extent shareholders are liable to tax only at the basic rate), 32.5% (to the extent shareholders are liable to pay tax at the higher rate) or 38.1% (to the extent shareholders are liable to pay tax at the additional rate).

U.K. resident corporate shareholders

A corporate shareholder resident in the U.K. for tax purposes which is a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to U.K. corporation tax on any dividend received from the Parent provided that certain conditions are met (including an anti-avoidance condition).

Other corporate shareholders resident in the U.K. for tax purposes will not be subject to U.K. corporation tax on any dividend received from the Parent so long as the dividends fall within an exempt class and certain conditions are met. For example, (1) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to a company's assets on its winding up, and (2) dividends paid to a person holding less than a 10% interest in the Parent should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to anti-avoidance rules.
If the conditions for exemption are not met or cease to be satisfied, if anti-avoidance provisions apply or if such a corporate shareholder elects an otherwise exempt dividend to be taxable, the shareholder will be subject to U.K. corporation tax on dividends received from the Parent, at the rate of corporation tax applicable to that corporate shareholder (currently 19.00% for the tax year 2020/2021).

Non-U.K. resident shareholders

A shareholder resident outside the U.K. for tax purposes and who holds the Parent's ordinary shares as investments will not generally be liable to tax in the U.K. on any dividend received from the Parent unless he or she carries on (whether solely or in partnership) a trade, profession or vocation in the United Kingdom through a branch or agency to which the ordinary shares are attributable. There are certain exceptions for trading in the United Kingdom through independent agents, such as some brokers and investment managers.

A non-U.K. resident shareholder may also be subject to taxation on dividend income under local law. A shareholder who is not solely resident in the U.K. for tax purposes should consult his or her own tax advisors concerning his or her tax liabilities (in the U.K. and any other country) on dividends received from the Parent, whether he or she is entitled to claim any part of the tax credit and, if so, the procedure for doing so, and whether any double taxation relief is due in any country in which he or she is subject to tax.

Taxation of Capital Gains

Disposal of the Parent's Ordinary Shares

A disposal or deemed disposal of the Parent's ordinary shares by a shareholder who is resident in the U.K. for tax purposes may, depending upon the shareholder's circumstances and subject to any available exemptions and reliefs (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of U.K. taxation of capital gains.

If an individual shareholder who is subject to income tax at either the higher or the additional rate becomes liable to U.K. capital gains tax on the disposal of the Parent's ordinary shares, the applicable rate (for the tax year 2020/2021) will be either 10% or 20%, respectively (save in some limited circumstances).

If a corporate shareholder becomes liable to U.K. corporation tax on the disposal (or deemed disposal) of ordinary shares, the main rate of U.K. corporation tax (at a rate of 19% for the tax year 2020/2021) would apply, subject to any exemptions, reliefs and/or allowable losses. A shareholder which is not resident in the U.K. for tax purposes should not normally be liable to U.K. taxation on chargeable gains on a disposal or deemed disposal of the Parent's ordinary shares unless the person is carrying on (whether solely or in a partnership) a trade, profession or vocation in the U.K. through a branch or agency (or, in the case of a corporate holder of ordinary shares, through a permanent establishment) to which the ordinary shares are attributable. However, an individual shareholder who has ceased to be resident in the U.K. for the purposes of a double taxation treaty for a period of less than five years and who disposes of the Parent's ordinary shares during that period of temporary non-residence may be liable on his return to the U.K. (or upon ceasing to be regarded as resident outside the U.K. for purposes of double taxation relief) to U.K. taxation on any capital gain realized (subject to any available exemption or relief).

Inheritance Tax

The Parent's ordinary shares will be assets situated in the U.K. for the purposes of U.K. inheritance tax. A gift or settlement of such assets by, or on the death of, an individual holder of such assets may (subject to certain exemptions and reliefs and depending upon the shareholder's circumstances) give rise to a liability to U.K. inheritance tax even if the holder is not a resident of or domiciled in the U.K. for tax purposes. For inheritance tax purposes, a transfer of assets at less than market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

A charge to inheritance tax may arise in certain circumstances where the Parent's ordinary shares are held by close companies and by trustees of settlements. Shareholders should consult an appropriate tax advisor as to any inheritance tax implications if they intend to make a gift or transfer at less than market value or intend to hold the Parent's ordinary shares through a close company or trust arrangement.

Shareholders and/or potential investors who are in any doubt as to their tax position, or who are subject to tax in any jurisdiction other than the U.K., should consult a suitable professional advisor.

F. *Dividends and Paying Agents*

Not applicable.

G. *Statement of Experts*

Not applicable.

H. *Documents on Display*

The Parent files reports, including annual reports on Form 20-F, furnishes current reports on Form 6-K and discloses other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. These may be accessed by visiting the SEC's website at www.sec.gov.

I. *Subsidiary Information*

Not applicable

Item 11. Quantitative and Qualitative Disclosures About Market Risk

The Company's activities expose it to a variety of market risks including interest rate risk and foreign currency exchange rate risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its performance through ongoing operational and finance activities. The Company monitors and manages its exposure to such risks both centrally and at the local level, as appropriate, as part of its overall risk management program with the objective of seeking to reduce the potential adverse effects of such risks on its results of operations and financial position.

Depending upon the risk assessment, the Company uses selected derivative hedging instruments, including principally interest rate swaps and foreign currency forward contracts, for the purposes of managing interest rate risk and currency risks arising from its operations and sources of financing. The Company's policy is not to enter into such contracts for speculative purposes.

The following section provides qualitative and quantitative disclosures on the effects that these risks may have. The quantitative data reported below does not have any predictive value and does not reflect the complexity of the markets or reactions which may result from any changes that are assumed to have taken place.

Interest Rate Risk

Indebtedness

The Company's exposure to changes in market interest rates relates primarily to its cash and financial liabilities which bear floating interest rates. The Company's policy is to manage interest cost using a mix of fixed and variable rate debt. The Company has historically used various techniques to mitigate the risks associated with future changes in interest rates, including entering into interest rate swap and treasury rate lock agreements.

At December 31, 2020 and 2019, approximately 23% and 24% of the Company's net debt portfolio was exposed to interest rate fluctuations, respectively. The Company's exposure to floating rates of interest primarily relates to the Euro Term Loan Facility due January 2023 and Revolving Credit Facilities due July 2024. At December 31, 2019, the Company held $625.0 million (notional amount) in interest rate swaps that effectively convert $625.0 million of the 6.250% Senior Secured U.S. Dollar Notes due February 2022 from fixed interest rate debt to variable rate debt. At December 31, 2020, the Company held $425.0 million (notional amount) in interest rate swaps that were no longer designated as hedging relationships and the fair value of the swaps is recognized in interest expense with no corresponding offset to debt.

A hypothetical 10 basis points increase in interest rates for 2020 and 2019, with all other variables held constant, would have resulted in lower income from continuing operations before provision for income taxes of approximately $1.9 million and $2.0 million, respectively.

Costs to Fund Jackpot Liabilities

Fluctuations in prime, treasury, and agency rates due to changes in market and other economic conditions directly impact the Company's cost to fund jackpots and corresponding gaming operating income. If interest rates decline, jackpot cost increases and operating income decreases. The Company estimates a hypothetical decline of one percentage point in applicable interest rates would have reduced operating income by approximately $7.3 million and $5.6 million in 2020 and 2019, respectively. The Company does not manage this exposure with derivative financial instruments.

Foreign Currency Exchange Rate Risk

The Company operates on an international basis across a number of geographical locations. The Company is exposed to (i) transactional foreign exchange risk when an entity enters into transactions in a currency other than its functional currency, and (ii) translation foreign exchange risk which arises when the Company translates the financial statements of its foreign entities into U.S. dollars for the preparation of the consolidated financial statements.

Transactional Risk

The Company's subsidiaries generally execute their operating activities in their respective functional currencies. In circumstances where the Company enters into transactions in a currency other than the functional currency of the relevant entity, the Company seeks to minimize its exposure by (i) sharing risk with its customers (for example, in limited circumstances, but whenever possible, the Company negotiates clauses into its contracts that allows for price adjustments should a material change in foreign exchange rates occur), (ii) creating a natural hedge by netting receipts and payments, (iii) utilizing foreign currency borrowings, and (iv) where applicable, by entering into foreign currency forward and option contracts.

The principal foreign currency to which the Company is exposed is the euro. A hypothetical 10% decrease in the U.S. dollar to euro exchange rate, with all other variables held constant, would have resulted in lower income from continuing operations before provision for income taxes of approximately $363.3 million and $331.2 million for 2020 and 2019, respectively.

From time to time, the Company enters into foreign currency forward and option contracts to reduce the exposure associated with certain firm commitments, variable service revenues, and certain assets and liabilities denominated in foreign currencies. These contracts generally have average maturities of 12 months or less, and are regularly renewed to provide continuing coverage throughout the year. It is the Company's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

At December 31, 2020, the Company had forward contracts for the sale of approximately $169.6 million of foreign currency (primarily South African rand, Canadian dollars, Australian dollars, and British pounds) and the purchase of approximately $187.3 million of foreign currency (primarily euro and Polish zlotys).

At December 31, 2019, the Company had forward contracts for the sale of approximately $187.6 million of foreign currency (primarily Colombian peso, Canadian dollars, South African rand, and Australian dollars) and the purchase of approximately $419.2 million of foreign currency (primarily euro and Canadian dollars).

Translation Risk

Certain of the Company's subsidiaries are located in countries that are outside of the United States, in particular the Eurozone. As the Company's reporting currency is the U.S. dollar, the income statements of those entities are converted into U.S. dollars using the average exchange rate for the period, and while revenues and costs are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs, and the result in U.S. dollars. The monetary assets and liabilities of consolidated entities that have a reporting currency other than the U.S. dollar are translated into U.S. dollars at the period-end foreign exchange rate. The effects of these changes in foreign exchange rates are recognized directly in the consolidated statements of shareholders' equity within accumulated other comprehensive income.

The Company's foreign currency exposure primarily arises from changes between the U.S. dollar and the euro. A hypothetical 10% decrease in the U.S. dollar to euro exchange rate, with all other variables held constant, would have reduced equity by $118.3 million and $120.4 million for 2020 and 2019, respectively.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividends, Arrearages, and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

See the description of the Loyalty Plan in “Item 10. Additional Information—B. Memorandum and Articles of Association—Loyalty Plan.”

Item 15. Controls and Procedures

Disclosure Controls and Procedures

The Company’s management maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the Company’s reports that it files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, and reported within time periods specified in the Commission’s rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating its disclosure controls and procedures, the Company recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as the Company’s are designed to do.
As required by Rule 13a-15(b) under the Exchange Act, an evaluation of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2020 was conducted under the supervision and with the participation of its management including its Chief Executive Officer and Chief Financial Officer. Based on this evaluation, its Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures were effective as of December 31, 2020 at a reasonable assurance level.

Management’s Report on Internal Control over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined by Rules 13a-15(f) and 15d-15(f) under the Exchange Act).
The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
The Company’s internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with generally accepted accounting principles; and that receipts and expenditures of the Company are made only in accordance with authorizations of the Company’s management and directors; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of the Company’s assets, that could have a material effect on the financial statements, would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
The Company’s management assessed the effectiveness of internal control over financial reporting as of December 31, 2020 based upon the framework presented in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2020.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2020 as stated in their report appearing in "Report of Independent Registered Public Accounting Firm" included in "Item 18. Financial Statements."

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The Parent's Board of Directors has determined that Vincent L. Sadusky, chairperson of the Audit Committee, is an audit committee financial expert. He is an independent director under the NYSE standards.

Item 16B. Code of Ethics

The Company has adopted a Code of Ethics for Principal Executive Officer and Senior Financial Officers which is applicable to its principal executive officer, principal financial officer, the principal accounting officer and controller, and any persons performing similar functions. The Code of Ethics was most recently amended in November 2020 to expressly permit persons reporting violations of the code to bring instances of retaliation, harassment or retribution to the attention of the Audit Committee, in addition to the Board of Directors. This code of ethics is posted on its website, www.igt.com, and may be found as follows: from the main page, first click on "Explore IGT" and then on "Investor Relations" and then on "Management and Governance" and then on "Documents." The information contained on the Company's website is not included in, or incorporated by reference into, this annual report on Form 20-F.

Item 16C. Principal Accountant Fees and Services

PricewaterhouseCoopers LLP ("PwC US") has been serving as the Company's independent auditor since 2015.

Aggregate fees for professional services and other services rendered by PwC US and its foreign entities belonging to the PwC network in 2020 and 2019 were as follows:

	For the year ended December 31,	
($ thousands)	**2020**	**2019**
Audit fees	10,929	11,090
Audit-related fees	357	660
Tax fees	335	1,294
All other fees	112	147
	11,733	13,191

- Audit fees consist of professional services performed in connection with the annual financial statements.
- Tax fees consist of professional services for tax planning and compliance.
- Audit-related fees consist of assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and agreed upon procedures for certain financial statement areas.
- All other fees, other than those reported above, mainly consist of services in relation to intellectual property royalty audits, compliance-related services, and access to online accounting research software applications.

Audit Committee's Pre-Approval Policies and Procedures

The Audit Committee pre-approves engagements of the Company's independent registered public accounting firm to audit the Company's consolidated financial statements. The Audit Committee has a policy requiring management to obtain the Audit Committee's approval before engaging the Company's independent registered public accounting firm to provide any other audit or permitted non-audit services to the Company or its subsidiaries. Pursuant to this policy, which is designed to ensure that such engagements do not impair the independence of the Company's independent registered public accounting firm, the Audit Committee reviews and pre-approves, if appropriate, specific audit and non-audit services in the categories audit services, tax services, audit-related services, and any other services that may be performed by the Company's independent registered public accounting firm.

Item 16D. Exemptions from the Listing Standards for Audit Committees

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Company currently has neither purchased any common shares of the Company nor announced any share buyback plans. The Company has the authority to repurchase, subject to a maximum repurchase price, a maximum of 20,474,483 ordinary shares of the Company. This authority will expire at the end of next year's annual general meeting, or, if sooner, on December 24, 2021.

Item 16F. Change in Registrant's Certifying Accountant

None.

Item 16G. Corporate Governance

The Parent is a public limited company incorporated under the laws of England and Wales and qualifies as a foreign private issuer under the rules and regulations of the SEC and the listing standards of the NYSE. In accordance with the NYSE listing rules related to corporate governance, listed companies that are foreign private issuers are permitted to follow home-country practice in some circumstances in lieu of the provisions of the corporate governance rules contained in Section 303A of the NYSE Listed Company Manual that are otherwise applicable to listed companies. However, for as long as the Parent's ordinary shares are listed on the NYSE, the Company will comply with all NYSE corporate governance standards set forth in Section 3 of the NYSE Listed Company Manual applicable to non-controlled domestic U.S. issuers, regardless of whether the Company is a foreign private issuer.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

The audited Consolidated Financial Statements as required under Item 18 are attached hereto starting on page F-1 of this annual report on Form 20-F.

Item 19. Exhibits

A list of exhibits included as part of this annual report on Form 20-F is set forth in the Index to Exhibits immediately following this Item 19.

INDEX TO EXHIBITS

Exhibit	Description
1.1	Articles of Association of International Game Technology PLC, adopted June 25, 2020 (incorporated herein by reference to Exhibit 99.2 of the Company's Form 6-K furnished to the SEC on June 29, 2020).
	There have not been filed as exhibits to this Form 20-F certain long-term debt instruments, none of which relates to indebtedness that exceeds 10% of the consolidated assets of International Game Technology PLC. International Game Technology PLC agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument defining the rights of holders of long-term debt of International Game Technology PLC and its consolidated subsidiaries.
2.1	International Game Technology PLC Loyalty Plan Terms and Conditions, adopted April 7, 2015, and amended December 24, 2017 and March 7, 2018 (incorporated herein by reference to Exhibit 2.1 of the Company's Form 20-F filed with the SEC on March 15, 2018).
2.2	Senior Facilities Agreement dated November 4, 2014, as amended April 2, 2015, October 28, 2015, June 26, 2016, July 31, 2017, December 17, 2018, July 24, 2019 and May 7, 2020 for the US$1,050,000,000 and €625,000,000 multicurrency revolving credit facilities among International Game Technology PLC (as successor to GTECH S.p.A.), as the Parent and a Borrower; GTECH Corporation, as a Borrower; J.P. Morgan Limited and Mediobanca — Banca di Credito Finanziario S.p.A., as the Global Coordinators, Bookrunners, and Mandated Lead Arrangers; the entities listed in Part III of Schedule I thereto, as the Bookrunners and Mandated Lead Arrangers, the entities listed in Part IV of Schedule I thereto, as the Mandated Lead Arrangers; the entities listed in Part V of Schedule I thereto, as the Arrangers, the financial institutions listed in Part IIA of Schedule I thereto, as the Original Lenders; The Royal Bank of Scotland plc, as the Agent; The Royal Bank of Scotland plc, as the Issuing Agent; KeyBank National Association, as the Swingline Agent; and the financial institutions listed in Part IIB of Schedule I thereto, as the Original US Dollar Swingline Lenders (incorporated herein by reference to Exhibit 99.3 of the Company's Form 6-K furnished to the SEC on May 13, 2020).
2.3	Senior Facility Agreement dated July 25, 2017, as amended December 18, 2018, July 18, 2019 and May 8, 2020 for the €1,500,000,000 term loan facility among International Game Technology PLC, as the Borrower; Bank of America Merrill Lynch International Limited and Mediobanca - Banca di Credito Finanziario S.p.A. as Global Coordinators, Bookrunners, and Mandated Lead Arrangers; BNP Paribas, Italian Branch, Banca IMI S.p.A., and UniCredit Bank AG, Milan Branch, as Bookrunners and Mandated Lead Arrangers; Barclays Bank PLC, Credit Agricole Corporate & Investment Bank, Milan Branch, ING Bank N.V. - Milan Branch, National Westminster Bank PLC, Socgen Inversiones Financiers S.A.U., The Bank of Nova Scotia, and Credit Suisse AG, Milan Branch as Mandated Lead Arrangers; Mediobanca - Banca di Credito Finanziario S.p.A., as the Agent; and others (incorporated herein by reference to Exhibit 99.5 of the Company's Form 6-K furnished to the SEC on May 13, 2020).
2.4	Indenture dated as of April 7, 2015 among International Game Technology PLC, as the Issuer; certain subsidiaries of International Game Technology PLC, as the Initial Guarantors; BNY Mellon Corporate Trustee Services Limited, as Trustee; The Royal Bank of Scotland plc, as Security Agent; The Bank of New York Mellon, London Branch, as Euro Paying Agent and Transfer Agent; The Bank of New York Mellon, as Dollar Paying Agent and Dollar Registrar; and The Bank of New York Mellon (Luxembourg) S.A., as Euro Registrar, with respect to $600,000,000 5.625% Senior Secured Notes due February 15, 2020, $1,500,000,000 6.250% Senior Secured Notes due February 15, 2022, $1,100,000,000 6.500% Senior Secured Notes due February 15, 2025, €700,000,000 4.125% Senior Secured Notes due February 15, 2020 and €850,000,000 4.750% Senior Secured Notes due February 15, 2023 (incorporated herein by reference to Exhibit 4.8 to the Current Report on Form 8-K filed by International Game Technology on April 10, 2015).
2.5	Indenture dated as of June 15, 2009 between International Game Technology, as the Company, and Wells Fargo Bank, National Association, as the Trustee (Senior Debt Securities) (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by International Game Technology on June 15, 2009, Commission file number 001-36906).
2.6	Third Supplemental Indenture dated as of September 19, 2013 between International Game Technology, as the Company, and Wells Fargo Bank, National Association, as the Trustee (Creating a Series of Securities Designated 5.350% Notes due 2023) (incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by International Game Technology on September 19, 2013).

Exhibit	Description
2.7	Amendment No. 1 dated as of April 7, 2015 among International Game Technology, as the Company; Wells Fargo Bank, National Association, as the Trustee; and The Royal Bank of Scotland plc, as the Security Agent, to the Indenture dated as of June 15, 2009, as supplemented by the Third Supplemental Indenture dated as of September 19, 2013 (incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K filed by International Game Technology on April 10, 2015).
2.8	Amendment No. 2 dated as of April 22, 2015 among International Game Technology, as the Company; International Game Technology PLC and certain subsidiaries of International Game Technology PLC, as the Guarantors; and Wells Fargo Bank, National Association, as the Trustee, to the Indenture dated as of June 15, 2009, as supplemented by the Third Supplemental Indenture dated as of September 19, 2013 (incorporated herein by reference to Exhibit 4.27 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on May 15, 2015).
2.9	Amendment No. 3 dated as of April 23, 2015 between International Game Technology, as the Company; and Wells Fargo Bank, National Association, as the Trustee, to the Indenture dated as of June 15, 2009, as supplemented by the Third Supplemental Indenture dated as of September 19, 2013 (incorporated herein by reference to Exhibit 4.29 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on May 15, 2015).
2.10	Observer Agreement with an effective date of November 12, 2019, between the Company and De Agostini S.p.A. (incorporated herein by reference to Exhibit 2.15 to the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 3, 2020).
2.11	Indenture dated as of June 27, 2018 among International Game Technology PLC, as Issuer; certain subsidiaries of International Game Technology PLC, as Guarantors; BNY Mellon Corporate Trustee Services Limited, as Trustee; The Bank of New York Mellon, London Branch, as Paying Agent and Transfer Agent; the Bank of New York Mellon SA/NV, Luxembourg Branch, as Registrar; and NatWest Markets Plc, as Security Agent with respect to €500,000,000 3.500% Senior Secured Notes due 2024 (incorporated herein by reference to Exhibit 2.16 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 3, 2020).
2.12	First Supplemental Indenture dated as of February 20, 2019, among International Game Technology PLC, as Issuer, BNY Mellon Corporate Trustee Services Limited, as Trustee, and NatWest Markets Plc, as Security Agent, to the Indenture dated as of June 27, 2018 (incorporated herein by reference to Exhibit 2.17 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 3, 2020).
2.13	Indenture dated as of September 26, 2018 among International Game Technology PLC, as Issuer; certain subsidiaries of International Game Technology PLC, as Guarantors; BNY Mellon Corporate Trustee Services Limited, as Trustee; The Bank of New York Mellon, London Branch, as Paying Agent and Transfer Agent; the Bank of New York Mellon SA/NV, Luxembourg Branch, as Registrar; and NatWest Markets Plc, as Security Agent with respect to $750,000,000 6.250% Senior Secured Notes due 2027 (incorporated herein by reference to Exhibit 2.18 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 3, 2020).
2.14	Underwriting Agreement, dated as of May 22, 2018, by and among International Game Technology PLC, International Game Technology, De Agostini S.p.A., Credit Suisse Securities (USA) LLC and Credit Suisse International (incorporated herein by reference to Exhibit 1.1 to the Company's Form 6-K furnished to the SEC on May 25, 2018).
2.15	Indenture dated as of June 20, 2019 between International Game Technology PLC, as the Issuer, and BNY Mellon Corporate Trustee Services Limited, as the Trustee (incorporated herein by reference to Exhibit 2.20 to the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 3, 2020).
2.16	Indenture dated as of September 16, 2019 between International Game Technology PLC, as the Issuer, and BNY Mellon Corporate Trustee Services Limited, as the Trustee (incorporated herein by reference to Exhibit 2.21 to the Company's Annual Report on Form-20-F filed by International Game Technology PLC on March 3, 2020).

Exhibit	Description
2.17	Indenture dated as of June 19, 2020 among International Game Technology PLC, as the Issuer, the Guarantors named therein, BNY Mellon Corporate Trustee Services Limited, as Trustee, The Bank of New York Mellon, London Branch as paying agent, The Bank of New York Mellon SA/NV, Luxembourg Branch, as registrar and transfer agent and NatWest Markets Plc as security agent.
4.1	Video Lottery Concession for the activation and operation of the network for managing legalized gaming machines—including amusement with prize machines "AWP" and (video lottery terminals) "VLT" between Amministrazione Autonoma dei Monopoli di Stato (now known as Agenzia delle Dogane e dei Monopoli) and Lottomatica Videolot Rete S.p.A. issued March 20, 2013 expiring March 19, 2022 (incorporated herein by reference to Exhibit 10.9 to the Registration Statement on Form F-4 filed by International Game Technology PLC (f/k/a Georgia Worldwide PLC) on January 2, 2015).
4.2	Description of the registrant's securities registered pursuant to Section 12 of the Exchange Act.
4.3	GTECH 2014-2020 Stock Option Plan (incorporated herein by reference to Exhibit 99.6 to the Post-Effective Amendment No. 1 on Form S-8 to Form F-4 filed by International Game Technology PLC on April 6, 2015).
4.4	GTECH 2014-2018 Share Allocation Plan (incorporated herein by reference to Exhibit 99.10 to the Post-Effective Amendment No. 1 on Form S-8 to Form F-4 filed by International Game Technology PLC on April 6, 2015).
4.5	International Game Technology PLC 2015 Equity Incentive Plan, as amended (incorporated herein by reference to Exhibit 1.1 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on April 29, 2016).
4.6	The Lotto Concession for the activation and operation of the network for the national lotto game between the Agenzia delle Dogane e dei Monopoli and Lottoitalia S.r.l., issued April 14, 2016, expiring November 30, 2025 (incorporated herein by reference to Exhibit 4.20 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on April 20, 2017).
4.7	Instant Ticket Concession for the operation of the national instant ticket lottery games between the Amministrazione Autonoma dei Monopoli di Stato (now known as Agenzia delle Dogane e dei Monopoli) and Lotterie Nazionali S.r.l., issued and effective from October 1, 2010, expiring September 30, 2019, extended to September 2028 (incorporated herein by reference to Exhibit 4.9 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 15, 2018).
4.8	Share Sale and Purchase Agreement relating to the sale and acquisition of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., dated as of December 6, 2020, among Lottomatica Holding S.r.l. as the Seller, International Game Technology PLC as the Guarantor and Gamenet Group S.p.A. as the Buyer.
8.1	List of Subsidiaries of the Registrant
12.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
12.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
13.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of PricewaterhouseCoopers LLP
101.INS	Inline XBRL Instance Document

Exhibit	Description
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this annual report on its behalf.

INTERNATIONAL GAME TECHNOLOGY PLC

/s/ MASSIMILIANO CHIARA
Name: Massimiliano Chiara
Title: Chief Financial Officer

Dated: March 2, 2021

ITEM 18. FINANCIAL STATEMENTS

INTERNATIONAL GAME TECHNOLOGY PLC

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of International Game Technology PLC

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of International Game Technology PLC and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive (loss) income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Notes 2 and 11 to the consolidated financial statements, the Company changed the manner in which it accounts for revenue from contracts with customers in 2018 and the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Impairment Assessments - Global Gaming and Former NAGI and International Reporting Units

As described in Notes 2 and 13 to the consolidated financial statements, the Company's consolidated goodwill balance was $4,713 million as of December 31, 2020. Goodwill is tested for impairment annually, in the fourth quarter, or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The goodwill impairment test compares the fair value of a reporting unit with its carrying amount and an impairment loss is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. In performing the goodwill impairment test, management estimates the fair value of the reporting units using an income approach based on projected discounted cash flows. During the first quarter of 2020, management determined there was an interim goodwill impairment triggering event caused by COVID-19. Management recorded a $296 million impairment loss, of which $193 million and $103 million was recorded within the former International and North America Gaming and Interactive ("NAGI") reporting units, respectively, to reduce the carrying amount of the reporting units to fair value. On July 1, the Company adopted a new organizational structure focused on two business segments: Global Lottery and Global Gaming. This resulted in a change of the Company's reporting units. As a result of the change in reporting units, at July 1, 2020, management allocated goodwill to the new reporting units using a relative fair value approach. The goodwill allocated to the Global Gaming reporting unit was $2,209 million. As disclosed by management, estimating the fair value of reporting units requires management to use judgment in making estimates and making forecasts that are based on a number of factors including forecasted revenue, forecasted operating profits, terminal growth rates, and weighted-average costs of capital.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments for Global Gaming and the former NAGI and International reporting units is a critical audit matter are (i) the significant judgment by management when developing the fair value measurement of the reporting units; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to forecasted revenue, forecasted operating profits, terminal growth rates and weighted-average costs of capital; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the valuation of the Global Gaming and former NAGI and International reporting units. These procedures also included, among others, (i) testing management's process for developing the fair value estimates; (ii) evaluating the appropriateness of the income approach; (iii) testing the completeness and accuracy of underlying data used in the income approach; and (iv) evaluating the significant assumptions used by management related to forecasted revenue, forecasted operating profits, terminal growth rates and weighted-average costs of capital. Evaluating management's assumptions related to forecasted revenue, forecasted operating profits, and terminal growth rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting units, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's income approach and the weighted-average costs of capital assumption.

Revenue Recognition – Identifying and Evaluating Contractual Terms and Conditions

As described in Notes 2 and 4 to the consolidated financial statements, the Company generated service and product revenues of $2,640 million and $476 million, respectively, for the year ended December 31, 2020. The Company often enters into contracts with customers that consist of a combination of services and products that are accounted for as one or more distinct performance obligations. As disclosed by management, judgment is applied in identifying and evaluating the contractual terms and conditions that impact the identification of performance obligations and the pattern of revenue recognition.

The principal considerations for our determination that performing procedures relating to revenue recognition, specifically identifying and evaluating contractual terms and conditions, is a critical audit matter are the significant judgment by management in identifying and evaluating contractual terms and conditions that impact the identification of performance obligations and the pattern of revenue recognition, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate whether terms and conditions in contracts were appropriately identified and evaluated by management.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to revenue recognition, including controls related to the identification and evaluation of contractual terms and conditions impacting the identification of performance obligations and the pattern of revenue recognition. These procedures also included, among others, (i) evaluating and testing management's process for identifying performance obligations and assessing the pattern of revenue recognition, and (ii) evaluating, on a test basis, the completeness and accuracy of the contractual terms and conditions identified in contracts with customers.

Assets Held for Sale - Goodwill Allocation to Discontinued Operations

As described in Notes 2 and 3 to the consolidated financial statements, during the fourth quarter of fiscal 2020, the Company announced that its wholly-owned subsidiary, Lottomatica, had entered into a definitive agreement to sell one hundred percent of the share capital of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., the members of the IGT group which conduct its Italian business-to-consumer ("B2C") gaming machine, sports betting, and digital gaming businesses, to Gamenet Group S.p.A. Management determined that the sale met the criteria to be reported as a discontinued operation and, as a result, the Italian Gaming B2C historical financial results are reflected in the Company's consolidated financial statements as a discontinued operation, and assets and liabilities were retrospectively reclassified as assets and liabilities held for sale for all periods presented. The Company's assets held for sale as part of discontinued operations were $833 million as of December 31, 2020. Management allocated $520 million of goodwill to discontinued operations using a relative fair value approach. Prior to the allocation to discontinued operations, the goodwill was included within the Global Gaming reporting unit. As disclosed by management, estimating the fair value of reporting units requires the Company's management to use its judgment in making estimates and making forecasts that are based on a number of factors including forecasted revenue, forecasted operating profits, terminal growth rates, and weighted-average costs of capital.

The principal considerations for our determination that performing procedures relating to the allocation of goodwill to assets held for sale within discontinued operations is a critical audit matter are (i) the significant judgment by management when developing the fair value measurement of the Global Gaming reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to forecasted revenue, forecasted operating profits, terminal growth rates and weighted-average costs of capital; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill allocation to discontinued operations, including controls over the valuation of the Company's Global Gaming reporting unit. These procedures also included, among others, (i) testing management's process for developing the fair value estimate; (ii) evaluating the appropriateness of the income approach; (iii) testing the completeness and accuracy of underlying data used in the income approach; and (iv) evaluating the significant assumptions used by management related to forecasted revenue, forecasted operating profits, terminal growth rates and weighted-average costs of capital. Evaluating management's assumptions related to forecasted revenue, forecasted operating profits, and terminal growth rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Global Gaming reporting unit, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's income approach and the weighted-average costs of capital assumption.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 2, 2021

We have served as the Company's auditor since 2015.

International Game Technology PLC
Consolidated Balance Sheets
($ thousands, except par value and number of shares)

	Notes	December 31, 2020	December 31, 2019
Assets			
Current assets:			
Cash and cash equivalents		907,015	654,628
Restricted cash and cash equivalents		199,246	220,962
Trade and other receivables, net	5	846,128	875,263
Inventories	6	169,207	161,790
Other current assets	7	479,649	513,015
Assets held for sale	3	838,840	208,379
Total current assets		3,440,085	2,634,037
Systems, equipment and other assets related to contracts, net	10	1,068,121	1,205,592
Property, plant and equipment, net	10	131,602	146,055
Operating lease right-of-use assets	11	288,196	296,751
Goodwill	13	4,713,489	4,931,235
Intangible assets, net	14	1,577,354	1,749,614
Other non-current assets	7	1,773,641	1,917,751
Assets held for sale	3	—	763,555
Total non-current assets		9,552,403	11,010,553
Total assets		12,992,488	13,644,590
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable		1,126,043	1,059,033
Current portion of long-term debt	16	392,672	462,155
Short-term borrowings	16	480	3,193
Other current liabilities	15	846,273	758,818
Liabilities held for sale	3	249,573	185,152
Total current liabilities		2,615,041	2,468,351
Long-term debt, less current portion	16	7,857,086	7,600,169
Deferred income taxes	17	333,010	393,040
Operating lease liabilities	11	266,227	272,350
Other non-current liabilities	15	359,961	395,866
Liabilities held for sale	3	—	29,836
Total non-current liabilities		8,816,284	8,691,261
Total liabilities		11,431,325	11,159,612
Commitments and contingencies	18		
Shareholders' equity			
Common stock, par value $0.10 per share; 204,856,564 and 204,435,333 shares issued and outstanding at December 31, 2020 and 2019, respectively		20,485	20,443
Additional paid-in capital		2,346,921	2,395,532
Retained deficit		(1,920,484)	(1,020,238)
Accumulated other comprehensive income	19	329,815	262,525
Total IGT PLC's shareholders' equity		776,737	1,658,262
Non-controlling interests		784,426	826,716
Total shareholders' equity		1,561,163	2,484,978
Total liabilities and shareholders' equity		12,992,488	13,644,590

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Consolidated Statements of Operations
($ and shares in thousands, except per share amounts)

	Notes	For the year ended December 31, 2020	2019	2018
Service revenue	4, 21	2,639,558	3,100,868	3,195,930
Product sales	4, 21	475,898	930,889	784,942
Total revenue	4, 21	3,115,456	4,031,757	3,980,872
Cost of services		1,633,899	1,777,225	1,772,224
Cost of product sales		345,800	558,011	491,030
Selling, general and administrative		706,895	849,620	845,503
Research and development		190,948	266,241	263,279
Restructuring	12	45,045	24,855	14,781
Goodwill impairment	13	296,000	99,000	118,000
Other operating expense (income), net		4,334	(21,111)	2,458
Total operating expenses		3,222,921	3,553,841	3,507,275
Operating (loss) income	21	(107,465)	477,916	473,597
Interest expense, net	16	(397,916)	(410,875)	(417,383)
Foreign exchange (loss) gain, net		(308,898)	39,874	129,086
Other (expense) income, net		(33,428)	21,092	(51,432)
Total non-operating expenses		(740,242)	(349,909)	(339,729)
(Loss) income from continuing operations before provision for income taxes	17	(847,707)	128,007	133,868
Provision for income taxes	17	27,698	130,757	144,164
Loss from continuing operations		(875,405)	(2,750)	(10,296)
Income from discontinued operations, net of tax	3	36,681	114,408	124,943
Net (loss) income		(838,724)	111,658	114,647
Less: Net income attributable to non-controlling interests from continuing operations		63,926	126,144	108,758
Less: Redeemable non-controlling interests in income from continuing operations		—	—	20,326
Less: Net (loss) income attributable to non-controlling interests from discontinued operations	3	(4,760)	4,539	6,913
Net loss attributable to IGT PLC		(897,890)	(19,025)	(21,350)
Net loss from continuing operations attributable to IGT PLC per common share - basic and diluted	23	(4.59)	(0.63)	(0.68)
Net loss attributable to IGT PLC per common share - basic and diluted	23	(4.39)	(0.09)	(0.10)
Weighted-average shares - basic and diluted	23	204,725	204,373	204,083

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Consolidated Statements of Comprehensive (Loss) Income
($ thousands)

	Notes	For the year ended December 31, 2020	2019	2018
Net (loss) income		(838,724)	111,658	114,647
Foreign currency translation adjustments, net of tax	19	127,551	(16,527)	(90,784)
Unrealized loss on hedges, net of tax	19	(537)	(1,451)	(1,531)
Unrealized (loss) gain on other, net of tax	19	(269)	3,060	(5,008)
Other comprehensive income (loss), net of tax	19	126,745	(14,918)	(97,323)
Comprehensive (loss) income		(711,979)	96,740	17,324
Less: Comprehensive income attributable to non-controlling interests		118,621	114,777	96,980
Less: Comprehensive income attributable to redeemable non-controlling interests		—	—	20,326
Comprehensive loss attributable to IGT PLC		(830,600)	(18,037)	(99,982)

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Consolidated Statements of Cash Flows
($ thousands)

	Notes	For the year ended December 31, 2020	2019	2018
Cash flows from operating activities				
Net (loss) income		(838,724)	111,658	114,647
Less: Income from discontinued operations, net of tax		36,681	114,408	124,943
Adjustments to reconcile net (loss) income from continuing operations to net cash provided by (used in) operating activities from continuing operations:				
Depreciation		354,854	385,987	383,591
Foreign exchange loss (gain), net		308,898	(39,874)	(129,086)
Goodwill impairment	13	296,000	99,000	118,000
Amortization		211,340	227,956	223,902
Amortization of upfront license fees		210,432	205,739	217,341
Loss on extinguishment of debt		28,265	11,964	54,423
Debt issuance cost amortization		21,327	22,436	22,042
Gain on sale of assets		(27)	(64,714)	(318)
Stock-based compensation	22	(6,877)	26,514	33,086
Deferred income taxes		(78,207)	(68,293)	(34,494)
Other non-cash items, net		(1,675)	18,942	29,027
Changes in operating assets and liabilities, excluding the effects of dispositions and acquisitions:				
Trade and other receivables		73,578	(49,267)	(72,133)
Inventories		16,628	84,472	12,556
Accounts payable		4,595	28,247	(56,256)
Upfront license fees		—	—	(878,055)
Other assets and liabilities		31,076	20,981	(136,939)
Net cash provided by (used in) operating activities from continuing operations		594,802	907,340	(223,609)
Net cash provided by operating activities from discontinued operations		270,829	185,795	253,235
Net cash provided by operating activities		865,631	1,093,135	29,626
Cash flows from investing activities				
Capital expenditures		(254,689)	(377,248)	(472,278)
Proceeds from sale of assets		9,251	123,855	19,118
Other		12,151	5,851	2,272
Net cash used in investing activities from continuing operations		(233,287)	(247,542)	(450,888)
Net cash used in investing activities from discontinued operations		(35,284)	(64,648)	(60,649)
Net cash used in investing activities		(268,571)	(312,190)	(511,537)
Cash flows from financing activities				
Principal payments on long-term debt		(988,379)	(1,264,647)	(1,899,888)
Payments in connection with the extinguishment of debt		(25,000)	(8,689)	(49,976)
Payments of debt issuance costs		(21,584)	(25,930)	(17,033)
Net (payments of) proceeds from short-term borrowings		(7,135)	(32,067)	34,822
Net receipts from (payments of) financial liabilities		67,138	(34,324)	7,123
Proceeds from long-term debt		750,000	1,397,025	1,687,761
Dividends paid		(40,887)	(163,503)	(163,236)
Dividends paid - non-controlling interests		(136,389)	(136,655)	(126,926)
Return of capital - non-controlling interests		(32,309)	(98,788)	(85,121)
Capital increase - non-controlling interests		8,112	1,499	321,584
Other		(11,426)	(10,195)	(20,655)
Net cash used in financing activities		(437,859)	(376,274)	(311,545)
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents		159,201	404,671	(793,456)
Effect of exchange rate changes on cash and cash equivalents and restricted cash and cash equivalents		75,770	(22,197)	(197)
Cash and cash equivalents and restricted cash and cash equivalents at the beginning of the period		894,251	511,777	1,305,430
Cash and cash equivalents and restricted cash and cash equivalents at the end of the period		1,129,222	894,251	511,777
Less: Cash and cash equivalents and restricted cash and cash equivalents of discontinued operations		22,961	18,661	23,749
Cash and cash equivalents and restricted cash and cash equivalents at the end of the period of continuing operations		1,106,261	875,590	488,028

International Game Technology PLC
Consolidated Statements of Cash Flows
($ thousands)

	For the year ended December 31,		
	2020	**2019**	**2018**
Supplemental disclosures of cash flow information			
Cash paid during the period for:			
Interest	(409,560)	(400,022)	(445,694)
Income taxes	(89,006)	(196,831)	(178,547)
Non-cash investing and financing activities:			
Capital expenditures	(24,152)	(34,878)	(40,915)

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Consolidated Statement of Shareholders' Equity
($ thousands)

	Common Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income	Total IGT PLC Equity	Non-Controlling Interests	Total Equity
Balance at December 31, 2017	20,344	2,676,854	(1,032,372)	340,169	2,004,995	349,936	2,354,931
Net (loss) income	—	—	(21,350)	—	(21,350)	115,671	94,321
Other comprehensive loss, net of tax	—	—	—	(78,632)	(78,632)	(18,691)	(97,323)
Total comprehensive (loss) income	—	—	(21,350)	(78,632)	(99,982)	96,980	(3,002)
Reclassification of redeemable non-controlling interests	—	—	—	—	—	377,243	377,243
Capital increase	—	—	—	—	—	319,254	319,254
Adoption of new accounting standards	—	—	45,527	—	45,527	—	45,527
Stock-based compensation	—	33,086	—	—	33,086	—	33,086
Shares issued upon exercise of stock options	15	(1,566)	—	—	(1,551)	—	(1,551)
Shares issued under stock award plans	62	(11,153)	—	—	(11,091)	—	(11,091)
Return of capital	—	—	—	—	—	(85,046)	(85,046)
Dividends paid	—	(163,236)	—	—	(163,236)	(114,337)	(277,573)
Other	—	149	2	—	151	—	151
Balance at December 31, 2018	20,421	2,534,134	(1,008,193)	261,537	1,807,899	944,030	2,751,929
Net (loss) income	—	—	(19,025)	—	(19,025)	130,683	111,658
Other comprehensive income (loss), net of tax	—	—	—	988	988	(15,906)	(14,918)
Total comprehensive (loss) income	—	—	(19,025)	988	(18,037)	114,777	96,740
Stock-based compensation	—	26,514	—	—	26,514	—	26,514
Capital increase	—	—	—	—	—	1,499	1,499
Shares issued under stock award plans	22	(1,613)	—	—	(1,591)	—	(1,591)
Return of capital	—	—	—	—	—	(98,872)	(98,872)
Dividends paid	—	(163,503)	—	—	(163,503)	(136,836)	(300,339)
Other	—	—	6,980	—	6,980	2,118	9,098
Balance at December 31, 2019	20,443	2,395,532	(1,020,238)	262,525	1,658,262	826,716	2,484,978
Net (loss) income	—	—	(897,890)	—	(897,890)	59,166	(838,724)
Other comprehensive income, net of tax	—	—	—	67,290	67,290	59,455	126,745
Total comprehensive (loss) income	—	—	(897,890)	67,290	(830,600)	118,621	(711,979)
Capital increase	—	390	—	—	390	8,931	9,321
Shares issued under stock award plans	42	(1,237)	—	—	(1,195)	—	(1,195)
Stock-based compensation	—	(6,877)	—	—	(6,877)	—	(6,877)
Return of capital	—	—	—	—	—	(32,238)	(32,238)
Dividends paid	—	(40,887)	—	—	(40,887)	(137,611)	(178,498)
Other	—	—	(2,356)	—	(2,356)	7	(2,349)
Balance at December 31, 2020	20,485	2,346,921	(1,920,484)	329,815	776,737	784,426	1,561,163

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Notes to the Consolidated Financial Statements

1. Description of Business

International Game Technology PLC (the "Parent"), together with its consolidated subsidiaries (collectively referred to as "IGT PLC," the "Company," "we," "our," or "us"), is a global leader in gaming that delivers entertaining and responsible gaming experiences for players across all channels and regulated segments, from gaming machines and lotteries to sports betting and digital. We operate and provide an integrated portfolio of innovative gaming technology products and services, including: lottery management services, online and instant lottery systems, gaming systems, instant ticket printing, electronic gaming machines, sports betting, digital gaming, and commercial services. We have a local presence and relationships with governments and regulators in more than 100 countries around the world.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements and notes of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements are stated in thousands of U.S. dollars (except share and per share data) unless otherwise indicated. We have reclassified certain prior period amounts to align with the current period presentation and recast certain prior period amounts, as discussed below. All references to "U.S. dollars," "U.S. dollar," "U.S. $," "USD," and "$" refer to the currency of the United States of America. All references to "euro," "EUR," and "€" refer to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

During the fourth quarter of fiscal 2020, the Company announced that its wholly-owned subsidiary, Lottomatica, had entered into a definitive agreement to sell one hundred percent of the share capital of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., the members of the IGT group which conduct its Italian B2C gaming machine, sports betting, and digital gaming businesses, to Gamenet Group S.p.A The Company's Italian Gaming B2C business met the criteria to be reported as a discontinued operation and, as a result, the Italian Gaming B2C historical financial results are reflected in the Company's consolidated financial statements as a discontinued operation, and assets and liabilities were retrospectively reclassified as assets and liabilities held for sale for all periods presented. Refer to Note 3 - *Discontinued Operations and Assets Held for Sale* for further information.

Principles of Consolidation

The consolidated financial statements include the accounts of the Parent, our majority-owned or controlled subsidiaries, and any variable interest entities in which we are the primary beneficiary. Intercompany accounts and transactions have been eliminated in consolidation. Earnings or losses attributable to non-controlling interests in a subsidiary are included in net (loss) income in the consolidated statements of operations.

Investments in which we have the ability to exercise significant influence, but do not control, and with respect to which we are not the primary beneficiary, are accounted for using the equity method of accounting. Equity investments in which we have no ability to exercise significant influence that do not have a readily determinable fair value and do not have a Net Asset Value per share are measured at cost, less impairment, plus or minus changes resulting from observable price changes. Equity method investments are included within other non-current assets on the consolidated balance sheets.

Recasting of Certain Prior Period Information

On July 1, 2020, we adopted a new organizational structure focused on two business segments: Global Lottery and Global Gaming, along with a streamlined corporate support function. During the third quarter of 2020, our chief operating decision maker, who is also our Chief Executive Officer, requested changes in the information that he regularly reviews for purposes of allocating resources and assessing performance. As a result, we report our financial performance based on our new business segments described in Note 21 – *Segment Information.* We have recast our historically presented comparative segment information to conform to the way we internally manage and monitor segment performance as of the third quarter of 2020. This realignment of our operating segments has a pervasive impact on the presentation of our comparative period data. This change primarily impacted Note 4 - *Revenue Recognition*, Note 5 - *Trade and Other Receivables, net*, Note 7 - *Other Assets*, Note 12 - *Restructuring* , Note 13 - *Goodwill*, and Note 21 – *Segment Information*, with no impact on consolidated revenue, net income, or cash flows.

Assets and Liabilities Held for Sale

The Company classifies assets and liabilities (disposal groups) to be sold as held for sale in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the disposal group; the disposal group is available for immediate sale in its present condition subject to terms customary for sales of such disposal groups; an active program to locate a buyer and other actions required to complete the plan to sell the disposal group have been initiated; the sale of the disposal group is probable, and transfer of the disposal group is expected to qualify for recognition as a completed sale within one year; the disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Company initially measures a disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a disposal group until the date of sale. The Company assesses the fair value of a disposal group, less any costs to sell, each reporting period it remains classified as held for sale and reports any subsequent changes as an adjustment to the carrying value of the disposal group, as long as the new carrying value does not exceed the carrying value of the disposal group at the time it was initially classified as held for sale.

Upon determining that a disposal group meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group, if material, in the line items assets held for sale and liabilities held for sale in the consolidated statements of financial position in each period presented. Refer to Note 3 - *Discontinued Operations and Assets Held for Sale*, for further information.

Use of Estimates

The preparation of our consolidated financial statements requires us to make estimates, judgments, and assumptions which affect the reported amounts of assets, liabilities, equity, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis we evaluate our estimates, judgments, and methodologies. We base our estimates on historical experience and on various other assumptions that we believe are reasonable, the results of which form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenues and expenses. The full extent to which the outbreak of a new strain of coronavirus, COVID-19 (“COVID-19”), will directly or indirectly impact our business, results of operations, and financial condition, including sales, expenses, reserves and allowances, manufacturing, research and development costs, and employee-related amounts, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain it or treat it, as well as the economic impact on local, regional, national, and international customers and markets. We have made estimates of the impact of COVID-19 within our financial statements and there may be changes to those estimates in future periods. Actual results may differ from these estimates.

Given the anticipated continued impact of COVID-19 and the resulting extended economic slowdown, we have revised our forecast, evaluated our liquidity position, and evaluated our ability to comply with the amended financial covenants in our debt agreements as of the date of issuance of these consolidated financial statements. Based on the revised forecast, management believes that our financial position, forecasted net cash provided by operations, available cash and cash equivalents at December 31, 2020, and borrowing capacity under our amended Revolving Credit Facilities due July 2024 as described in Note 16 - *Debt*, will be sufficient to fund our current obligations, capital spending, debt service requirements, and working capital requirements over at least the next twelve months.

Revenue Recognition

We account for a contract with a customer when:

i. we have written approval;
ii. the contract is committed;
iii. the rights of the parties, including payment terms, are identified;
iv. the contract has commercial substance; and
v. collectability of consideration is probable.

A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct. If we enter into two or more contracts at or near the same time, the contracts may be combined and accounted for as one contract, in which case we determine whether the services or products in the combined contract are distinct. A service or product that is promised to a customer is distinct if both of the following criteria are met:

- The customer can benefit from the service or product either on its own or together with other resources that are readily available to the customer; and
- Our promise to transfer the service or product to the customer is separately identifiable from other promises in the contract.

Revenue is recognized when (or as) control of a promised service or product transfers to a customer, in an amount that reflects the consideration (which represents the transaction price) to which we expect to be entitled in exchange for transferring that service or product. If the consideration promised in a contract includes a variable amount, we estimate the amount to which we expect to be entitled using either the expected value or most likely amount method. Our contracts may include terms that could cause variability in the consideration, including, for example, rebates, volume discounts, service-level penalties, and performance bonuses or other forms of contingent revenue.

Our standard payment terms dictate that payment is due upon receipt of invoice, payable within 30 days. Invoices are generally issued as control transfers and/or as services are rendered. Additionally, in determining the transaction price, we adjust the promised amount of consideration for the effects of the time value of money if the payment terms are not standard and the timing of payments agreed to by the parties to the contract provide the customer or the Company with a significant benefit of financing, in which case the contract contains a significant financing component. Most arrangements that contain a significant financing component include explicit financing terms.

We may include subcontractor services or third-party vendor services or products in certain arrangements. In these arrangements, revenue from sales of third-party vendor services or products are recorded net of costs when we are acting as an agent between the customer and the vendor, and gross when we are the principal for the transaction. To determine whether we are an agent or principal, we consider whether we obtain control of the services or products before they are transferred to the customer. In making this evaluation, several factors are considered, most notably whether we have primary responsibility for fulfillment to the customer, as well as inventory risk and pricing discretion.

Service Revenue

Service revenue is derived from the following sources:

- Operating and Facilities Management Contracts;
- Gaming terminal services; and
- System, software and other

Operating and Facilities Management Contracts

Our revenue from operating contracts is derived primarily from long-term exclusive operating licenses in Italy. Under operating contracts, we manage all the activities along the lottery value chain including collecting wagers, paying out prizes, managing all accounting and other back-office functions, running advertising and promotions, operating data transmission networks and processing centers, training staff, providing retailers with assistance, and supplying materials for the game. In most cases, the arrangement is accounted for as a single performance obligation composed of a series of distinct services that are substantially the same and have the same pattern of transfer (i.e., distinct days of service).

Under operating contracts, we typically satisfy the performance obligation and recognize revenue over time because the customer simultaneously receives and consumes the benefits provided as we perform the services. The amount of consideration to which we are typically entitled is variable based on a percentage of sales. Revenue is typically recognized in the amount that we have the right to invoice the customer as this corresponds directly with the value to the customer of our performance completed to date. In arrangements where we are performing services on behalf of the government and the government is considered our customer, revenue is recognized net of prize payments, taxes, retailer commissions, and remittances to state authorities. Under operating contracts, we are generally required to pay an upfront license fee. Refer to the Upfront License Fee policy below for further details.

Our revenue from facilities management contracts (“FMC”) is generated by assembling, installing, and operating the online lottery system and related point-of-sale equipment. Under a typical FMC, we maintain ownership of the technology and are responsible for capital investments throughout the duration of the contract. FMCs typically include a wide range of support services that are provided throughout the contract and are part of the integrated solution that the customer has contracted to obtain. In most cases, the arrangement is accounted for as a single performance obligation composed of a series of distinct

services that are substantially the same and that have the same pattern of transfer. Under FMCs, we typically satisfy the performance obligation and recognize revenue over time because the customer simultaneously receives and consumes the benefits provided as we perform the services. The amount of transaction price to which we are entitled is typically variable based on a percentage of sales, although under certain of its agreements, the Company receives fees based on a fixed fee arrangement. Revenue is typically recognized in the amount that we have the right to invoice the customer, as this corresponds directly with the value to the customer of our completed performance.

Gaming terminal services

Our revenue from gaming terminal services is generated by providing customers with proprietary land-based gaming systems and equipment under a variety of recurring revenue or lease arrangements, including a percentage of amounts wagered, a percentage of net win, or a fixed daily/monthly fee.

Included in gaming terminal services are wide area progressive ("WAP") systems. WAP systems consist of linked slot machines located in multiple casino properties, connected to a central computer system. WAP systems include a Company-sponsored progressive jackpot that increases with every wager until a player wins the top award combination. Casinos with WAP machines pay a percentage of amounts wagered for services related to the design, assembly, installation, operation, maintenance, and marketing of the WAP systems, as well as funding and administration of Company-sponsored progressive jackpots. A portion of the total fee collected is allocated to the WAP jackpot. Since the jackpot is a payment to the customer, the portion allocated to the jackpot is classified as a reduction of revenue.

In some arrangements, there is a single performance obligation composed of a series of distinct services that are substantially the same and that have the same pattern of transfer (i.e., distinct days of service). The amount of transaction price to which we are entitled typically is variable based on a percentage of wagers. This results in revenue recognition that corresponds with the value to the customer for the services transferred in the amount that we have the right to invoice. In other arrangements where the end customer is the player, we record revenue net of prize payouts once the wagering outcome has been determined.

Systems, software, and other – Global Lottery

Our lottery contracts generally include other services, including telephone support, software maintenance, hardware maintenance, and the right to receive unspecified upgrades or enhancements on a when-and-if-available basis, and other professional services including software development. Fees earned for other services are generally recognized as service revenue in the period the service is performed (i.e., over the support period).

We also develop technology to enable lotteries to offer commercial services over their existing lottery infrastructure or over standalone networks separate from the lottery. Leveraging our distribution network and secure transaction processing, we offer high-volume processing of commercial transactions including: prepaid cellular telephone recharges, bill payments, e-vouchers and retail-based programs, electronic tax payments, stamp duty services, prepaid card recharges, and money transfers. These services are primarily offered outside of North America. In most cases, these arrangements are considered to be short in duration. The amount of transaction price that we are typically entitled to is variable based on the number of transactions processed. Revenue is typically recognized in the amount that we have the right to invoice the customer as this corresponds directly with the value to the customer of our completed performance.

Systems, software, and other – Global Gaming

We also generate revenue from other services, including video central system monitoring, system support, licensing of IP, and sports betting.

Our contracts generally include other services, including telephone support, software maintenance, content licensing, royalty fees, hardware maintenance, and the right to receive unspecified updates or enhancements on a when-and-if-available basis, and other professional services. Fees earned for other services are generally recognized as service revenue in the period the service is performed (i.e., over the support period).

We provide sports betting technology and services to commercial and tribal operators and lotteries in regulated markets, primarily in the U.S.

In the service contracts to our U.S. licensed sports book operators, we provide the sports betting platform and a variety of services including installation, configuration and integration services. For customers who want to have an outsourcing model, we also offer trading services with the inclusion of odds setting and risk management. Under these contracts, we generally record a percentage of net sports revenue over the contractual term.

Product Sales

Product sales are derived from the following sources:

- Lottery products
- Gaming terminals
- Gaming other

Lottery products

Lottery product revenue primarily includes the sale of lottery equipment, lottery systems and printed products.

Our revenue from the sale of lottery systems and equipment typically includes multiple performance obligations, where we assemble, sell, deliver, and install a turnkey system (inclusive of point-of-sale terminals, if applicable) or deliver equipment and license the computer software for a fixed price, and the customer subsequently operates the system or equipment. Our credit terms are predominantly short-term in nature. We also grant extended payment terms under contracts where the sale is typically secured by the related equipment sold. Revenue from the sale of lottery systems and equipment is recognized based upon the contractual terms of each arrangement. These arrangements generally include customer acceptance provisions and general rights to terminate the contract if we are in breach of the contract or at the convenience of the customer. In these arrangements, the performance obligation is satisfied over time if the customer controls the asset as it is created (i.e., when the asset is built at the customer site) or if our performance does not create an asset with an alternative use and we have an enforceable right to payment plus a reasonable profit for performance completed to date. If revenue is not recognized over time, it is generally recognized upon transfer of physical possession of the goods or the satisfaction of customer acceptance provisions. If the transaction includes multiple performance obligations, it is accounted for under arrangements with multiple performance obligations, discussed below.

Our other lottery product sales are primarily derived from the production and sales of instant ticket games under multi-year contracts. In these arrangements, the performance obligation is generally satisfied at a point in time (i.e., upon transfer of control of the game tickets to the customer) based on the contractual terms of each arrangement.

Gaming terminals

Our revenue from the sale or sales-type lease of gaming terminals includes embedded game content, machine related equipment, licensing and royalty fees, and component parts. Our credit terms are predominantly short-term in nature. We also grant extended payment terms under contracts where the sale is typically secured by the related equipment sold. Revenue from the sale of gaming machines is recognized based upon the contractual terms of each arrangement, but predominantly upon transfer of physical possession of the goods or the lapse of customer acceptance provisions. If the sale of gaming machines includes multiple performance obligations, these arrangements are accounted for under arrangements with multiple performance obligations, discussed below.

Gaming other

Other gaming product revenue is primarily comprised of gaming system sales, content licensing, software sales, non-machine related equipment and component parts (including game themes and electronic conversion kits). Our revenue from the sale of gaming systems typically includes multiple performance obligations, where we sell, deliver, and install a turnkey system or deliver equipment and license the computer software for a fixed price, and the customer subsequently operates the system. These arrangements generally include customer acceptance provisions and general rights to terminate the contract if we are in breach of the contract. Such arrangements include hardware, software, and professional services. In these arrangements, the performance obligation is generally satisfied upon transfer of physical possession of the goods or the satisfaction of customer acceptance provisions.

Arrangements with Multiple Performance Obligations

We often enter into contracts that consist of a combination of services and products based on the needs of our customers, which may include post-contract support for the software and a contract for post-warranty maintenance service for the hardware. These contracts consist of multiple services and products, whereby the hardware and software may be delivered in one period and the software support and hardware maintenance services are delivered over time.

To the extent that a service or product in an arrangement with multiple performance obligations is subject to other specific accounting guidance, that service or product is accounted for in accordance with such specific guidance.

For all other distinct services and products in these arrangements, the arrangement transaction price is allocated to each performance obligation on a relative standalone selling price basis or another method that depicts the amount of consideration to which we expect to be entitled in exchange for transferring the promised services or products. If the services and products are not distinct, we determine an appropriate measure of progress based on the nature of our overall promise for the single performance obligation.

To the extent we grant the customer the option to acquire additional services or products in one of these arrangements, we account for the option as a distinct performance obligation in the contract only if the option provides a material right to the customer that it would not receive without entering into the contract (i.e., a significant discount incremental to the range of discounts typically given for the service or product), in which case the customer in effect pays in advance for the option to purchase future services or products. We allocate a portion of the transaction price to the material right and recognize revenue when those future services or products are transferred or when the option expires.

Standalone Selling Price

We allocate the transaction price to each performance obligation on a relative standalone selling price (“SSP”) basis. The SSP is the price at which we would sell a promised service or product separately to a customer. In some instances, we are able to establish SSP based on the observable prices of services or products sold separately in comparable circumstances to a similar customer. We typically establish an SSP range for our services and products that are reassessed on a periodic basis or when facts and circumstances change.

In other instances, we may not be able to establish an SSP range based on observable prices, and we estimate the SSP by considering multiple factors including, but not limited to, overall market conditions, including geographic or regional specific factors, competitive positioning, competitor actions, internal costs, profit objectives, and pricing practices. Estimating SSP is a formal process that includes review and approval by management.

Contract Costs

Certain eligible, non-recurring costs incurred in the initial phases of service contracts are deferred and amortized ratably over the expected period of benefit, which includes anticipated contract renewals or extensions. Recurring operating costs in these contracts are recognized as incurred.

Practical Expedients and Exemptions

We report revenue net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

We generally expense sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within selling, general and administrative expenses in our consolidated statements of operations. For certain of our long-term contracts, we capitalize and amortize incremental costs of obtaining a contract (e.g., sales commissions) on a straight-line basis over the expected customer relationship period if we expect to recover those costs.

We do not account for significant financing components if the period between when we transfer the promised service or product to the customer and when the customer pays for that service or product will be one year or less.

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) performance obligations for which we recognize revenue at the amount that we have the right to invoice for services performed, (iii) contracts for which variable consideration is accounted for in accordance with sales-based or usage-based royalty guidance, and (iv) wholly unperformed contracts.

Contract Assets and Liabilities

Contract assets arise from contracts when revenue is recognized over time and the amount of revenue recognized exceeds the amount billed to the customer. These amounts are included in contract assets until the right to payment is no longer conditional on events other than the passage of time. Contract liabilities include deferred revenue, advance payments, and billings in excess of revenue recognized.

Stock-Based Compensation

Stock-based compensation represents the cost related to stock-based awards granted to directors and employees. Stock-based compensation cost is measured at the grant date or modification date, based on the estimated fair value of the award and recognized as expense, net of estimated forfeitures, over the vesting period(s). For awards subject to cliff vesting, compensation cost is recognized by way of a straight-line method over the award's expected vesting period. For awards subject to graded vesting, compensation cost is recognized by way of an accelerated attribution method over the entire awards' expected vesting periods.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $25.0 million, $34.2 million, and $51.9 million for the years ended December 31, 2020, 2019, and 2018, respectively.

Research and Development Costs

Research and development costs ("R&D"), which include salaries and benefits, stock-based compensation, consultants' fees, facilities-related costs, material costs, depreciation, and travel, are expensed as incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of highly liquid investments purchased with an original maturity of three months or less at the date of acquisition, such as bank deposits, money market funds, and interest bearing bank accounts with insignificant interest rate risk. The fair value of cash and cash equivalents approximates the carrying amount.

Restricted Cash and Cash Equivalents

We are required by gaming regulation to maintain sufficient reserves in restricted cash accounts to be used for the purpose of funding payments to WAP jackpot winners. These restricted cash balances are based primarily on the jackpot meters displayed to slot players, or for previously won jackpots, and vary by jurisdiction. Under our Italian Lotto contract, we deposit wagers, net of prizes paid and retailer commissions retained by the retailer at point of sale, into bank accounts, the use of which is restricted based on the contract with our customer. Restricted cash is also maintained for interactive digital player deposits, collections on factored and serviced receivables not yet paid through to the third-party owner, and for customer funds received in relation to the provision of our commercial services. These amounts are restricted based on the contracts with our customers or local regulations.

Allowance for Credit Losses

We maintain an allowance for credit losses on receivables resulting from the expected failure or inability of our customers to make required payments. The allowance is regularly reviewed by considering factors such as the creditworthiness of our customers, historical experience, aging of receivables, and current market and economic conditions, as well as management's expectations of future conditions when appropriate. The allowance is deducted from the amortized cost basis of the receivable to present the net amount expected to be collected.

We estimate expected credit losses on receivables on a collective (pool) basis when similar risk characteristics exist. Trade and other receivables and customer financing receivables represent the initial pools which are segregated further by business segment, geography, internal risk rating, and aging. The risk of loss is assessed over the contractual life of the receivables and we adjust historical loss rates for current and future conditions based on qualitative considerations. The expected loss rate for each receivable pool is applied to the aggregate receivable balance to determine the allowance requirement. Receivables are written off against the allowance in the period they are determined to be uncollectible.

We determine delinquency based on the contractual payment terms. An account may be considered delinquent if there are unpaid balances remaining on the account the day after the contractual due date.

For amounts due from certain government customers in the Global Lottery business segment, we have not established an allowance as we have no expectation of loss based on a long history of no credit losses and the explicit guarantee of a sovereign entity.

Inventories

Inventories are stated at the lower of cost (applying the first in, first out method) and net realizable value. Allowances are made for defective, obsolete, or excess inventory.

Systems, Equipment and Other Assets Related to Contracts, Net and Property, Plant and Equipment, Net

We have two categories of fixed assets: systems, equipment and other assets related to contracts ("Systems & Equipment"); and property, plant and equipment ("PPE").

Systems & Equipment are assets that primarily support our operating contracts, FMCs, and WAP systems (collectively, the "Contracts") and are principally composed of lottery and gaming assets. PPE are assets we use internally, not associated with Contracts, primarily related to production and assembly, selling, general and administration, and R&D.

Systems & Equipment and PPE are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Depreciation commences when the asset is placed in service and is recognized on a straight-line basis over the estimated useful lives of the assets. Repair and maintenance costs are expensed as incurred, whereas major improvements that increase asset values and extend useful lives are capitalized.
The estimated useful lives for Systems & Equipment depends on the type of asset. Lottery assets (such as terminals, mainframe computers, communications equipment, and software development costs) have estimated useful lives that generally do not exceed 10 years and commercial gaming machines have estimated useful lives of three to five years.

The estimated useful lives for PPE are 40 years for buildings and five to 10 years for furniture and equipment. Leasehold improvements are amortized over the shorter of the lease term or estimated useful life.

Systems & Equipment and PPE are tested for impairment whenever events or changes in circumstances indicate the carrying amount of those assets may not be recoverable. An impairment loss is recognized only if the carrying amount is not recoverable and exceeds its fair value. The carrying amount is not recoverable if it exceeds the sum of the undiscounted forecasted cash flows resulting from the use and eventual disposition of such asset. An impairment loss is measured as the amount by which the carrying amount exceeds its fair value.

Goodwill

The assets and liabilities of acquired businesses are recorded under the acquisition method of accounting at their estimated fair values at the date of acquisition. Goodwill represents costs in excess of fair values assigned to the underlying identifiable net assets of acquired businesses, and is stated at cost less accumulated impairment losses.

Effective July 1, 2020, the Company adopted a new organizational structure focused on two business segments, Global Lottery and Global Gaming, along with a streamlined corporate support function. This resulted in a change in our operating segments and reporting units. Prior to this change, we had four reporting units: North America Gaming and Interactive, North America Lottery, International, and Italy.

Goodwill has been allocated to and is tested for impairment at the reporting unit level, which is the same level as our operating segments. We evaluate our reporting units annually and if necessary, reassign goodwill using a relative fair value approach. As of December 31, 2020 we have identified two reporting units - Global Lottery and Global Gaming.

Goodwill is tested for impairment annually, in the fourth quarter, or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. We either first perform a qualitative assessment to determine whether it is more likely than not that the fair value of goodwill is less than its carrying amount and whether the quantitative analysis is necessary, or elect to perform a quantitative one-step process. The goodwill impairment test compares the fair value of a reporting unit with its carrying amount and an impairment loss is recognized for the amount by which the carrying amount exceeds the reporting

unit's fair value. In performing the goodwill impairment test, we estimate the fair value of the reporting units using an income approach based on projected discounted cash flows.

Other Intangible Assets

Other intangible assets, which include indefinite-lived and definite-lived intangible assets, are stated at cost, less accumulated amortization and accumulated impairment losses.

Indefinite-lived intangible assets are composed of trademarks for which there is no foreseeable limit of the period over which they are expected to generate net cash inflows. Definite-lived intangible assets, which are primarily composed of customer relationships and computer software and game library, are capitalized and amortized on a straight-line basis over their estimated economic lives. Amortization of software-related intangibles is included in cost of services and cost of product sales and amortization of other intangible assets is included in selling, general and administrative expenses in the consolidated statement of operations.

Estimated useful lives are determined considering the period the assets are expected to contribute to future cash flows. The estimated economic lives of our definite-lived intangible assets are as follows:

Category	Estimated economic life
Trademarks	1 - 20 years
Developed technologies	2 - 15 years
Customer relationships	2 - 20 years
Computer software and game library	3 - 14 years
Licenses	3 - 23 years
Other	4 - 17 years

Indefinite-lived intangible assets other than goodwill are tested for impairment annually, in the fourth quarter, or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. We first perform a qualitative assessment to determine whether it is more likely than not that the fair value of indefinite-lived intangible assets are less than their carrying amount and whether the quantitative analysis is necessary. The quantitative analysis compares the fair value of indefinite-lived intangible assets to their carrying amount and an impairment loss is recognized when the carrying amount exceeds the fair value. More detail surrounding intangible assets is discussed in Note 14 - *Intangible Assets, net.*

Capitalized Software Development Costs

Costs incurred in the development of our externally-sold software products are expensed as incurred, except certain software development costs eligible for capitalization. Software development costs incurred subsequent to establishing technological feasibility and through the general release of the software products are capitalized. Capitalized costs are amortized over the products' estimated economic life to cost of product sales in the consolidated statements of operations.

Costs incurred during the application development phase of software for services provided to customers are capitalized as internal-use software and amortized over the useful life to cost of services. Costs incurred during the application of software for internal use are capitalized and amortized over the useful life to selling, general and administrative expenses in the consolidated statements of operations.

Upfront License Fees

We periodically make long-term investments in contracts with customers and obtain licenses to supply products and services to the customers. As consideration, we pay license fees, which are classified as other non-current assets in the consolidated balance sheets. We recognize the amortization of the license fees as a reduction of service revenue over the estimated economic life of the license term. This method reflects the pattern in which economic benefits are expected to be realized. The recoverability of each payment is subject to significant estimates about future revenues related to the contracts' future cash flows. We evaluate these assets for impairment and update amortization rates on an agreement by agreement basis. The assets are reviewed for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. In periods in which payments are made to the customer, we classify the payment as a cash outflow from operating activities in the consolidated statements of cash flows.

Jackpot Accounting

We incur costs to fund jackpots and accrue jackpot liabilities with every wager on devices connected to a WAP system. Jackpot liabilities are estimated based on the size of the jackpot, the number of WAP units in service, variations and volume of play, and interest rate movements. Jackpots are generally payable to winners immediately, in the case of instant wins, or in equal annual installments over 20 to 26 years. Winners may elect to receive a lump sum payment for the present value of the jackpot discounted at applicable interest rates in lieu of periodic annual installments.

Jackpot liabilities are composed of payments due to previous winners, and amounts due to future winners of jackpots not yet won. Liabilities due to previous winners for periodic payments are carried at the accreted cost of a qualifying U.S. government or agency annuity investment that may be purchased at the time of the jackpot win. If the periodic liability is not initially funded with an annuity investment, it is discounted and accreted using the risk-free rate at the time of the jackpot win.

Liabilities due to future winners are recorded at the present value of the estimated amount of jackpots not yet won. We estimate the present value of these liabilities using current market rates, weighted with historical lump sum payout election ratios. Based on the most recent historical patterns, approximately 85% of winners will elect the lump sum payment option. The current portion of these liabilities are estimated based on historical experience with winner payment elections, in conjunction with the theoretical projected number of jackpots.

Legal and Other Contingencies

Loss contingency provisions arising from a legal proceeding or claim are recorded for probable and estimable losses at the best estimate of a loss, or when a best estimate cannot be made, at the minimum estimated loss, the determination of which requires significant judgment. If it is reasonably possible but not probable that a liability has been incurred, or if the amount of a probable loss cannot be reasonably estimated, the amount or range of estimated loss is disclosed, if material. We evaluate our provisions for legal contingencies at least quarterly and, as appropriate, establish new provisions or adjust existing provisions to reflect the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings, and other relevant events and developments, the advice of counsel, and the assumptions and judgment of management. Legal costs are expensed as incurred.

Fair Value Measurements

We account for certain financial assets and liabilities at fair value. Financial assets and liabilities are categorized, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the use of observable inputs and the lowest priority to the use of unobservable inputs. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. These levels are as follows:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments in active markets.
- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the instruments.
- Level 3 - inputs are unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability.

Derivative Financial Instruments

We use derivative financial instruments for the management of foreign currency risks and interest rate risks. We do not enter into derivatives for speculative purposes. Derivatives are recognized as either assets or liabilities in the consolidated balance sheet at fair value. All derivatives are recorded gross, except netting of foreign exchange contracts and counterparty netting of interest receivable and payable related to interest rate swaps, as applicable. The accounting for changes in the fair value of a derivative depends on the nature of the hedge and the hedge effectiveness. Derivative gains and losses are reported in the consolidated statements of cash flows consistent with the classification of the cash flows from the underlying hedged items.

For derivative instruments designated as cash flow hedges, gains and losses are recorded in other comprehensive income (loss) and are subsequently reclassified when the hedged item affects earnings. At that time, the amount is reclassified from other comprehensive income (loss) to the same income statement line as the earnings effect of the hedged item.

For derivative instruments designated as fair value hedges, changes in fair value are recorded in interest income (expense) and are offset by changes in the fair value of the underlying debt instrument due to changes in the benchmark interest rate. In the event the derivative instruments are subsequently de-designated as hedges, the change in fair value is recognized in interest expense, net in the consolidated statements of operations with no corresponding offset to debt.

For derivative instruments designated as net investment hedges, the spot portion of the derivative gain or loss is reported in foreign currency translation within other comprehensive income (loss) to offset any gains or losses on translation of the net investment in the subsidiary. All other components of the derivative fair value will be reported in income, as either interest income or interest expense, on an amortized basis.

Derivative instruments not designated as hedges are recognized in the consolidated balance sheet at fair value with the changes in fair value recorded in foreign exchange (loss) gain, net in the consolidated statements of operations.

Leases

We determine whether a contract is or contains a lease at inception. As a lessee, we recognize right-of-use ("ROU") assets and lease liabilities on the lease commencement date based on the present value of lease payments over the lease term. ROU assets also include any upfront lease payments or initial direct costs and are adjusted for lease incentives received.

We consider renewal and termination options, including whether they are reasonably certain to be exercised, in determining the lease term and establishing the ROU assets and lease liabilities. ROU assets and lease liabilities are calculated using our incremental borrowing rate, which is based on the lease currency and length of the lease, unless the implicit rate is determinable.

Most of our lease contracts contain both lease and non-lease components. As a lessee, we combine lease and non-lease components into a single lease component for all classes of underlying assets except certain communication equipment. For certain communication equipment, we allocate the consideration between lease and non-lease components based on relative standalone price. Lease expense is recognized on a straight-line basis over the lease term.

Variable lease payments are generally expensed as incurred except for certain rent payments that depend on an index, which are included in lease payments using the index rate in effect as of the lease commencement date.

Short-term leases, which are leases with an initial term of 12 months or less with no purchase options that are reasonably certain of exercise, are not recognized on the balance sheet. The rental payments are recognized as lease expense on a straight-line basis over the lease term.

Certain of our long term lottery and commercial gaming service arrangements include leases for equipment installed at customer locations. As the lessor, we combine lease and non-lease components for all classes of underlying assets in arrangements that involve operating leases. The single combined component is accounted for under ASC 842, *Leases*, or ASC 606, depending on which component is the predominant component in the arrangement. If a component cannot be combined, the consideration is allocated between the lease component and the non-lease component based on relative standalone selling price.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the tax basis of assets and liabilities and their reported amounts using the enacted tax rates in effect for the year in which the differences are expected to reverse. Tax credits are generally recognized as reductions of income tax provisions in the year in which the credits arise. The measurement of deferred tax assets is reduced by a valuation allowance if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The effect of a change in income tax rates is recognized as income or expense in the period that includes the enacted or substantively enacted date.

Accounting for uncertainty in income taxes recognized in the consolidated financial statements is in accordance with accounting authoritative guidance, which prescribes a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination. If the tax position is deemed "more likely than not" to be sustained, the tax position is then assessed to determine the amount of the benefit to recognize in the consolidated financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

We recognize interest and penalties related to unrecognized tax benefits on the provision for taxes line of the consolidated statement of operations. Accrued interest and penalties are included on the related tax liability line in the consolidated balance sheets.

We use the period cost method for global intangible low-taxed income ("GILTI") provisions and therefore have not recorded deferred taxes for basis differences expected to reverse in future periods.

Foreign Currency Translation

The financial statements of subsidiaries with functional currencies other than the U.S. dollar are translated into U.S. dollars, with the resulting translation adjustments recorded as a component of accumulated other comprehensive income ("AOCI") within shareholders' equity. Assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, while income and expense items are translated using the average exchange rates during the period.

New Accounting Standards - Recently Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). In 2018, 2019, and 2020, the FASB amended ASU 2016-13. ASU 2016-13 and subsequent amendments (collectively "ASC 326") replace the incurred loss impairment methodology in prior GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For trade and other receivables, loans, and other financial instruments, we are required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable.

We adopted ASC 326 as of January 1, 2020 using the modified retrospective approach, which resulted in a cumulative effect adjustment to retained deficit upon adoption with no restatement of prior periods. The adoption did not have a material impact on our consolidated financial statements.

In April 2019, the Financial Accounting Standards Board ("FASB") issued ASU No. 2019-04, *Codification improvements to Topic 326, Financial instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* ("ASU 2019-04"). This update clarifies certain aspects of accounting for credit losses, hedging activities, and financial instruments (addressed by ASUs 2016-13, 2017-12, and 2016-01 respectively). We adopted ASU 2019-04 in the first quarter of 2020 and applied it prospectively. The adoption did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"), which provides guidance around disclosure requirements for fair value measurement of investments. We adopted ASU 2018-03 in the first quarter of 2020 and applied its provisions prospectively and retrospectively in accordance with the guidance. The adoption did not have a material impact on our consolidated financial statements.

On January 1, 2018 the Company adopted ASC 606, *Revenue from Contracts with Customers*, using a modified retrospective application approach which was applied to customer contracts, in their modified state, that were not completed as of January 1, 2018.

New Accounting Standards - Not Yet Adopted

In August 2020, the FASB issued ASU No. 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)* ("ASU 2020-06"). This update simplifies the convertible debt accounting framework by reducing the number of accounting models used to account for convertible debt and preferred stock instruments. It also amends the accounting for certain contracts in an entity's own equity that are currently accounted for as derivatives because of specific settlement provisions. In addition, the new guidance modifies the diluted earnings per share calculations for convertible debt instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the timing and impact of adopting this guidance.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This update provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The

amendments in this update are effective as of March 12, 2020 through December 31, 2022. We are currently evaluating these optional elections and the timing and impact of adopting this guidance.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). This update provides, among other things, simplifications for accounting for income taxes by removing certain exceptions. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, with early adoption permitted. We will adopt ASU 2019-12 upon the effective date and do not expect it to have a material impact upon adoption.

We do not currently expect that any other recently issued accounting guidance will have a significant effect on the consolidated financial statements.

3. Discontinued Operations and Assets Held for Sale

On December 7, 2020, the Parent announced that its wholly-owned subsidiary, Lottomatica, had entered into a definitive agreement to sell one hundred percent of the share capital of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., the members of the IGT group which conduct its Italian B2C gaming machine, sports betting, and digital gaming businesses, to Gamenet Group S.p.A. for a sale price of €950 million. The businesses to be sold are within the Company's Global Gaming segment. The Company will receive €725 million at closing, €100 million on December 31, 2021, and €125 million on September 30, 2022. The sale price is subject to certain adjustments specified in the agreement. Closing of the transaction is subject to Italian regulatory approvals and specified representations, warranties, covenants and conditions customary in agreements of this kind and scope. The Company expects the transaction to close in the first half of 2021.

Aligning with our segment reorganization, the sale represents a strategic shift to reframe and simplify the priorities of our Global Gaming segment to focus on its core competencies as a B2B product and service provider. The Company determined that the sale met the criteria to be classified as a discontinued operation and, as a result, its historical financial results are reflected in the Company's consolidated financial statements as a discontinued operation, and assets and liabilities were classified as assets and liabilities held for sale. The Company did not allocate any general corporate overhead to discontinued operations.

Summarized financial information for discontinued operations is shown below:

	For the year ended December 31,		
($ thousands)	**2020**	**2019**	**2018**
Total revenue	428,920	778,143	872,506
Operating income [(1)]	51,029	159,211	173,393
Income from discontinued operations before provision for income taxes	43,407	156,760	170,180
Provision for income taxes	6,726	42,352	45,237
Income from discontinued operations, net of tax	36,681	114,408	124,943
Less: Net (loss) income attributable to non-controlling interests from discontinued operations	(4,760)	4,539	6,913
Income from discontinued operations attributable to IGT PLC	41,441	109,869	118,030

[(1)] Includes depreciation and amortization of $94.7 million, $99.7 million, and $98.0 million for the years ended 2020, 2019, and 2018, respectively

The Company expects to have continuing involvement with the businesses via a transition services agreement ("TSA"). As part of the expected TSA, the Company will provide various telecommunications, information technology, and back-office services for which the Company will receive compensation. These services generally expire after no more than three years.

The following represents the major classes of assets and liabilities held for sale as part of our discontinued operations:

	December 31,	
($ thousands)	**2020**	**2019**
Assets:		
Trade and other receivables, net	62,110	130,864
Other current assets	58,072	77,515
Systems, equipment and other assets related to contracts, net	86,230	102,347
Goodwill	520,259	520,259
Intangible assets, net	54,711	86,388
Other non-current assets	52,042	54,561
Assets held for sale	833,424	971,934
Liabilities:		
Accounts payable	62,693	61,889
Other current liabilities	164,084	123,263
Other non-current liabilities	22,796	29,836
Liabilities held for sale	249,573	214,988

The Company allocated $520.3 million of goodwill to discontinued operations using a relative fair value approach. Prior to the allocation to discontinued operations, the goodwill was included within our Global Gaming segment.

In addition to the sale of certain entities in our Global Gaming segment classified as discontinued operations as described above, we have other disposal groups that meet the requirements to be classified as held for sale in our consolidated balance sheet at December 31, 2020.

The following represents total assets and liabilities held for sale classified between the current and non-current categories:

	December 31,	
($ thousands)	**2020**	**2019**
Assets:		
Current assets held for sale - discontinued operations	833,424	208,379
Current assets held for sale - other	5,416	—
Total current assets held for sale	838,840	208,379
Total non-current assets held for sale	—	763,555
Assets held for sale	838,840	971,934
Liabilities:		
Total current liabilities held for sale	249,573	185,152
Total non-current liabilities held for sale	—	29,836
Liabilities held for sale	249,573	214,988

4. Revenue Recognition

Disaggregation of Revenue

The following tables summarize revenue disaggregated by business segment and the source of the revenue for the years ended December 31, 2020, 2019, and 2018:

	For the year ended December 31, 2020		
($ thousands)	**Global Lottery**	**Global Gaming**	**Total**
Operating and facilities management contracts	1,743,916	—	1,743,916
Gaming terminal services	—	297,418	297,418
Systems, software, and other	298,736	299,488	598,224
Service revenue	2,042,652	596,906	2,639,558
Lottery products	121,346	—	121,346
Gaming terminals	—	205,289	205,289
Gaming other	—	149,263	149,263
Product sales	121,346	354,552	475,898
Total revenue	2,163,998	951,458	3,115,456

	For the year ended December 31, 2019		
($ thousands)	**Global Lottery**	**Global Gaming**	**Total**
Operating and facilities management contracts	1,930,761	—	1,930,761
Gaming terminal services	—	567,849	567,849
Systems, software, and other	252,200	350,058	602,258
Service revenue	2,182,961	917,907	3,100,868
Lottery products	109,884	—	109,884
Gaming terminals	—	581,017	581,017
Gaming other	—	239,988	239,988
Product sales	109,884	821,005	930,889
Total revenue	2,292,845	1,738,912	4,031,757

	For the year ended December 31, 2018		
($ thousands)	**Global Lottery**	**Global Gaming**	**Total**
Operating and facilities management contracts	2,007,261	—	2,007,261
Gaming terminal services	—	601,536	601,536
Systems, software, and other	227,540	359,593	587,133
Service revenue	2,234,801	961,129	3,195,930
Lottery products	126,889	—	126,889
Gaming terminals	—	454,884	454,884
Gaming other	—	203,169	203,169
Product sales	126,889	658,053	784,942
Total revenue	2,361,690	1,619,182	3,980,872

Contract Balances

Information about receivables, contract assets, and contract liabilities is as follows:

($ thousands)	December 31, 2020	December 31, 2019	Balance Sheet Classification
Receivables, net	846,128	875,263	Trade and other receivables, net
Contract assets:			
Current	53,491	47,499	Other current assets
Non-current	75,000	76,188	Other non-current assets
	128,491	123,687	
Contract liabilities:			
Current	(107,542)	(66,749)	Other current liabilities
Non-current	(62,175)	(65,855)	Other non-current liabilities
	(169,717)	(132,604)	

The amount of revenue recognized during the year ended December 31, 2020 that was included in the contract liabilities balance at December 31, 2019 was $56.0 million. The amount of revenue recognized during the year ended December 31, 2019 that was included in the contract liabilities balance at December 31, 2018 was $50.7 million.

Transaction Price Allocated to Remaining Performance Obligations

At December 31, 2020, the transaction price allocated to unsatisfied performance obligations for contracts expected to be greater than one year, or performance obligations for which we do not have a right to consideration from the customer in the amount that corresponds to the value to the customer for our performance completed to date, variable consideration which is not accounted for in accordance with the sales-based or usage-based royalties guidance, or contracts which are not wholly unperformed, is approximately $956.8 million. Of this amount, we expect to recognize as revenue approximately 19% within the next 12 months, approximately 29% between 13 and 36 months, approximately 26% between 37 and 60 months, and the remaining balance through December 31, 2031.

5. Trade and Other Receivables, net

Trade and other receivables are recorded at amortized cost, net of allowance for credit losses, and represent a contractual right to receive money on demand or on fixed or determinable dates that are typically short-term with payment due within 90 days or less.

	December 31,	
($ thousands)	**2020**	**2019**
Trade and other receivables, gross	861,772	897,329
Allowance for credit losses	(15,644)	(22,066)
Trade and other receivables, net	846,128	875,263

The following table presents the activity in the allowance for credit losses:

	December 31,		
($ thousands)	**2020**	**2019**	**2018**
Balance at beginning of year	(22,066)	(29,407)	(22,795)
(Provisions) recoveries, net	(6,096)	3,480	(7,768)
Amounts written off as uncollectible	9,660	3,405	87
Foreign currency translation	(551)	162	1,461
Other [(1)]	3,409	294	(392)
Balance at end of year	(15,644)	(22,066)	(29,407)

[(1)] Includes the adoption of ASC 326 as of January 1, 2020

We enter into various factoring agreements with third-party financial institutions to sell certain of our trade receivables. We factored trade receivables of $1,531.6 million and $2,629.4 million during the years ended December 31, 2020 and 2019, respectively, under these factoring arrangements, which reduced trade receivables. The cash received from these arrangements is reflected as cash provided by operating activities in the consolidated statements of cash flows. In certain of these factoring arrangements, for ease of administration, we will collect customer payments related to the factored trade receivables, which we then remit to the financial institutions. At December 31, 2020 and 2019, we had $110.1 million and $50.2 million, respectively, that was collected on behalf of the financial institutions and recorded as other current liabilities in the consolidated balance sheets. The net cash flows relating to these collections are reported as financing activities in the consolidated statements of cash flows.

6. Inventories

($ thousands)	December 31, 2020	2019
Raw materials	86,089	86,877
Work in progress	23,211	11,663
Finished goods	102,674	96,895
Inventories, gross	211,974	195,435
Obsolescence reserve	(42,767)	(33,645)
Inventories, net	169,207	161,790

The following table presents the activity in the obsolescence reserve:

($ thousands)	December 31, 2020	2019	2018
Balance at beginning of year	(33,645)	(39,885)	(26,911)
Provisions, net	(33,554)	(28,970)	(14,199)
Amounts written off	23,535	23,375	817
Foreign currency translation	(2,041)	(130)	408
Other	2,938	11,965	—
Balance at end of year	(42,767)	(33,645)	(39,885)

7. Other Assets

Other Current Assets

($ thousands)	*Notes*	December 31, 2020	2019
Customer financing receivables, net		231,873	226,979
Contract assets	4	53,491	47,499
Value-added tax receivable		46,466	51,405
Income taxes receivable		45,203	56,857
Prepaid expenses		39,439	41,366
Prepaid royalties		8,701	24,999
Other receivables		8,149	10,673
Other		46,327	53,237
		479,649	513,015

Other Non-Current Assets

($ thousands)	Notes	December 31, 2020	2019
Upfront license fees, net:			
Italian Scratch & Win		845,336	873,756
Italian Lotto		516,177	568,669
New Jersey		74,449	83,209
Indiana		10,458	11,853
		1,446,420	1,537,487
Customer financing receivables, net		83,638	122,124
Contract assets	4	75,000	76,188
Deferred income taxes	17	33,117	27,108
Finance lease right-of-use assets	11	32,739	35,441
Debt issuance costs	16	23,937	20,464
Prepaid royalties		13,987	25,092
Other		64,803	73,847
		1,773,641	1,917,751

Upfront License Fees

The upfront license fees are being amortized on a straight-line basis as follows:

Upfront License Fee	License Term	Amortization Start Date
Italian Scratch & Win	9 years	October 2019
Italian Lotto	9 years	December 2016
New Jersey	15 years, 9 months	October 2013
Indiana	15 years	July 2013

Yeonama Holdings Co. Limited ("Yeonama")

In May 2019, we sold our ownership interest in Yeonama, an investment previously included within other non-current assets on the consolidated balance sheet. The sale resulted in a pre-tax gain of €26.1 million ($29.1 million at the May 31, 2019 exchange rate).

Customer Financing Receivables

Customers' payment terms for customer financing receivables are confirmed with a written financing contract, lease contract, or promissory note and a security agreement is typically signed by the parties granting the Company a security interest in the related products sold or leased. Customer financing interest income is recognized based on market rates prevailing at issuance.

Customer financing receivables are recorded at amortized cost, net of any allowance for credit losses, and are classified in the consolidated balance sheets as follows:

($ thousands)	December 31, 2020		
	Current Assets	Non-Current Assets	Total
Customer financing receivables, gross	274,650	90,780	365,430
Allowance for credit losses	(42,777)	(7,142)	(49,919)
Customer financing receivables, net	231,873	83,638	315,511

	December 31, 2019		
($ thousands)	**Current Assets**	**Non-Current Assets**	**Total**
Customer financing receivables, gross	255,221	125,542	380,763
Allowance for credit losses	(28,242)	(3,418)	(31,660)
Customer financing receivables, net	226,979	122,124	349,103

The following table presents the activity in the allowance for credit losses:

	December 31,		
($ thousands)	**2020**	**2019**	**2018**
Balance at beginning of year	(31,660)	(29,209)	(19,574)
Provisions, net	(37,191)	(2,477)	(10,131)
Amounts written off as uncollectible	23,525	11	317
Foreign currency translation	1,820	15	179
Other [(1)]	(6,413)	—	—
Balance at end of year	(49,919)	(31,660)	(29,209)

[(1)] Includes the adoption of ASC 326 as of January 1, 2020

The Company's customer financing receivable portfolio is composed of customers within the Global Gaming business segment. We internally assess the credit quality of customer financing receivables using a number of factors, including, but not limited to, credit scores obtained from external providers, trade references, bank references, and historical experience. Risk profiles differ based on customer location and are pooled as North America, Latin America and the Caribbean ("LAC"), Europe, Middle East and Africa ("EMEA"), and Asia Pacific ("APAC").

During 2020, $23.5 million of customer financing receivables, primarily within LAC, were written off as uncollectible due to the impacts of COVID-19. Additionally, due to the duration of the COVID-19 induced shutdowns in LAC and potential future impacts on our customers caused by COVID-19, we increased our allowance for credit losses during the year ended December 31, 2020. At December 31, 2020 the Company had $43.3 million of credit loss allowances associated with the LAC customer financing receivables.

The customer financing receivables at amortized cost by year of origination and the geography credit quality indicator at December 31, 2020 are as follows:

	Year of Origination					
($ thousands)	2020	2019	2018	2017	2016 and prior	Total
North America	54,304	16,771	580	3,095	—	74,750
LAC	30,556	113,437	39,024	13,670	8,520	205,207
EMEA	23,620	28,021	16,010	2,343	1,637	71,631
APAC	8,493	4,024	1,174	123	28	13,842
	116,973	162,253	56,788	19,231	10,185	365,430

The past due balance, which represents installments that are one day or more past their contractual due date, of customer financing receivables at amortized cost and the geography credit quality indicator at December 31, 2020 is as follows:

($ thousands)	North America	LAC	EMEA	APAC	Total
Past due	6,062	106,011	12,585	3,839	128,497
Short-term portion not yet due	37,728	67,634	32,488	8,303	146,153
Long-term portion not yet due	30,960	31,562	26,558	1,700	90,780
	74,750	205,207	71,631	13,842	365,430

8. Fair Value Measurements

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our significant financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019 are as follows:

		December 31, 2020			
($ thousands)	**Balance Sheet Location**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Derivative assets	Other current and other non-current assets	—	10,738	—	10,738
Equity investments	Other non-current assets	6,026	—	—	6,026
Liabilities:					
Derivative liabilities	Other current and other non-current liabilities	—	10,113	—	10,113

		December 31, 2019			
($ thousands)	**Balance Sheet Location**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Derivative assets	Other current and other non-current assets	—	8,317	—	8,317
Equity investments	Other non-current assets	7,769	—	—	7,769
Liabilities:					
Derivative liabilities	Other current and other non-current liabilities	—	6,425	—	6,425

Valuation Techniques

Derivative assets and liabilities classified as Level 2 were derived from quoted market prices for similar instruments or by discounting the future cash flows with adjustments for credit risk as appropriate. All significant inputs were derived from or corroborated by observable market data including current forward exchange rates and LIBOR rates, among others.

At December 31, 2020 and 2019, the carrying amounts for cash and cash equivalents, restricted cash, trade and other receivables, other current assets, accounts payable, and other current liabilities approximated their estimated fair values because of their short-term nature.

Financial Assets Measured at Fair Value on a Nonrecurring Basis

Our assessment of goodwill for impairment includes various inputs, including forecasted revenue, forecasted operating profits, terminal growth rates, and weighted-average costs of capital. The projected cash flows used in calculating the fair value of our reporting units, using the income approach, considered historical and estimated future results and general economic and market conditions, as well as the impact of planned business and operational strategies. As a result, as of December 31, 2019, the Company classified the former International reporting unit measured at fair value on a nonrecurring basis within Level 3 of the fair value hierarchy.

Financial Assets and Liabilities Not Carried at Fair Value

The carrying amounts and fair value hierarchy classification of our significant financial assets and liabilities not carried at fair value as of December 31, 2020 and 2019 are as follows:

	December 31, 2020				
($ thousands)	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Customer financing receivables, net	315,511	—	—	312,690	312,690
Equity investments	12,375	—	—	12,375	12,375
Liabilities:					
Jackpot liabilities	218,943	—	—	210,516	210,516
Debt [1]	8,242,898	—	8,701,509	—	8,701,509

	December 31, 2019				
($ thousands)	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Customer financing receivables, net	349,103	—	—	349,686	349,686
Equity investments	11,482	—	—	11,482	11,482
Liabilities:					
Jackpot liabilities	234,771	—	—	230,307	230,307
Debt [1]	8,062,816	—	8,589,939	—	8,589,939

[1] Debt excludes short-term borrowings and swap adjustments

Level 3 equity investments are measured at cost, less impairment, plus or minus changes resulting from observable price changes, which approximates fair value.

9. Derivative Financial Instruments

We use selected derivative hedging instruments, principally foreign currency forward contracts and interest rate swaps, for the purpose of managing currency risks and interest rate risk arising from our operations and sources of financing.

Cash Flow Hedges

The notional amount of foreign currency forward contracts, designated as cash flow hedges, outstanding at December 31, 2020 and 2019 were $61.5 million and $56.8 million, respectively. The amount recorded within other comprehensive income (loss) at December 31, 2020 is expected to impact the consolidated statement of operations in 2021.

Fair Value Hedges

In September 2015, we executed $625.0 million notional amount of interest rate swaps that effectively convert $625.0 million of the 6.25% Senior Secured U.S. Dollar Notes from fixed interest rate debt to variable rate debt. The terms of the swap require periodic net settlement payments and expire in February 2022. In August 2020, $200.0 million notional amount of the interest rate swaps were terminated early. At December 31, 2020, the remaining notional amount of $425.0 million in interest rate swaps were no longer designated as hedging relationships and the fair value of the swaps is recognized in interest expense on the consolidated statements of operations with no corresponding offset to debt.

Net Investment Hedges

In October 2018, we executed $200.0 million notional amount of cross-currency swaps that are a hedge of foreign exchange risk associated with a net investment in foreign operations. The terms of the swap require periodic net settlement payments and a final notional exchange will occur on settlement. The swaps expire in August 2021. In March 2020, $100.0 million notional amount in cross-currency swaps were early terminated and the remaining notional amount at December 31, 2020 was $100.0 million.

Derivatives Not Designated as Hedging Instruments

The notional amount of foreign currency forward contracts, not designated as hedging instruments, outstanding at December 31, 2020 and 2019 was $295.4 million and $550.0 million, respectively.

Refer to Note 19, *Shareholders' Equity - Accumulated Other Comprehensive Income* for further information.

10. Systems, Equipment and Other Assets Related to Contracts, net and Property, Plant and Equipment, net

Systems & Equipment and PPE, net consist of the following:

	Systems & Equipment, net		PPE, net	
	December 31,		December 31,	
($ thousands)	2020	2019	2020	2019
Land	—	297	964	2,317
Buildings	2,257	748	68,847	70,473
Terminals and systems	2,614,869	2,610,417	—	—
Furniture and equipment	150,419	138,591	258,767	240,375
Construction in progress	76,582	49,340	14,985	15,624
	2,844,127	2,799,393	343,563	328,789
Accumulated depreciation	(1,776,006)	(1,593,801)	(211,961)	(182,734)
	1,068,121	1,205,592	131,602	146,055

Gain on Sale of Assets to Distributor

During 2019, we entered into a long-term strategic agreement with a distributor in Oklahoma that included the sale of used, non-premium equipment, which was previously included within Systems & Equipment, net within the consolidated balance sheet. This sale resulted in a gain of $27.7 million which is classified in other operating expense (income), net on the consolidated statements of operations for the year ended December 31, 2019.

11. Leases

Lessee

We have operating and finance leases for real estate (warehouses, office space, data centers), vehicles, communication equipment, and other equipment. Many of our real estate leases include one or more options to renew, while some include termination options. Certain vehicle and equipment leases include residual value guarantees and options to purchase the leased asset. Many of our real estate leases include variable payments for maintenance, real estate taxes, and insurance that are determined based on the actual costs incurred by the landlord.

The classification of our operating and finance leases in the consolidated balance sheets is as follows:

		December 31,	
($ thousands)	**Balance Sheet Classification**	**2020**	**2019**
Assets:			
Operating ROU asset	Operating lease right-of-use assets	288,196	296,751
Finance ROU asset, net [1]	Other non-current assets	32,739	35,441
Total lease assets		320,935	332,192
Liabilities:			
Operating lease liability, current	Other current liabilities	44,263	43,902
Finance lease liability, current	Other current liabilities	10,944	8,680
Operating lease liability, non-current	Operating lease liabilities	266,227	272,350
Finance lease liability, non-current	Other non-current liabilities	30,854	36,240
Total lease liabilities		352,288	361,172

[1] Finance ROU assets are recorded net of accumulated amortization of $15.7 million and $6.8 million at December 31, 2020 and December 31, 2019, respectively

Weighted-average lease terms and discount rates are as follows:

	December 31,	
	2020	**2019**
Weighted-Average Remaining Lease Term (in years)		
Operating leases	8.32	8.80
Finance leases	5.13	6.01
Weighted-Average Discount Rate		
Operating leases	7.01 %	7.74 %
Finance leases	5.16 %	5.45 %

Components of lease expense are as follows:

	For the year ended December 31,	
($ thousands)	**2020**	**2019**
Operating lease costs	72,025	75,586
Finance lease costs [1]	11,451	10,341
Variable lease costs [2]	22,587	22,163

[1] Finance lease costs include amortization of ROU assets of $9.3 million and $7.8 million for the years ended December 31, 2020 and 2019, respectively and interest on lease liabilities of $2.1 million and $2.5 million for the years ended December 31, 2020 and 2019, respectively

[2] Variable lease costs include immaterial amounts related to short-term leases and sublease income

Maturities of operating and finance lease liabilities at December 31, 2020 are as follows ($ thousands):

Year	Operating Leases	Finance Leases	Total [1]
2021	63,964	12,729	76,693
2022	55,090	9,678	64,768
2023	49,383	6,983	56,366
2024	44,515	5,309	49,824
2025	38,697	4,985	43,682
Thereafter	171,168	8,150	179,318
Total lease payments	422,817	47,834	470,651
Less: Imputed interest	(112,327)	(6,036)	(118,363)
Present value of lease liabilities	310,490	41,798	352,288

[1] The maturities above exclude leases that have not yet commenced and such leases are not material in the aggregate

Cash flow information and non-cash activity related to leases is as follows:

	For the year ended December 31,	
($ thousands)	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating and finance leases	67,731	74,175
Finance cash flows from finance leases	9,761	7,632
Non-cash activity:		
ROU assets obtained in exchange for lease obligations (net of early terminations)		
Operating leases	34,385	12,914
Finance leases	6,359	9,441

We adopted ASC 842 as of January 1, 2019 which is an update to ASC 840, the lease accounting standard in place through December 31, 2018. Rent and lease expense under ASC 840 was $81.5 million for the year ended December 31, 2018 and included contingent rent payments of $0.8 million for the year ended December 31, 2018.

Lessor

We have various arrangements for lottery and commercial gaming equipment under which we are the lessor. These leases generally meet the criteria for operating lease classification. Lease income for operating leases is included within service revenue, while lease income for sales type leases is included predominately within product sales, in the consolidated statements of operations. Total lease income was approximately 7% and 8% of total revenue for the years ended December 31, 2020 and 2019, respectively.

12. Restructuring

During 2020, we initiated three restructuring plans as described below and during 2019, we expanded existing restructuring plans initiated in the prior year. As of December 31, 2019 these plans were substantially completed. During 2018, we incurred $14.8 million in restructuring expenses from plans that were initiated in 2018 and substantially completed by the end of 2018. Restructuring expense incurred under these plans was previously included in corporate support expenses, which were not allocated to the business segments. In conjunction with the Company's segment reorganization as disclosed in Note 21 – *Segment Information*, restructuring expenses are now included in the business segments carrying out the restructuring activity.

2020 Segment Reorganization

During the first quarter of 2020, we initiated a restructuring plan associated with our global initiative to simplify our organizational structure and increase efficiency and effectiveness. We expect to incur approximately $17 million in severance and related employee costs under this plan, which is expected to be substantially completed by the end of the first quarter of 2021. We incurred $16.3 million in severance and related employee costs for the year ended December 31, 2020, which impacted our two segments and corporate support function.

Rollforward of Restructuring Liability

The following table presents the activity in the restructuring liability under this plan for the year ended December 31, 2020:

($ thousands)	Severance and Related Employee Costs
Balance at beginning of period	—
Restructuring expense, net	16,310
Cash payments	(9,132)
Other adjustments, net	544
Balance at end of period	7,722

2020 Global Supply Chain Optimization

During the first quarter of 2020, we initiated a restructuring plan to optimize our global supply chain and footprint resulting in a significant reduction to our primary manufacturing operations. We will utilize contract manufacturers that are worldwide experts in manufacturing and excel at sourcing and assembly activities. We intend to utilize these third-party contract manufacturers to reduce costs and achieve efficiencies in fulfilling future demand for our products.

We expect to incur up to $9 million in total costs under this plan, comprised of approximately $5 million in severance and related employee costs and approximately $4 million in other costs. The plan is expected to be substantially completed by the end of the first quarter of 2021. The following table summarizes restructuring expense for the year ended December 31, 2020 under this plan by type of cost, primarily in the Global Gaming segment:

($ thousands)	For the year ended December 31, 2020
Severance and related employee costs	5,123
Other [(1)]	3,576
Total	8,699

[(1)] This expense includes approximately $460 thousand of asset impairments. The offset for these charges is Property, plant and equipment, net in the consolidated balance sheet at December 31, 2020

Rollforward of Restructuring Liability

The following table presents the activity in the restructuring liability under this plan for the year ended December 31, 2020:

($ thousands)	Severance and Related Employee Costs	Other Costs	Total
Balance at beginning of period	—	—	—
Restructuring expense, net	5,123	3,116	8,239
Cash payments	(3,630)	(1,916)	(5,546)
Balance at end of period	1,493	1,200	2,693

2020 Technology Organization Consolidation

During the second quarter of 2020, we initiated a restructuring plan to realign and consolidate operations, reduce costs, and improve operational efficiencies within our Technology group. We expect to incur approximately $18 million primarily in severance and related employee costs under this plan, which is expected to be substantially completed by the end of the fourth quarter of 2021. We incurred $17.5 million in severance and related employee costs for the year ended December 31, 2020, primarily in the Global Gaming segment.

Rollforward of Restructuring Liability

The following table presents the activity in the restructuring liability under this plan for the year ended December 31, 2020:

($ thousands)	Severance and Related Employee Costs
Balance at beginning of period	—
Restructuring expense, net	17,499
Cash payments	(3,506)
Balance at end of period	13,993

Restructuring Expense

The following table summarizes consolidated restructuring expense by segment and type of cost:

	For the year ended December 31, 2020			
($ thousands)	Severance and Related Employee Costs	Asset Impairment Costs	Other	Total
Global Lottery	5,399	—	—	5,399
Global Gaming	29,936	460	3,216	33,612
Corporate and Other	6,068	—	(34)	6,034
Total	41,403	460	3,182	45,045

	For the year ended December 31, 2019			
($ thousands)	Severance and Related Employee Costs	Asset Impairment Costs	Other	Total
Global Lottery	2,164	—	6	2,170
Global Gaming	3,173	15,500	(311)	18,362
Corporate and Other	1,737	—	2,586	4,323
Total	7,074	15,500	2,281	24,855

13. Goodwill

As discussed in Note 21 – Segment Information, on July 1, 2020, we adopted a new organizational structure focused on two business segments: Global Lottery and Global Gaming. This resulted in a change in our operating segments and reporting units. Prior to this change, we had four reporting units: North America Gaming and Interactive, North America Lottery, International, and Italy.

As a result of the change in reporting units, at July 1, 2020, we allocated goodwill to our new reporting units using a relative fair value approach. The goodwill allocated to the new Global Lottery and Global Gaming reporting units was $2,942.2 million and $2,208.7 million, respectively, and the estimated fair values were determined to exceed the carrying values, which indicated no impairment existed. In addition, we completed an assessment for any potential goodwill impairment for all the former reporting units immediately prior to the reallocation and determined that no impairment existed.

Changes in the carrying amount of goodwill consist of the following:

	Reporting Units Prior to July 1, 2020				Reporting Units After July 1, 2020			
($ thousands)	North America Gaming and Interactive	North America Lottery	International	Italy	Global Lottery	Global Gaming	Discontinued Operations	Total
Balance at December 31, 2018	1,439,867	1,221,589	1,422,847	1,495,924	—	—	(520,259)	5,059,968
Impairment	—	—	(99,000)	—	—	—	—	(99,000)
Disposal	—	—	(13,201)	—	—	—	—	(13,201)
Foreign currency translation	—	—	(2,677)	(13,855)	—	—	—	(16,532)
Balance at December 31, 2019	1,439,867	1,221,589	1,307,969	1,482,069	—	—	(520,259)	4,931,235
Impairment	(103,000)	—	(193,000)	—	—	—	—	(296,000)
Foreign currency translation	—	—	(2,136)	(2,427)	—	—	—	(4,563)
Segment realignment	(1,336,867)	(1,221,589)	(1,112,833)	(1,479,642)	2,942,221	2,208,710	—	—
Foreign currency translation	—	—	—	—	55,118	27,699	—	82,817
Discontinued operations	—	—	—	—	—	(520,259)	520,259	—
Balance at December 31, 2020	—	—	—	—	2,997,339	1,716,150	—	4,713,489
Balance at December 31, 2019								
Cost	2,153,867	1,225,682	1,641,187	1,483,754	—	—	(520,259)	5,984,231
Accumulated impairment	(714,000)	(4,093)	(333,218)	(1,685)	—	—	—	(1,052,996)
	1,439,867	1,221,589	1,307,969	1,482,069	—	—	(520,259)	4,931,235
Balance at December 31, 2020								
Cost	—	—	—	—	2,997,339	1,716,150	—	4,713,489
	—	—	—	—	2,997,339	1,716,150	—	4,713,489

Goodwill Impairment

Our assessment of goodwill for impairment includes various inputs, including forecasted revenue, forecasted operating profits, terminal growth rates, and weighted-average costs of capital. The projected cash flows used in calculating the fair value of our reporting units, using the income approach, considered historical and estimated future results and general economic and market conditions, as well as the impact of planned business and operational strategies.

During the first quarter of 2020, we determined there was an interim goodwill impairment triggering event caused by COVID-19. As a result of the identified triggering event, we estimated the fair value of each of our former reporting units using an income approach based on projected discounted cash flows. Based principally on lower forecasted revenue and operating profits caused by lower demand for our commercial gaming products, we recorded a $296.0 million non-cash impairment loss with no income tax benefit, of which $193.0 million and $103.0 million million was recorded within our former International and North America Gaming reporting units, respectively, to reduce the carrying amount of the reporting units to fair value.

During the fourth quarters of 2019 and 2018, we recorded $99.0 million and $118.0 million, respectively, in non-cash impairment losses with no income tax benefits and reduced the carrying amount of our former International reporting unit to fair value. We determined there was an impairment in the former International reporting unit's goodwill due to lower forecasted cash flows along with a higher weighted-average cost of capital.

14. Intangible Assets, net

Intangible assets at December 31, 2020 and 2019 are summarized as follows:

		December 31, 2020			December 31, 2019		
($ thousands)	Weighted- Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized:							
Customer relationships	15.5	2,300,034	1,229,939	1,070,095	2,302,118	1,107,363	1,194,755
Computer software and game library	5.6	917,950	783,671	134,279	882,049	723,768	158,281
Trademarks	14.1	186,218	91,807	94,411	185,285	76,196	109,089
Developed technologies	5.6	225,108	212,562	12,546	219,448	203,121	16,327
Licenses	3.5	69,148	58,550	10,598	60,763	48,188	12,575
Other	8.9	37,382	26,957	10,425	34,600	21,013	13,587
		3,735,840	2,403,486	1,332,354	3,684,263	2,179,649	1,504,614
Unamortized:							
Trademarks		245,000	—	245,000	245,000	—	245,000
Total intangible assets, excluding goodwill		3,980,840	2,403,486	1,577,354	3,929,263	2,179,649	1,749,614

Intangible asset amortization expense of $202.7 million, $220.1 million, and $224.0 million (which includes computer software amortization expense of $25.7 million, $29.4 million, and $29.6 million) was recorded in 2020, 2019, and 2018, respectively.

Amortization expense on intangible assets for the next five years is expected to be as follows ($ thousands):

Year	Amount
2021	187,867
2022	178,594
2023	155,379
2024	140,009
2025	118,637
Total	780,486

15. Other Liabilities

Other Current Liabilities

($ thousands)	Notes	December 31, 2020	2019
Accrued interest payable		138,184	141,485
Current financial liabilities		128,330	62,806
Accrued expenses		118,037	99,700
Contract liabilities	4	107,542	66,749
Taxes other than income taxes		96,346	67,309
Employee compensation		89,832	155,962
Jackpot liabilities	18	71,290	74,670
Operating lease liabilities	11	44,263	43,902
Income taxes payable		26,116	17,198
Other		26,333	29,037
		846,273	758,818

Other Non-Current Liabilities

($ thousands)	Notes	December 31, 2020	2019
Jackpot liabilities	18	147,654	160,101
Contract liabilities	4	62,175	65,855
Reserves for uncertain tax positions		47,625	47,523
Finance lease liabilities	11	30,854	36,240
Income taxes payable		15,594	26,493
Royalties payable		14,091	18,918
Other		41,968	40,736
		359,961	395,866

16. Debt

The Company's long-term debt obligations consist of the following:

	December 31, 2020				
($ thousands)	**Principal**	**Debt issuance cost, net**	**Premium**	**Swap**	**Total**
6.250% Senior Secured U.S. Dollar Notes due February 2022	1,000,001	(3,039)	—	6,860	1,003,822
4.750% Senior Secured Euro Notes due February 2023	1,043,035	(4,983)	—	—	1,038,052
5.350% Senior Secured U.S. Dollar Notes due October 2023	60,567	—	224	—	60,791
3.500% Senior Secured Euro Notes due July 2024	613,550	(3,808)	—	—	609,742
6.500% Senior Secured U.S. Dollar Notes due February 2025	1,100,000	(8,359)	—	—	1,091,641
3.500% Senior Secured Euro Notes due June 2026	920,325	(6,995)	—	—	913,330
6.250% Senior Secured U.S. Dollar Notes due January 2027	750,000	(5,845)	—	—	744,155
2.375% Senior Secured Euro Notes due April 2028	613,550	(5,150)	—	—	608,400
5.250% Senior Secured U.S. Dollar Notes due January 2029	750,000	(6,875)	—	—	743,125
Senior Secured Notes	6,851,028	(45,054)	224	6,860	6,813,058
Euro Term Loan Facility due January 2023	1,055,306	(11,278)	—	—	1,044,028
Euro Revolving Credit Facility B due July 2024 [(1)]	—	—	—	—	—
U.S. Dollar Revolving Credit Facility A due July 2024 [(1)]	—	—	—	—	—
Long-term debt, less current portion	7,906,334	(56,332)	224	6,860	7,857,086
Euro Term Loan Facility due January 2023	392,672	—	—	—	392,672
Current portion of long-term debt	392,672	—	—	—	392,672
Short-term borrowings	480	—	—	—	480
Total debt	8,299,486	(56,332)	224	6,860	8,250,238

[(1)] As of December 31, 2020, $23.9 million of debt issuance costs, net are presented in other non-current assets for debt instruments with no outstanding borrowings

	December 31, 2019				
($ thousands)	**Principal**	**Debt issuance cost, net**	**Premium**	**Swap**	**Total**
6.250% Senior Secured U.S. Dollar Notes due February 2022	1,500,000	(8,199)	—	(473)	1,491,328
4.750% Senior Secured Euro Notes due February 2023	954,890	(6,508)	—	—	948,382
5.350% Senior Secured U.S. Dollar Notes due October 2023	60,567	—	318	—	60,885
3.500% Senior Secured Euro Notes due July 2024	561,700	(4,369)	—	—	557,331
6.500% Senior Secured U.S. Dollar Notes due February 2025	1,100,000	(10,041)	—	—	1,089,959
3.500% Senior Secured Euro Notes due June 2026	842,550	(7,445)	—	—	835,105
6.250% Senior Secured U.S. Dollar Notes due January 2027	750,000	(6,613)	—	—	743,387
2.375% Senior Secured Euro Notes due April 2028	561,700	(5,297)	—	—	556,403
Senior Secured Notes	6,331,407	(48,472)	318	(473)	6,282,780
Euro Term Loan Facility due January 2023	1,325,612	(8,223)	—	—	1,317,389
Euro Revolving Credit Facility B due July 2024 [(1)]	—	—	—	—	—
U.S. Dollar Revolving Credit Facility A due July 2024 [(1)]	—	—	—	—	—
Long-term debt, less current portion	7,657,019	(56,695)	318	(473)	7,600,169
4.750% Senior Secured Euro Notes due March 2020	435,767	(978)	—	—	434,789
5.500% Senior Secured U.S. Dollar Notes due June 2020	27,311	—	74	(19)	27,366
Current portion of long-term debt	463,078	(978)	74	(19)	462,155
Short-term borrowings	3,193	—	—	—	3,193
Total debt	8,123,290	(57,673)	392	(492)	8,065,517

[(1)] As of December 31, 2019, $20.5 million of debt issuance costs, net are presented in other non-current assets for debt instruments with no outstanding borrowings

The principal amount of long-term debt maturing over the next five years and thereafter as of December 31, 2020 is as follows ($ thousands):

Year	**U.S. Dollar Denominated**	**Euro Denominated**	**Total**
2021	—	392,672	392,672
2022	1,000,001	392,672	1,392,673
2023	60,567	1,705,669	1,766,236
2024	—	613,550	613,550
2025	1,100,000	—	1,100,000
2026 and thereafter	1,500,000	1,533,875	3,033,875
Total principal payments	3,660,568	4,638,438	8,299,006

Senior Secured Notes

The key terms of our senior secured notes (the "Notes"), which are rated Ba3 and BB by Moody's Investor Service ("Moody's") and Standard & Poor's Ratings Services ("S&P"), respectively, are as follows:

Description	Principal (thousands)	Effective Interest Rate	Issuer	Guarantors	Collateral	Redemption	Interest payments
6.250% Senior Secured U.S. Dollar Notes due February 2022	$1,000,001	6.52%	Parent	*	†	++	Semi-annually in arrears
4.750% Senior Secured Euro Notes due February 2023	€850,000	4.98%	Parent	*	†	++	Semi-annually in arrears
5.350% Senior Secured U.S. Dollar Notes due October 2023	$60,567	5.47%	IGT	**	††	+	Semi-annually in arrears
3.500% Senior Secured Euro Notes due July 2024	€500,000	3.68%	Parent	*	†	++	Semi-annually in arrears
6.500% Senior Secured U.S. Dollar Notes due February 2025	$1,100,000	6.71%	Parent	*	†	++	Semi-annually in arrears
3.500% Senior Secured Euro Notes due June 2026	€750,000	3.65%	Parent	*	†	+++	Semi-annually in arrears
6.250% Senior Secured U.S. Dollar Notes due January 2027	$750,000	6.41%	Parent	*	†	++	Semi-annually in arrears
2.375% Senior Secured Euro Notes due April 2028	€500,000	2.50%	Parent	*	†	+++	Semi-annually in arrears
5.250% Senior Secured U.S. Dollar Notes due January 2029	$750,000	5.39%	Parent	*	†	+++	Semi-annually in arrears

* Certain subsidiaries of the Parent.

** The Parent and certain subsidiaries of the Parent.

† Ownership interests of the Parent in certain of its direct subsidiaries and certain intercompany loans with principal balances in excess of $10 million.

†† Certain intercompany loans with principal balances in excess of $10 million.

\+ International Game Technology ("IGT") may redeem in whole or in part at any time prior to maturity at 100% of their principal amount together with accrued and unpaid interest and a make-whole premium. IGT may also redeem in whole or in part at 100% of their principal amount together with accrued and unpaid interest in connection with certain gaming regulatory events. Upon the occurrence of certain events, IGT will be required to offer to repurchase all of the notes at a price equal to 101% of their principal amount together with accrued and unpaid interest.

++ The Parent may redeem in whole or in part at any time prior to the date which is six months prior to maturity at 100% of their principal amount together with accrued and unpaid interest and a make-whole premium. After such date, the Parent may redeem in whole or in part at 100% of their principal amount together with accrued and unpaid interest. The Parent may also redeem in whole but not in part at 100% of their principal amount together with accrued and unpaid interest in connection with certain tax events. Upon the occurrence of certain events, the Parent will be required to offer to repurchase all of the notes at a price equal to 101% of their principal amount together with accrued and unpaid interest.

+++ The Parent may redeem in whole or in part at any time prior to the first date set forth in the redemption price schedule at 100% of their principal amount together with accrued and unpaid interest and a make-whole premium. After such date, the Parent may redeem in whole or in part at a redemption price set forth in the redemption price schedule in the indenture, together with accrued and unpaid interest. The Parent may also redeem in whole but not in part at 100% of their principal amount together with accrued and unpaid interest in connection with certain tax events. Upon the occurrence of certain events, the Parent will be required to offer to repurchase all of the notes at a price equal to 101% of their principal amount together with accrued and unpaid interest.

The Notes contain customary covenants and events of default. At December 31, 2020, the issuers were in compliance with the covenants.

3.500% Senior Secured Euro Notes due July 2024

On June 27, 2018, the Parent issued €500 million of 3.500% Senior Secured Euro Notes due July 2024 (the "3.500% Notes due 2024") at par.

The Company recorded a $29.6 million loss on extinguishment of debt in connection with the repurchases, which is classified in other (expense) income, net on the consolidated statement of operations for the year ended December 31, 2018.

3.500% Senior Secured Euro Notes due June 2026

On June 20, 2019, the Parent issued €750 million of 3.500% Senior Secured Euro Notes due June 2026 (the "3.500% Notes due 2026") at par.

The Parent used the net proceeds from the 3.500% Notes due 2026 to repurchase €437.6 million ($497.5 million) of the 4.125% Senior Secured Euro Notes due February 2020 (the "4.125% Notes") and pay down $339.3 million of the Revolving Credit Facilities due July 2024, for total consideration, excluding interest, of $845.3 million. The Company recorded an €8.5 million ($9.6 million) loss on extinguishment of debt in connection with the repurchase, which is classified in other (expense) income, net on the consolidated statement of operations for the year ended December 31, 2019.

6.250% Senior Secured U.S. Dollar Notes due January 2027

On September 26, 2018, the Parent issued $750 million of 6.250% Senior Secured U.S. Dollar Notes due January 2027 (the "6.250% Notes") at par.

The Company recorded a $24.8 million loss on extinguishment of debt in connection with the redemptions, which is classified in other (expense) income, net on the consolidated statement of operations for the year ended December 31, 2018.

2.375% Senior Secured Euro Notes due April 2028

On September 16, 2019, the Parent issued €500 million of 2.375% Senior Secured Euro Notes due April 2028 (the "2.375% Notes") at par.

The Parent used the net proceeds from the 2.375% Notes to pay the €320.0 million ($350.2 million) first installment on the Euro Term Loan Facility due January 25, 2020 on September 27, 2019 and to pay down $192.3 million of the Revolving Credit Facilities due July 2024, for total consideration, excluding interest, of $542.5 million. The Company recorded a €2.1 million ($2.3 million) loss on extinguishment of debt in connection with the Term Loan repayment, which is classified in other (expense) income, net on the consolidated statement of operations for the year ended December 31, 2019.

5.250% Senior Secured U.S. Dollar Notes due January 2029

On June 19, 2020, the Parent issued $750.0 million of 5.250% Senior Secured U.S. Dollar Notes due January 2029 (the "5.250% Notes") at par.

The Parent used the net proceeds from the 5.250% Notes to repurchase $500.0 million of the 6.250% Senior Secured U.S. Dollar Notes due February 2022 for total consideration, excluding interest, of $525.0 million. The Company recorded a $23.3 million loss on extinguishment of debt in connection with the repurchase, of which a $28.3 million loss is classified in other expense, net and an offsetting gain of $5.0 million is classified in interest expense, net in the consolidated statement of operations for the year ended December 31, 2020.

Interest on the 5.250% Notes is payable semi-annually in arrears.

The 5.250% Notes are guaranteed by certain subsidiaries of the Parent and are secured by ownership interests of the Parent in certain of its direct subsidiaries and certain intercompany loans with principal balances in excess of $10.0 million.

Prior to January 15, 2024, the Parent may redeem the 5.250% Notes in whole or in part at 100% of their principal amount together with accrued and unpaid interest and a make-whole premium. From January 15, 2024 to January 14, 2025, the Parent may redeem the 5.250% Notes in whole or in part at 102.625% of their principal amount together with accrued and unpaid interest. From January 15, 2025 to January 14, 2026, the Parent may redeem the 5.250% Notes in whole or in part at 101.313% of their principal amount together with accrued and unpaid interest. On or after January 15, 2026, the Parent may redeem the

5.250% Notes in whole or in part at 100% of their principal amount together with accrued and unpaid interest. The Parent may also redeem the 5.250% Notes in whole but not in part at 100% of their principal amount together with accrued and unpaid interest in connection with certain tax events. Upon the occurrence of certain events, the Parent will be required to offer to repurchase all of the 5.250% Notes at a price equal to 101% of their principal amount together with accrued and unpaid interest. In certain events of default, the 5.250% Notes outstanding may become due and payable immediately.

4.750% Senior Secured Euro Notes due March 2020

On March 5, 2020, the Parent redeemed the €387.9 million ($432.0 million) 5.500% Senior Secured Euro Notes due March 2020 when they matured.

5.500% Senior Secured U.S. Dollar Notes due June 2020

On June 15, 2020, the Parent redeemed the $27.3 million 5.500% Senior Secured U.S. Dollar Notes due June 2020 when they matured.

Revolving Credit Facilities and Term Loan Facility

On May 7, 2020, the Company entered into an amendment to the Senior Facilities Agreement for the Revolving Credit Facilities due July 2024 (the “RCF Agreement”), and on May 8, 2020, the Company entered into an amendment to the Senior Facility Agreement for the Euro Term Loan Facility due January 2023 (the “TLF Agreement”).

The amendments modified the RCF Agreement and the TLF Agreement by, among other things:

- Providing a waiver of the covenants requiring the Company to maintain a minimum ratio of EBITDA to net interest costs and a maximum ratio of total net debt to EBITDA from the fiscal quarter ending June 30, 2020 through the fiscal quarter ending June 30, 2021 and establishing new thresholds for these financial covenants starting with the fiscal quarter ending September 30, 2021 as described in the amendments;
- Providing that for the period commencing on January 30, 2020 and expiring on August 31, 2021 (the “Relief Period Expiration Date”), a material adverse effect arising from the COVID-19 pandemic shall not constitute a material adverse effect under the agreements and any cessation or suspension of business arising from the COVID-19 pandemic shall not constitute an event of default under the agreements;
- Providing that the obligation to grant security over additional collateral be waived provided that the public debt ratings of the Company are not less than BB- or Ba3;
- Obligating the Company to maintain “Liquidity” (as defined in the amendments) of at least $500 million for the period commencing on the date of the amendments and expiring on the Relief Period Expiration Date (the “Relief Period”), with such financial covenant being tested quarterly or, if any monthly trading update or quarterly compliance certificate evidences that Liquidity is less than $750 million, monthly;
- Increasing the margin from 2.75% to 3.25% if the public debt ratings of the Company are B+ or B1 (or lower);
- Prohibiting restricted payments (including dividends and ordinary share repurchases) during the period commencing on April 1, 2020 and expiring on June 30, 2021, and permitting restricted payments during the period commencing on July 1, 2021 and expiring on the maturity date of the respective agreements provided that the ratio of total net debt to EBITDA as adjusted to reflect the restricted payment is less than specified thresholds; and
- Decreasing the maximum annual amount that the Company can spend on acquisitions during the Relief Period to $100 million.

In addition, the amendment to the RCF Agreement provided that the margin applicable to all loans under the RCF Agreement outstanding as of April 11, 2020 was increased to 2.475%, and the amendment to the TLF Agreement provided that the margin applicable to all loans under the TLF Agreement outstanding as of April 11, 2020 was increased to 2.50%.

Term Loan Facility

The Parent is party to a senior facility agreement (the "Term Loan Facility Agreement") for a €1.5 billion term loan facility maturing in January 2023 (the "Term Loan Facility"), which must be repaid in the following installments, as detailed below:

Due Date	Amount (€ thousands)
January 25, 2020	320,000
January 25, 2021	320,000
January 25, 2022	320,000
January 25, 2023	540,000

On September 27, 2019, the Parent repaid the first €320 million installment due January 25, 2020 (resulting in €1.2 billion principal remaining) from the proceeds of the 2.375% Notes issued on September 16, 2019.

Interest on the Term Loan Facility is payable between one and six months in arrears at rates equal to the applicable LIBOR or EURIBOR plus a margin based on our long-term ratings by Moody's and S&P. At December 31, 2020 and 2019, the effective interest rate on the Term Loan Facility was 2.50% and 2.05%, respectively.

The Term Loan Facility is guaranteed by certain subsidiaries of the Parent and is secured by ownership interests of the Parent in certain of its direct subsidiaries and certain intercompany loans with principal balances in excess of $10 million.

Upon the occurrence of certain events, the Parent may be required to prepay the Term Loan Facility in full.

The Term Loan Facility Agreement contains customary covenants (including maintaining a minimum ratio of EBITDA to net interest costs and maximum ratio of total net debt to EBITDA) and events of default. At December 31, 2020, the Parent was in compliance with the covenants.

Revolving Credit Facilities

The Parent and certain of its subsidiaries are party to a senior facilities agreement (the "RCF Agreement") which provides for the following multi-currency revolving credit facilities (the "Revolving Credit Facilities"):

Maximum Amount Available (thousands)	Facility	Borrowers
$1,050,000	Revolving Credit Facility A	Parent, IGT, and IGT Global Solutions Corporation
€625,000	Revolving Credit Facility B	Parent and Lottomatica Holding S.r.l.

On July 24, 2019, the Company entered into an amendment to the Revolving Credit Facilities due July 2021. The amendment extended the final maturity date of the Revolving Credit Facilities from July 26, 2021 to July 31, 2024 and established the minimum ratio of EBITDA to total net interest costs and the maximum ratio of total net debt to EBITDA for the extended term of the revolving credit facilities. In addition, the amendment reduced the aggregate revolving facilities commitments of the lenders from $1.20 billion and €725 million to $1.05 billion and €625 million and amended the definition of "Permitted Restricted Payment" to eliminate the leverage ratio threshold condition to the payment of dividends and other restricted payments. The amendment also allowed IGT-Europe B.V. to be added as a borrower under Revolving Credit Facility B and modified certain other non-material provisions.

Interest on the Revolving Credit Facilities is payable between one and six months in arrears at rates equal to the applicable LIBOR or EURIBOR plus a margin based on the Parent's long-term ratings by Moody's and S&P. At December 31, 2020 and December 31, 2019, there was no balance for the Revolving Credit Facilities.

The RCF Agreement provides that the following fees, which are recorded in interest expense in the consolidated statements of operations, are payable quarterly in arrears:

- Commitment fees - payable on the aggregate undrawn and un-cancelled amount of the Revolving Credit Facilities depending on the Parent's long-term ratings by Moody's and S&P. The applicable rate was 0.928% at December 31, 2020.
- Utilization fees - payable on the aggregate drawn amount of the Revolving Credit Facilities at a rate ranging from 0.15% to 0.60% dependent on the percentage of the Revolving Credit Facilities utilized. There was no balance as of December 31, 2020.

The Revolving Credit Facilities are guaranteed by the Parent and certain of its subsidiaries and are secured by ownership interests of the Parent in certain of its direct subsidiaries and certain intercompany loans with principal balances in excess of $10 million.

Upon the occurrence of certain events, the borrowers may be required to repay the Revolving Credit Facilities and the lenders may have the right to cancel their commitments.

At December 31, 2020 the available liquidity under the Revolving Credit Facilities was $1.817 billion.

The RCF Agreement contains customary covenants (including maintaining a minimum ratio of EBITDA to net interest costs and a maximum ratio of total net debt to EBITDA) and events of default. At December 31, 2020, the borrowers were in compliance with the covenants.

Other Credit Facilities

The Parent and certain of its subsidiaries may borrow under senior unsecured uncommitted demand credit facilities made available by several financial institutions. At December 31, 2020 and December 31, 2019, there were no borrowings under these facilities.

Letters of Credit

The Parent and certain of its subsidiaries may obtain letters of credit under the Revolving Credit Facilities and under senior unsecured uncommitted demand credit facilities. The letters of credit secure various obligations, including obligations arising under customer contracts and real estate leases. The following table summarizes the letters of credit outstanding at December 31, 2020 and 2019 and the weighted-average annual cost of such letters of credit:

	Letters of Credit Outstanding			
($ thousands)	Not under the Revolving Credit Facilities	Under the Revolving Credit Facilities	Total	Weighted-Average Annual Cost
December 31, 2020	426,740	—	426,740	1.06 %
December 31, 2019	402,300	—	402,300	1.02 %

Interest Expense, Net

	For the year ended December 31,		
($ thousands)	2020	2019	2018
Senior Secured Notes	(344,286)	(351,077)	(352,293)
Term Loan Facilities	(36,665)	(36,138)	(39,462)
Revolving Credit Facilities	(31,301)	(28,160)	(27,805)
Other	(620)	(7,918)	(12,052)
Interest expense	(412,872)	(423,293)	(431,612)
Interest income	14,956	12,418	14,229
Interest expense, net	(397,916)	(410,875)	(417,383)

17. Income Taxes

The components of (loss) income from continuing operations before provision for income taxes, determined by tax jurisdiction, are as follows:

	For the year ended December 31,		
($ thousands)	**2020**	**2019**	**2018**
United Kingdom	(354,563)	35,401	195,629
United States	(776,396)	(301,307)	(363,507)
Italy	228,744	350,731	365,463
Other	54,508	43,182	(63,717)
	(847,707)	128,007	133,868

The provision for income taxes consists of:

	For the year ended December 31,		
($ thousands)	**2020**	**2019**	**2018**
Current:			
United Kingdom	(819)	1,803	3,579
United States	10,045	46,288	(12,028)
Italy	66,073	104,368	141,496
Other	30,866	49,329	45,942
	106,165	201,788	178,989
Deferred:			
United Kingdom	(190)	(78)	(282)
United States	(61,791)	(68,789)	(20,900)
Italy	(876)	914	(3,517)
Other	(15,610)	(3,078)	(10,126)
	(78,467)	(71,031)	(34,825)
	27,698	130,757	144,164

Income taxes paid, net of refunds, were $89.0 million, $196.8 million, and $178.5 million in 2020, 2019, and 2018, respectively.

The Parent is a tax resident in the United Kingdom (the "U.K."). A reconciliation of the provision for income taxes, with the amount computed by applying the U.K. statutory main corporation tax rates enacted in each of the Parent's calendar year reporting periods to (loss) income from continuing operations before provision for income taxes is as follows:

	For the year ended December 31,		
($ thousands)	**2020**	**2019**	**2018**
(Loss) income from continuing operations before provision for income taxes	(847,707)	128,007	133,868
United Kingdom statutory tax rate	19.00 %	19.00 %	19.00 %
Statutory tax expense (benefit)	(161,064)	24,321	25,435
Change in valuation allowances	127,955	507	(13,723)
Non-deductible goodwill impairment	56,240	18,810	22,420
Base erosion and anti-abuse ("BEAT") tax	12,926	31,340	13,769
Foreign tax expense, net of U.S. federal benefit	9,754	13,585	14,930
IRAP and state taxes	9,275	22,946	30,351
GILTI tax	2,517	4,575	11,079
Change in unrecognized tax benefits	1,295	6,637	9,166
Italian allowance for corporate equity	(3,841)	(2,380)	(3,328)
Foreign tax and statutory rate differential [(1)]	(13,988)	2,974	48,040
Tax Law Changes	(19,627)	—	—
Tax impact of Tax Act	—	—	(10,852)
Italian tax settlement	—	—	16,664
Non-taxable foreign exchange gain	—	(3,744)	(12,384)
Non-taxable gains on investments	—	(6,225)	—
Other	6,256	17,411	(7,403)
	27,698	130,757	144,164
Effective tax rate	(3.3)%	102.1 %	107.7 %

[(1)] Includes the effects of foreign subsidiaries' earnings taxed at rates other than the U.K. statutory rate

In 2020, our effective tax rate differed from the expected UK statutory rate of 19.00%, primarily due to increases in valuation allowances on deferred tax assets, the impact of the international provisions of the Tax Act (BEAT and GILTI), foreign rate differences, and a goodwill impairment with no associated tax benefit.

In 2019, our effective tax rate differed from the expected U.K. statutory rate of 19.00% primarily due to the impact of the international provisions of the Tax Act (BEAT and GILTI), foreign rate differences, and a goodwill impairment with no associated tax benefit.

In 2018, our effective tax rate differed from the expected U.K. statutory rate of 19.00% primarily due to the impact of the international provisions of the Tax Act (BEAT and GILTI), a goodwill impairment with no associated tax benefit, foreign rate differences, increases in uncertain tax positions, and the settlement of an Italian tax audit.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") to provide certain relief as a result of the COVID-19 outbreak. Some of the key tax-related provisions of the CARES Act benefiting the Company include temporary five-year net operating loss carryback provisions, modifications to the 30% limitation on the deductibility of business interest, and payroll tax deferral.

In the quarter ended September 30, 2020, the U.S. Treasury Department issued final regulations regarding Global Intangible Low-Taxed Income ("GILTI"). The Company will elect the GILTI high tax exception as allowed by the final regulations and will amend its 2018 and 2019 income tax returns. The benefit of the GILTI high tax exception as well as the NOL carryback provisions provided in the CARES Act resulted in a tax benefit of $12.1 million.

The components of deferred tax assets and liabilities are as follows:

	December 31,	
($ thousands)	**2020**	**2019**
Deferred tax assets:		
Net operating losses	299,885	175,342
Section 163(j) interest limitation	154,925	93,522
Provisions not currently deductible for tax purposes	88,084	127,132
Lease liabilities	70,384	79,328
Jackpot timing differences	38,724	40,550
Depreciation and amortization	26,325	30,296
Inventory reserves	2,438	3,437
Other	47,377	44,459
Gross deferred tax assets	728,142	594,066
Valuation allowance	(284,088)	(156,133)
Deferred tax assets, net of valuation allowance	444,054	437,933
Deferred tax liabilities:		
Acquired intangible assets	506,238	533,732
Depreciation and amortization	160,898	174,970
Lease right-of-use assets	65,015	74,201
Other	11,796	20,962
Total deferred tax liabilities	743,947	803,865
Net deferred income tax liability	(299,893)	(365,932)

Our net deferred income taxes are recorded in the consolidated balance sheets as follows:

	December 31,	
($ thousands)	**2020**	**2019**
Deferred income taxes - non-current asset	33,117	27,108
Deferred income taxes - non-current liability	(333,010)	(393,040)
	(299,893)	(365,932)

Net Operating Loss Carryforwards

We have a $1.3 billion gross tax loss carryforward, of which $638.4 million relates to the U.K., $331.2 million relates to U.S. Federal, and $370.7 million relates to other foreign tax jurisdictions. Carryforwards in certain tax jurisdictions begin to expire in 2031, while others have an unlimited carryforward period. A valuation allowance has been provided on $929.5 million of the gross net operating loss carryforwards. Portions of the tax loss carryforwards are subject to annual limitations, including Section 382 of the U.S. Internal Revenue Code of 1986, as amended, for U.S. tax purposes, and similar provisions under other countries' laws. In addition, as of December 31, 2020, we had U.S. state tax net operating loss carryforwards, resulting in a deferred tax asset (net of U.S. federal tax benefit) of approximately $18.3 million. U.S. state tax net operating loss carryforwards generally expire in the years 2021 through 2040.

Valuation Allowance

A reconciliation of the valuation allowance is as follows:

	December 31,		
($ thousands)	**2020**	**2019**	**2018**
Balance at beginning of year	156,133	170,831	184,554
Expiration of tax attributes	—	(15,205)	—
Net charges to (income) expense	127,955	507	(13,723)
Balance at end of year	284,088	156,133	170,831

The valuation allowance primarily relates to U.K. and foreign net operating losses that are not more likely than not expected to be realized. In addition, we also recorded a partial valuation allowance of $57.9 million relating to our business interest expense limitation carryforward. In assessing the need for a valuation allowance, we considered both positive and negative evidence for each jurisdiction including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. When we change our determination as to the amount of deferred tax assets that can be realized, the valuation allowance is adjusted with a corresponding impact to the provision for (benefit from) income taxes in the period in which such determination is made.

For the years ended December 31, 2020 and December 31, 2019, we recorded a net valuation increase (decrease) of $127.9 million and $(14.7) million, respectively.

Accounting for Uncertainty in Income Taxes

A reconciliation of the unrecognized tax benefits is as follows:

	December 31,		
($ thousands)	**2020**	**2019**	**2018**
Balance at beginning of year	29,175	26,635	20,975
Additions to tax positions - current year	498	717	11,947
Additions to tax positions - prior years	335	2,358	16,973
Reductions to tax positions - prior years	(2,259)	—	(4,610)
Settlements	—	—	(17,238)
Lapses in statutes of limitations	(525)	(535)	(1,412)
Balance at end of year	27,224	29,175	26,635

At December 31, 2020, 2019, and 2018, $27.2 million, $29.2 million, and $26.6 million, respectively, of the unrecognized tax benefits, if recognized, would affect our effective tax rates.

We recognize interest expense and penalties related to income tax matters in the provision for income taxes. For 2020, 2019, and 2018, we recognized $(0.2) million, $4.7 million, and $0.7 million, respectively, in interest expense, penalties, and inflationary adjustments. At December 31, 2020, 2019, and 2018, the gross balance of accrued interest and penalties was $20.9 million, $21.2 million, and $16.4 million, respectively.

We file income tax returns in various jurisdictions of which the United Kingdom, United States, and Italy represent the major tax jurisdictions. All years prior to 2017 are closed with the Internal Revenue Service. As of December 31, 2020, we are subject to income tax audits in various tax jurisdictions globally, most significantly in Mexico and Italy.

Mexico Tax Audit

Based on a 2006 tax examination, the Company's Mexican subsidiary, GTECH Mexico S.A. de C.V., was issued an income tax assessment of approximately Mexican peso ("MXN") 425.0 million. The assessment relates to the denial of a deduction for cost of goods sold and the taxation of intercompany loan proceeds. The Company has unsuccessfully contested the two issues in the Mexican court system receiving unfavorable decisions by the Mexican Supreme Court in June 2017 and October 2019, respectively. As of December 31, 2020, based on the unfavorable decisions received, the Company has recorded a liability of MXN 478.5 million (approximately $24.0 million), which includes additional interest, penalties, and inflationary adjustments.

Italy Tax Audits

The Company's Italian corporate income tax returns for the calendar years ended December 31, 2015 through December 31, 2019 are currently under examination. On October 19, 2020, the Italian tax authorities issued a final tax audit report for calendar year 2015 questioning the process the Company undertook to establish the interest rate on an intercompany debt agreement ("the 2015 loan"), between Lottomatica S.r.l. (the borrower) and its parent company, IGT PLC (the lender). Similar findings are expected for the 2015 loan for calendar years 2016 through 2019 as the intercompany debt remains outstanding and the Company applied the same interest rate. The Company expects that Lottomatica S.r.l will receive an assessment of taxes, interest, and potentially penalties sometime in the first half of calendar year 2021. The Company believes the interest rate applied to the intercompany debt was calculated on an arm's length basis consistent with established transfer pricing policies

and procedures. The Company is currently evaluating the options for responding to the October 19, 2020 tax audit report upon receipt of the tax assessment.

On December 21, 2017 and on March 29, 2018, the Italian Tax Authority issued a preliminary tax audit report for the 2014 and 2015 fiscal years, respectively. Both audit reports related to the reorganization of the Italian business and the merger of GTECH S.p.A. with and into the Parent effective from April 7, 2015, addressing (i) the non-deductibility of certain transaction costs, (ii) withholding taxes on bridge facility fees, and (iii) the redetermination of the taxable gains associated with the reorganization of the Italian business. The total income tax assessment for fiscal 2014 and fiscal 2015 was €13.2 million ($16.7 million), which has been settled and fully paid with the Italian Tax Authority as of December 31, 2018.

18. Commitments and Contingencies

Commitments

Jackpot Commitments

Jackpot liabilities are recorded as current and non-current liabilities as follows:

($ thousands)	December 31, 2020
Current liabilities	71,290
Non-current liabilities	147,654
	218,944

Future jackpot liabilities are due as follows:

($ thousands)	Previous Winners	Future Winners	Total
2021	35,967	35,176	71,143
2022	22,705	8,250	30,955
2023	20,440	651	21,091
2024	17,863	651	18,514
2025	15,028	651	15,679
Thereafter	84,552	9,761	94,313
Future jackpot payments due	196,555	55,140	251,695
Unamortized discounts			(32,751)
Total jackpot liabilities			218,944

Performance and other bonds

Certain contracts require us to provide a surety bond as a guarantee of performance for the benefit of customers; bid and litigation bonds for the benefit of potential customers; and WAP bonds that are used to secure our financial liability when a player elects to have their WAP jackpot winnings paid over an extended period of time.

These bonds give beneficiaries the right to obtain payment and/or performance from the issuer of the bond if certain specified events occur. In the case of performance bonds, which generally have a term of one year, such events include our failure to perform our obligations under the applicable contracts. In general, we would only be liable for these guarantees in the event of default in our performance of our obligations under each contract, the probability of which we believe is remote. Accordingly, no liability has been recorded as of December 31, 2020 and 2019 related to these bonds.

Legal Proceedings

From time to time, the Parent and/or one or more of its subsidiaries are party to legal, regulatory, or administrative proceedings regarding, among other matters, claims by and against us, and injunctions by third parties arising out of the ordinary course of business. Licenses are also subject to legal challenges by competitors seeking to annul awards made to the Company. The Parent and/or one or more of its subsidiaries are also, from time to time, subjects of, or parties to, ethics and compliance inquiries and investigations related to the Company’s ongoing operations. At December 31, 2020, provisions for litigation

matters amounted to $7.9 million. With respect to litigation and other legal proceedings where we have determined that a loss is reasonably possible but we are unable to estimate the amount or range of reasonably possible loss in excess of amounts already accrued, no additional amounts have been accrued, given the uncertainties of litigation and the inherent difficulty of predicting the outcome of legal proceedings.

Texas Fun 5's Instant Ticket Game

Five lawsuits have been filed against IGT Global Solutions Corporation (f/k/a GTECH Corporation) in Texas state court arising out of the Fun 5's instant ticket game sold by the Texas Lottery Commission ("TLC") from September 14, 2014 to October 21, 2014. Plaintiffs allege each ticket's instruction for Game 5 provided a 5x win (five times the prize box amount) any time the "Money Bag" symbol was revealed in the "5X BOX". However, TLC awarded a 5x win only when (1) the "Money Bag" symbol was revealed and (2) three symbols in a pattern were revealed.

(a) *Steele, James et al. v. GTECH Corp.*, filed on December 9, 2014 in Travis County (No. D1GN145114). Through intervenor actions, over 1,200 plaintiffs claim damages in excess of $500.0 million. GTECH Corporation's plea to the jurisdiction for dismissal based on sovereign immunity was denied. GTECH Corporation appealed. The appellate court ordered that plaintiffs' sole remaining claim should be reconsidered.

(b) *Nettles, Dawn v. GTECH Corp. et al.*, filed on January 7, 2015 in Dallas County (No. 051501559CV). Plaintiff claims damages in excess of $4.0 million. GTECH Corporation and the TLC won pleas to the jurisdiction for dismissal based on sovereign immunity. Plaintiff lost her appeal and petitioned for Texas Supreme Court review. On April 27, 2018, IGT Global Solutions Corporation petitioned for Texas Supreme Court review and the Texas Supreme Court heard arguments on December 3, 2019 in both the Nettles and Steele cases. On June 12, 2020, the Texas Supreme Court ruled that Plaintiffs in the Nettles and Steele cases could proceed with their fraud allegations in the lower courts; all other claims were dismissed. The Nettles case was dismissed on December 16, 2020 after summary judgment was awarded in favor of IGT Global Solutions Corporation.

(c) *Guerra, Esmeralda v. GTECH Corp. et al.*, filed on June 10, 2016 in Hidalgo County (No. C277716B). Plaintiff claims damages in excess of $0.5 million.

(d) *Wiggins, Mario & Kimberly v. IGT Global Solutions Corp.*, filed on September 15, 2016 in Travis County (No. D1GN16004344). Plaintiffs claim damages in excess of $1.0 million.

(e) *Campos, Osvaldo Guadalupe et al. v. GTECH Corp.*, filed on October 20, 2016 in Travis County (No. D1GN16005300). Plaintiffs claim damages in excess of $1.0 million.

We dispute the claims made in each of these cases and continue to defend against these lawsuits.

Disposition of Previously Disclosed Matters

Illinois State Lottery

On February 6, 2017, putative class representatives of retailers and lottery ticket purchasers alleged the Illinois Lottery collected millions of dollars from sales of instant ticket games and wrongfully ended certain games before all top prizes had been sold. *Raqqa, Inc. et al. v. Northstar Lottery Group, LLC.*, was filed in Illinois state court, St. Clair County (No. 17L51) against Northstar Lottery Group LLC, a consortium in which the Parent indirectly holds an 80% controlling interest. The claims included tortious interference with contract, violations of Illinois Consumer Fraud and Deceptive Practices Act, and unjust enrichment. The lawsuit was removed to the U.S. District Court for the Southern District of Illinois. On May 9, 2018, IGT Global Solutions Corporation and Scientific Games International, Inc. were added as defendants. The parties have settled the case for an amount that is not material to the Company's consolidated financial statements, and the case was dismissed in September 2020.

19. Shareholders' Equity

Shares Authorized and Outstanding

The Board of Directors of the Parent (the "Board") is authorized to issue shares of any class in the capital of the Parent. The authorized shares of the Parent consist of 1.850 billion ordinary shares with a $0.10 per share par value.

Ordinary shares outstanding were as follows:

	December 31,		
	2020	**2019**	**2018**
Balance at beginning of year	204,435,333	204,210,731	203,446,572
Shares issued under restricted stock plans	421,231	224,602	619,614
Shares issued upon exercise of stock options	—	—	144,545
Balance at end of year	204,856,564	204,435,333	204,210,731

Repurchases of Ordinary Shares

The Parent has the authority to repurchase, subject to a maximum repurchase price, a maximum of 20,474,483 ordinary shares of the Company. This authority remains valid until December 24, 2021, unless previously revoked, varied, or renewed at the 2021 annual general meeting.

The Parent did not repurchase any of its ordinary shares in 2020, 2019, or 2018.

Dividends

We declared a $0.20 cash dividend per share during the first quarter of 2020 and all four quarters of 2019 and 2018. Future dividends are subject to Board approval.

The RCF Agreement and TLF Agreement limit the aggregate amount of dividends and repurchases of the Parent's ordinary shares in each year to $300 million based on ratings by Moody's and S&P. As discussed in Note 16 - *Debt*, in May 2020, the Company entered into amendments to these agreements which include terms that prohibit restricted payments, including dividends and ordinary share repurchases, through June 30, 2021.

Accumulated Other Comprehensive Income

The following table details the changes in AOCI:

		Unrealized Gain (Loss) on:		AOCI		
($ thousands)	**Foreign Currency Translation**	**Hedges**	**Other**	**Total**	**Attributable to non-controlling interests**	**Attributable to IGT PLC**
Balance at December 31, 2017	338,146	(5,227)	6,001	338,920	1,249	340,169
Change during period	(90,309)	(163)	(4,979)	(95,451)	18,691	(76,760)
Reclassified to operations [1]	(4,254)	536	—	(3,718)	—	(3,718)
Tax effect	3,779	(1,904)	(29)	1,846	—	1,846
Other comprehensive (loss) income	(90,784)	(1,531)	(5,008)	(97,323)	18,691	(78,632)
Balance at December 31, 2018	247,362	(6,758)	993	241,597	19,940	261,537
Change during period	(18,172)	237	2,877	(15,058)	15,906	848
Reclassified to operations [1]	1,623	(2,183)	—	(560)	—	(560)
Tax effect	22	495	183	700	—	700
Other comprehensive (loss) income	(16,527)	(1,451)	3,060	(14,918)	15,906	988
Balance at December 31, 2019	230,835	(8,209)	4,053	226,679	35,846	262,525
Change during period	128,275	(674)	(269)	127,332	(59,455)	67,877
Reclassified to operations [1]	(507)	(47)	—	(554)	—	(554)
Tax effect	(217)	184	—	(33)	—	(33)
Other comprehensive income (loss)	127,551	(537)	(269)	126,745	(59,455)	67,290
Balance at December 31, 2020	358,386	(8,746)	3,784	353,424	(23,609)	329,815

[1] Foreign currency translation adjustments related to liquidated subsidiaries were reclassified into foreign exchange (loss) gain, net on the consolidated statements of operations for the years ended December 31, 2020 and 2019. Unrealized gain (loss) on hedges were reclassified into service revenue in the consolidated statements of operations for the years ended December 31, 2020, 2019, and 2018, respectively

20. Variable Interest Entities

We hold ownership interests in the following variable interest entities ("VIEs"):

Name of subsidiary	**% Ownership held by the Company**
Lottoitalia S.r.l. ("Lottoitalia")	61.50 %
Lotterie Nazionali S.r.l. ("LN")	64.00 %
Northstar New Jersey Lottery Group, LLC ("Northstar NJ") [1]	82.31 %

[1] Northstar New Jersey Holding Company LLC, of which we are a 50.15% shareholder, holds the 82.31% ownership in Northstar NJ

Lottoitalia holds a license to operate the Lotto game in Italy through November 2025. LN holds a license to operate the Scratch & Win instant lottery game in Italy through September 2028. Northstar NJ manages a wide range of the lottery's day-to-day operations in the State of New Jersey, as well as provides marketing and sales services under a license valid through June 2029.

We are the principal operating partner fulfilling the requirements under the licenses held by the VIEs. As such, we have the power to direct the activities that significantly affect the VIEs' economic performance, along with the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIEs. As a result, we concluded we are the primary beneficiary of the VIEs and they have been consolidated. Accordingly, the balance sheet and operating activity of the VIEs are included in our consolidated financial statements and we adjust the net income (loss) in our consolidated statement of operations to exclude the non-controlling interests' proportionate share of results. We present the proportionate share of non-controlling interests as equity in the consolidated balance sheets.

The carrying amounts and classification of these VIEs' assets and liabilities in our consolidated balance sheets at December 31, 2020 and 2019 are as follows:

	December 31,	
($ thousands)	**2020**	**2019**
Current assets	1,087,002	842,893
Non-current assets	1,556,072	1,652,641
Total assets	2,643,074	2,495,534
Total liabilities	707,530	498,681

21. Segment Information

On July 1, 2020, we adopted a new organizational structure focused on two business segments: Global Lottery and Global Gaming, along with a streamlined corporate support function. During the third quarter of 2020, our chief operating decision maker requested changes in the information that he regularly reviews for purposes of allocating resources and assessing performance. This resulted in a change in our operating segments and reporting units. As a result, beginning in the third quarter of 2020, we report our financial performance based on our July 1, 2020 new business segments, and analyze revenue and operating income as measures of segment profitability. We have recast our historically presented comparative segment information to conform to the way we internally manage and monitor segment performance.

The Global Lottery segment has full responsibility for the worldwide traditional lottery and iLottery business, including sales, operations, product development, technology, and support. The Global Gaming segment has full responsibility for the worldwide gaming business, including iGaming, sports betting, sales, product management, studios, global manufacturing, operations, and technology.

Our two business segments are supported by central corporate support functions, including a business and strategic initiatives function, finance, people and transformation, legal, marketing and communications, corporate public affairs, and strategy and corporate development. Certain support costs that are identifiable and that benefit our business segments are allocated to them. Each allocation is measured differently based on the specific facts and circumstances of the costs being allocated. Corporate support function expenses that are not allocated to the business segments, which are principally composed of selling, general and administrative expenses, are reported as Corporate and Other expenses, along with goodwill impairment and the depreciation and amortization of acquired tangible and intangible assets in connection with acquired companies.

Through our two business segments, we operate and provide an integrated portfolio of innovative gaming technology products and services including online and instant lottery systems, gaming systems, instant ticket printing, electronic gaming machines, iLottery, sports betting, iGaming, commercial services, and lottery management services.

Global Lottery

Our Global Lottery segment provides lottery products and services primarily to governmental organizations through operating contracts, facilities management contracts ("FMCs"), lottery management agreements ("LMAs"), and product sales contracts.

As part of our lottery product and services, we provide instant and draw-based lottery products, point-of-sale machines, central processing systems, software, commercial services, instant ticket printing services, and other related equipment and support services.

We categorize revenue from operating contracts, FMCs, and LMAs as "Operating and facilities management contracts" and revenue from commercial services, software hosting, software maintenance, and other services not included within operating contracts, FMCs, or LMAs as service revenue from "Systems, software, and other". Revenue included within "Operating and facilities management contracts" include all services required by the contract, including iLottery and instant ticket printing.

We categorize sales or sales-type leases of lottery terminals, lottery systems, software licenses, and instant tickets not part of "Operating and facilities management contracts" as product sales from "Lottery products".

Global Gaming

Our Global Gaming segment provides gaming products and services including software and game content, casino gaming management systems, video lottery terminals ("VLTs"), amusement with prize machines ("AWPs"), VLT central systems, sports betting, iGaming, and other related equipment and support services to commercial and tribal casino operators.

We categorize revenue from Wide Area Progressive services, and operating leases for VLTs, AWPs, and other gaming machines as service revenue from "Gaming terminal services." We categorize revenue from iGaming services, sports betting, software intellectual property licenses, and systems as service revenue from "Systems, software, and other".

Revenue from the sale or sales-type lease of gaming machines, systems, component parts, and other miscellaneous equipment and services are categorized as product sales from "Gaming terminals" and revenue from systems, software, casino gaming management systems, game content, iGaming products, and spare parts as product sales from "Gaming other".

Segment information is as follows:

	For the year ended December 31, 2020				
($ thousands)	**Global Lottery**	**Global Gaming**	**Business Segment Total**	**Corporate and Other**	**Total IGT PLC**
Service revenue	2,042,652	596,906	2,639,558	—	2,639,558
Product sales	121,346	354,552	475,898	—	475,898
Total revenue	2,163,998	951,458	3,115,456	—	3,115,456
Operating income (loss)	641,930	(205,657)	436,273	(543,738)	(107,465)
Depreciation and amortization	235,767	155,758	391,525	174,669	566,194
Expenditures for long-lived assets	(148,679)	(74,877)	(223,556)	(2,190)	(225,746)

	For the year ended December 31, 2019				
($ thousands)	**Global Lottery**	**Global Gaming**	**Business Segment Total**	**Corporate and Other**	**Total IGT PLC**
Service revenue	2,182,961	917,907	3,100,868	—	3,100,868
Product sales	109,884	821,005	930,889	—	930,889
Total revenue	2,292,845	1,738,912	4,031,757	—	4,031,757
Operating income (loss)	697,267	179,548	876,815	(398,899)	477,916
Depreciation and amortization	228,972	187,061	416,033	197,910	613,943
Expenditures for long-lived assets	(167,349)	(166,932)	(334,281)	(8,216)	(342,497)

	For the year ended December 31, 2018				
($ thousands)	**Global Lottery**	**Global Gaming**	**Business Segment Total**	**Corporate and Other**	**Total IGT PLC**
Service revenue	2,234,801	961,129	3,195,930	—	3,195,930
Product sales	126,889	658,053	784,942	—	784,942
Total revenue	2,361,690	1,619,182	3,980,872	—	3,980,872
Operating income (loss)	763,799	143,340	907,139	(433,542)	473,597
Depreciation and amortization	223,126	171,378	394,504	212,989	607,493
Expenditures for long-lived assets	(202,412)	(229,182)	(431,594)	(9,450)	(441,044)

Geographical Information

Revenue from external customers, which is based on the geographical location of our customers, is as follows:

	December 31,		
($ thousands)	**2020**	**2019**	**2018**
United States	1,666,241	2,115,791	2,063,477
Italy	895,942	989,796	973,621
United Kingdom	63,874	73,541	58,681
Rest of Europe	209,080	322,654	313,779
All other	280,319	529,975	571,314
Total	3,115,456	4,031,757	3,980,872

Revenue from one customer in the Global Lottery segment represented approximately 19%, 16%, and 16% of consolidated revenue in 2020, 2019, and 2018, respectively.

Long-lived assets, which are comprised of Systems & Equipment and PPE, are based on the geographical location of the assets as follows:

	December 31,	
($ thousands)	**2020**	**2019**
United States	841,439	928,857
Italy	176,341	187,169
United Kingdom	13,871	17,687
Rest of Europe	90,646	102,874
All other	77,426	115,060
Total	1,199,723	1,351,647

22. Stock-Based Compensation

Incentive Awards

Stock-based incentive awards are provided to directors and employees under the terms of our 2015 Equity Incentive Plan (the “Plan”) as administered by the Board. Awards available under the Plan principally include stock options, performance share units, restricted share units or any combination thereof. The maximum number of new shares that may be granted under the Plan is 11.5 million shares. To the extent any award is forfeited, expires, lapses, or is settled for cash, the award is available for reissue under the Plan. We utilize authorized and unissued shares to satisfy all shares issued under the Plan.

Stock Options

Stock options are awards that allow the employee to purchase shares of our stock at a fixed price. Stock options are granted under the Plan at an exercise price not less than the fair market value of a share on the date of grant. In 2018, stock options were granted solely to our Chief Executive Officer, which will vest in 2021 subject to certain performance and other criteria, and have a contractual term of approximately six years. No stock options were granted in 2020 or 2019.

Stock Awards

Stock awards are principally made in the form of performance share units (“PSUs”) and restricted share units (“RSUs”). PSUs are stock awards where the number of shares ultimately received by the employee depends on the Company’s performance against specified targets, which may include Adjusted EBITDA, Adjusted Net Debt and Total Shareholder Return (“TSR”) relative to the Russell Mid Cap Market Index. PSUs typically vest 50% over an approximate three-year period and 50% over an approximate four-year period (i.e. four years to vest both tranches). Dividend equivalents are not paid under the Plan. The fair value of each PSU is determined on the grant date or modification date, based on the Company’s stock price, adjusted for the exclusion of dividend equivalents, and assumes that performance targets will be achieved. Over the performance period, the number of shares of stock that will be issued is adjusted based upon the probability of achievement of performance targets. The ultimate number of shares issued and the related compensation cost recognized as expense is based on a comparison of the final performance metrics to the specified targets. In 2020, no PSUs were granted.

RSUs are stock awards granted to directors that entitle the holder to shares of common stock as the award vests, typically over a one-year period, and have a contractual term of 10 years. Dividend equivalents are not paid under the Plan. In 2020, RSUs were also granted to employees, which will vest in approximately one- and two-year vesting periods.

Stock Option Activity

A summary of our stock option activity and related information is as follows:

	Stock Options	Weighted-Average Exercise Price Per Share ($)	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ($ thousands)
Outstanding at January 1, 2020	1,140,566	20.73		
Granted	—	—		
Exercised	—	—		
Expired	(718,066)	20.29		
Outstanding at December 31, 2020	422,500	21.49	2.19	
At December 31, 2020:				
Vested and expected to vest	250,000	15.53	1.37	352
Exercisable	250,000	15.53	1.37	352

No stock options were exercised in 2020 and 2019. The total intrinsic value of stock options exercised in 2018 was $6.0 million. There were no cash proceeds from stock options exercised in 2018.

Fair Value of Stock Options Granted

We estimate the fair value of stock options at the date of grant using a valuation model that incorporates key inputs and assumptions as detailed in the table below. The weighted-average grant date fair value of stock options granted during 2018 was $6.84 per share.

	2018
Valuation model	Monte Carlo
Exercise price ($)	30.12
Expected option term (in years)	2.83
Expected volatility of the Company's stock (%)	35.00
Risk-free interest rate (%)	2.73
Dividend yield (%)	2.66

The expected volatility assumes the historical volatility is indicative of future trends, which may not be the actual outcome. The expected option term is based on historical data and is not necessarily indicative of exercise patterns that may occur. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by employees who receive equity awards, and subsequent events are not indicative of the reasonableness of our original estimates of fair value.

Stock Award Activity

A summary of our stock award activity and related information is as follows:

	PSUs	Weighted- Average Grant Date Fair Value ($)	RSUs	Weighted- Average Grant Date Fair Value ($)
Nonvested at January 1, 2020	5,060,951	19.41	130,009	14.07
Granted	—	—	2,375,141	9.04
Vested	(474,399)	24.07	(136,161)	13.64
Forfeited	(1,229,586)	20.16	(2,606)	9.08
Nonvested at December 31, 2020	3,356,966	18.40	2,366,383	9.05
At December 31, 2020:				
Unrecognized cost for nonvested awards ($ thousands)	1,052		17,827	
Weighted-average future recognition period (in years)	0.27		1.93	

The total vest-date fair value of PSUs vested was $2.7 million, $3.7 million, and $24.6 million in 2020, 2019, and 2018, respectively. The total vest-date fair value of RSUs vested was $1.2 million, $0.9 million, and $3.4 million for 2020, 2019, and 2018, respectively.

Fair Value of Stock Awards Granted

We estimated the fair value of PSUs at the date of grant using a Monte Carlo simulation valuation model, as the awards include a market condition. The market condition is based on the Company's TSR relative to the Russell Midcap Market Index.

During 2020, 2019, and 2018, we estimated the fair value of RSUs at the date of grant based on our stock price. Details of the grants are as follows:

	2020	2019	2018
PSUs granted during the year	—	2,133,512	1,564,083
Weighted-average grant date fair value ($)	—	11.10	28.93
RSUs granted during the year	2,375,141	131,676	68,142
Weighted-average grant date fair value ($)	9.04	14.10	30.23

Modifications

2018

During the first quarter of 2018, we modified the measurement of a performance condition for the outstanding PSUs granted in 2015, as the original vesting conditions were not expected to be satisfied. The modification affected 301 employees and resulted in $13.2 million of compensation cost for the year ended December 31, 2018.

During the third quarter of 2018, we modified the measurement of a performance condition for the outstanding PSUs granted in 2016 and 2017, in order to better align the performance conditions with the PSUs granted in 2018. The modification affected 473 employees and resulted in $10.6 million of compensation cost for the year ended December 31, 2018.

Stock-Based Compensation Expense

Total compensation cost (recovery) for our stock-based compensation plans is recorded based on the employees' respective functions as detailed below.

	For the year ended December 31,		
($ thousands)	**2020**	**2019**	**2018**
Cost of services	(1,137)	2,131	1,923
Cost of product sales	(282)	430	445
Selling, general and administrative	(4,162)	21,409	27,702
Research and development	(1,296)	2,544	3,016
Stock-based compensation expense before income taxes	(6,877)	26,514	33,086
Income tax (provision) benefit	(1,856)	6,119	7,562
Total stock-based compensation, net of tax	(5,021)	20,395	25,524

The current year recovery results from the reversal of prior year expense due to certain PSUs that are no longer forecasted to be achieved.

23. Earnings Per Share

The following table presents the computation of basic and diluted loss per share of common stock:

	For the year ended December 31,		
($ and shares in thousands, except per share amounts)	**2020**	**2019**	**2018**
Numerator:			
Net loss from continuing operations attributable to IGT PLC	(939,331)	(128,894)	(139,380)
Net income from discontinued operations attributable to IGT PLC	41,441	109,869	118,030
Net loss attributable to IGT PLC	(897,890)	(19,025)	(21,350)
Denominator:			
Weighted-average shares - basic and diluted	204,725	204,373	204,083
Net loss from continuing operations attributable to IGT PLC per common share - basic and diluted	(4.59)	(0.63)	(0.68)
Net income from discontinued operations attributable to IGT PLC per common share - basic and diluted	0.20	0.54	0.58
Net loss attributable to IGT PLC per common share - basic and diluted	(4.39)	(0.09)	(0.10)

Certain stock options to purchase common shares were outstanding, but were excluded from the computation of diluted earnings per share, because the exercise price of the options was greater than the average market price of the common shares for the full year, and therefore, the effect would have been antidilutive.

During years when we are in a net loss position, certain outstanding stock options and unvested restricted stock awards are excluded from the computation of diluted earnings per share because including them would have had an antidilutive effect.

For the years ended December 31, 2020, 2019, and 2018, stock options and unvested restricted stock awards totaling 0.7 million shares, 1.2 million shares, and 1.6 million shares, respectively, were excluded from the computation of diluted earnings per share because including them would have had an antidilutive effect.

24. Related Party Transactions

We engage in business transactions with certain related parties which include (i) De Agostini S.p.A. ("De Agostini") or entities directly or indirectly controlled by De Agostini, (ii) other entities and individuals capable of exercising control, joint control, or significant influence over us, and (iii) our unconsolidated subsidiaries or joint ventures. Members of the Board, executives with authority for planning, directing, and controlling the activities of the Company and such Directors' and executives' close family members are also considered related parties. We may make investments in such entities, enter into transactions with such entities, or both.

De Agostini Group

We are majority-owned by De Agostini. Amounts receivable from De Agostini and subsidiaries of De Agostini (the "De Agostini Group") are non-interest bearing. Transactions with the De Agostini Group include payments for support services provided and office space rented pursuant to a lease entered into prior to the formation of the Company. In addition, certain of our Italian subsidiaries have a tax unit agreement, and in some cases, a value-added tax agreement, with De Agostini pursuant to which De Agostini consolidates certain Italian subsidiaries of De Agostini for the collection and payment of taxes to the Italian tax authority.

Related party transactions with the De Agostini Group are as follows:

	December 31,	
($ thousands)	**2020**	**2019**
Trade receivables	—	2
Tax-related receivables	—	2,031
Trade payables	5,096	3,180
Tax-related payables	18,706	17,004

Unconsolidated Subsidiaries and Joint Ventures

From time to time, we make strategic investments in publicly traded and privately held companies that develop software, hardware, and other technologies or provide services supporting its technologies. We may also purchase from or make sales to these organizations.

Ringmaster S.r.l. ("Ringmaster")

We have a 50% interest in Ringmaster, an Italian joint venture, that is accounted for using the equity method of accounting. Ringmaster provides software development services for our interactive gaming business pursuant to an agreement dated December 7, 2011. Our investment in Ringmaster was $0.8 million and $0.7 million at December 31, 2020 and 2019, respectively.

We incurred $6.6 million, $6.1 million, and $10.4 million in expenses to Ringmaster for the years ended December 31, 2020, 2019, and 2018, respectively.

Connect Ventures One LP and Connect Ventures Two LP

We have held investments in Connect Ventures One LP and Connect Ventures Two LP (the "Connect Ventures") since 2011 and 2015, respectively, that are accounted for as equity investments. De Agostini also holds investments in the Connect Ventures, and Nicola Drago, the son of director Marco Drago, holds a 10% ownership interest in, and is a non-executive member of, Connect Ventures LLP, the fund that manages the Connect Ventures. The Connect Ventures are venture capital funds that target "early stage" investment operations.

Our investment in Connect Ventures One LP was $5.1 million and $4.9 million at December 31, 2020 and 2019, respectively. Our investment in Connect Ventures Two LP was $7.3 million and $6.2 million at December 31, 2020 and 2019, respectively.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-36906

INTERNATIONAL GAME TECHNOLOGY PLC

(Exact name of Registrant as specified in its charter)

England and Wales
(Jurisdiction of incorporation or organization)

66 Seymour Street, 2nd Floor
London W1H 5BT
United Kingdom
(Address of principal executive offices)

Christopher Spears
Executive Vice President and General Counsel
Telephone: (401) 392-1000 Fax: (401) 392-4812
E-mail: Christopher.Spears@IGT.com
IGT Center, 10 Memorial Boulevard, Providence, RI 02903
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary Shares, nominal value $0.10	IGT	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

203,688,118 ordinary shares, nominal value $0.10 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Emerging growth company	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period

for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	☒	International Financial Reporting Standards as issued by the International Accounting Standards Board	☐	Other	☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 or ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐ No

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PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

International Game Technology PLC (the "Parent"), together with its consolidated subsidiaries, is a global leader in gaming. In this annual report on Form 20-F, unless otherwise specified or the context otherwise indicates, all references to "IGT PLC" and the "Company" refer to the business and operations of the Parent and its consolidated subsidiaries.

This annual report on Form 20-F includes the consolidated financial statements of the Company for the years ended December 31, 2021, 2020, and 2019 (the "Consolidated Financial Statements") prepared in accordance with United States Generally Accepted Accounting Principles as issued by the Financial Accounting Standards Board.

The financial information is presented in U.S. dollars. All references to "U.S. dollars," "U.S. dollar," "U.S. $," "USD," and "$" refer to the currency of the United States of America. All references to "Euro," "euro," "EUR," and "€" refer to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

Amounts reported in millions are computed based on the amounts in thousands. Certain amounts in columns and rows within tables may not foot due to rounding. Percentages and earnings per share amounts presented are calculated from the underlying unrounded amounts.

The language of this annual report on Form 20-F is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

Glossary of Certain Terms and Abbreviations

The glossary is used to define common terms and abbreviations that appear throughout the annual report on Form 20-F. Other, less common, terms and phrases are defined in the sections in which they appear, as they may either be Company or industry-specific. Additionally, definitions in "Item 18. Financial Statements" stand alone and are independently defined in that section.

Abbreviation/Term	Definition
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
B2B	business-to-business
B2C	business-to-consumer
BEAT	base-erosion and anti-abuse tax
Brexit	the United Kingdom's withdrawal from the European Union
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	the Parent together with its consolidated subsidiaries
De Agostini	De Agostini S.p.A.
EBITDA	earnings before interest, taxes, depreciation and amortization
E.U.	European Union
GAAP	United States Generally Accepted Accounting Principles
GDPR	E.U. General Data Protection Regulation
GILTI	global intangible low-taxed income
iGaming	digital (interactive) gaming
IGT PLC	the Parent together with its consolidated subsidiaries
Loyalty Plan	the terms and conditions related to the Special Voting Shares
Loyalty Register	the register of ordinary shares for which holders thereof have validly elected to exercise the related Special Voting Shares
NYSE	New York Stock Exchange
Parent	International Game Technology PLC
R&D	research and development
SEC	United States Securities and Exchange Commission
Special Voting Shares	the special voting shares in the Parent, worth U.S.$0.000001 each and carrying 0.9995 votes
Tax Act	the Tax Cuts and Jobs Act of 2017
U.K.	United Kingdom
U.S.	United States of America
Wire Act	U.S. Interstate Wire Act of 1961

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F includes forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning 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 possibility that the Parent will be unable to pay dividends to shareholders or that the amount of such dividends may be less than anticipated;
- the length, duration and severity of the COVID-19 pandemic, including any new variants of the coronavirus, and the response of governments, including government-mandated property closures and travel restrictions;
- the effect of the COVID-19 pandemic on our operations or the operations of our customers and suppliers;
- the possibility that the Company may not achieve its anticipated financial results in one or more future periods;
- reductions in customer spending;
- a slowdown in customer payments and changes in customer demand for products and services as a result of changing economic conditions or otherwise;
- unanticipated changes relating to competitive factors in the industries in which the Company operates;
- the Company's ability to hire and retain key personnel;
- the Company's ability to attract new customers and retain existing customers in the manner anticipated;
- the impact of supply chain constraints on the Company's ability to meet demand for its products;
- an increase in costs resulting from supply chain constraints, including, but not limited to, increases in input costs, labor costs and freight costs, among others;
- reliance on and integration of information technology systems;
- changes in legislation, governmental regulations, or the enforcement thereof that could affect the Company;
- enforcement of an interpretation of the Wire Act in such a manner as to prohibit or limit activities in which the Company and its customers are engaged;
- international, national, or local economic, social, or political conditions that could adversely affect the Company or its customers;
- conditions in the credit markets;
- risks associated with assumptions the Company makes in connection with its critical accounting estimates;
- the resolution of pending and potential future legal, regulatory, or tax proceedings and investigations; and
- the Company's international operations, which are subject to the risks of currency fluctuations and foreign exchange controls.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the Company's business, including those described in "Item 3. Key Information—D. *Risk Factors*" and other documents filed by the Parent from time to time with the SEC. Except as required under applicable law, the Company does not assume any obligation to update these forward-looking statements. Nothing in this annual report is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per share of the Parent for the current or any future financial years will necessarily match or exceed the historical published earnings per share of the Parent, as applicable. All forward-looking statements contained in this annual report on Form 20-F are qualified in their entirety by this cautionary statement.

PART I

Item 1. Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. *Reserved*

B. *Capitalization and Indebtedness*

Not applicable.

C. *Reasons for the Offer and Use of Proceeds*

Not applicable.

D. *Risk Factors*

The following risks should be considered in conjunction with “Item 5. Operating and Financial Review and Prospects”, the Consolidated Financial Statements, including the notes thereto, included in this annual report, and the other risks described in the Safe Harbor Statement set forth in Item 5. These risks may affect the Company's operating results and, individually or in the aggregate, could cause its actual results to differ materially from past and anticipated future results. The following discussion of risks may contain forward-looking statements which are intended to be covered by the Safe Harbor Statement. Except as may be required by law, the Company undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise. The Company invites you to consult any further related disclosures made by the Parent from time to time in materials filed with or furnished to the SEC.

Risks related to the Company's Business and Industry

The Company has a concentrated customer base in certain business segments, and the loss of any of its larger customers (or lower sales from any of these customers) could lead to significantly lower revenue

A substantial portion of the Company’s revenues is derived from exclusive licenses awarded to the Company by Agenzia delle Dogane e Dei Monopoli ("ADM"), the governmental authority responsible for regulating and supervising gaming in Italy. For the years ended December 31, 2021 and 2020, approximately 12% and 11%, respectively, of the Company’s total consolidated revenues was earned for service provided for the operation of the Italian Gioco del Lotto game and approximately 11% and 8%, respectively, was earned for service provided for the operation of the Italian Scratch & Win instant ticket game.

The Company expects that a significant portion of its revenues and profits will continue to depend upon the licenses awarded to the Company by ADM. Licenses may be terminated prior to their expiration dates upon the occurrence of certain events of default affecting the Company, or if such licenses are deemed to be against the public interest, or terminated or annulled if successfully challenged by competitors. The law providing the extension of the license for instant tickets in Italy has been challenged from two operators (Sisal and Stanleybet) and the European Court of Justice ("ECJ") has been asked to express an opinion on the compatibility of that law within the E.U. law principles. In addition, the conditions for any new license will be established by law and included in the rules of the new license. Any material reduction in the Company’s revenues from these licenses, including as a result of an annulment, early termination, or non-renewal of these licenses following their expiration, could have a material adverse effect on the Company’s results of operations, business, financial condition, or prospects.

In addition, recurring revenues from the Company’s top 10 customers outside of Italy accounted for approximately 25% of its total consolidated revenues for the year ended December 31, 2021. If the Company were to lose any of these larger customers, or if these larger customers experience lower sales and consequently reduced revenues, which are primarily service revenues, there could be a material adverse effect on the Company’s results of operations, business, financial condition, or prospects.

The Company's operations are dependent upon its continued ability to retain and extend its existing contracts and win new contracts

The Company derives a substantial portion of its revenues from its portfolio of long-term contracts in the Global Lottery segment (equal to approximately 58% of its total consolidated revenues for the year ended December 31, 2021), awarded through competitive procurement processes. In addition, the Company's U.S. lottery contracts typically permit a lottery authority to terminate the contract at any time for material, uncured breaches and for other specified reasons out of the Company's control, such as the failure by a state legislature to approve the required budget appropriations, and many of these contracts in the U.S. permit the lottery authority to terminate the contract at will with limited notice and do not specify the compensation to which the Company would be entitled were such termination to occur.

In the event that the Company is unable or unwilling to perform certain lottery contracts, such contracts permit the lottery authority a right to use the Company's system-related equipment and software necessary for the performance of the contract until the expiration or earlier termination of the contract.

The termination of or failure to renew or extend one or more of the Company's lottery contracts, or the renewal or extension of one or more of the Company's lottery contracts on materially altered terms, could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

The outbreak of the novel coronavirus COVID-19 ("COVID-19") has had and may continue to have an adverse effect on the Company's business, operations, financial condition and operating results

The COVID-19 pandemic has been, and continues to be, complex and rapidly evolving, with governments, public institutions and other organizations imposing or recommending, and businesses and individuals implementing, restrictions on various activities or other actions to combat its spread, such as restrictions and bans on travel or transportation, stay-at-home directives, limitations on the size of gatherings, closures of work facilities, schools, public buildings and businesses, cancellation of events, including sporting events, concerts, conferences and meetings, and quarantines and lock-downs. The pandemic and its consequences, including the closure of almost all casinos and gaming halls globally in the first half of 2020, dramatically reduced demand for gaming products and services, which had a negative impact on all aspects of the Company's gaming business. While many casinos and gaming halls have since reopened, some remain closed or have enacted new restrictions, and there can be no assurance that the Company will not be further affected by future shutdowns or other restrictions. The extent and duration of the COVID-19 pandemic and its impact on the Company's future financial and operational performance remains uncertain, and will depend on future developments, including the duration and spread, and any increase in COVID-19 cases in the markets in which the Company operates (including as a result of the emergence of new COVID-19 variants), and related actions taken by U.S. and international governments, state and local officials to prevent and contain disease spread, all of which are uncertain and cannot be predicted. Furthermore, some of the Company's suppliers have experienced, and may continue to experience, adverse effects of the pandemic, including but not limited to constraints on ability to meet the Company's supply requirements on schedule, bankruptcy or insolvency, any of which could impact the Company's supply chain and its ability to meet demand for its products and its contractual commitments.

As a result of the COVID-19 pandemic, the Company has taken measures to reduce the impact of the pandemic on its operations, including requiring most employees to work remotely. The Company may experience lower work efficiency and productivity among teams which require high levels of collaboration and interaction, which may affect service responsiveness and may interfere with the Company's growth strategies. Further, the Company's business operations could be disrupted at any time if any of the Company's employees are suspected of infection, since this may cause its employees to be quarantined and/or its offices to be temporarily shut down.

The current, and uncertain future, impact of the COVID-19 outbreak is expected to continue to impact the Company's results, operations, outlooks, plans, goals, growth, reputation, cash flows, and liquidity.

Adverse changes in discretionary consumer spending and behavior, including as a result of the COVID-19 pandemic, or other similar health epidemics, may adversely affect the Company's business

Socio-political and economic factors that impact consumer confidence may result in decreased discretionary spending by consumers and have a negative effect on the Company's business. Unfavorable changes in social, political and economic conditions and economic uncertainties, as well as decreased discretionary spending by consumers, may adversely impact customers, suppliers and business partners in a variety of ways.

The revenue generated by the Company's business depends on consumers' discretionary income and their level of gaming activity. Economic factors resulting in a reduction of such discretionary income could result in fewer lottery ticket sales and fewer patrons visiting casinos or engaging in online or digital gaming. A decline in discretionary income over an extended

period could cause some of the Company's customers to close casinos or other gaming operations, which would adversely affect the Company's business. A decline in casino visits may also have an adverse impact on the businesses of casino customers and their ability to purchase or lease products and services from the Company.

The COVID-19 pandemic, and the public perception thereof, has contributed to consumer unease and decreased discretionary spending and consumer travel, which have had, and may continue to have, a negative effect on the Company's gaming business. Other future health epidemics or contagious disease outbreaks could do the same. The Company cannot predict the effects that the continuing COVID-19 pandemic, and any resulting unfavorable social, political, and economic conditions and decrease in discretionary spending or travel may have on the Company, as they would be expected to impact the Company's customers, suppliers, and business partners in different ways. Further, the COVID-19 pandemic, and the perception of risk of infection may affect consumer behavior as people may feel uncomfortable traveling or being in crowded environments such as casinos and gaming halls while the virus remains a threat. This may result in fewer patrons visiting casinos and gaming halls and fewer players purchasing lottery and sports betting products, and lower amounts spent per casino visit or lottery purchase, or reduced spend on sports betting and other online gambling activities. Any of these factors may negatively impact the results of operations, cash flows, and financial condition of the Company's casino customers, their ability to purchase or lease the Company's products and services and therefore the Company's gaming business revenue, revenues to lotteries and, therefore, the Company's lottery business revenue, and revenues to the Company's online casino and sportsbook partners and, therefore, the Company's sports betting and digital business revenue.

The outbreak of COVID-19 and the resulting unfavorable economic conditions have also impacted and could continue to impact, the ability of the Company's customers to make timely payments. These unfavorable conditions have caused, and could in the future cause, some of the Company's customers to close casinos and gaming halls, decrease spending on marketing of or purchases of products or declare bankruptcy, which would adversely affect the Company's business. The COVID-19 pandemic has also resulted in significant volatility in both the credit and equity markets, negatively impacting general economic conditions. The difficulty or inability of the Company's customers to generate or obtain adequate levels of capital to finance their ongoing operations may reduce their ability to purchase the Company's products and services. In the Company's lottery business, difficult economic conditions may contribute to reductions in spending on marketing by customers and, in certain instances, less favorable terms under contracts, as many of the Company's customers face budget shortfalls and seek to cut costs.

Slow growth or declines in the replacement of gaming machines, slow growth of new gaming jurisdictions or slow addition of casinos and gaming halls in existing jurisdictions may have an adverse impact on the Company

Demand for the Company's gaming products and services is driven by the replacement of existing gaming machines in casinos and gaming halls, the establishment of new jurisdictions, the opening of additional casinos and gaming halls in existing jurisdictions, and the expansion of existing casinos and gaming halls. Slow growth or declines in the replacement cycle of gaming machines resulting from the COVID-19 pandemic have reduced and may continue to reduce the demand for the Company's products and negatively impact the Company's results of operations, cash flows, and financial condition.

The opening of new casinos and gaming halls, expansion of existing casinos and gaming halls, and replacement of existing gaming machines in existing casinos and gaming halls fluctuate with demand, economic conditions, regulatory approvals, and the availability of financing, and have been, and could continue to be, adversely affected by the COVID-19 pandemic. In addition, the expansion of gaming into new jurisdictions can be a protracted process. Any of these factors could delay, restrict, or prohibit the expansion of the Company's business and negatively impact the Company's results of operations, cash flows, and financial condition.

The Company is subject to substantial penalties for failure to perform

The Company's Italian licenses, lottery contracts in the U.S. and in other jurisdictions, and other service contracts often require performance bonds or letters of credit to secure its performance under such contracts and require the Company to pay substantial monetary liquidated damages in the event of non-performance by the Company.

At December 31, 2021, the Company had outstanding performance bonds and letters of credit in an aggregate amount of approximately $1.3 billion. These instruments present a potential expense for the Company and divert financial resources from other uses. Claims on performance bonds, drawings on letters of credit, and payment of liquidated damages could individually or in the aggregate have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Slow growth or declines in the lottery and gaming markets could lead to lower revenues for the Company

The Company's future success will depend, in part, on the success of the lottery and gaming industries in attracting and retaining new players in the face of increased competition in the entertainment and gaming markets, as well as the Company's own success in developing innovative services, products and distribution methods/systems to achieve this goal. In addition, there is a risk that new products and services may replace existing products and services and the Company's customers might acquire or develop competencies that reduce their dependencies on the Company's product and services. The replacement of old products and services with new products and services may offset the overall growth of sales of the Company. A failure by the Company to achieve these goals could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Brexit has created uncertainty that could impact the Company's operations, business, financial condition, or prospects

The U.K. exited the E.U. on January 31, 2020, which commenced a transition period through December 31, 2020, during which the U.K. continued to apply E.U. laws and regulations and the trading relationship between the U.K. and the E.U. remained the same. In December 2020, the U.K. and E.U. announced they had entered into a post-Brexit deal (the "Post-Brexit Trade Agreement") on certain aspects of trade and other strategic and political issues and on January 1, 2021, the U.K. left the European Union Single Market and Customs Union. The Post-Brexit Trade Agreement offers U.K. and E.U. companies preferential access to each other's markets, ensuring imported goods will be free of tariffs and quotas; however, economic relations between the U.K. and the E.U. will now be on more restricted terms than existed previously. While the Post-Brexit Trade Agreement provides some clarity regarding the future relationship between the U.K. and the E.U., uncertainties remain and further negotiations are expected. The continued uncertainty following the U.K.'s withdrawal from the E.U. could adversely affect business activity, restrict the movement of capital and the mobility of personnel and otherwise impair political stability and economic conditions in the U.K., the E.U. and elsewhere. Any of these developments could have a material adverse effect on the Company's business, future operations, operating results and cash flows.

The Company's success depends in large part on its ability to develop and manage frequent introductions of innovative products and the ability to respond to technological changes

The Company must continually introduce and successfully market new games and technologies to remain competitive and effectively stimulate customer demand. The process of developing new products is inherently complex and uncertain. It requires accurate anticipation of changing customer needs and end-user preferences as well as emerging technological trends. If the Company's competitors develop new game content and technologically innovative products and the Company fails to keep pace, its business could be adversely affected. In addition, if the Company fails to accurately anticipate customer needs and end-user preferences through the development of new products and technologies, the Company could lose business to its competitors, which would adversely affect its results of operations, business, financial condition, or prospects. The Company intends to continue investing resources in research and development. There is no assurance that its investments in research and development will guarantee successful products. The Company invests heavily in product development in various disciplines: platform hardware, platform software, digital services, content (game) design and casino software systems. Because the Company's newer products are generally more technologically sophisticated than those it has produced in the past, the Company must continually refine its design, development, and delivery capabilities across all channels to ensure product innovation. Newer products also require adequate supply of electronic components and other raw materials, for which the Company relies on third party suppliers. See "The Company faces supply chain risks that could adversely affect its financial results" below. If the Company cannot efficiently adapt its processes and infrastructure to meet the needs of its product innovations, or if the Company is unable to source adequate supplies to manufacture its newer products, its results of operations, business, financial condition, or prospects could be negatively impacted.

If the Company is unable to protect its intellectual property or prevent its unauthorized use by third parties, its ability to compete in the market may be harmed

The Company protects its intellectual property to ensure that its competitors do not use such intellectual property. However, intellectual property laws in the U.S., Italy, and in other jurisdictions may afford differing and limited protection, may not permit the Company to gain or maintain a competitive advantage, and may not prevent its competitors from duplicating its products, designing around its patented products, or gaining access to its proprietary information and technology.

The Company may not be able to prevent the unauthorized disclosure or use of its technical knowledge or trade secrets. For example, there can be no assurance that consultants, vendors, partners, former employees, or current employees will not breach their obligations regarding non-disclosure and restrictions on use. In addition, anyone could seek to challenge, invalidate, circumvent, or render unenforceable any of the Company's patents. The Company cannot provide assurance that any pending or future patent applications it holds will result in an issued patent, or that, if patents are issued, they would necessarily provide meaningful protection against competitors and competitive technologies or adequately protect the Company's then-current

technologies. The Company may not be able to detect the unauthorized use of its intellectual property, prevent breaches of its cybersecurity efforts, or take appropriate steps to enforce its intellectual property rights effectively. In addition, certain contractual provisions, including restrictions on use, copying, transfer, and disclosure of software, may be unenforceable under the laws of certain jurisdictions.

The Company's success may depend in part on its ability to obtain trademark protection for the names or symbols under which it markets its products and to obtain copyright protection and patent protection of its technologies and game innovations. The Company may not be able to build and maintain goodwill in its trademarks or obtain trademark or patent protection, and there can be no assurance that any trademark, copyright, or issued patent will provide competitive advantages for the Company or that the Company's intellectual property will not be successfully challenged or circumvented by competitors.

The Company intends to enforce its intellectual property rights, and from time to time may initiate claims against third parties that it believes are infringing its intellectual property rights. Litigation brought to protect and enforce the Company's intellectual property rights could be costly, time consuming, and distracting to management, could fail to obtain the results sought, and could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

If the Company is unable to license intellectual property from third parties, its ability to compete in the market may be harmed

The Company licenses intellectual property rights from third parties. If such third parties do not properly maintain or enforce the intellectual property rights underlying such licenses, or if such licenses are terminated or expire without being renewed, the Company could lose the right to use the licensed intellectual property, which could adversely affect its competitive position or its ability to commercialize certain of its technologies, products, or services.

In addition, some of the Company's most popular games and features are based on trademarks, patents and other intellectual property licensed from third parties. The Company's future success may depend upon its ability to obtain, retain and/or expand licenses for popular intellectual property rights with reasonable terms in a competitive market. If the Company cannot renew and/or expand existing licenses, it may be required to discontinue or limit its use of the games or gaming machines that use the licensed technology or bear the licensed marks, which could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Third party intellectual property infringement claims against the Company could limit its ability to compete effectively

The Company cannot provide assurance that its products do not infringe the intellectual property rights of third parties. Infringement and other intellectual property claims and proceedings brought against the Company, whether successful or not, are costly, time consuming and distracting to management, and could harm the Company's reputation. In addition, intellectual property claims and proceedings could require the Company to do one or more of the following: (1) cease selling or using any of its products that allegedly incorporate the infringed intellectual property, (2) pay substantial damages, (3) obtain a license from the third-party owner, which license may not be available on reasonable terms, if at all, (4) rebrand or rename its products, and (5) redesign its products to avoid infringing the intellectual property rights of third parties, which may not be possible and, if possible, could be costly, time consuming, or result in a less effective product. A successful claim against the Company could have a material adverse effect on its results of operations, business, financial condition, or prospects.

The Company's business may be adversely affected by lower cost of entry into the gaming industry

As a result of developments in digital and internet gaming, the cost of entry to the gaming market has decreased significantly. This has resulted in a highly competitive environment. Digital and internet gaming have emerged as substantial methods of competition from existing competitors and, increasingly, new competitors as a result of the lower cost of entry. The increased competition may result in increased pricing pressures on a number of the Company's products and services, and may impact the Company's results and financial position.

Divestitures may materially adversely affect the Company's financial condition, results of operations or cash flows.

From time to time, the Company may pursue divestitures in support of its strategic goals. For example, on May 10, 2021, the Company completed the sale of its Italian B2C gaming machine, sports betting, and digital gaming businesses to Gamenet Group S.p.A. and on February 25, 2022, a wholly-owned subsidiary of the Company entered into a definitive agreement to sell the Company's Italian commercial services business, to PostePay S.p.A. – Patrimonio Destinato IMEL. Divestitures involve risks, including difficulties in the separation of operations, services, products and personnel, the diversion of management's attention from other business concerns, the disruption of business, the potential loss of key employees and the retention of uncertain contingent liabilities related to the divested business. The Company may not be successful in managing these or any

other significant risks that it encounters in any divestiture the Company may undertake, and any such divestiture could materially and adversely affect the Company's business, financial condition, results of operations and cash flows, and may also result in a diversion of management attention, operational difficulties and losses. Further, there can be no assurance whether the strategic benefits and expected financial impact of any divestiture will be achieved.

The Company's inability to successfully complete and integrate future acquisitions could limit its future growth or otherwise be disruptive to its ongoing business

From time to time, the Company expects it will pursue acquisitions in support of its strategic goals. There can be no assurance that acquisition opportunities will be available on acceptable terms or at all or that the Company will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. The Company's ability to succeed in implementing its strategy will depend to some degree upon the ability of its management to identify, complete and successfully integrate commercially viable acquisitions. Acquisition transactions may disrupt the Company's ongoing business and distract management from other responsibilities. Further, the Company may incur unexpected costs, or fail to realize expected benefits from such acquisitions. In connection with any such acquisitions, the Company could face significant challenges in managing and integrating its expanded or combined operations, including acquired assets, operations, and personnel.

The Company faces reputational risks related to the use of social media

The Company frequently uses social media platforms as marketing tools. These platforms provide the Company, as well as individuals, with access to a broad audience of consumers and other interested persons. Negative commentary regarding the Company or the products it sells may be posted on social media platforms and similar devices at any time and may be adverse to the Company's reputation or business. Further, as laws and regulations rapidly evolve to govern the use of social media, the failure by the Company, its employees or third parties acting at the Company's direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact the Company's business, financial condition, and results of operations or subject it to fines or other penalties.

The Company's results of operations, cash flows and financial condition could be affected by severe weather and other geological events and geopolitical events in the locations where the Company's customers, suppliers or regulators operate.

The Company may be impacted by severe weather and other geological events (including as a result of climate change), including hurricanes, earthquakes, floods or tsunamis, that could disrupt the Company's operations or the operations of the Company's customers, suppliers, data service providers and regulators. Natural disasters or other disruptions at any of the Company's facilities or the Company's suppliers' facilities, may impair or delay the operation, development, provisions or delivery of the Company's products and services. The Company's operations could also be impacted by geopolitical events, such as the outbreak of hostilities, and other acts of violence, including escalation of war or terrorism, any of which could adversely affect the Company's ability to operate and deliver its products and services. While the Company insures against certain business interruption risks, the Company cannot assure that such insurance will compensate the Company for any losses incurred as a result of natural or other disasters. Any serious disruption to the Company's operations, or those of the Company's customers, suppliers, data service providers, or regulators, could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

Legal and Compliance Risks

Changing enforcement of the Wire Act may negatively impact the Company's operations, business, financial condition, or prospects

On January 14, 2019, the U.S. Department of Justice (the "DOJ") published an opinion (the "2019 Opinion") reversing its previously-issued opinion (the "2011 Opinion") that the Wire Act, which prohibits several types of wager-related communications over a "wire communications facility," was applicable only to sports betting. The 2019 Opinion interprets the Wire Act as applying to other forms of gambling that cross state lines, though the precise scope of the 2019 Opinion is unclear, and the DOJ has not yet addressed how it plans to enforce the Wire Act in light of the 2019 Opinion. Further, the New Hampshire Lottery Commission and certain private parties commenced litigation in federal district court in New Hampshire challenging the 2019 Opinion. In response to this and other lawsuits, the DOJ issued a memorandum in April 2019 acknowledging that the 2019 Opinion did not consider whether the Wire Act applies to State lotteries and their vendors, and the DOJ is now considering this issue. In connection with such acknowledgment, the DOJ also extended the non-prosecution period for State lotteries and their vendors indefinitely while they consider the question. If the DOJ concludes that the Wire Act does apply to State lotteries and/or their vendors, they would extend the non-prosecution period for an additional period of 90 days after the DOJ publicly announces such position.

On June 3, 2019, the U.S. District Court for the District of New Hampshire ruled in favor of the plaintiffs and opined that the Wire Act applies only to sports betting and related activities (the "NH Decision"). The NH Decision also set aside the 2019

Opinion leaving the 2011 Opinion as the DOJ's only stated opinion on the subject. On August 16, 2019, the DOJ filed a Notice of Appeal with respect to the NH Decision. On January 20, 2021, the United States Court of Appeals for the First Circuit affirmed in part the NH Decision (the "First Circuit Decision"). The First Circuit Decision also vacated the portion of the NH Decision that set aside the 2019 Opinion. The DOJ had until June 21, 2021 to file a petition for writ of certiorari seeking review by the U.S. Supreme Court. However, the DOJ let that deadline pass without filing a writ or seeking an extension. Accordingly, the First Circuit Decision is final and unappealable. It is unclear when the DOJ will conclude its consideration of whether the Wire Act applies to State lotteries and their vendors, or whether other courts would come to the same conclusions set forth in the NH Decision and the First Circuit Decision. If the Wire Act is broadly interpreted and enforced to prohibit activities in which the Company and its customers are engaged, the Company could be subject to investigations, criminal and civil penalties, sanctions and/or other remedial measures and/or the Company may be required to substantially change the way it conducts its business, any of which could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

On November 24, 2021, the Company filed a complaint against the DOJ in the U.S. District Court for the District of Rhode Island. The complaint seeks declaratory relief that the Wire Act applies only to sports betting and related activities. If granted, the Company would enjoy the same relief that the plaintiffs received in the NH Decision, that the Wire Act applies solely to sports betting and related activities wherever the Company's United States businesses are located, as opposed to the current protection which is currently limited to the First Circuit.

The Company faces risks related to the extensive and complex governmental regulation applicable to its operations

The Company's activities are subject to extensive and complex governmental regulation, including restrictions on advertising, increases in or differing interpretations by authorities on taxation, limitations on the use of cash, and anti-money laundering compliance procedures. These regulatory requirements are constantly evolving and may vary from jurisdiction to jurisdiction. In particular, the Italian government has recently banned gaming advertising and significantly raised gaming taxes. Any changes in the legal or regulatory framework or other changes, such as increases in the taxation of sports betting or gaming, changes in the compensation paid to licensees, or increases in the number of licenses, authorizations, or licenses awarded to the Company's competitors, could materially affect its profitability.

In addition, in the U.S. and in many international jurisdictions where the Company currently operates or seeks to do business, lotteries, sports betting, and gaming are not permitted unless expressly authorized by law. The successful implementation of the Company's growth strategy and its business could be materially adversely affected if jurisdictions that do not currently authorize lotteries, sports betting, or gaming do not approve such activities or if those jurisdictions that currently authorize lotteries, sports betting, or gaming do not continue to permit such activities.

Investigations by governmental and licensing entities can result in adverse findings or negative publicity

From time to time, the Company is subject to extensive background investigations, and other investigations of various types are conducted by governmental and licensing authorities with respect to applicable gaming regulations. These regulations and investigations vary from time to time and from jurisdiction to jurisdiction where the Company operates. Because the Company's reputation for integrity is an important factor in its business dealings with lottery and other governmental agencies, a governmental allegation or a finding of improper conduct by or attributable to the Company in any manner, the prolonged investigation of these matters by governmental or regulatory authorities, and/or the adverse publicity resulting therefrom could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects, including its ability to retain existing contracts or to obtain new or renewed contracts, both in the subject jurisdiction and elsewhere.

Failure to comply with data privacy laws, including the GDPR could result in significant penalties

The GDPR came into effect on May 25, 2018, expanding the rules on using personal data and increasing the risks of processing personal data compared to prior legislation and introducing new obligations on data controllers and rights for data subjects, including, among others:

- accountability and transparency requirements, which will require data controllers to demonstrate and record compliance with the GDPR and to provide more detailed information to data subjects regarding processing;
- enhanced data consent requirements, which includes "explicit" consent in relation to the processing of sensitive data;
- obligations to consider data privacy as any new products or services are developed and limit the amount of information collected, processed, and stored as well as its accessibility;
- constraints on using data to profile data subjects;
- providing data subjects with personal data in a usable format on request and erasing personal data in certain circumstances; and
- reporting of breaches without undue delay (72 hours where feasible).

Other jurisdictions in which the Company operates have implemented, or are considering implementing, data privacy laws similar to the GDPR. Several of the Parent's subsidiaries deal with a significant amount of employee personal data. There is a risk that the Company's policies and procedures for compliance with data privacy laws, including the GDPR will not be implemented correctly or that individuals within the Company will not be fully compliant with the new procedures. Failure to comply with data privacy laws may have serious financial consequences to the Company. For example, failure to comply with the GDPR may lead to fines of up to the maximum of either €20 million or 4% of worldwide annual revenue, and the Company could face significant administrative sanctions and reputational damage that could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

The Company is exposed to significant risks in relation to compliance with anti-corruption laws and regulations and economic sanction programs

Doing business on a worldwide basis requires the Company to comply with the laws and regulations of various jurisdictions. In particular, the Company's operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act of 2010 and other anti-corruption laws that apply in countries where the Company operates. Other laws and regulations applicable to the Company control trade by imposing economic sanctions on countries and persons and creating customs requirements and currency exchange regulations. The Company's continued global expansion, including in countries which lack a developed legal system or have high levels of corruption, increases the risk of actual or alleged violations of such laws.

The Company cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which such laws might be administered or interpreted.

There can be no assurance that the policies and procedures the Company has implemented have been or will be followed at all times or will effectively detect and prevent violations of these laws by one or more of the Company's directors, officers, employees, consultants, agents, joint-venture partners or other third-party partners. As a result, the Company could be subject to investigations, criminal and civil penalties, sanctions and/or other remedial measures that in turn could have a material adverse effect on its business, results of operations and financial condition.

Negative perceptions and publicity surrounding the gaming industry could lead to increased gaming regulation

The popularity and acceptance of gaming is influenced by prevailing social attitudes toward gaming, and changes in social attitudes toward gaming could result in reduced acceptance of gaming as a leisure activity. Further, from time to time, the gaming industry is exposed to negative publicity related to gaming behavior, gaming by minors, the presence of gaming machines in too many locations, risks related to digital gaming and alleged association with money laundering. Publicity regarding problem gaming and other concerns with the gaming industry, even if not directly connected to the Company, could adversely impact its business, results of operations, and financial condition. For example, if the perception develops that the gaming industry is failing to address such concerns adequately, the resulting political pressure may result in the industry becoming subject to increased regulation and restrictions on operations. Such an increase in regulation could adversely impact the Company's results of operations, business, financial condition, or prospects.

Changes to U.S. and foreign tax laws could adversely affect the Company

The Company is subject to tax laws in the U.S. and several foreign tax jurisdictions and judgment is required in determining the Company's global provision for income taxes. While the Company believes its tax positions are consistent with the tax laws in the jurisdictions in which it conducts business, it is possible that these positions may be overturned by tax authorities, which may have a significant impact on the Company's global provision for income taxes.

Furthermore, changes in tax laws or regulations may be proposed or enacted that could significantly affect the Company's overall tax expense. For example, on December 22, 2017, the U.S. government enacted comprehensive tax legislation through the Tax Act, which significantly changed the U.S. corporate income tax system and has had a meaningful impact on the Company's provision for income taxes. The Tax Act made broad changes to the U.S. federal income tax code, including reducing the federal corporate income tax rate from 35% to 21%, imposing limitations on the Company's ability to deduct interest expense for tax purposes, creating a new minimum tax on GILTI, and creating BEAT, among many other complex provisions.

In 2015, the Organisation for Economic Co-operation and Development ("OECD") published its final recommendations on base erosion and profit shifting ("BEPS"). These BEPS recommendations propose the development of rules directed at counteracting the effects of tax havens and preferential tax regimes in countries around the world.

Several of the areas of tax law on which the BEPS project has focused have led or will lead to changes in the domestic law of individual OECD jurisdictions. These changes include (amongst others) restrictions on interest and other deductions for tax purposes, the introduction of broad anti-hybrid regimes and reform of controlled foreign company rules. Changes are also expected to arise in the application of certain double tax treaties as a result of the implementation and adoption of the OECD's Multilateral Instrument, which may restrict the Company's ability to rely on the terms of relevant double tax treaties in certain circumstances. Further, recent BEPS developments include proposals for new profit allocation and nexus rules and for rules to ensure that the profits of multinational enterprises are subject to a minimum rate of tax, and the OECD/G20 Inclusive Framework (IF) has adopted a two-pillar approach as the basis for this ongoing project. In October 2020, the OECD released "Blueprints" for the so-called Pillar One and Pillar Two, which set out the status with respect to current proposals for consultation. The IF's stated aim was to resolve outstanding issues by mid-2021, following which implementation of the final recommendations of the project could lead to further amendment of domestic tax laws and bilateral tax treaties; however, this process remains ongoing at present.

In June 2021, the finance ministers of the G7 nations announced an agreement on the principles of the two-pillar solution to tackle the challenges of BEPS. Following the G7 announcement, the IF announced on July 1, 2021 broad agreement on the two pillars. On October 8, 2021, the OECD announced that 130 countries and jurisdictions had agreed to join an international tax framework implementing the two pillars. The announcement provided that regulated financial services are excluded from the application of Pillar One. The announcement also provided that the proposals under Pillar Two would apply to multinational groups with revenues exceeding €750 million and would seek to establish a minimum tax rate of at least 15% by operation of a globally coordinated set of rules, including an Income Inclusion Rule and an Undertaxed Payment Rule.

The IF will work towards an agreement and the release of an implementation plan, which will contemplate bringing Pillar Two into law in 2022 with an effective date in 2023.

If U.S. or other foreign tax authorities change applicable tax laws, the Company's overall taxes could increase, and its results of operations, business, financial condition, or prospects may be adversely affected.

The Company may be subject to an unfavorable outcome with respect to pending regulatory, tax, or other legal proceedings, which could result in substantial monetary damages or other harm to the Company

The Company is involved in a number of legal, regulatory, tax, and arbitration proceedings including claims by and against it as well as injunctions by third parties arising out of the ordinary course of its business and is subject to investigations and compliance inquiries related to its ongoing operations. It is difficult to estimate accurately the outcome of any proceeding. As such, the amounts of the Company's provision for litigation risks could vary significantly from the amounts the Company may be asked to pay or ultimately pay in any such proceeding. In addition, unfavorable resolution of or significant delay in adjudicating such proceedings could require the Company to pay substantial monetary damages or penalties and/or incur costs that may exceed any provision for litigation risks or, under certain circumstances, cause the termination or revocation of the relevant license or authorization and thereby have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Operational Risks

The Company depends on its suppliers and faces supply chain risks that could adversely affect its financial results

The Company purchases most of the parts, components, and subassemblies necessary for its lottery terminals and electronic gaming machines from outside sources. The Company outsources the manufacturing and assembly of certain lottery terminals to third-party vendors. The Company's operating results could be adversely affected if one or more of its manufacturing and assembly outsourcing vendors fails to meet production schedules. Disruptions and delays could adversely affect our suppliers' ability to meet production schedules.

During 2021 and the beginning of 2022, the Company experienced, and the Company may continue to experience, disruptions throughout its supply chain . In particular, the Company has been adversely impacted by a shortage in the supply of electronic components necessary for the manufacture of gaming machines, which has led to delays in the delivery of electronic components and has caused long lead times to be associated with new orders for electronic components. These shortages have required the Company to adjust some of its delivery and production schedules, and could cause the Company to be unable to meet demand for its products or to introduce new products on schedule, leading to a reduction in potential sales. The Company cannot provide assurance as to how long it will be impacted by the shortage in electronic components, or whether it will in the future face shortages of other parts, components or subassemblies necessary for the manufacture of any of its finished products. Furthermore, global supply chain constraints have also generally led to an increase in costs, including supply costs, freight costs, energy costs and labor costs, among others. The Company may not be able to pass these increased costs on to customers, which may lead to decreased profit margins. As a result, the Company's results of operations, business, financial condition, or prospects could be adversely affected by these supply chain disruptions, or any future supply chain disruptions.

In the Company’s lottery business, the Company transmits data using cellular technology and satellite transponders, generally pursuant to long-term contracts. The technical failure of any of these cellular or satellite services would require the Company to obtain other communication services, including other cellular or satellite access. In some cases, the Company employs backup systems to limit the Company’s exposure in the event of such a failure. Therefore, the Company cannot assure access to such other cellular services or satellites or, if available, the ability to obtain the use of such other cellular services or satellites on favorable terms or in a timely manner. While cellular and satellite failures are infrequent, the operation of each is outside of the Company’s control.

In the Company’s digital gaming business, the Company often relies on third-party data center providers to, among other things, host the Company’s remote game servers. The digital gaming business could be adversely impacted by breaches of or disruptions to these third-party data centers, including potential service level penalties with respect to the Company’s customers, reputational harm, the disclosure of proprietary information or the theft of the Company’s assets.

The Company’s management believes that if a supply contract with one of its vendors were to be terminated or breached, it may take time to replace such vendor under some circumstances and any replacement parts, components, or subassemblies may be more expensive, which could reduce the Company’s margins. Depending on a number of factors, including the Company’s available inventory of replacement parts, components or subassemblies, the time it takes to replace a vendor may result in a delay for a customer. Further, supply chain constraints and shortages could cause the Company’s existing vendors to be unable to meet supply commitments, which may cause delays in the Company’s ability to meet its contractually committed delivery schedules. Generally, if the Company fails to meet its delivery schedules under its contracts, it may be subject to substantial penalties or liquidated damages, or contract termination, which in turn could adversely affect the Company's results of operations, business, financial condition, or prospects.

Failure to attract, retain and motivate personnel may adversely affect the Company's ability to compete

The Company's ability to attract and retain key management, product development, finance, marketing, and research and development personnel, and its ability to attract and maintain a diverse workforce, is directly linked to the Company's continued success. In all of the industries in which the Company operates, the market for qualified executives and highly-skilled technical workers is intensely competitive, and increasing competition for talent and changing expectations of current and prospective employees pose new challenges relating to the attraction and retention of key personnel. The loss of key employees or an inability to hire a sufficient number of technical staff could limit the Company's ability to develop successful products and could cause delays in getting new products to market.

The Company’s business prospects and future success rely heavily upon the integrity of its employees, directors and agents

The Company strives to set exacting standards of personal integrity for its employees and directors and its reputation in this regard is an important factor in its business dealings with lottery, gaming, and other governmental agencies. For this reason, an allegation or a finding of improper conduct on the Company’s part, or on the part of one or more of its current or former employees, directors or agents, or the failure to detect fraudulent activity by employees in a timely manner, could have a material adverse effect upon the Company’s results of operations, business, financial condition, or prospects, including its ability to retain or renew existing contracts or obtain new contracts.

For example, in October 2020, the Italian Tax Police announced that it is investigating alleged misconduct by a small number of the Company’s former employees. The alleged misconduct involved unauthorized access to the Company’s lottery system in Italy in order to identify and redeem winning scratch-off lottery tickets. The investigation has since progressed with the Italian prosecutor commencing criminal proceedings against several of the Company’s former employees. The investigation also has led to the initiation of other governmental reviews and inspections, including by the Italian lottery regulator. The Company is fully cooperating with the Italian Tax Police and other regulators in order to facilitate their reviews and has taken proactive steps to ensure the integrity of the Company’s games and to protect the interests of the Company’s customers. The Company has also taken measures to review its operational systems and processes designed to prevent fraudulent activities and remains focused on ensuring its business is conducted at the highest levels of integrity. Nevertheless, the investigation and other governmental reviews and inspections (including any resulting adverse impact on the perceived integrity and security of the Company’s products and systems) could have a material adverse effect upon the Company’s results of operations, business, financial condition, or prospects, including its ability to retain or renew existing contracts or obtain new contracts.

The success of the Company’s business is dependent on customers’ confidence in the integrity of the Company’s products and systems

The real and perceived integrity and security of the Company’s products and systems are critical to its ability to attract customers and players. In the event of an actual or alleged defect in a Company product or unauthorized access of a Company system, the Company’s existing and prospective customers may lose confidence in the integrity and security of the Company’s

products and systems. Such a failure could have a material adverse effect upon the Company's results of operations, business, financial condition or prospects, including its ability to attract new customers and retain its existing customers.

The Company and its operations are subject to cyber attacks and cybersecurity risks which may have an adverse effect on its business and results of operations and result in increasing costs to minimize these risks

The Company's business involves the storage and transmission of confidential business and personal information, and theft and security breaches may expose the Company to a risk of loss of, or improper use and disclosure of, such information, which may result in significant litigation expenses and liability exposure. Cyber attacks on businesses are becoming more frequent, and increasingly more difficult to anticipate and prevent due to their rapidly evolving nature. The Company continues to experience cyber attacks of varying degrees and phishing attacks on a regular basis. The Company's internal policies and procedures may not be able to prevent or detect every cyber attack or reduce all negative effects they may cause. In addition, the Company's insurance policies may not be sufficient to mitigate all potential negative effects of a cyber attack.

Any systems failure or compromise of the Company's security that results in the release of confidential business or personal information could seriously harm the Company's reputation and have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

The Company's security measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of the Company's subcontractors, vendors, suppliers, or otherwise. Such breach could result in significant reputational, legal, and financial liability, and may potentially have a material adverse effect upon the Company's business, results of operations and financial condition. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, become more sophisticated, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement adequate preventative measures. Additionally, cyber attacks could also compromise trade secrets and other sensitive information and result in such information being disclosed to others and becoming less valuable, which could have a material adverse effect upon the Company's results of operations, business, financial condition, or prospects.

Failures in technology may disrupt the Company's business and have an adverse effect on its results of operations

The Company's success depends on its ability to avoid, detect, replicate, and correct software and hardware defects and fraudulent manipulation of its products. The Company incorporates security features into the design of its products which are designed to prevent its customers and players from being defrauded. The Company also monitors its software and hardware in an effort to avoid, detect and correct any technical errors. However, there can be no guarantee that the Company's security features or technical efforts will continue to be effective in the future.

In addition, any disruption in the Company's network or telecommunications services, or those of third parties that the Company uses in its operations, could affect the Company's ability to operate its systems, which could result in reduced revenues and customer downtime. The Company's network and databases of business and customer information, including intellectual property and other proprietary business information and those of third parties the Company uses, are susceptible to outages due to fire, floods, power loss, break-ins, cyber attacks, network penetration, data privacy or security breaches, denial of service attacks, and similar events, including inadvertent dissemination of information due to increased use of social media. Disruptions with such systems could result in a wide range of negative outcomes, including devaluation of the Company's intellectual property, increased expenditures on data security, and costly litigation and potential payment of liquidated damages, each of which could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

Financial Risks

Covenants in the Company's debt agreements may limit its ability to pay dividends, repurchase shares and operate its business, and the Company's breach of such covenants could materially and adversely affect its results of operations, business, financial condition, or prospects

Certain of the Company's debt agreements require it to comply with covenants that may limit the Company's ability to:

- pay dividends and repurchase shares;
- acquire assets of other companies or acquire, merge or consolidate with other companies;
- dispose of assets;
- incur indebtedness; and
- grant security interests in its assets.

The Company's ability to comply with these covenants may be affected by events beyond its control, such as prevailing economic, financial, regulatory and industry conditions. These covenants may limit its ability to react to market conditions or take advantage of potential business opportunities. Further, a breach of such covenants could, if not cured or waived, result in acceleration of its indebtedness, result in the enforcement of security interests or force the Company into bankruptcy or liquidation. Such a breach or any failure to otherwise timely repay outstanding indebtedness could have a material adverse effect on the Company's results of operations, business, financial condition, or prospects.

The Company may incur additional impairment charges

The Company reviews its long-lived and amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The Company tests goodwill and other indefinite-lived intangible assets for impairment at least annually. Factors that may indicate a change in circumstances, such that the carrying value of the Company's goodwill, amortizable intangible assets, or other non-amortizing assets may not be recoverable, include a decline in the Company's stock price and market capitalization, reduced future cash flow estimates, and slower growth rates in industry segments in which the Company participates. The Company may be required to record a significant charge in its consolidated financial statements during the period in which any impairment of goodwill or intangible assets is determined, which would negatively affect the Company's results of operations. In light of the COVID-19 pandemic and the resulting unfavorable social, political, economic, and financial conditions, the Company performed an interim goodwill impairment assessment in the three months ended March 31, 2020, which resulted in a $296 million goodwill impairment charge reducing the value of its former International and North America Gaming and Interactive segments. While during the year ended December 31, 2021, the Company did not identify any events or circumstances that would indicate that it is more likely than not that the fair value of any reporting unit was less than its carrying amount, the Company cannot provide assurance that future changes will not require additional material impairment charges in any of its business segments in the future. For more information on the assessment and the goodwill impairment charge, see "Item 5.E. Critical Accounting Estimates" and "Notes to the Consolidated Financial Statements - 13. Goodwill" included in Item 18. "Financial Statements".

The discontinuation of USD LIBOR, and the establishment and utilization of alternative reference rates, may increase the amount of interest the Company pays with respect to floating rate indebtedness denominated in U.S. dollars

The principal reference rate for U.S. dollar denominated indebtedness has been USD LIBOR and the expected discontinuation of USD LIBOR on June 30, 2023 may increase the amount of interest the Company pays with respect to floating rate indebtedness denominated in U.S. dollars. As of December 31, 2021, $20 million of the Company's outstanding indebtedness had an interest rate which was calculated with reference to USD LIBOR. To the extent an interest rate is calculated with reference to USD LIBOR at the time of its discontinuation, such interest rate will be calculated pursuant to the relevant provisions of the Senior Facilities Agreement dated November 4, 2014, as amended (the "RCF Agreement") (and of the agreements governing any other floating rate indebtedness denominated in U.S. dollars that the Company may incur prior to discontinuation). The Secured Overnight Financing Rate ("SOFR") is expected to be the principal replacement reference rate for USD LIBOR. Because SOFR is based on overnight funding transactions secured by U.S. Treasury securities, it differs fundamentally from USD LIBOR. SOFR has a limited history, having been first published in April 2018. There is no assurance that SOFR will perform in the same or similar way as USD LIBOR would have performed, that SOFR will be a suitable replacement for USD LIBOR or that the replacement of USD LIBOR with SOFR will not increase the amount of interest that the Company pays with respect to floating rate indebtedness denominated in U.S. dollars.

Risks related to the Loyalty Voting Structure

The concentrated voting power held by De Agostini S.p.A., and the Parent's loyalty voting structure, may limit other shareholders' ability to influence corporate decisions

At February 24, 2022, De Agostini S.p.A. had an economic interest in the Parent of approximately 50.75% (excluding treasury shares) and, due to its election to exercise the Special Voting Shares associated with its ordinary shares pursuant to the loyalty plan, a voting interest in the Parent of approximately 65.29% of the total voting rights (excluding treasury shares). See "Item 7. Major Shareholders and Related Party Transactions" for additional information. This shareholder may make decisions with which other shareholders may disagree, including, among other things, delaying, discouraging, or preventing a change of control of the Company or a potential merger, consolidation, tender offer, takeover, or other business combination and may also prevent or discourage shareholders' initiatives aimed at changes in the Parent's management.

The tax consequences of the loyalty voting structure are uncertain

No statutory, judicial, or administrative authority has provided public guidance in respect of the Special Voting Shares of the Parent and as a result, the tax consequences of owning such shares are uncertain. The fair market value of the Parent's Special Voting Shares, which may be relevant to the tax consequences of owning, acquiring, or disposing of such shares, is a factual

determination and is not governed by any guidance that directly addresses such a situation. Because, among other things, (i) the Special Voting Shares are not transferable (other than in very limited circumstances as provided for in the loyalty voting structure), (ii) on a winding up or otherwise, the holders of the Special Voting Shares will only be entitled to receive out of the Parent's assets available for distribution to its shareholders, in aggregate, $1, and (iii) loss of the entitlement to instruct the nominee on how to vote in respect of Special Voting Shares will occur without consideration, the Parent believes and intends to take the position that the value of each special voting share is minimal. However, the relevant tax authorities could assert that the value of the Special Voting Shares as determined by the Parent is incorrect. Shareholders are urged to consult their own tax advisors with respect to treatment of Special Voting Shares. See "Item 10.E Taxation" for additional information.

The loyalty voting structure may affect the liquidity of the Parent's ordinary shares and reduce their ordinary share price

The loyalty voting structure may limit the liquidity and adversely affect the trading prices of the Parent's ordinary shares. The loyalty voting structure is intended to reward shareholders for maintaining long-term share ownership by granting persons holding ordinary shares continuously for at least three years the option to elect to receive Special Voting Shares. The Special Voting Shares cannot be traded and, immediately prior to the deregistration of ordinary shares from the register of loyalty shares, any corresponding Special Voting Shares shall cease to confer any voting rights in connection with such Special Voting Shares. This loyalty voting structure is designed to encourage a stable shareholder base, but it may deter trading by those shareholders who are interested in gaining or retaining the Special Voting Shares. Therefore, the loyalty voting structure may reduce liquidity in the Parent's ordinary shares and adversely affect their trading price.

Item 4. Information on the Company

A. History and Development of the Company

The Parent is organized as a public limited company under the laws of England and Wales. The Parent's principal office is located at 66 Seymour Street, 2nd Floor, London W1H 5BT, United Kingdom, telephone number +44 (0) 207 535 3200. The Parent's agent for service in the United States is CT Corporation System, 701 S. Carson Street - Suite 200, Carson City, Nevada 89701 (telephone number: +1 518 433 4740). The Company operates under the Companies Act 2006, as amended.

The Parent was formed as a business combination shell company on July 11, 2014 under the name "Georgia Worldwide Limited." On September 16, 2014, it changed its name to "Georgia Worldwide PLC," and on February 26, 2015, it changed its name to "International Game Technology PLC."

The Company is a product of the acquisition of International Game Technology by GTECH S.p.A., which was completed on April 7, 2015, through mergers of the prior businesses into the Parent and a subsidiary of the Parent. Prior to the mergers, the Parent did not conduct any material activities other than those incident to its formation, the making of certain required securities law filings, and the preparation of the proxy statement/prospectus filed in connection with the acquisition and mergers. For more information on the mergers, see "Item 4.A" of the Parent's annual report on Form 20-F for 2015, filed with the SEC on April 29, 2016.

Capital Expenditures and Divestitures

For a description, including the amount invested, of the Company's principal capital expenditures (including interests in other companies) for the years ended December 31, 2021, 2020 and 2019, see "Item 5. B. Liquidity and Capital Resources—Capital Expenditures."

For a description of the Company's principal divestitures for the years ended December 31, 2021, 2020, and 2019, see "Item 5.A. Operating Results."

On February 25, 2022, the Parent's wholly-owned subsidiary, IGT Lottery S.p.A. entered into a share sale and purchase agreement to sell 100% of the share capital of Lis Holding S.p.A., a wholly-owned subsidiary of IGT Lottery S.p.A. that conducts the Company's Italian commercial services business, to PostePay S.p.A. – Patrimonio Destinato IMEL, an entity of the Italian postal service provider group, for a purchase price of €700 million. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close during the third quarter of 2022.

To date, the Company has not made any other capital expenditures or divestitures in calendar year 2022 that were not in the ordinary course of business.

More Information

The SEC maintains an internet site that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov. The Company's SEC filings can be found there and on the Company's website: www.igt.com.

B. Business Overview

The Company is a global leader in gaming that delivers entertaining and responsible gaming experiences for players across all channels and regulated segments, from gaming machines and lotteries to sports betting and digital. Leveraging a wealth of compelling content, substantial investment in innovation, player insights, operational expertise, and leading-edge technology, the Company's solutions deliver gaming experiences that responsibly engage players and drive growth. The Company has a well-established local presence and relationships with governments and regulators in more than 100 countries around the world, and creates value by adhering to the highest standards of service, integrity, and responsibility.

The Company operates and provides an integrated portfolio of innovative gaming technology products and services, including: lottery management services, online and instant lottery systems, gaming systems, instant ticket printing, electronic gaming machines, sports betting, digital gaming, digital lottery, and commercial services. The Company is headquartered in London, with principal operating facilities located in Providence, Rhode Island; Las Vegas, Nevada; and Rome, Italy. The Company had approximately 10,500 employees at December 31, 2021.

Effective September 1, 2021, the Company adopted a new business segment structure focused on three business segments: Global Lottery, Global Gaming and Digital & Betting. This resulted in a change in our operating segments and reporting units.

The Company's operations for the periods presented herein are reported under this new business segment structure.

Products and Services

The Company has three broad categories of products and services: (1) Lottery, (2) Gaming, and (3) Digital & Betting.

1. Lottery

The Company supplies a unique set of lottery solutions to approximately 80 customers worldwide, including to 36 of the 46 U.S. lotteries through its Global Lottery segment. Lottery customers frequently designate their revenues for particular purposes, such as education, economic development, conservation, transportation, programs for senior citizens and veterans, health care, sports facilities, capital construction projects, cultural activities, tax relief, and others. Many governments have become increasingly dependent on their lotteries as revenues from lottery ticket sales are often a significant source of funding for these programs.

Lottery products and services are provided through operating contracts, facilities management contracts ("FMCs"), lottery management agreements ("LMAs"), and product sales contracts. In the majority of jurisdictions, lottery authorities award contracts through a competitive bidding process. Typical service contracts are five to 10 years in duration, often with multi-year extension options. After the expiration of the initial or extended contract term, a lottery authority generally may either seek to negotiate further extensions or commence a new competitive bidding process. Certain customers may require the Company to pay an upfront fee for the right to exclusively manage their lottery.

The Company designs, sells, leases, and operates a complete suite of point-of-sale machines that are electronically linked with a centralized transaction processing system that reconciles lottery funds between the retailer and the lottery authority. The Company provides and operates highly secure, online lottery transaction processing systems that are capable of processing over 500,000 transactions per minute. The Company provides more than 475,000 point-of-sale devices to lottery customers and lotteries that it supports worldwide. The Company also produces high-quality instant ticket games and provides printing

services such as instant ticket marketing plans and graphic design, programming, packaging, shipping, and delivery services.

The Company has developed and continues to develop new lottery games, licenses new game brands from third parties, and installs a range of new lottery distribution devices, all of which are designed to drive responsible same-store sales growth for its customers. In connection with its delivery of lottery services, the Company actively advises its customers on growth strategies. Depending on the type of contract and the jurisdiction, the Company also provides marketing services, including retail optimization and lottery brand awareness campaigns. The Company works closely with its lottery customers and retailers to help retailers sell lottery games more effectively. These programs include product merchandising and display recommendations, a selection of appropriate lottery product mix for each location, and account reviews to plan lottery sales growth strategies. The Company leverages years of experience accumulated from being the exclusive licensee for the Italian Scratch & Win instant lottery game and the Italian Lotto, one of the world's largest lotteries. This lottery B2C expertise in Italy, which includes management of all the activities along the lottery value chain, allows the Company to better serve B2B customers.

The Company also provides a complete suite of iLottery solutions and services. This, coupled with its professional expertise, allows lotteries to fully engage their players on any digital channel in regulated markets. Existing lottery game portfolios are extended to the digital channel to provide a spectrum of engaging content such as e-Instant tickets.

The Company's primary competitors in the Lottery business include Intralot, Neogames, Pollard, SAZKA, Scientific Games, Sisal, and Tabcorp.

The primary types of lottery agreements are outlined below:

Operating and Facilities Management Contracts

The majority of the Company's revenue in the Lottery business comes from operating contracts and FMCs.

Since 1998, and for a term expiring in 2025, the Company has been the exclusive licensee for the Italian Lotto game (management of operations commenced in 1994). Beginning in November of 2016, the Company's exclusive license for the Italian Lotto includes partners as part of a joint venture. Lottoitalia s.r.l. ("Lottoitalia"), a joint venture company among IGT Lottery S.p.A., Italian Gaming Holding a.s., Arianna 2001 (an entity associated with the Federation of Italian Tobacconists), and Novomatic Italia, is the exclusive manager of the Italian Lotto game. Lottoitalia is 61.5% owned by IGT Lottery S.p.A. The Company, through Lottoitalia, manages the activities along the lottery value chain, such as creating games, determining payouts, collecting wagers through its network, paying out prizes, managing all accounting and other back-office functions, running advertising and promotions, operating data transmission networks and processing centers, training staff, providing retailers with assistance, and supplying materials including play slips, tickets and receipts, and marketing and point-of-sale materials for the game. Since 2004, and for a term expiring in 2028, the Company also has been the exclusive licensee for the instant ticket lottery ("Gratta e Vinci" or "Scratch & Win") through Lotterie Nazionali S.r.l., a joint venture 64.0% owned by the Parent's subsidiary IGT Lottery S.p.A., with the remainder directly and indirectly owned by Scientific Games Corporation and Arianna 2001. As of December 31, 2021, the revenue weighted-average remaining term of the Company's existing lottery contracts in Italy was 5.4 years.

The Company's FMCs typically require the Company to design, install, and operate the lottery system and retail terminal network for an initial term, which is typically five to 10 years. The Company's FMCs are granted on an exclusive basis, and usually contain extension options under the same or similar terms and conditions, generally ranging from one to five years. Under a typical FMC, the Company maintains ownership of the technology and equipment, and is responsible for capital investments throughout the duration of the contract, although the investments are generally concentrated during the early years. The Company provides a wide range of services to lottery customers related to the technology, equipment, and facilities such as hosting, maintenance, marketing, and other support services. The Company generally provides its lottery customers retailer terminal and communication network equipment through operating leases. In return, the Company typically receives fees based upon a percentage of the sales of all lottery tickets, including draw-based and/or instant ticket games, though under certain of its agreements, the Company may receive fixed fees for certain goods or services. In limited instances, the Company provides instant tickets and online lottery systems and services under the same facilities management contract. As of February 24, 2022, the Company had FMCs with or for the benefit of 22 U.S. jurisdictions. As of December 31, 2021, the Company's largest FMCs by annual revenue were Texas, California, Florida, New York, and Michigan, and the revenue weighted-average remaining term of the Company's existing FMCs (excluding Italy) was 5.3 years (7.3 years including available extensions). Also, as of February 24, 2022, the Company operated under operating contracts or FMCs in 17 international jurisdictions, excluding Italy.

Another form of operating contract is an LMA. Under an LMA, the Company manages, within parameters determined by the lottery customer, the core lottery functions, including the lottery systems and the majority of the day-to-day activities along the lottery value chain. This includes collecting wagers, managing accounting and other back-office functions, running advertising and promotions, operating data transmission networks and processing centers, training staff, providing retailers with assistance, and supplying materials for the games. LMAs also include a separate FMC, pursuant to which the Company leases certain hardware and equipment, and provides access to software and support services. The Company provides lottery management services in New Jersey as part of a joint venture and in Indiana through a wholly-owned subsidiary of the Parent. The Company's revenues from LMAs include incentives based on achievement of contractual metrics, and, with respect to the supply agreements, are based generally on a percentage of wagers. The Company is also subject to penalties for failure to achieve contractual metrics under its LMAs. The Company categorizes revenue from LMAs as service revenue from "Operating and facilities management contracts" as described in "Notes to the Consolidated Financial Statements—4. Revenue Recognition" included in "Item 18. Financial Statements."

Operating contracts and FMCs often require the Company to pay substantial monetary liquidated damages in the event of non-performance by the Company. The Company's revenues from operating contracts and FMCs are generally service fees paid to the Company directly by the lottery authority based on a percentage of such lottery's wagers or ticket sales. The Company categorizes revenue from operating contracts and FMCs as service revenue from "Operating and facilities management contracts" as described in "Notes to the Consolidated Financial Statements—4. Revenue Recognition" included in "Item 18. Financial Statements."

Instant Ticket Services

As an end-to-end provider of instant tickets and related services, the Company produces high-quality instant ticket games and provides ancillary printing services such as instant ticket marketing plans and graphic design, programming, packaging, shipping, and delivery services. Instant tickets are sold at numerous types of retail outlets but most successfully in grocery and convenience stores.

Instant ticket contracts are priced based on a percentage of ticket sales revenues or on a price per unit basis and generally range from two to five years with extension opportunities. Government-sponsored lotteries grant printing contracts on both an exclusive and non-exclusive basis where there is typically one primary vendor and one or more secondary vendors. A primary contract permits the vendor to supply the majority of the lottery's ticket printing needs and includes the complete production process from concept development through production and shipment. It also typically includes marketing and research support. A primary printing contract can include any or all of the following services: warehousing, distribution, telemarketing, and sales/field support. A secondary printing contract includes providing backup printing services and alternate product sources. It may or may not include a guarantee of a minimum or maximum number of games. As of February 24, 2022, the Company provided instant ticket printing products and services to 31 customers in North America and 22 customers in international jurisdictions. The Company categorizes revenue from instant ticket printing contracts, that are not part of an operator or LMA contract, as product sales from "Lottery products" as described in "Notes to the Consolidated Financial Statements—4. Revenue Recognition" included in "Item 18. Financial Statements." The instant ticket production business is also highly competitive and subject to strong, price-based competition.

Product Sales and Services Contracts

Under product sales and services contracts, the Company assembles, sells, delivers, and installs turnkey lottery systems or lottery equipment, provides related services, and licenses related software. The lottery authority maintains, in most instances, responsibility for lottery operations. The Company sells additional machines and central computers to expand existing systems and/or replace existing equipment and provides ancillary maintenance and support services related to the systems, equipment sold, and software licensed. The Company categorizes revenue from product sales and services contracts on a case-by-case basis as either service revenue or product sales from "Systems, software, and other" or "Lottery products" respectively, as described in "Notes to the Consolidated Financial Statements—4. Revenue Recognition" included in "Item 18. Financial Statements."

Commercial Services

The Company develops innovative technology and offers commercial and payment services over a standalone network. Leveraging its distribution network and secure transaction processing experience, the Company offers high-volume processing of commercial and payment transactions including: prepaid cellular telephone recharges, bill payments, e-vouchers, electronic tax payments, stamp duty services and prepaid card recharges. These services are primarily offered outside of North America. In Italy, the Company's commercial payment and eMoney services network comprises points-of-sale such as tobacconists, bars,

petrol stations and newspaper stands. The Company categorizes revenue from commercial services as service revenue from "Systems, software, and other" as described in "Notes to the Consolidated Financial Statements—4. Revenue Recognition" included in "Item 18. Financial Statements."

2. Gaming

The Company designs, develops, assembles or orders the assembly of, and provides cabinets, games, systems, and software for customers in regulated gaming markets throughout the world under fixed fee, participation and product sales contracts. As of February 24, 2022, the Company holds more than 440 global gaming licenses and does business with commercial casino operators, tribal casino operators, and governmental organizations (primarily consisting of Lottery operators). The Company provides social casino content as part of a multi-year strategic partnership with DoubleU Games. Gaming products and services are provided through the Global Gaming business segment.

The Company's primary global competitors in Gaming are Aristocrat, Everi, Konami, Novomatic, PlayAGS and Scientific Games.

Gaming Machines and Game Content

The Company offers a diverse range of gaming machine cabinets from which land-based casino customers can choose to maximize functionality, flexibility, and player comfort. In addition to cabinets, the Company develops a wide range of casino games taking into account local jurisdictional requirements, market dynamics, and player preferences. The Company combines elements of math, play mechanics, sound, art, and technological advancements with a library of entertainment licenses and a proprietary intellectual property portfolio to provide gaming products designed to provide a high degree of player appeal and entertainment. The Company offers a wide array of casino-style slot machines in a variety of multi-line, multi-coin, and multi-currency configurations.

The Company's slot games typically fall into two categories: premium games and core games.

Premium games include:

- Wide Area Progressives - games that are linked across several casinos and/or jurisdictions and share a large common jackpot, including The Wheel of Fortune® franchise; and
- Multi-Level Progressives - games that are linked to a number of other games within the casino itself and offer players the opportunity to win different levels of jackpots, such as Fortune Coin™ Boost.

Core games, which include video reel, mechanical reel, and video poker, are typically sold and in some situations leased to customers. Some of the Company's most popular core games in 2021 included Regal Riches, Dragons vs Pandas, Stinkin' Rich–Skunks Gone Wild, Superstar Poker II, Superstar Poker and Super Times Pay Poker.

The Company produces other types of games including:

- "Centrally Determined" games which are games connected to a central server that determines the game outcome;
- Class II games which are electronic video bingo machines that can be typically found in North American tribal casinos and certain other jurisdictions like South Africa; and
- Random-number-generated and live dealer electronic table games, including baccarat and roulette.

Gaming service revenue is primarily generated through providing premium game content and cabinets on short duration leases to customers. The pricing of these arrangements is largely variable where the casino customer pays fees to the Company based on a percentage of amounts wagered, net win, or a daily fixed fee for use of the game content, cabinets, and related support services.

Gaming product sales revenues are generated from the sales of land-based gaming machines (equipment and game content), systems, component parts (including game conversion sales), other equipment and services. The Company categorizes revenue from gaming machines as product sales from "Gaming terminals" and revenue from game content as product sales from "Other" as described in "Notes to the Consolidated Financial Statements—4. Revenue Recognition" included in "Item 18. Financial Statements."

Video Lottery Terminal ("VLT")

The Company provides VLTs, VLT central systems, and VLT games worldwide. VLTs are gaming machines which are regulated by lotteries, and are usually connected to a central system.

The Company provides systems and machines to other gaming licensees, either as a product sale or with long-term, fee-based contracts where the service revenue earned is generally based on a percentage of wagers, net of applicable gaming taxes. The Company categorizes revenue from VLTs as either service revenue from "Gaming terminal services" or product sales from "Gaming terminals", depending on the nature of the transaction, as described in "Notes to the Consolidated Financial Statements—4. Revenue Recognition" included in "Item 18. Financial Statements."

Gaming Management Systems

The Company offers a comprehensive range of system modules and applications for all areas of casino management. Gaming systems products include infrastructure and applications for casino management, customer relationship management, patron management, and server-based gaming. The Company's main casino management system offering is the Advantage® System, which offers solutions and modules for a wide-range of activities from accounting and payment processing to patron management and regulatory compliance.

The Company's systems feature customized player messaging, tournament management, and integrated marketing and business intelligence modules that provide analytical, predictive, and management tools for maximizing casino operational effectiveness. The server-based solutions enable electronic game delivery and configuration for slot machines, as well as providing casino operators with opportunities to increase profits by enhancing the players' experience, connecting with players interactively, and creating operational efficiencies. Service Window enables operators to market to customers more effectively by leveraging an additional piece of hardware onto existing machines for delivering in-screen messaging. The Company's systems portfolio also extends to encompass mobile solutions such as the Resort Wallet™, which is a cardless, cashless loyalty solution for casino players. Resort Wallet™ includes IGTPay™, a fully cashless land-based offering for casino operators which provides a direct link to external funding. Mobile solutions that drive efficiencies and enable floor monitoring for operators while decreasing response time to player needs include Mobile Host, Mobile Responder, and Mobile Notifier. The Company categorizes revenue from gaming management systems as product sales from "Other" as described in "Notes to the Consolidated Financial Statements—4. Revenue Recognition" included in "Item 18. Financial Statements."

3. Digital & Betting

Digital

Digital gaming enables game play via the internet for real money on mobile or the web. The Company, through its PlayCasino brand, designs, assembles, and distributes a full suite of configurable products, systems, content, and services, and holds more than 35 licenses, 17 of which are specific to digital gaming only, that authorize the provision of digital gaming products and services worldwide, including digital products such as blackjack, roulette, slot games, poker, bingo, and other casino card games with features such as single and multiplayer options with branded titles and select third-party content.

The Company's iGaming systems and digital platforms offer customers an integrated system that provides player account management, advanced marketing and analytical capabilities, improved player engagement tools and a highly reliable and secure payment system. The Company also offers a remote game server, which is a fast gateway to extensive casino content, and digital gaming services that enhance player experiences and create marketing opportunities around either the Company's games or third-party games.

The Company's diverse iGaming B2B customer base includes Caesars Interactive Entertainment, FanDuel, Loto-Quebec, Ontario Lottery and Gaming and Penn National Gaming, among others. The Company faces competition from broad-based traditional B2B providers, such as Playtech plc and Microgaming as well as from in-house game development by some operators and an increasing number of content providers entering the market. The Company also faces competition in the digital space from other gaming suppliers, such as Scientific Games and GAN.

The Company categorizes revenue from digital gaming products as product sales from "Other"and revenue from digital gaming services as service revenue from "Digital and betting services" as described in "Notes to the Consolidated Financial Statements— 4**.** Revenue Recognition" included in "Item 18. Financial Statements."

Sports Betting

The Company provides sports betting technology and management services, branded as PlaySports, to licensed sports betting operators in over 20 states in the U.S., holding 43 licenses that authorize the provision of sports betting products and services, 18 of which are specific to sports betting only. The Company does not operate direct to consumer sports betting in the U.S.

The Company offers a combination of technology and services to U.S. licensed sportsbook operators in each state where sports betting is legal. The offering may be different in each market in order to comply with local regulations and market conditions. The Company currently packages services in two ways:

- "Sports betting platform" solutions offer modular services hosted and maintained in each U.S. state or tribal jurisdiction where sports betting is legal. These solutions provide certified and managed sports betting software made available for customers to operate retail and account-based interactive sports as well as retail components such as self-service betting kiosks and employee operated betting terminals, and integrate with pari-mutuel race wagering in a particular jurisdiction; and;
- "Turnkey" managed service solutions combine the Company's end-to-end sports betting management technology with a portfolio of value-added services, principally trading and trading support services, but that also may include offer management, payments, fraud management, advisory functions, and interactive components such as mobile web and desktop applications, all of which support the operations of land-based, digital, and omni-channel sports betting operators.

Sports betting operators who are customers of the Company in the U.S. include: FanDuel (Flutter plc), PointsBet, Delaware North, Boyd Gaming Corporation, Resorts World and the Rhode Island Lottery. The Company's primary competitors in the U.S. sports betting market include Scientific Games, Amelco and Kambi, and may in the future include OpenBet.

The Company categorizes revenue from sports betting as service revenue from "Digital and betting services" as described in "Notes to the Consolidated Financial Statements—4. Revenue Recognition" included in "Item 18. Financial Statements."

Evaluation of Potential Separate Public Listing

As a part of its ongoing commitment to ensuring appropriate strategic flexibility for its Digital & Betting business segment, the Company is currently undertaking a legal entity and organizational realignment designed to provide the Digital & Betting business segment with dedicated management, a more nimble organization and governance structure and the ability to pursue organic and inorganic growth opportunities. As part of this process, the Company may evaluate a potential separate public listing of its Digital & Betting business segment to further enhance its strategic flexibility while maintaining a controlling interest following the consummation of any such potential separate public listing. There can be no assurances as to the form and timing of any separate public listing or other strategic activity that may result from this evaluation or if any such listing or activity will be consummated at all.

Business Segment Revenue

Revenues for the Company by business segment are as follows:

	For the year ended December 31,		
($ in millions)	**2021**	**2020**	**2019**
Service revenue	2,690	2,043	2,183
Product sales	123	121	110
Global Lottery	2,812	2,164	2,293
Service revenue	630	483	842
Product sales	482	354	806
Global Gaming	1,112	837	1,648
Service revenue	163	114	76
Product sales	1	1	15
Digital & Betting	165	115	91
Total revenue	**4,089**	**3,115**	**4,032**

For a further description of the principal services and products the Company provides by business segment, including a breakdown of the Company's revenues by geographic market, see "Item 5. Operating and Financial Review and Prospects" and "Notes to the Consolidated Financial Statements—21. Segment Information" included in Item 18. "Financial Statements".

Seasonality

In general, the Company's business is not materially affected by seasonal variation. In the lottery business, consumption may decrease over the summer months due to the tendency of consumers to be on vacation during that time, while consumption may increase around Christmas. Seasonal gaming trends generally show higher play levels in the spring and summer months and lower levels in the fall and winter months. Gaming product sales may be uneven throughout the year, and can be affected by factors including the timing of large transactions and new casino openings. In the sports betting business, the volume of bets that are collected over the year can be affected by the schedules of sporting events and the particular season of such sports. The volume of bets collected may also be affected by schedules of significant sporting events that occur at regular, but infrequent, intervals, such as the Super Bowl and the NCAA basketball tournament.

Source of Materials

The Company uses a variety of raw materials to assemble gaming devices (e.g., metals, wood, plastics, glass, electronic components, and LCD screens). Moreover, there is significant paper, toner, and ink consumption at our two ticket printing facilities. A large portion of the materials used involve packaging, most of which is cardboard and paper.

During 2021 and the beginning of 2022, the Company experienced shortages in the availability of electronic components necessary for the manufacture of gaming machines. See "Item 3.D. Risk Factors - Operational Risks - The Company depends on its suppliers and faces supply chain risks that could adversely affect its financial results." The ongoing global supply chain crisis may lead to further shortages in 2022 and beyond. Supply chain constraints have also led to an increase in prices for most of the Company's principal raw materials. The Company generally has global material suppliers and uses multi-sourcing practices to promote component availability.

Product Development

The Company devotes substantial resources to research and development and incurred $238 million, $191 million, and $266 million of related expenses in 2021, 2020, and 2019, respectively. The Company's research and development efforts cover multiple creative and engineering disciplines for its lottery, gaming and digital businesses, including creative game content, hardware, and software; and land-based, online social, and digital real-money applications. These products are created primarily by employee designers, engineers, and artists, as well as third-party content creators. Third-party technologies are used to improve the yield from development investment and concentrate increased resources on product differentiation engineering.

Product assembly operations primarily involve the configuration and assembly of electronic components, cables, harnesses, video monitors, and prefabricated parts purchased from outside sources.

Intellectual Property

The Company's intellectual property ("IP") portfolio of patents, trademarks, copyrights, and other licensed rights is significant. At December 31, 2021, the Company held approximately 4,100 patents and 9,200 trademarks filed and registered worldwide. The Company's IP portfolio is widely diversified with patents related to a variety of products, including game designs, bonus and secondary embedded game features, device components, systems features, and web-based or mobile functionality. The Company also relies on trade secret protection, believing that its technical "know-how" and the creative skills of its personnel are of substantial importance to its success.

Most of the Company's products are marketed under trademarks and copyrights that provide product recognition and promote widespread acceptance. The Company seeks protection for its copyrights and trademarks in the U.S. and various foreign countries, where applicable, and uses IP assets offensively and defensively to protect its innovation. The Company also has a program where it licenses its patents to others under terms designed to promote standardization in the gaming industry.

In addition, some of the Company's most popular games and features, including Wheel of Fortune®, are based on trademarks, patents and/or other intellectual property licensed from third parties. The Company routinely obtains, retains, and expands licenses for popular intellectual property.

Software Development

The Company has developed software for use in the management of a range of lottery, gaming, and betting functions and products, including leveraging integration with third-party software components. Software developed by the Company is used in a variety of applications including (i) in centralized systems for the management of lotteries, gaming (including digital gaming) and betting, and other commercial services; (ii) to enhance functions connected to services provided through websites and mobile applications including lotteries, sports betting, instant win, and casino style games; and (iii) in a variety of back-office functions. Software developed by the Company is also used in machines for: management of lotteries, gaming, betting and online payments; provision of gaming and non-gaming content; and integration with other devices such as mobile phones and tablets.

Regulatory Framework

The gaming and lottery industries are subject to extensive and evolving governmental regulation in the U.S. and other jurisdictions. Gaming laws are based upon declarations of public policy designed to ensure that gaming is conducted honestly, competitively, and free of criminal and corruptive elements. While the regulatory requirements vary from jurisdiction to jurisdiction, the majority typically require some form of licensing or regulatory suitability of operators, suppliers, manufacturers and distributors as well as their major shareholders, officers, directors and key employees. Regulators review many aspects of an applicant including financial stability, integrity and business experience. Additionally, the Company's gaming and lottery products and technologies require certification or approval in most jurisdictions where the Company conducts business.

A comprehensive network of internal and external resources and controls is required to achieve compliance with the broad governmental oversight of the Company's business. The Company has a robust internal compliance program designed to ensure compliance with applicable requirements imposed in connection with its gaming and lottery activities, as well as legal requirements generally applicable to all publicly traded companies. The Company employs more than 100 people to support global compliance which is directed on a day-to-day basis by the Company's Senior Vice President, Chief Compliance and Risk Management Officer. Legal advice is provided by attorneys from the Company's legal department as well as outside experts. The compliance program, accountable to the Parent's board of directors, is overseen by the Global Compliance Governance Committee, which comprises employee and non-employee directors and a non-employee gaming law expert. Through these efforts, the Company seeks to assure both regulators and investors that all its operations maintain the highest levels of integrity.

Lottery

Lotteries in the U.S. are regulated by state or other applicable law. There are currently 46 U.S. jurisdictions (including the District of Columbia) that authorize the operation of lotteries. Additionally, a few state lotteries offer internet instant game sales to in-state lottery customers and several states allow subscription sales of draw games over the internet. The ongoing operations of lotteries and lottery operators are typically subject to extensive and broad regulation, which vary state-by-state. The awarding of lottery contracts and ongoing operations of lotteries in international jurisdictions are also extensively regulated, although international regulations typically vary from those prevailing in the U.S. Lottery regulatory authorities generally exercise significant discretion, including with respect to the determination of the types of games played, the price of each wager, the manner in which the lottery is marketed and the selection of suppliers of equipment, technology, and services, as well as the retailers of lottery products. To ensure the integrity of contract awards and lottery operations, most jurisdictions require detailed background disclosure on a continuous basis from vendors and their officers, directors, subsidiaries, affiliates, and principal stockholders. Background investigations of the vendors' employees who will be directly responsible for the operation of lottery systems are also generally conducted. Certain jurisdictions also require extensive personal and financial disclosure and background checks from persons and entities beneficially owning a specified percentage of a vendor's securities.

Gaming

The assembly, sale and distribution of gaming devices, equipment, and related technology and services are subject to federal, state, tribal, and local regulations in the U.S. and foreign jurisdictions. The initial regulatory requirement in most jurisdictions is to obtain the privileged licenses that allow the Company to participate in gaming activities. The Company's operating entities and key personnel have obtained or applied for all known government licenses, permits, registrations, findings of suitability, and approvals necessary to assemble, distribute and/or operate gaming products in all jurisdictions where it does business. Although many gaming regulations across jurisdictions are similar or overlapping, the Company must satisfy all conditions individually for each jurisdiction. Obtaining the required licenses at a corporate and individual level is a thorough process, in which the authorities review detailed information about the companies and individuals applying for suitability, as well as the

processes used in the assembly, sale, and distribution of gaming devices. Once the license has been granted, regulatory oversight is designed to ensure that the licensee continues to operate with honesty and integrity.

Frequently, gaming regulators not only govern the activities within their jurisdiction or origin, but also monitor activities in other jurisdictions to ensure that the Company complies with local standards on a worldwide basis. A violation in one jurisdiction could result in disciplinary action in another.

The Company holds over 480 gaming, digital and sports betting licenses across approximately 350 jurisdictions. Key regulatory authorities that have licensed the Company include, among others, the United Kingdom Gambling Commission, the Nevada State Gaming Control Board and the New Jersey Division of Gaming Enforcement. The Company has never been denied a gaming related license, nor had any of its licenses suspended or revoked.

Digital and Sports Betting

In 2021, there was continued growth in sports wagering across the U.S., with more states legalizing and adopting regulations to govern sports wagers, and others expected to launch in 2022 and beyond. The channels for offering sports wagering differ from state to state, with most states seeking to offer sports wagering both in person and through some electronic means, such as via a mobile phone app.

In the U.S., the Unlawful Internet Gambling Enforcement Act of 2006 ("UIGEA") prohibits, among other things, the acceptance by a business of a wager by means of the internet where such wager is prohibited by any applicable law where initiated, received or otherwise made. Under UIGEA, severe criminal and civil sanctions may be imposed on the owners and operators of such systems and on financial institutions that process wagering transactions. The law contains a safe harbor for wagers placed within a single state (disregarding intermediate routing of the transmission) where the method of placing the bet and receiving the bet is authorized by that state's law, provided the underlying regulations establish appropriate age and location verification.

Also in the U.S., the Wire Act prohibits several types of wager-related communications over a "wire communications facility." In 2011, the DOJ issued the 2011 Opinion, interpreting the Wire Act as applicable only to sports wagering and that UIGEA does not supersede or otherwise limit the scope of the Wire Act. In January 2019, the DOJ published the 2019 Opinion, concluding that the Wire Act was applicable to other forms of gambling that cross state lines, though the precise scope of the 2019 Opinion is unclear, and the DOJ has not yet addressed how it plans to enforce the Wire Act. The DOJ initially issued a memorandum stating that it will not enforce the 2019 Opinion prior to June 14, 2019. Further, the New Hampshire Lottery Commission and certain private parties (the "Plaintiffs") commenced litigation in federal district court in New Hampshire challenging the 2019 Opinion. In response to this and other lawsuits, the DOJ issued a memorandum in April 2019 acknowledging that the 2019 Opinion did not consider whether the Wire Act applies to State lotteries and their vendors, and the DOJ is now considering this issue. In connection with such acknowledgment, the DOJ also extended the non-prosecution period for State lotteries and their vendors indefinitely while they consider the question. If the DOJ concludes that the Wire Act does apply to State lotteries and/or their vendors, they would extend the non-prosecution period for an additional period of 90 days after the DOJ publicly announces such position (the "Lottery Forbearance").

On June 3, 2019, the U.S. District Court for the District of New Hampshire issued the NH Decision, ruling in favor of the Plaintiffs and opining that the Wire Act applies only to sports betting and related activities. The NH Decision also set aside the 2019 Opinion leaving the 2011 Opinion as DOJ's only stated position on the subject. In response to the NH Decision, the DOJ extended the forbearance period to December 31, 2019; such forbearance period was further extended through December 1, 2020. The Lottery Forbearance remains unchanged. The DOJ appealed the NH Decision to the United States Court of Appeal for the First Circuit, and on January 20, 2021, the United States Court of Appeal for the First Circuit of Appeal affirmed the NH Decision in part through issuance of the First Circuit Decision. The First Circuit Decision also vacated the portion of the NH Decision which set aside the 2019 Opinion. It is unclear whether the DOJ will appeal the First Circuit Decision to the Supreme Court of the United States, when the DOJ will conclude its consideration of whether the Wire Act applies to State lotteries and their vendors, or whether other courts would come to the same conclusions set forth in the NH Decision. On November 24, 2021, the Company filed a complaint against the DOJ in the U.S. District Court for the District of Rhode Island. The complaint seeks declaratory relief that the Wire Act applies only to sports betting and related activities. If granted, the Company would enjoy the same relief that the plaintiffs received in the NH Decision, that the Wire Act applies solely to sports betting and related activities wherever the Company's United States businesses are located, as opposed to the current protection which is currently limited to the First Circuit.

Michigan has been added to the list of states that have authorized internet casino gaming, alongside Delaware, New Jersey, Pennsylvania and West Virginia, and Nevada has authorized online poker.

The Company participates in digital gaming and sports wagering in the U.S. as a content and technology provider within fully regulated gaming and lottery frameworks.

Digital gaming in the E.U. is characterized by diverse regulatory frameworks with some E.U. countries having monopolistic regimes run by a sole operator and others having established licensing systems for more than one operator. The Company carefully evaluates each E.U. jurisdiction to ensure adherence to applicable laws and regulations. As local regulations and related guidance from authorities change, the Company re-evaluates its position in any given country. In 2018, the E.U. Court of Justice announced that it was dropping all enforcement proceedings related to gambling which allows the individual E.U. country rulings to stand, regardless of whether or not they violate E.U. laws. As a result, the Company has made adjustments to its strategy, to respect the individual E.U. country rulings.

Italian Gaming Regulations

The Company is subject to regulatory oversight by the Agenzia delle Dogane e Dei Monopoli ("ADM") in Italy. At December 31, 2021, the Company held licenses for (1) the activation and operation of the network for Italy's Lotto game and (2) the operation of instant and traditional lotteries.

Gaming in Italy is an activity reserved to the State. Any game that is carried out without proper authorization is illegal and subject to criminal penalties. Italian law grants the Ministry of Economy and Finance, through ADM, the power to introduce games and to manage gaming and betting activities directly or by granting licenses to qualified operators selected by means of public tenders as further explained below. The process of creating and granting gaming and betting licenses in Italy is heavily regulated.

Gaming and betting licenses are granted pursuant to a public tender procurement process. The license provides for all of the licensee's requirements, in accordance with the provisions of Italian law and regulation, activities and duties, including collection of the game's revenues, the payment of winnings, the payment of the point of sale, payment of gaming taxes and all the other amounts due to the State, the drawings and the management of all of the technological assets to operate gaming, requirements of the technological infrastructure and the relevant service levels. Licenses are for a determined time period, generally nine years, and are not renewable unless indicated in the licensing agreement; in such event, the renewal is not guaranteed to be on the same terms. In certain cases, the license may be extended at the option of the ADM on the same terms. Under other circumstances, which are typically defined in the licensing agreement, the license may be revoked or terminated. Most cases of early termination are related to the breach of the terms of the licensing agreement or the non-fulfillment of conditions of that agreement as well as the loss of the requirements prescribed by Italian law and regulation for the assignment and the maintenance of gaming licenses. In some cases, the early termination of the license allows the State to draw upon the entire amount of the performance bond presented by the licensee. Upon governmental request, the licensee has an obligation to transfer, free of charge, the assets subject of the license to the State at the end of the term of the license or in the event of its revocation or early termination. Each single license contains specific provisions enacting such general obligation.

Sustainability

IGT's significant commitment to sustainability represents the Company's long-term ambition to serve the global gaming market according to disciplined ethical and integrity principles. This commitment was further advanced in early 2021 by the establishment of the IGT Sustainability Steering Committee (SSC), chaired by the Senior Vice President, Marketing, Communications and Sustainability reporting directly to the Parent's CEO, and comprising IGT senior management and global sustainability team members.

The SSC focuses upon carrying out programs and initiatives that contribute to IGT's sustainability strategy, from energy use to wider environmental and human rights issues, to the implementation of policies and strategic initiatives such as establishing the Company's Supplier Code of Conduct. Among the objectives pursued, the SSC aims at establishing a long-term vision and related objectives on sustainability, fostering a consistent sustainability approach across all regions and businesses, and increasing communication on sustainability practices by sharing best practices at a global and local level.

In order to pursue these objectives and design the path necessary to their achievement, during 2021 the SSC approved the definition of a Sustainability Plan aimed at identifying areas for improvement in the Company's sustainability performance with respect to external and internal drivers and at defining initiatives and actions to bridge the identified gaps accordingly. Moreover, as part of the development of its Sustainability Plan, the Company is strengthening its efforts to limit its climate change impact through a specific carbon neutrality project that started this year with the Greenhouse Gas Inventory Calculation (consisting of a list of emissions by scope as per the Greenhouse Gas Protocol) and is expected to result in the Company developing specific emission reduction targets and decarbonization trajectories.

The Company's ongoing pledge to sustainable growth within the gaming industry includes the guiding principles set forth by the 2030 United Nations (UN) Agenda for Sustainable Development and its 17 Sustainable Development Goals. Based on its business activities and its sustainability priorities, IGT has identified nine Sustainable Development Goals as key areas of focus: no poverty, good health and well-being, quality education, gender equality, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, reduced inequalities, and climate action.

In addition, in early 2019, the Company joined the United Nations Global Compact (UNGC), the largest corporate responsibility initiative in the world for the development, implementation, and disclosure of responsible corporate policies and practices.

The Company's global sustainability strategy is centered on four key priorities:

Valuing and Protecting Our People - The organizational climate of a business is how employees at all levels perceive the workplace environment. Many factors can contribute to an employee's perception, and the Company strives to develop initiatives and programs that support a positive organizational climate. This is evidenced through IGT's Modern Slavery Act statement, and a variety of other initiatives to support this pillar in daily work life including employee Diversity and Inclusion Groups.

Advancing Responsibility - The Company maintains certifications in responsible gaming through both the Global Gaming Guidance Group and World Lottery Association. Responsible gaming capabilities and features are part of our core products and we are positioned to assist customers achieve their responsible gaming goals. In 2021, IGT created and released to the public its global Responsible Gaming Policy to promote transparency and best practices in the industry.

Supporting Our Communities - The Company supports the community through corporate and employee driven programs. The flagship After School Advantage Program is designed to bring technology and skill development in STEAM education to youth. Since 1999, the Company has placed over 340 digital learning centers. The Company also supports communities financially through a charitable giving program that aligns with the Company's Sustainable Development Goals. Employee programs support the unique passions of employees and promote volunteerism.

Fostering Sustainable Operations - The Company's commitment to sustainability represents its long-term ambition to serve the global gaming market according to the highest level of ethical and integrity principles. The Company has also committed to continually working to increase its environmental, social and governance ("ESG") performance. For example, IGT's instant ticket printing facility in Lakeland, Florida has been acknowledged for its commitment to developing sustainable solutions that reduce the environmental impact of printing while improving workers' health and safety.

The Company is invested in creating a path to sustainability that is inspired by its five fundamental corporate values (Passionate, Responsible, Authentic, Collaborative, and Pioneering). The Company's commitment aligns with high standards of integrity and ethical conduct, diversity and inclusion, and professional development.

ESG factors concur in the evaluation process of the Company according to the degree of sustainability integrated into the business. IGT has continually committed to improving the quality of information disclosed about the conduct of its business.

In 2021, IGT released its global Responsible Gaming Policy. The policy was created to transparently inform and educate all relevant stakeholders about IGT's worldwide programs and solutions designed to promote fair play and comply with requirements and regulations on responsible gaming in all jurisdictions in which the Company operates. IGT counts a strong governance model, innovation and collaboration with internal and external partners as success drivers for its responsible gaming initiatives. Topic-focused working groups created through this new policy have been developed to explore emerging trends and best practices related to responsible gaming. IGT's approach to responsible gaming includes the three primary goals of promoting protective tools to prevent problem gambling, supporting responsible gaming organizations that address problem gambling, and preventing underage gambling.

The Company's sustainability efforts have been rewarded with the following recognition:

- Jade Luchauer, IGT Senior Manager Global Sustainability, won the "Outstanding Individual Contribution to Responsible Gaming" award in the Global Regulatory Awards 2021. The independently judged, annual awards program is coordinated by Gambling Compliance and is designed to recognize and reward individuals and teams who work tirelessly to set new standards in compliance and responsibility across the global gambling industry; and

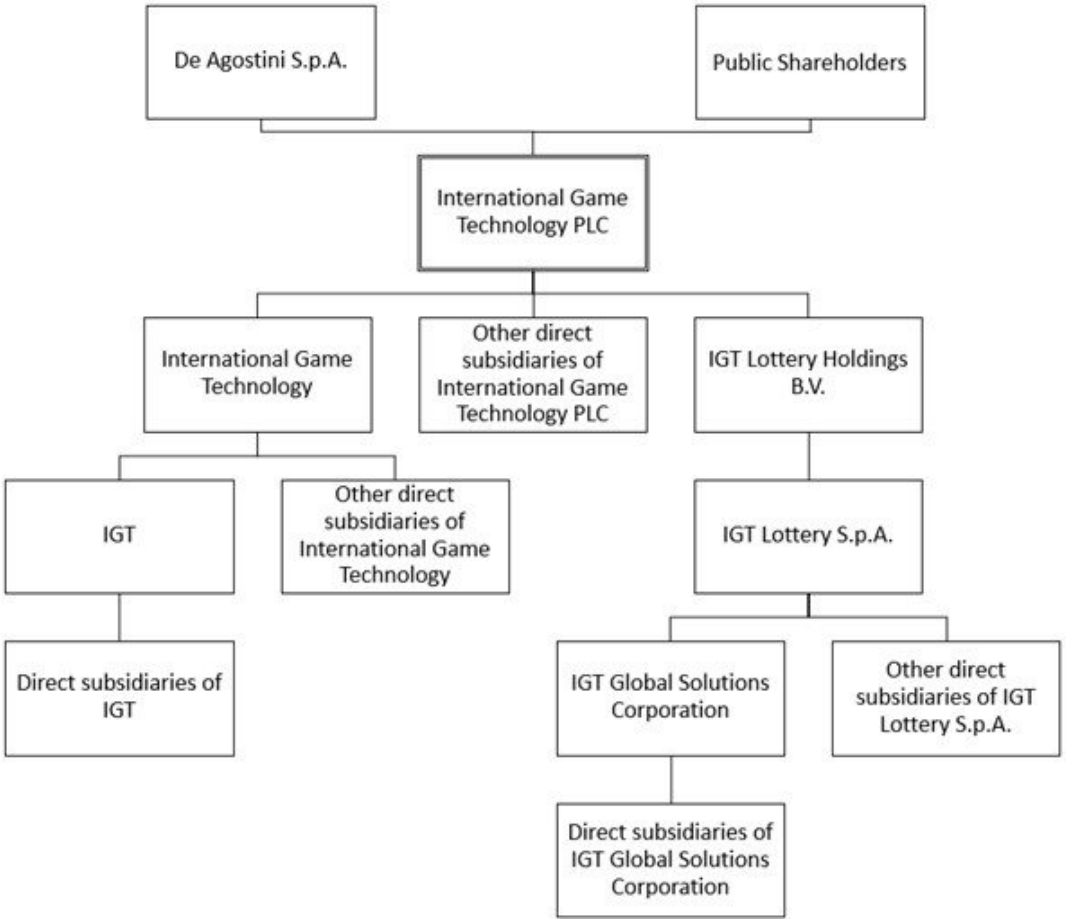
- IGT's lottery operations, including iLottery, have been recertified by the World Lottery Association ("WLA") for WLA's Corporate Social Responsibility Standards and Responsible Gaming Framework for Suppliers.

Finally, IGT recently announced the submission of the Science Based Target Commitment Letter, with which the Company officially pledges to set targets to reduce GHG emissions, contributing to low-carbon emissions growth and furthering the Company's ESG impact. The Company also recently published its Human Rights Policy Statement, which makes clear the Company's commitment to human dignity and to civil rights. The policy contains information about commitment, responsibilities, and behaviors in relation to human rights, required from all employees, directors, officers, and consultants, and expected from third parties, agents or representatives who deal with or act on behalf of IGT and its controlled affiliates.

C. *Organizational Structure*

A listing of the Parent's directly and indirectly owned subsidiaries at February 24, 2022 is set forth in Exhibit 8.1 to this annual report on Form 20-F. At February 24, 2022, De Agostini had an economic interest of approximately 50.75% (excluding treasury shares) and, due to its election to exercise the Special Voting Shares associated with its ordinary shares pursuant to the Loyalty Plan, a voting interest in the Parent of approximately 65.29% of the total voting rights (excluding treasury shares). See "Item 7. Major Shareholders and Related Party Transactions.

The following is a diagram of the Parent and certain of its subsidiaries and associated companies at February 24, 2022:



D. ***Property, Plant and Equipment***

The Parent's principal office is located at Marble Arch House, 66 Seymour Street, 2nd Floor, London W1H 5BT, U.K., telephone number +44 (0) 207 535 3200. At February 24, 2022, the Company leased approximately 112 properties in the U.S. under approximately 130 leases and approximately 101 properties outside of the U.S. under approximately 125 leases. Certain properties leased by the Company are subject to multiple leases (e.g., buildings where each floor leased by the Company is under a separate lease). As of February 24, 2022, the Company owned a number of facilities and properties, including:

- An approximately 113,000 square foot production and research and development office building in Moncton, New Brunswick, Canada;
- An approximately 51,000 square foot production and assembly facility and office in Gross St. Florian, Austria (listed for sale in January 2021); and
- An approximately 13,050 square foot enterprise data center in West Greenwich, Rhode Island.

The following table shows the Company's material properties at February 24, 2022:

U.S. Properties

Location	Square Feet	Use and Productive Capacity	Extent of Utilization	Holding Status
9295 Prototype Drive, Reno, NV[1]	1,251,179	Office; Warehouse; Game Studios; Hardware/Software Engineering; Global Production Center; Electronic Gaming Machine and Instant Ticket Vending Machine Production	93 %	Leased
6355 S. Buffalo Drive, Las Vegas, NV[2]	222,268	U.S. Principal Operating Facility; Game Studio; Systems Software; Showroom	100 %	Leased
55 Technology Way, West Greenwich, RI	170,000	WG Technology Center: Office; Research and Testing; Storage and Distribution	100 %	Leased
4000 South Frontage Road, Suite 101 Lakeland, FL	174,720	Printing Plant: Printing facility; Storage and Distribution; Office	100 %	Leased
10 Memorial Boulevard, Providence, RI	124,769	U.S. Principal Operating Facility	100 %	Leased
300 California Street, Floor 8, San Francisco, CA[3]	15,457	PlayDigital HQ: Office	100 %	Leased
8520 Tuscany Way, Bldg. 6, Suite 100, Austin, TX	81,933	Texas Warehouse and National Response Center: Contact Center; Storage and Distribution; Office	95 %	Leased
8200 Cameron Road, Suite E120, Austin, TX	41,705	Data Center of the Americas: Data Center; Network Operations; Office	80 %	Leased
5300 Riata Park Court, Bldg. E, Suite 100, Austin, TX	26,759	Austin Tech Campus: Research and Test; Office	59 %	Leased
47 Technology Way, West Greenwich, RI	13,050	Enterprise Data Center: Data Center; Network Operations	100 %	Owned

[1] 88,305 sq. ft. of this property will be sub-leased to a sub-tenant from March 1, 2022.
[2] 120,586 sq. ft. of this property has been sub-leased to a sub-tenant.
[3] The Company will be vacating this property as of February 28, 2022.

Non-U.S. Properties

Location	Square Feet	Use and Productive Capacity	Extent of Utilization	Holding Status
Via delle Monachelle S.N.C. Pomezia, Rome, Italy	129,167	Instant Ticket Warehouse; Instant Ticket Production	100 %	Leased
Galwin 2 1046 AW Amsterdam, Netherlands	125,128	Electronic Gaming Machine Production; Gaming Distribution/Repair; Research and Test; Office	90 %	Leased
Viale del Campo Boario 56/D 00154 Roma, Italy	174,526	Principal Operating Facility in Italy; Office; Italy Data Center: Data Center; Network Operations	100 %	Leased
328 Urquhart Ave, Moncton, New Brunswick, Canada	113,000	Canada HQ; Office; Research and Testing; VLT Production	100 %	Owned
Seering 13-14, Unterpremstatten, Austria	78,082	Austria Gaming HQ; Office; Research and Test	90 %	Leased
29 Suzhoujie Street, Viva Plaza, Haidian District, Room No. 1-20, 11th and 18th Floors, Beijing 100080, China	28,382	Game Studio; Systems Software; Office	85 %	Leased
Al. Jerozolimskie, 92 Brama Building, Warsaw, Poland	48,283	Global Tech Hub; Office; Research and Test	95 %	Leased
USCE Tower Bulevar Mihajla, Pupina No. 6 Belgrade, Serbia	42,764	Software Development Office, Lottery and Gaming Products	95 %	Leased
11 Talavera Rd. Building B, Sydney, Australia	27,432	Office; Sales & Marketing; Financial Support	100 %	Leased
10 Finsbury Square, 3rd Floor London EC2A 1AD, United Kingdom[(1)]	17,340	Global Management HQ, PlayDigital	100 %	Leased
Marble Arch House, 66 Seymour Street, 2nd Floor, London W1H 5BT, United Kingdom*	11,495	Registered Global Headquarters of the Parent	75 %	Leased

* This property has been listed for sub-lease.

(1) 4,600 sq. ft. of this property has been sub-leased to a sub-tenant.

All of the Company's facilities have remained open for critical workers during the COVID-19 pandemic, although the majority of employees are currently working remotely.

The Company's facilities are in good condition and are adequate for its present needs and there are no known environmental issues that may affect the Company's utilization of its real property assets.

The Company does not have any plans to construct, expand or improve its facilities in any material manner other than general maintenance of facilities. As such, no increase in productive capacity is anticipated.

None of the Company's properties are subject to mortgages or other material security interests.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

Management's Discussion and Analysis

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements, including the notes thereto, included in this annual report, as well as "Presentation of Financial and Certain Other Information," "Item 3.D. Risk Factors," and "Item 4.B. Business Overview."

The following discussion includes information for the fiscal years ended December 31, 2021, 2020 and 2019.

A. *Operating Results*

Business Overview

The Company is a global leader in gaming that delivers entertaining and responsible gaming experiences for players across all channels and regulated segments, from gaming machines and lotteries to sports betting and digital. Leveraging compelling content, substantial investment in innovation, player insights, operational expertise, and leading-edge technology, the Company's solutions deliver gaming experiences that engage players and drive growth. The Company has a well-established local presence and relationships with governments and regulators in more than 100 countries around the world, and creates value by adhering to the highest standards of service, integrity, and responsibility.

During the third quarter of 2021, we established a dedicated Digital & Betting business segment, comprising our iGaming and sports betting activities that were previously included within our Global Gaming business segment. Our Global Lottery business segment and corporate support functions were unchanged. As a result, we now manage and report our operating results through three business segments: Global Lottery, Global Gaming, and Digital & Betting, along with a corporate support function ("Corporate and Other").

The Company's operations for the periods presented herein are reported under this organizational structure.

Discontinued Operations

On May 10, 2021, the Company completed the sale of its Italian B2C gaming machine, sports betting, and digital gaming businesses to Gamenet Group S.p.A. for a cash sale price of €950 million. The sale of the businesses met the criteria to be reported as a discontinued operation and, as a result, the discussion that follows in this Item 5 has been prepared on a continuing operations basis and excludes results from discontinued operations, discussed in detail in Notes to the Consolidated Financial Statements - Note 3 Discontinued Operations and Assets Held for Sale, included in "Item 18. Financial Statements."

OPtiMa

In connection with the 2020 introduction of our global product organizations, we identified opportunities to optimize our portion of the value chain across businesses and regions and launched the "OPtiMa" program. We anticipated that the program would yield over $200 million in structural cost savings and capital expenditure reductions relative to a 2019 run rate with 75% of the savings benefiting the consolidated statement of operations and 25% arising from reductions in capital expenditures. At the segment level, approximately 85% of the expected savings related to Global Gaming, with the balance split between Global Lottery, Digital & Betting, and Corporate and Other.

The OPtiMa program was comprised of the following three main initiatives:

1. Operational excellence: included the optimization of procurement and assembly processes as well as the supply chain and logistics. This represented about 30% of the anticipated savings at a 2019 run rate with a ramp-up phase that depended on the level of production volume.
2. Product simplification: efforts aimed at reducing the complexity of our product offering and geographic mix. This included a return-driven ranking assessment of products and markets, a reassessment of structural support cost, and the reallocation of resources from high-cost to low-cost jurisdictions. These initiatives represented another 30% of the anticipated savings at run rate.
3. Margin improvement: efforts to optimize back-office functions, reduce our global facilities footprint, and continue with disciplined cost controls implemented in 2020. This accounts for the remaining 40% of the savings at run rate, and of the

three initiatives, was the category with the quickest implementation time as it built on the robust COVID-19 induced cost controls.

In 2021, we achieved the anticipated savings and reductions related to the OptiMa program.

Key Factors Affecting Operations and Financial Condition

The Company's worldwide operations can be affected by industrial, economic, and political factors on both a regional and global level. The following are the principal factors which have affected the Company's results of operations and financial condition and/or which may affect results of operations and financial condition for future periods.

COVID-19: The COVID-19 pandemic has disrupted our business. We began experiencing a significant decline in operations due to COVID-19 towards the end of the first quarter of fiscal 2020 and continuing throughout the 2020 fiscal year. The pandemic and its consequences, including lockdowns and the closure of almost all casinos and gaming halls globally in the first half of 2020, dramatically reduced demand for gaming products and services. While most casinos and gaming halls have since reopened, some capacity restrictions still remain in place and some remain closed.

The ongoing impact of COVID-19 on our longer-term operational and financial performance will depend on future developments, including the continued widespread distribution of safe and effective COVID-19 vaccines. Many of these future developments are outside of our control. The Company continues to take measures to protect the health and safety of its employees by enabling employees who could work remotely to do so, while maintaining critical on-site operations with enhanced health and safety measures such as instituting mask requirements, practicing social distancing, contact tracing, and performing regular deep cleaning in each facility.

Product Sales: Product sales fluctuate from year to year due to the mix, volume, and timing of the transactions. Product sales amounted to $606 million, $476 million and $931 million, or approximately 15%, 15%, and 23% of total revenues for the years ended December 31, 2021, 2020, and 2019, respectively.

Jackpots: The Company believes that the performance of lottery products is influenced by the size of available jackpots in jurisdictions that offer such jackpots. In general, when jackpots increase, sales of lottery tickets also increase, further increasing the jackpot.

Non-Cash Goodwill Impairments: In 2019, the Company determined that there was an impairment in the former International reporting unit's goodwill due to the results being lower than forecasted along with higher weighted-average cost of capital. As a result, a $99 million non-cash goodwill impairment loss with no income tax benefit was recorded to reduce the carrying amount of the former International reporting unit to fair value. During the first quarter of 2020, we determined there was an interim goodwill impairment triggering event caused by COVID-19 and as a result, we estimated the fair value of each of our former reporting units using an income approach based on projected discounted cash flows. Based principally on lower forecasted revenue and operating profits caused by lower demand for our commercial gaming products, we recorded a $296 million non-cash impairment loss with no income tax benefit, of which $193 million and $103 million was recorded within our former International and North America Gaming and Interactive reporting units, respectively, to reduce the carrying amount of the reporting units to fair value. During the fourth quarter of 2021, the Company performed a qualitative assessment, commonly referred to as "Step 0", to determine whether it was more likely than not that the fair value of our reporting units was less than their respective carrying values. As a result of this analysis, the Company did not identify any events or circumstances that would indicate that it was more likely than not that the fair value of any of our reporting units was less than their respective carrying amounts.

Effects of Foreign Exchange Rates: The Company is affected by fluctuations in foreign exchange rates (i) through translation of foreign currency financial statements into U.S. dollars for consolidation, which is referred to as the translation impact, and (ii) through transactions by subsidiaries in currencies other than their own functional currencies, which is referred to as the transaction impact. Translation impacts arise in the preparation of the consolidated financial statements; in particular, the consolidated financial statements are prepared in U.S. dollars while the financial statements of each of the Company's subsidiaries are generally prepared in the functional currency of that subsidiary. In preparing consolidated financial statements, assets and liabilities measured in the functional currency of the subsidiaries are translated into U.S. dollars using the exchange rate prevailing at the balance sheet date, while income and expenses are translated using the average exchange rates for the period covered. Accordingly, fluctuations in the exchange rate of the functional currencies of the Company's subsidiaries against the U.S. dollar impacts the Company's results of operations. The Company is particularly exposed to movements in the euro/U.S. dollar exchange rate. Although the fluctuations in exchange rates have had a significant impact on the Company's

revenues, net income, and net debt, the impact on operating income and cash flows is less significant as revenues are typically matched to costs denominated in the same currency.

Given the impact of foreign exchange rates on our consolidated results, certain key performance indicators (such as same store sales) are reported on a constant-currency basis in order to facilitate period-to-period comparisons of our results without regard to the impact of fluctuating foreign currency exchange rates. We calculate constant-currency amounts by applying the prior-year/period exchange rates (i.e., the exchange rates used in preparing the financial statements for the prior year) to current financial data expressed in local currency.

Results of Operations

Comparison of the years ended December 31, 2021 and 2020

	For the year ended					
	December 31, 2021		December 31, 2020		Change	
($ in millions)	$	% of Revenue	$	% of Revenue	$	%
Service revenue by segment						
Global Lottery	2,690	66	2,043	66	647	32
Global Gaming	630	15	483	16	147	30
Digital & Betting	163	4	114	4	50	44
Total service revenue	3,483	85	2,640	85	844	32
Product sales by segment						
Global Lottery	123	3	121	4	1	1
Global Gaming	482	12	354	11	128	36
Digital & Betting	1	—	1	—	1	55
Total product sales	606	15	476	15	130	27
Total revenue	4,089	100	3,115	100	974	31
Operating expenses						
Cost of services	1,754	43	1,634	52	120	7
Cost of product sales	377	9	346	11	31	9
Selling, general and administrative	810	20	707	23	103	15
Research and development	238	6	191	6	48	25
Restructuring	6	—	45	1	(39)	(87)
Goodwill impairment	—	—	296	10	(296)	(100)
Other operating expense, net	1	—	4	—	(3)	(66)
Total operating expenses	3,187	78	3,223	103	(36)	(1)
Operating income (loss)	902	22	(107)	(3)	1,009	> 200.0
Interest expense, net	341	8	398	13	(57)	(14)
Foreign exchange (gain) loss, net	(66)	(2)	309	10	(375)	(121)
Other expense, net	98	2	33	1	64	193
Total non-operating expenses	373	9	740	24	(367)	(50)
Income (loss) from continuing operations before provision for income taxes	529	13	(848)	(27)	1,376	162
Provision for income taxes	274	7	28	1	246	> 200.0
Income (loss) from continuing operations	255	6	(875)	(28)	1,130	129
Income from discontinued operations, net of tax	24	1	37	1	(13)	(34)
Gain on sale of discontinued operations, net of tax	391	10	—	—	391	—
Income from discontinued operations	415	10	37	1	378	> 200.0
Net income (loss)	670	16	(839)	(27)	1,508	180
Less: Net income attributable to non-controlling interests from continuing operations	190	5	64	2	126	197
Less: Net loss attributable to non-controlling interests from discontinued operations	(2)	—	(5)	—	3	57
Net income (loss) attributable to IGT PLC	482	12	(898)	(29)	1,379	154

Revenue

Total revenue for the year ended December 31, 2021 increased $974 million, or 31%, to $4.1 billion from $3.1 billion for the prior corresponding period. Total service revenue increased $844 million primarily due to Global Lottery experiencing a 20.1% increase in same-store sales, principally in Italy and North America, as well as an 11% increase in our commercial services offering primarily in Italy. Global Gaming service revenue increased 30% primarily due to an increase in total yields from total installed base units, principally as a result of more installed base units becoming available to players as COVID-19 induced social distancing restrictions were lifted. Digital & Betting service revenue increased 44% and was primarily attributable to expansion into new markets and increases to the customer base in existing markets. Total product sales increases of $130 million were primarily attributable to a higher number of machines units sold in our Global Gaming segment, principally due to casino operators returning to more moderate levels of investments. See "*Segment Revenues and Key Performance Indicators*" section below for further discussion related to the principal drivers of these changes.

Operating expenses

Cost of services

Cost of services for the year ended December 31, 2021 increased $120 million, or 7%, to $1.8 billion from $1.6 billion for the prior corresponding period. The primary contributor was related to $55 million of increases across the business in payroll, benefits and variable compensation, of which $35 million and $18 million was attributable to our Global Lottery and Global Gaming segments, respectively. The increase in variable compensation was related to the reinstatement of the Company's incentive compensation plans that were temporarily suspended in 2020 due to uncertainties associated with COVID-19, discretionary bonuses that were paid during the fourth quarter of 2021 to current employees who worked for the Company at June 30, 2020 and who were not covered by existing incentive compensation plans, and stock-based compensation expense for awards granted in 2020. In addition, our Global Lottery segment had increases of $31 million in point of sale ("POS") consumables, $29 million in POS fees, $19 million in freight, $12 million in marketing and advertising, and $8 million in non-deductible value-added tax ("VAT"). These increases were partially offset by a $15 million reduction in depreciation. Cost of services in our Digital & Betting segment increased by $8 million, principally attributable to a $4 million increase in royalties, and our Global Gaming segment experienced a $15 million reduction in depreciation.

As a percentage of service revenue, cost of services decreased by approximately 1200 basis points driven by an approximate 1900 basis point decrease in our Global Gaming segment resulting from disciplined cost management, benefits from costs savings initiatives, and increased operating leverage. Global Lottery had an approximate 900 basis point decrease driven by higher sales and increased operating leverage. Digital & Betting had an approximate 800 basis point decrease driven by higher revenues and increased operating leverage.

Cost of product sales

Cost of product sales for the year ended December 31, 2021 increased $31 million, or 9%, to $377 million from $346 million for the prior corresponding period. This increase was primarily the result of a $128 million increase in product sales partially offset by a $33 million decrease in inventory obsolescence reserves, within our Global Gaming segment.

As a percentage of product revenue, cost of product sales declined by approximately 1000 basis points driven primarily by an approximate 1600 basis point decrease in our Global Gaming segment, principally as a result of a decrease in inventory obsolescence reserves and favorable product mix.

Selling, general and administrative

Selling, general and administrative for the year ended December 31, 2021 increased $103 million, or 15%, to $810 million from $707 million for the prior corresponding period. This was primarily attributable to a $98 million increase (of which $34 million is non-cash equity-based compensation) in variable compensation across the business, of which $51 million, $26 million, $19 million, and $2 million, was attributable to Corporate and Other, Global Gaming, Global Lottery, and Digital & Betting, respectively. The increase in variable compensation was related to the reinstatement of incentive compensation plans that were temporarily suspended in 2020 due to uncertainties associated with COVID-19, discretionary bonuses that were paid during the fourth quarter of 2021 to current employees who worked for the Company at June 30, 2020 and who were not covered by existing incentive compensation plans, and stock-based compensation expense related to awards granted in 2020. In addition, the Company experienced a $16 million increase in outside services and decreases of $13 million and $5 million in bad debt expense and lease expense, respectively.

Research and development

Research and development for the year ended December 31, 2021 increased $48 million, or 25%, to $238 million from $191 million for the prior corresponding period. This was primarily attributable to a $29 million increase in variable compensation related to the reinstatement of incentive compensation plans that were cancelled in 2020 and discretionary bonuses that were paid during the fourth quarter of 2021 to current employees who worked for the Company at June 30, 2020 and who were not covered by existing incentive compensation plans in Global Gaming, Global Lottery, and Digital & Betting of $16 million, $9 million, and $4 million, respectively. Additionally, as anticipated as part of the 2020 restructuring plan consolidating our global technology organization, Global Gaming experienced a $9 million increase in outside services related to casino systems development and the continued growth in Digital & Betting resulted in a $5 million increase in employee payroll and benefits.

Restructuring

Restructuring for the year ended December 31, 2021 decreased $39 million, or 87%, to $6 million from $45 million for the prior corresponding period. This decrease was primarily due to management initiating restructuring plans in 2020 to achieve long-term structural cost savings by simplifying our organizational structure, optimizing our global supply chain, and consolidating our global technology organization.

Goodwill impairment

There were no goodwill impairments for the year ended December 31, 2021. Goodwill impairment was $296 million for the year ended December 31, 2020. During the first quarter of 2020, we determined there was an interim goodwill triggering event caused by COVID-19. Based principally on management's financial projections, which included the estimated impact of COVID-19, we recorded $193 million and $103 million non-cash impairment losses within the former International and North America Gaming and Interactive reporting units, respectively, to reduce the carrying amount of these reporting units to fair value.

Non-operating expenses

Interest expense, net

Interest expense, net for the year ended December 31, 2021 decreased $57 million, or 14%, to $341 million from $398 million for the prior corresponding period. This decrease was primarily due to the Company maintaining a lower average aggregate outstanding principal balance of our Senior Secured Notes compared to the prior corresponding period, as well as reductions in the average cost of debt primarily due to the refinancing activity executed in the first half of 2021.

Foreign exchange (gain) loss, net

Foreign exchange gain, net for the year ended December 31, 2021 was $66 million, compared to foreign exchange loss, net of $309 million for the prior corresponding period. Foreign exchange movements are principally related to fluctuations in the euro to U.S. dollar exchange rate on internal and external debt.

Other expense, net

Other expense, net for the year ended December 31, 2021 increased $64 million, or 193%, to $98 million from $33 million for the prior corresponding period. The increase was primarily related to the premium paid on the full redemption of the 4.750% Senior Secured Euro Notes due February 2023, through the exercise of the make-whole call option.

Provision for income taxes

Provision for income taxes for the year ended December 31, 2021 increased $246 million to $274 million from $28 million for the prior corresponding period. The increase was primarily due to the level of pre-tax income and increases in our valuation allowances related to our business interest expense limitation carryforward.

Income from discontinued operations, net of tax

Income from discontinued operations, net of tax for the year ended December 31, 2021 decreased $13 million, or 34%, to $24 million from $37 million for the prior corresponding period. Discontinued operations reflects the operating activities of our Italian B2C gaming machine, sports betting, and digital gaming businesses through the date of the sale in the second quarter of 2021. Refer to "Notes to the Consolidated Financial Statements—3. Discontinued Operations and Assets Held for Sale" included in "Item 18. Financial Statements" for further information.

Gain on sale of discontinued operations, net of tax

During the second quarter of 2021, the Company recorded a $391 million gain, net of tax, upon the completion of the sale of its Italian B2C gaming machine, sports betting, and digital gaming businesses. Refer to "Notes to the Consolidated Financial Statements—Note 3. Discontinued Operations and Assets Held for Sale" included in Item 18. "Financial Statements".

Segment Revenues and Key Performance Indicators

Global Lottery

	For the year ended December 31,		Change	
($ in millions)	**2021**	**2020**	**$**	**%**
Service revenue				
Operating and facilities management contracts	2,363	1,744	619	35
Systems, software, and other	327	299	29	10
	2,690	2,043	647	32
Product sales				
Lottery products	123	121	1	1
	123	121	1	1
Global Lottery segment revenue	2,812	2,164	649	30

	For the year ended December 31,	
(% on a constant-currency basis)	**2021**	**2020**
Global same-store sales growth (%)		
Instant ticket & draw games	18.1 %	1.6 %
Multi-jurisdiction jackpots	46.4 %	(17.0)%
Total	20.1 %	0.1 %
North America & Rest of world same-store sales growth (%)		
Instant ticket & draw games	12.7 %	7.3 %
Multi-jurisdiction jackpots	46.4 %	(17.0)%
Total	15.6 %	4.7 %
Italy same-store sales growth (%)		
Instant ticket & draw games	38.9 %	(16.1)%

Operating and facilities management contracts

Service revenue from Operating and facilities management contracts increased $619 million, or 35%, to $2.4 billion from $1.7 billion for the prior corresponding period. This increase was primarily the result of a $467 million increase in instant, draw-based, and multi-jurisdiction jackpot ticket sales that experienced a 20.1% increase in global same-store sales in the aggregate. Italy same-store sales grew 38.9%, as revenues in the prior corresponding period were lower, primarily due to the temporary COVID-19 induced suspension of retail lottery sales and a shift in consumer discretionary spending to lottery in lieu of other forms of entertainment due to social distancing restrictions imposed. North America and Rest of world experienced a 15.6% increase in same-store sales, primarily as a result of increased instant and draw-based growth and higher jackpots from multi-state lotteries in North America, as well as a shift in consumer discretionary spending to lottery products. Same-store sales also experienced increases over the prior corresponding period due to the timing of the COVID-19 outbreak in the middle of March 2020. Additionally, there was a $94 million increase in lottery management agreement revenues, primarily attributable to contractual incentives earned and expected to be earned related to higher than forecasted sales in the first half of fiscal year 2021 and continued expectations of earning an incentive in fiscal year 2022 due to performance during the second half of 2021. In the prior calendar year, the segment paid a penalty due to shortfalls in performance during our customer's fiscal year 2020 and forecasted the incurrence of net penalties during our customer's fiscal year 2021. Finally, there was a $42 million increase associated with retailer support services in Italy and a $31 million decrease in anticipated payments to ADM related to underutilized marketing funds.

Systems, software, and other

Service revenue from Systems, software, and other increased $29 million, or 10%, to $327 million from $299 million for the prior corresponding period. This increase was primarily the result of a $29 million increase from our Italian commercial service offerings due to increased volumes.

Lottery products

Lottery products revenue remained relatively consistent with the prior corresponding period.

Global Gaming

	For the year ended December 31,		Change	
($ in millions, except yields)	**2021**	**2020**	**$**	**%**
Service revenue				
Gaming terminal services	424	298	126	42
Systems, software, and other	206	186	21	11
	630	483	147	30
Product sales				
Gaming terminals	339	205	134	65
Gaming other	143	148	(6)	(4)
	482	354	128	36
Global Gaming segment revenue	1,112	837	275	33

	For the year ended December 31,		Change	
	2021	**2020**	**Units / $**	**%**
Installed base units				
Total installed base units	48,849	49,300	(451)	(0.9)
Total yields[(1)]	$27.11	$18.06	$9.05	50.1
Global machine units sold				
Total machine units sold	23,807	14,662	9,145	62.4

(1) Total yields represent revenue per day for the average installed base units. Installed base units included active and inactive units deployed to a customer location.

Gaming terminal services

Service revenue from Gaming terminal services increased $126 million, or 42%, to $424 million from $298 million for the prior corresponding period. This increase was primarily driven by a 40% increase in average active installed base units during the year as social distancing restrictions were lifted and more units became available to players. These restrictions included the shutdown of most casinos and gaming halls beginning in the first quarter of 2020, and upon re-opening, the removal or powering down of a portion of gaming machines from casino floors to maintain social distancing.

Systems, software, and other

Service revenue from Systems, software, and other increased $21 million, or 11%, to $206 million from $186 million for the prior corresponding period. This increase was primarily due to an $18 million increase in system and software revenue, principally related to the increase in active poker machines that were previously inactive in the prior corresponding period resulting from COVID-19 social distancing requirements.

Gaming terminals
Product sales from Gaming terminals increased $134 million, or 65%, to $339 million from $205 million for the prior corresponding period. This increase was primarily associated with an increase of 9,145 in machine units sold, primarily driven by replacement machine units in the United States and Canada. The increase in these units was primarily the result of the segment's recovery and casino operators returning to more moderate levels of investments.

Gaming other

Product sales from Gaming other decreased $6 million, or 4%, to $143 million from $148 million for the prior corresponding period, primarily related to $28 million of strategic leases recognized as sale-type leases in the prior corresponding period and a $25 million reduction in the sale of amusement with prize ("AWP") kits in Italy. AWP kits are used in typically low-denomination gaming machines installed in retail outlets. These decreases were partially offset by a $25 million recovery in systems, game conversion, and parts sales as casinos reopened and an increase of $21 million in poker site licenses.

Digital & Betting

	For the year ended December 31,		Change	
($ in millions)	**2021**	**2020**	**$**	**%**
Segment revenue				
Digital and betting services	163	114	50	44
Product sales	1	1	1	55
Digital & Betting segment revenue	165	115	50	44

Digital and betting services

Digital and betting services revenue for the year ended December 31, 2021 increased $50 million, or 44%, to $163 million from $114 million for the prior corresponding period. This increase was principally related to expanding markets under our iGaming solutions, as well as increased same-store sales in sports betting due to an expanded customer base.

Segment Operating Results

Global Lottery

($ in millions)	For the year ended December 31, 2021	2020	Change $ / Basis Points ("bps")	%
Gross margin				
Service	1,359	852	508	60
% of service revenue	*51 %*	*42 %*	*900 bps*	
Product	34	48	(14)	(29)
% of product sales	*28 %*	*39 %*	*(1100) bps*	
Operating income	1,088	642	446	69
Operating margin	*38.7 %*	*29.7 %*	*900 bps*	

Gross margin - Service

Gross margin on service revenue increased from 42% for the year ended December 31, 2020 to 51% for the year ended December 31, 2021 driven by higher sales and increased operating leverage.

Gross margin - Product

Gross margin on product sales decreased from 39% for the year ended December 31, 2020 to 28% for the year ended December 31, 2021, principally due to decreased software license revenues which have higher gross margin percentages than other product offerings.

Operating margin

Segment operating margin increased from 29.7% for the year ended December 31, 2020 to 38.7% for the year ended December 31, 2021. This increase is primarily the result of the 30% increase in the segment's revenues. As the Global Lottery segment has a high percentage of fixed-costs, operating leverage increases as sales increase.

Global Gaming

($ in millions)	For the year ended December 31, 2021	2020	Change $ / bps	%
Gross margin				
Service	313	148	165	112
% of service revenue	*50 %*	*31 %*	*1900 bps*	
Product	200	91	110	121
% of product sales	*42 %*	*26 %*	*1600 bps*	
Operating income (loss)	43	(212)	255	120
Operating margin	*3.9 %*	*(25.3)%*	*2920 bps*	

Gross margin - Service

Gross margin on service revenue increased from 31% for the year ended December 31, 2020 to 50% for the year ended December 31, 2021 primarily resulting from disciplined cost management, benefits from costs savings initiatives, and increased operating leverage.

Gross margin - Product

Gross margin on product sales increased from 26% for the year ended December 31, 2020 to 42% for the year ended December 31, 2021 principally as a result of a decrease in inventory obsolescence reserves as well as favorable product mix.

Operating margin

Segment operating margin increased from (25.3)% for the year ended December 31, 2020 to 3.9% for the year ended December 31, 2021 primarily due to an increase in revenues of 33% resulting from the segment's continuing recovery from the effects of COVID-19, disciplined cost management and benefits from costs saving initiatives, along with increased operating leverage as the business continues to return to pre-pandemic scale.

Digital & Betting

	For the year ended December 31,		Change	
($ in millions)	**2021**	**2020**	**$ / bps**	**%**
Gross margin				
Service	104	63	41	65
% of service revenue	*64 %*	*56 %*	*800 bps*	
Product	1	—	—	115
% of product sales	*44 %*	*32 %*	*1246 bps*	
Operating income	33	6	27	> 200.0
Operating margin	*20.0 %*	*5.5 %*	*1450 bps*	

Gross margin - Service

Gross margin on service revenue increased from 56% for the year ended December 31, 2020 to 64% for the year ended December 31, 2021 driven by higher revenues and increased operating leverage.

Operating margin

Segment operating margin increased from 5.5% for the year ended December 31, 2020 to 20.0% for the year ended December 31, 2021 due to a $50 million increase in revenues primarily from iGaming driven by entering new markets and expanding the existing customer base in existing markets in North America. Operating margin also benefited from increased operating leverage which was partially mitigated by increased labor costs and marketing activities.

Comparison of the years ended December 31, 2020 and 2019

	For the year ended					
	December 31, 2020		December 31, 2019		Change	
($ in millions)	$	% of Revenue	$	% of Revenue	$	%
Service revenue by segment						
Global Lottery	2,043	66	2,183	54	(140)	(6)
Global Gaming	483	16	842	21	(359)	(43)
Digital & Betting	114	4	76	2	38	50
Total service revenue	2,640	85	3,101	77	(461)	(15)
Product sales by segment						
Global Lottery	121	4	110	3	11	10
Global Gaming	354	11	806	20	(453)	(56)
Digital & Betting	1	—	15	—	(14)	(94)
Total product sales	476	15	931	23	(455)	(49)
Total revenue	3,115	100	4,032	100	(916)	(23)
Operating expenses						
Cost of services	1,634	52	1,777	44	(143)	(8)
Cost of product sales	346	11	558	14	(212)	(38)
Selling, general and administrative	707	23	850	21	(143)	(17)
Research and development	191	6	266	7	(75)	(28)
Restructuring	45	1	25	1	20	81
Goodwill impairment	296	10	99	2	197	199
Other operating expense (income), net	4	—	(21)	(1)	25	121
Total operating expenses	3,223	103	3,554	88	(331)	(9)
Operating (loss) income	(107)	(3)	478	12	(585)	(122)
Interest expense, net	398	13	411	10	(13)	(3)
Foreign exchange loss (gain), net	309	10	(40)	(1)	349	> 200.0
Other expense (income), net	33	1	(21)	(1)	55	> 200.0
Total non-operating expenses	740	24	350	9	390	112
(Loss) income from continuing operations before provision for income taxes	(848)	(27)	128	3	(976)	> 200.0
Provision for income taxes	28	1	131	3	(103)	(79)
Loss from continuing operations	(875)	(28)	(3)	—	(873)	> 200.0
Income from discontinued operations	37	1	114	3	(78)	(68)
Net (loss) income	(839)	(27)	112	3	(950)	> 200.0
Less: Net income attributable to non-controlling interests from continuing operations	64	2	126	3	(62)	(49)
Less: Net (loss) income attributable to non-controlling interests from discontinued operations	(5)	—	5	—	(9)	> 200.0
Net loss attributable to IGT PLC	(898)	(29)	(19)	—	(879)	> 200.0

Revenue

Total revenue for the year ended December 31, 2020 decreased $916 million, or 23%, to $3.1 billion from $4.0 billion for the prior corresponding period. Total service revenues were adversely affected by mobility and social distancing restrictions imposed by governmental authorities in an effort to mitigate the spread of COVID-19. Total product sale declines were primarily caused by COVID-19 budgetary constraints and social distancing restrictions. See "Segment Revenues and Key Performance Indicators" section below for further discussion related to the principal drivers of these changes.

Operating expenses

Cost of services

Cost of services for the year ended December 31, 2020 decreased $143 million, or 8%, to $1.6 billion from $1.8 billion for the prior corresponding period. This decrease is primarily attributable to a $108 million decrease within our Global Gaming segment primarily resulting from a $41 million decrease in licensing and royalty fees principally due to lower royalties on installed base and poker units due to inactive machines. Global Gaming expenses related to payroll, employee benefits and incentive compensation decreased $31 million due to temporary salary reductions, cancellation of the 2020 short-term incentive compensation program and employee furloughs. Cost of services for our Global Lottery segment decreased by $19 million primarily as a result of a $21 million decrease in marketing and advertising; a $20 million decrease in payroll, employee benefits and incentive compensation due to temporary salary reductions, cancellation of the 2020 short-term incentive compensation program, and employee furloughs; a $10 million decrease in communications, consumables, and travel; and a $7 million decrease in outside services, primarily consultants. These decreases were partially offset by a $56 million increase in point of sale ("POS") and partner fees, primarily related to an increase in commercial service sales in Italy. Cost of services for our Digital & Betting segment remained consistent with the prior corresponding period.

As a percentage of service revenue, cost of services increased by approximately 500 basis points driven primarily by an approximate 1700 basis point increase in our Global Gaming segment primarily resulting from the 43% reduction in revenues caused by a decrease in active units in response to the COVID-19 social distancing restrictions, while costs only decreased 8%.

Cost of product sales

Cost of product sales for the year ended December 31, 2020 decreased $212 million, or 38%, to $346 million from $558 million for the prior corresponding period. This decrease is primarily attributable to a $201 million decrease within our Global Gaming segment primarily resulting from the $466 million decrease in product sales. Cost of product sales for our Global Lottery segment decreased $5 million primarily related to product mix. In addition, there was a $7 million decrease in Corporate and Other, principally associated with a decrease in amortization of acquired intangible assets.

As a percentage of product sales, cost of product sales increased by approximately 1300 basis points driven primarily by an approximate 1700 basis point increase in our Global Gaming segment resulting from the 56% decline in sales principally due to the COVID-19 budgetary constraints, while costs only decreased 38%, due to fixed costs which do not correspond with the movements in revenues. This increase was partially offset by an approximate 1100 basis point decrease in our Global Lottery segment.

Selling, general and administrative

Selling, general and administrative for the year ended December 31, 2020 decreased $143 million, or 17%, to $707 million from $850 million for the prior corresponding period. This decrease is primarily attributable to a $63 million decrease within our Global Gaming segment due to a $58 million decrease in corporate allocations; a $24 million decrease in payroll, employee benefits, and incentive compensation principally due to temporary salary deductions, cancellation of the 2020 short-term incentive compensation program, and employee furloughs; a $12 million decrease in license and royalty fees; and an $8 million decrease in travel expenses. These decreases were partially offset by a $45 million increase in expected credit losses on long-term customer financing receivables resulting primarily from the impact of COVID-19 within Latin America and the Caribbean.

Selling, general and administrative expense for our Global Lottery segment decreased $43 million primarily as a result of a decrease of $19 million in non-deductible VAT driven by lower spending and the implementation of the Italy VAT group from January 1, 2020, a $14 million decrease in payroll, employee benefits, and incentive compensation principally due to temporary salary deductions, cancellation of the 2020 short-term incentive compensation program, and employee furloughs; and a $9 million reduction in corporate allocations. These decreases within our Global Lottery segment were partially offset by a $9 million increase in other expenses primarily relating to legal settlements.

Selling, general and administrative for our Digital & Betting segment decreased $6 million primarily due to a decrease in payroll, employee benefits, and incentive compensation principally due to temporary salary deductions and cancellation of the 2020 short-term incentive compensation program.

Selling, general and administrative for Corporate and Other decreased $32 million primarily as a result of a $52 million decrease in payroll, employee benefits, and incentive compensation principally due to temporary salary reductions, cancellation of the 2020 short-term incentive compensation program, and employee furloughs. Corporate and Other expenses also decreased related to a $19 million decrease in outside services, principally related to external consultants; an $11 million reduction in advertising; and a $6 million reduction in travel. These decreases were partially offset by a $56 million reduction of costs allocated to our business segments caused by an overall reduction of Corporate and Other costs.

Research and development

Research and development for the year ended December 31, 2020 decreased $75 million, or 28%, to $191 million from $266 million for the prior corresponding period. This decrease is primarily due to decreases of $42 million, $12 million, and $4 million in payroll, employee benefits, and incentive compensation in our Global Gaming, Global Lottery, and Digital & Betting segments, respectively. These decreases were the result of temporary salary reductions, cancellation of the 2020 short-term incentive compensation program, employee furloughs, and COVID-19 related government subsidies. Additionally, there were decreases related to outside services primarily due to cost controls enacted by management to the Company for the Global Gaming and Global Lottery segments of $10 million and $10 million, respectively.

Restructuring

Restructuring for the year ended December 31, 2020 increased $20 million, or 81%, to $45 million from $25 million for the prior corresponding period. This increase was primarily due to management initiating restructuring plans in 2020 to achieve long-term structural cost savings by simplifying our organizational structure, optimizing our global supply chain, and consolidating our global technology organization.

Goodwill impairment

Goodwill impairment for the year ended December 31, 2020 was $296 million compared to $99 million for the prior corresponding period. During the first quarter of 2020, we determined there was an interim goodwill triggering event caused by the COVID-19 pandemic. Based principally on management's financial projections, which included the estimated impact of COVID-19, we recorded $193 million and $103 million non-cash impairment losses within the former International and North America Gaming and Interactive reporting units, respectively, to reduce the carrying amount of these reporting units to fair value. For the year ended December 31, 2019, we determined there was a goodwill impairment of $99 million within the former International reporting unit due to lower forecasted cash flows along with a higher weighted-average cost of capital.

Other operating expense (income), net

Other operating expense, net for the year ended December 31, 2020 increased $25 million, or 121%, to $4 million from other operating income, net of $21 million for the prior corresponding period. This increase was primarily the result of a non-recurring gain on the sale of assets to a distributor for $28 million in the prior year.

Non-operating expenses

Interest expense, net

Interest expense, net for the year ended December 31, 2020 decreased $13 million, or 3%, to $398 million from $411 million for the prior corresponding period. This decrease was primarily due to lower LIBOR interest rates on floating rate debt and a decrease in the aggregate outstanding principal balance of our Senior Secured Notes, principally due to the following 2020 refinancing activities: redemption, upon maturity, of the remaining €388 million 4.75% Senior Secured Notes due March 2020; partial redemption, in June 2020, of the $1.5 billion 6.25% Senior Secured Notes due February 2022; issuance, in June 2020, of the $750 million 5.25% Senior Secured Notes due June 2029; and redemption, upon maturity, of the remaining $27 million 5.50% Senior Secured Notes due June 2020.

Foreign exchange loss (gain), net

Foreign exchange loss, net for the year ended December 31, 2020 was $309 million, compared to foreign exchange gain, net of $40 million for the prior corresponding period. Foreign exchange loss (gain), net is principally related to fluctuations in the euro to U.S. dollar exchange rate on euro-denominated debt.

Other expense (income), net

Other expense (income), net for the year ended December 31, 2020 changed $55 million, or > 200.0%, to a $33 million net expense position from a $21 million net income position for the prior corresponding period. In 2020, the Company incurred $28 million of expense related to the partial redemption of the 6.250% Senior Secured U.S. Dollar Notes due February 2022. In 2019, the Company recorded gains of $34 million on the sale of investments, primarily related to the May 2019 sale of its ownership interest in Yeonama Holdings Co. Limited for a $29 million pre-tax gain, partially offset by $10 million in expenses related to the redemption of senior secured notes.

Provision for income taxes

Provision for income taxes for the year ended December 31, 2020 decreased $103 million, or 79%, to $28 million from $131 million for the prior corresponding period. In 2020, the Company’s effective tax rate was higher than the U.K. statutory rate of 19% primarily due to increases in valuation allowances on deferred tax assets, the impact of the international provisions of the Tax Act (BEAT and GILTI), foreign rate differences, and a goodwill impairment with no associated tax benefit. In 2019, the Company's effective tax rate was higher than the U.K. statutory rate of 19% primarily due to the impact of the international provisions of the Tax Act (BEAT and GILTI), foreign rate differences, and a goodwill impairment with no associated tax benefit.

Income from discontinued operations

Income from discontinued operations for the year ended December 31, 2020 decreased $78 million, or 68%, from $114 million for the prior corresponding period. Discontinued operations reflects the operating activities of our Italian B2C gaming machine, sports betting, and digital gaming businesses. The decline in income was primarily due to lower wagers caused by temporary casino and gaming hall closures required by the Italian government to mitigate the spread of COVID-19. Refer to “Notes to the Consolidated Financial Statements—3. Discontinued Operations and Assets Held for Sale” included in “Item 18. Financial Statements” for further information.

Segment Revenues and Key Performance Indicators

Global Lottery

($ in millions)	For the year ended December 31, 2020	2019	Change $	%
Service revenue				
Operating and facilities management contracts	1,744	1,931	(187)	(10)
Systems, software, and other	299	252	47	18
	2,043	2,183	(140)	(6)
Product sales				
Lottery products	121	110	11	10
	121	110	11	10
Global Lottery segment revenue	2,164	2,293	(129)	(6)

(% on a constant-currency basis)	For the year ended December 31, 2020	2019
Global same-store sales growth (%)		
Instant ticket & draw games	1.6 %	4.1 %
Multi-jurisdiction jackpots	(17.0)%	(18.3)%
Total	0.1 %	1.7 %
North America & Rest of world same-store sales growth (%)		
Instant ticket & draw games	7.3 %	5.2 %
Multi-jurisdiction jackpots	(17.0)%	(18.3)%
Total	4.7 %	2.0 %
Italy same-store sales growth (%)		
Instant ticket & draw games	(16.1)%	0.8 %

Operating and facilities management contracts

Service revenues related to Operating and facilities management contracts decreased $187 million, or 10%, to $1.7 billion from $1.9 billion for the prior corresponding period. This decrease was primarily the result of lower same-store sales in Italy for draw-based and instant ticket games resulting from the impact of COVID-19 mobility restrictions, and lower incentives arising within our Lottery Management Agreements. These decreases were partially offset by increases in same-store sales primarily driven by customer demand in North America, and favorable foreign currency translation of $16 million.

Systems, software, and other

Service revenue for Systems, software, and other increased $47 million, or 18%, to $299 million from $252 million for the prior corresponding. This increase was primarily the result of a $52 million increase from our commercial service offering in Italy due to expanded offerings which more than offset the reduction of revenue caused by the sale of the Company's BillBird subsidiary in the fourth quarter of 2019.

Lottery products

Lottery products sales increased $11 million, or 10%, to $121 million from $110 million in the prior corresponding period. This increase was primarily the result of an increase of $10 million in lottery terminal sales primarily related to a customer network refresh and an increase in lottery software sales of $11 million as a result of increased customer demand. These increases were partially offset by a decrease in other lottery sales of $11 million primarily due to lower sales of printed instant tickets.

Global Gaming

($ in millions, except yields)	For the year ended December 31, 2020	2019	Change $	%
Service revenue				
Gaming terminal services	298	568	(270)	(48)
Systems, software, and other	186	274	(89)	(32)
	483	842	(359)	(43)
Product sales				
Gaming terminals	205	581	(376)	(65)
Gaming other	148	225	(77)	(34)
	354	806	(453)	(56)
Global Gaming segment revenue	837	1,648	(811)	(49)

	For the year ended December 31, 2020	2019	Change $	%
Installed base units				
Total installed base units	49,300	50,834	(1,534)	(3)
Total yields[(1)]	$18.06	$31.45	$(13.39)	(43)
Global machine units sold				
Total machine units sold	14,662	42,076	(27,414)	(65)

(1) Total yields represent revenue per day for the average installed base units. Installed base units included active and inactive units deployed to a customer location.

Gaming terminal services

Service revenue from Gaming terminal services decreased $270 million, or 48% to $298 million from $568 million for the prior corresponding period. This decrease was principally driven by social distancing measures implemented by government authorities to mitigate the spread of COVID-19. These measures resulted in the temporary closure of casinos and gaming halls and upon reopening, fewer active machines available for use by players driving lower wagers and yields.

Systems, software, and other

Service revenue from Systems, software, and other decreased by $89 million, or 32%, to $186 million from $274 million for the prior corresponding period. The decline was primarily due to a $68 million decrease in software revenue primarily related to non-recurring multi-year poker site license contracts executed in the prior year, and lower recurring poker software license fees due to inactive machines resulting from COVID-19 social distancing requirements. Additionally, there was a $25 million decrease in system revenue primarily due to lower demand during the COVID-19 pandemic.

Gaming terminals

Product sales from Gaming terminals decreased $376 million, or 65% to $205 million from $581 million for the prior corresponding period. This decrease was primarily associated with fewer machines sold during the year driven by lower demand due to customer capital constraints resulting from COVID-19.

Gaming other

Gaming other decreased $77 million, or 34% to $148 million from $225 million for the prior corresponding period primarily related to lower demand due to customer capital constraints resulting from COVID-19, and multi-year licenses of intellectual property.

Digital & Betting

($ in millions)	For the year ended December 31, 2020	2019	Change $	%
Segment revenue				
Digital and betting services	114	76	38	50
Product sales	1	15	(14)	(94)
Digital & Betting segment revenue	115	91	24	27

Digital and betting services

Digital and betting services revenue increased $38 million, or 50% to $114 million from $76 million for the prior corresponding period primarily due to a $33 million increase in iGaming as a result of expansion into new markets and growth in existing markets in North America driven by obtaining new customers as well as launching new additional content across existing customer base.

Segment Operating Results

Global Lottery

($ in millions)	For the year ended December 31, 2020	2019	Change $ / bps	%
Gross margin				
Service	852	973	(121)	(12)
% of service revenue	*42 %*	*45 %*	*(300) bps*	
Product	48	32	16	52
% of product sales	*39 %*	*29 %*	*1000 bps*	
Operating income	642	697	(55)	(8)
Operating margin	*29.7 %*	*30.4 %*	*(70) bps*	

Gross margin - Service

Gross margin on service revenue decreased from 45% for the year ended December 31, 2019 to 42% for the year ended December 31, 2020, primarily the result of decreased revenues caused by COVID-19 and the inability to reduce associated fixed costs at the same rate.

Gross margin - Product

Gross margin on product sales increased from 29% for the year ended December 31, 2019 to 39% for the year ended December 31, 2020, principally due to increased software license revenues which have higher gross margin percentages than other product offerings.

Operating margin

Segment operating margin decreased from 30.4% for the year ended December 31, 2019 to 29.7% for the year ended December 31, 2020 primarily due to a decrease in revenues of $129 million resulting from the global impacts of COVID-19. Despite a 6% decline in revenue, operating margins decreased by approximately 70 basis points due primarily to management's cost saving initiatives developed in response to COVID-19, partially offsetting the decrease in revenue.

Global Gaming

($ in millions)	For the year ended December 31, 2020	2019	Change $ / bps	%
Gross margin				
Service	148	398	(251)	(63)
% of service revenue	*31 %*	*47 %*	*(1600) bps*	
Product	91	343	(252)	(74)
% of product sales	*26 %*	*43 %*	*(1700) bps*	
Operating (loss) income	(212)	222	(434)	(195)
Operating margin	*(25.3)%*	*13.5 %*	*(3880) bps*	

Gross margin - Service

Gross margin on service revenue decreased from 47% for the year ended December 31, 2019 to 31% for the year ended December 31, 2020 primarily the result of a decrease in service revenues of $359 million caused by COVID-19 related casino closures, capacity restrictions, and social distancing and the inability to reduce associated fixed costs at the same rate.

Gross margin - Product

Gross margin on product sales decreased from 43% for the year ended December 31, 2019 to 26% for the year ended December 31, 2020 primarily the result of a decrease in product sales of $453 million from lower customer demand and a $9 million increase in inventory obsolescence driven by the pandemic.

Operating margin

Segment operating margin decreased from 13.5% for the year ended December 31, 2019 to (25.3)% for the year ended December 31, 2020 primarily due to a decrease in revenues of $811 million resulting from the global impacts of COVID-19, of which $453 million was related to product sales which were impacted at a greater rate than service revenue due to capital constraints within the market, thereby contributing a more significant negative impact to operating margin. The negative impacts on margin have been partially mitigated by management's implementation of cost savings initiatives to decrease or eliminate fixed and discretionary costs amidst the global pandemic.

Digital & Betting

($ in millions)	For the year ended December 31, 2020	2019	Change $ / bps	%
Gross margin				
Service	63	24	39	163
% of service revenue	*56 %*	*32 %*	*2400 bps*	
Product	—	14	(14)	(98)
% of product sales	*32 %*	*98 %*	*(6646) bps*	
Operating income (loss)	6	(43)	49	115
Operating margin	5.5 %	(47.1)%	*5260 bps*	

Gross margin - Service

Gross margin on service revenue increased from 32% for the year ended December 31, 2019 to 56% for the year ended December 31, 2020 principally driven by higher revenues and increased operating leverage.

Gross margin - Product

In 2019 the segment made a sale for a one-time license fee of $14 million, extending the rights for a previously sold software license permitting rights to additional markets.

Operating margin

Segment operating margin increased from (47.1)% for the year ended December 31, 2019 to 5.5% for the year ended December 31, 2020 primarily due to an increase in digital and betting services revenues of $38 million driven by the $33 million increase in iGaming.

B. *Liquidity and Capital Resources*

Overview

The Company's business is capital intensive and requires liquidity to meet its obligations and fund growth. Historically, the Company's primary sources of liquidity have been cash flows from operations and, to a lesser extent, cash proceeds from financing activities, including amounts available under the Revolving Credit Facilities due July 2024. In addition to general working capital and operational needs, the Company's liquidity requirements arise primarily from its need to meet debt service obligations and to fund capital expenditures and upfront license fee payments. The Company also requires liquidity to fund acquisitions and associated costs. The Company's cash flows generated from operating activities together with cash flows generated from financing activities have historically been sufficient to meet the Company's liquidity needs.

The Company believes its ability to generate cash from operations to reinvest in its business, primarily due to the long-term nature of its contracts, is one of its fundamental financial strengths. Combined with funds currently available and committed borrowing capacity, the Company expects to have sufficient liquidity to meet its financial obligations and working capital requirements in the ordinary course of business for at least the next 12 months from the date of issuance of these consolidated financial statements.

The cash management, funding of operations, and investment of excess liquidity are centrally coordinated by a dedicated treasury team with the objective of ensuring effective and efficient management of funds.

At December 31, 2021 and 2020, the Company's total available liquidity was as follows:

	December 31,	
($ in millions)	**2021**	**2020**
Revolving Credit Facilities due July 2024	1,737	1,817
Cash and cash equivalents	591	907
Total Liquidity	2,327	2,724

The Revolving Credit Facilities due July 2024 are subject to customary covenants (including maintaining a minimum ratio of EBITDA to total net interest costs and a maximum ratio of total net debt to EBITDA) and events of default, none of which are expected to impact the Company's liquidity or capital resources.

The Company completed multiple debt transactions in 2021 and 2020. Refer to the "Notes to the Consolidated Financial Statements—15. Debt" included in "Item 18. Financial Statements" for further discussion of these transactions as well as information regarding the Company's other debt obligations, including the maturity profile of borrowings and committed borrowing facilities.

At December 31, 2021 and 2020, approximately 18% and 23% of the Company's net debt portfolio was exposed to interest rate fluctuations, respectively. The Company's exposure to floating rates of interest primarily relates to the Euro Term Loan Facilities due January 2027.

The following table summarizes the Company's USD equivalent cash balances by currency:

	December 31, 2021		December 31, 2020	
($ in millions)	**$**	**%**	**$**	**%**
Euros	362	61	660	73
U.S. dollars	88	15	135	15
Other currencies	141	24	113	12
Total Cash	591	100	907	100

The Company holds an immaterial amount of cash in countries where there may be restrictions on transfer due to regulatory or governmental bodies. Based on the Company's review of such transfer restrictions and the cash balances held in such countries, it does not believe such transfer restrictions have an adverse impact on its ability to meet liquidity requirements at years ended December 31, 2021 and 2020.

Cash Flow Summary

The following table summarizes the statements of cash flows. A complete statement of cash flows is provided in the Consolidated Financial Statements included herein.

	For the year ended December 31,		Change	
($ in millions)	**2021**	**2020**	**$**	**%**
Net cash provided by operating activities from continuing operations	1,010	595	415	70
Net cash used in investing activities from continuing operations	(216)	(233)	17	7
Net cash used in financing activities	(1,898)	(438)	(1,460)	> 200.0
Net cash flows of continuing operations	(1,105)	(76)		
Net cash (used in) provided by operating activities from discontinued operations	(31)	271	(302)	(112)
Net cash provided by (used in) investing activities from discontinued operations	852	(35)	887	> 200.0
Net cash flows from discontinued operations	821	236		

Analysis of Cash Flows

Net Cash Provided by Operating Activities from Continuing Operations

During the year ended December 31, 2021, the Company generated $1.0 billion of net cash provided by operating activities of continuing operations, an increase of $415 million from the prior corresponding period. This increase was principally attributed to an increase in operating income of $1.0 billion.

Non-cash adjustments to net income for the year ended December 31, 2021 were $859 million, compared to $1.3 billion for the prior corresponding period. The principal drivers of the decrease in non-cash adjustments were related to a $296 million goodwill impairment incurred in the prior period, a decrease in foreign exchange of $375 million, and decreases in depreciation and amortization of $40 million in the aggregate for the year ended December 31, 2021. These decreases were partially offset by a $116 million increase in deferred income taxes, a $64 million increase in loss on the extinguishment of debt, and a $42 million increase in stock-based compensation.

Changes in operating assets and liabilities for the year ended December 31, 2021 decreased $230 million, from $126 million in the prior corresponding period.

Net Cash Used in Investing Activities from Continuing Operations

During the year ended December 31, 2021, the Company used $216 million of net cash for investing activities, a decrease of $17 million from the prior corresponding period. The decrease in net cash used in investing activities was principally attributed

to a $16 million reduction in capital expenditures. Additionally, there was a $12 million increase in proceeds from the sale of assets, partially offset by an $11 million reduction in other investing activities.

Net Cash Used in Financing Activities

During the year ended December 31, 2021, the Company used $1.9 billion of net cash for financing activities, an increase of $1.5 billion from the prior corresponding period.

During 2021, cash flows used in financing activities primarily included principal payments of long-term debt of $2.8 billion, $127 million in return of capital to non-controlling interests, dividends paid to non-controlling interests of $91 million, $85 million of payments in connection with the early extinguishment of debt, net payments of financial liabilities of $50 million, repurchases of common stock of $41 million, and dividends paid to shareholders of $41 million. These cash outflows were partially offset by proceeds from long-term debt of $1.3 billion and net proceeds from short-term borrowings of $51 million.
During 2020, cash flows used in financing activities primarily included principal payments on long-term debt of $959 million, dividends paid to non-controlling interests of $136 million, dividends paid to shareholders of $41 million, and return of $32 million of capital to non-controlling shareholders. These cash outflows were partially offset by proceeds from long-term debt of $750 million and net receipts from financial liabilities of $67 million.

Net cash flows from discontinued operations

Net cash used in operating activities from discontinued operations was $31 million compared to net cash provided by operating activities from discontinued operations of $271 million for the prior corresponding period. Cash flows from operations from discontinued operations reflects the operating activities of our Italian B2C gaming machine, sports betting, and digital gaming businesses.

During the year ended December 31, 2021, the Company completed the sale of its Italian B2C gaming machine, sports betting, and digital gaming businesses. At closing, the Company received net cash proceeds of $748 million and had receivables of €100 million and €125 million due December 31, 2021 and September 30, 2022, respectively. The Company received the payment due December 31, 2021 on August 5, 2021. Refer to “Notes to the Consolidated Financial Statements—Note 3. Discontinued Operations and Assets Held for Sale”, included in Item 18. “Financial Statements”.

Capital Expenditures

Capital expenditures are principally composed of:

- Systems, equipment and other assets related to contracts;
- Intangible assets; and
- Property, plant and equipment.

The table below details total capital expenditures from continuing operations by business segment:

	For the year ended December 31,		
($ in millions)	**2021**	**2020**	**2019**
Global Lottery	(152)	(176)	(199)
Global Gaming	(68)	(65)	(157)
Digital & Betting	(13)	(11)	(13)
Business Segment Total	(232)	(252)	(368)
Corporate and Other	(6)	(3)	(9)
	(238)	(255)	(377)

Global Lottery

Capital expenditures for 2021 of $152 million principally consisted of $115 million for investments in systems, equipment and other assets related to contracts, including systems and equipment deployed in Michigan, Nebraska, New York, New Jersey, and Georgia; investments in intangible assets of $29 million; and investments in property, plant and equipment of $8 million.

Capital expenditures for 2020 of $176 million principally consisted of $137 million for investments in systems, equipment and other assets related to contracts, including systems and equipment deployed in New Jersey, California, Michigan, Mississippi, and Kentucky; investments in intangible assets of $24 million; and investments in property, plant and equipment of $12 million.

Capital expenditures for 2019 of $199 million principally consisted of $161 million for investments in systems, equipment and other assets related to contracts, including systems and equipment deployed in New Jersey, California, Florida, Michigan, Texas, and South Dakota; investments in intangible assets of $31 million; and investments in property, plant and equipment of $7 million.

Global Gaming

Capital expenditures for 2021 of $68 million principally consisted of investments in systems, equipment and other assets related to contracts with customers in North America of $49 million.

Capital expenditures for 2020 of $65 million principally consisted of investments in systems, equipment and other assets related to contracts with customers in North America of $47 million.

Capital expenditures for 2019 of $157 million principally consisted of investments in systems, equipment and other assets related to contracts with customers in North America of $135 million, and other customers, principally in Europe, Africa, and Mexico, of $14 million.

Digital & Betting

Capital expenditures for 2021 of $13 million principally consisted of investments in systems, equipment and other assets related to contracts with PlaySports customers of $11 million and PlayCasino customers of $2 million.

Capital expenditures for 2020 of $11 million principally consisted of investments in systems, equipment and other assets related to contracts with PlaySports customers of $8 million and PlayCasino customers of $3 million.

Capital expenditures for 2019 of $13 million principally consisted of investments in systems, equipment and other assets related to contracts with PlaySports customers of $8 million and PlayCasino customers of $4 million.

Tabular Disclosure of Cash Requirements

At December 31, 2021, the Company's material cash requirements are as follows:

	Payments due by period				
($ in millions)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-term debt [1]	6,525	—	853	3,152	2,519
Jackpot liabilities [2]	223	66	49	29	79
Operating leases [3]	410	57	100	82	170
Finance leases [4]	41	11	15	11	4
Total	7,199	134	1,017	3,274	2,772

[1] Long-term debt consists of the principal amount of long-term debt, including current portion, as included in "Notes to the Consolidated Financial Statements—15. Debt" included in "Item 18. Financial Statements." Certain of the Company's long-term debt is denominated in euros.

[2] Jackpot liabilities are composed of payments due to previous winners and future winners.

[3] Operating leases principally relate to leases for facilities and equipment used in the Company's business. The amounts presented include the imputed interest to the counterparties.

[4] Finance leases principally consist of the Company's facility in Providence, Rhode Island and communications equipment used in its business. The amounts presented include the imputed interest to the counterparties.

Off-Balance Sheet Arrangements

The Company has the following off-balance sheet arrangements:

Performance and other bonds

Certain contracts require us to provide a surety bond as a guarantee of performance for the benefit of customers; bid and litigation bonds for the benefit of potential customers; and WAP bonds that are used to secure our financial liability when a player elects to have their WAP jackpot winnings paid over an extended period of time.

These bonds give beneficiaries the right to obtain payment and/or performance from the issuer of the bond if certain specified events occur. In the case of performance bonds, which generally have a term of one year, such events include our failure to perform our obligations under the applicable contract(s). In general, we would only be liable for these guarantees in the event of default in our performance of our obligations under each contract, the probability of which we believe is remote.

Letters of Credit

The Parent and certain of its subsidiaries may obtain letters of credit under the Revolving Credit Facilities due July 2024 and under senior unsecured uncommitted demand credit facilities. The letters of credit secure various obligations, including obligations arising under customer contracts and real estate leases. The following table summarizes the letters of credit outstanding at December 31, 2021 and 2020 and the weighted-average annual cost of such letters of credit:

($ in millions)	Letters of Credit Outstanding [1]	Weighted-Average Annual Cost
December 31, 2021	335	1.08 %
December 31, 2020	427	1.06 %

[1] Represents letters of credit outstanding not under the Revolving Credit Facilities.

C. *Research and Development, Patents, and Licenses, etc.*

To remain competitive, the Company invests resources toward its R&D efforts to introduce new and innovative games with dynamic features to attract new customers and retain existing customers. The Company's R&D efforts cover multiple creative and engineering disciplines, including creative game content, hardware, electrical, systems, and software for lottery, land-based, online social, and digital real-money applications.

R&D costs, which principally include employee compensation costs, are expensed as incurred.

The Company devotes substantial resources to R&D and incurred $238 million, $191 million, and $266 million of related expenses in 2021, 2020, and 2019, respectively.

D. *Trend Information*

See "Item 5. Operating and Financial Review and Prospects — A. Operating Results" and "Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources."

E. *Critical Accounting Estimates*

The Company's consolidated financial statements are prepared in conformity with GAAP which require the use of estimates, judgments, and assumptions that affect the carrying amount of assets and liabilities and the amounts of income and expenses recognized. The estimates and underlying assumptions are based on information available at the date that the financial statements are prepared, on historical experience, judgments, and assumptions considered to be reasonable and realistic.

The Company periodically continuously reviews estimates and assumptions. Actual results for those areas requiring management judgment or estimates may differ from those recorded in the consolidated financial statements due to the occurrence of events and the uncertainties which characterize the assumptions and conditions on which the estimates are based.

The areas that require greater subjectivity of management in making estimates and judgments and where a change in such underlying assumptions could have a significant impact on the Company's consolidated financial statements are fully described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies" included in "Item 18. Financial Statements." Certain critical accounting estimates are discussed below.

Revenue Recognition

Application of GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Specifically, complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting, including whether promised goods and services specified in an arrangement are distinct performance obligations. Other significant judgments include determining whether the Company is acting as the principal in a transaction and whether separate contracts should be combined and considered part of one arrangement.

Revenue recognition is also impacted by our ability to determine when a contract is probable of collection and to estimate variable consideration, including, for example, rebates, volume discounts, service-level penalties, and performance bonuses. We consider various factors when making these judgments, including a review of specific transactions, historical experience and market and economic conditions. Evaluations are conducted each quarter to assess the adequacy of the estimates.

The Company recognized service and product revenues of $3.5 billion and $606 million, respectively, for the year ended December 31, 2021. The Company often enters into contracts with customers that consist of a combination of services and products that are accounted for as one or more distinct performance obligations. Management applies judgment in identifying and evaluating the contractual terms and conditions that impact the identification of performance obligations and the pattern of revenue recognition. The Company's revenue recognition policy, which requires significant judgments and estimates, is fully described in "Notes to the Consolidated Financial Statements—2. Summary of Significant Accounting Policies" included in "Item 18. Financial Statements."

Goodwill Valuation

The process of evaluating potential impairments related to goodwill requires the application of significant judgment. Goodwill is tested for impairment annually, in the fourth quarter, or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If an event occurs that would cause revisions to the estimates and assumptions used in analyzing the fair value of goodwill, the revision could result in a non-cash impairment loss that could have a material impact on financial results.

Companies have the option to first assess qualitative factors to determine whether the fair value of a reporting unit is not "more likely than not" less than its carrying amount, which is commonly referred to as "Step 0". In performing the Step 0 analysis, the Company considers macroeconomic conditions, industry and market considerations, current and forecasted financial performance, entity-specific events, and changes in the composition or carrying amount of net assets of reporting units for goodwill. In addition, the Company takes into consideration the amount of excess of fair value over carrying value determined in the last quantitative analysis that was performed, as well as the period of time that has passed since the last quantitative analysis. If the Step 0 analysis indicates that it is more likely than not that the fair value is less than its carrying amount, the Company would proceed to a quantitative analysis.

Under the quantitative analysis, which is commonly referred to as "Step 1", the goodwill impairment test compares the fair value of the Company's three reporting units (which are the same as its reportable segments) with their carrying amounts and an impairment loss is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. In performing the quantitative analysis, the Company estimates the fair value of the reporting units using an income approach based on projected discounted cash flows. Estimating the fair value of reporting units requires the Company's management to use its judgment in making estimates and making forecasts that are based on a number of factors including forecasted revenue, forecasted operating profits, terminal growth rates, and weighted-average costs of capital.

The Company completed the annual impairment testing in the fourth quarter, where we assessed our Global Gaming, Global Lottery and Digital & Betting reporting units using Step 0. We determined that no further testing was required based on the substantial cushion of fair value over carrying value for each reporting unit and no significant changes in conditions, since the last quantitative analysis, that would indicate for each reporting unit that it is more likely than not that the fair value is less than the carrying amount.

Additional details surrounding goodwill can be found in the "Notes to the Consolidated Financial Statements - 13. Goodwill" included in "Item 18. Financial Statements".

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This annual report on Form 20-F includes forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning 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 possibility that the Parent will be unable to pay dividends to shareholders or that the amount of such dividends may be less than anticipated;
- the length, duration and severity of the COVID-19 pandemic, including any new variants of the coronavirus, and the response of governments, including government-mandated property closures and travel restrictions;
- the effect of the COVID-19 pandemic on our operations or the operations of our customers and suppliers;
- the possibility that the Company may not achieve its anticipated financial results in one or more future periods;
- reductions in customer spending;
- a slowdown in customer payments and changes in customer demand for products and services as a result of changing economic conditions or otherwise;
- unanticipated changes relating to competitive factors in the industries in which the Company operates;
- the Company's ability to hire and retain key personnel;
- the Company's ability to attract new customers and retain existing customers in the manner anticipated;
- the impact of supply chain constraints on the Company's ability to meet demand for its products;
- an increase in costs resulting from supply chain constraints, including, but not limited to, increases in input costs, labor costs and freight costs, among others;
- reliance on and integration of information technology systems;
- changes in legislation, governmental regulations, or the enforcement thereof that could affect the Company;
- enforcement of an interpretation of the Wire Act in such a manner as to prohibit or limit activities in which the Company and its customers are engaged;
- international, national, or local economic, social, or political conditions that could adversely affect the Company or its customers;
- conditions in the credit markets;
- risks associated with assumptions the Company makes in connection with its critical accounting estimates;
- the resolution of pending and potential future legal, regulatory, or tax proceedings and investigations; and
- the Company's international operations, which are subject to the risks of currency fluctuations and foreign exchange controls.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the Company's business, including those described in "Item 3. Key Information—D. *Risk Factors*" and other documents filed by the Parent from time to time with the SEC. Except as required under applicable law, the Company does not assume any obligation to update these forward-looking statements. Nothing in this annual report is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per share of the Parent for the current or any future financial years will necessarily match or exceed the historical published earnings per share of the Parent, as applicable. All forward-looking statements contained in this annual report on Form 20-F are qualified in their entirety by this cautionary statement.

Item 6. Directors, Senior Management, and Employees

A. *Directors and Senior Management*

As of February 24, 2022, the Parent's board of directors (the "Board") consists of 12 directors. Seven of the current directors were determined by the Board to be independent under the listing standards and rules of the NYSE, as required by the Articles of Association of the Parent (the "Articles"). For a director to be independent under the listing standards of the NYSE, the Board must affirmatively determine that the director has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). The Board has made an affirmative determination that the members of the Board so designated in the table below meet the standards for "independence" set forth in the Parent's Corporate Governance Guidelines and applicable NYSE rules. The Articles require that for as long as the Parent's ordinary shares are listed on the NYSE, the Parent will comply with all NYSE corporate governance standards set forth in Section 3 of the NYSE Listed Company Manual applicable to non-controlled domestic U.S. issuers, regardless of whether the Parent is a foreign private issuer.

At February 24, 2022, the directors, certain senior managers, and the senior consultant are as set forth below:

Name	Position
Marco Sala[(1)]	Executive Chair of the Board; Executive Director
James F. McCann	Vice-Chairperson of the Board; Lead Independent Director; Non-executive Director
Massimiliano Chiara	Director, Executive Vice President and Chief Financial Officer
Alberto Dessy	Independent Non-executive Director
Marco Drago[(1)]	Non-executive Director
Ashley M. Hunter[(2)]	Independent Non-executive Director
Heather J. McGregor	Independent Non-executive Director
Lorenzo Pellicioli[(1)]	Non-executive Director
Maria Pinelli[(2)]	Independent Non-executive Director
Samantha F. Ravich	Independent Non-executive Director
Vincent L. Sadusky[(3)]	Director and Chief Executive Officer
Gianmario Tondato da Ruos	Independent Non-executive Director
Renato Ascoli	Chief Executive Officer, Global Gaming
Fabio Cairoli	Chief Executive Officer, Global Lottery
Fabio Celadon	Executive Vice President, Strategy and Corporate Development
Dorothy Costa	Senior Vice President, People & Transformation
Enrico Drago	Chief Executive Officer, Digital & Betting
Scott Gunn	Senior Vice President, Corporate Public Affairs
Wendy Montgomery	Senior Vice President, Marketing, Communications and Sustainability
Timothy M. Rishton	Senior Vice President, Chief Accounting Officer
Christopher Spears	Executive Vice President, General Counsel
Robert Vincent[(4)]	Chairperson of IGT Global Solutions Corporation

[(1)] Messrs. Sala and Pellicioli were chief executive officer and chairperson of the Board of the Parent, respectively, until January 24, 2022. Messrs. Pellicioli and Marco Drago are the chief executive officer and chairperson of the board, respectively, of De Agostini. Mr. Sala was appointed to the board of De Agostini in June 2020. B&D Holding S.p.A., the controlling shareholder of De Agostini, has announced that Mr. Sala will be proposed at the June 2022 meeting of the corporate bodies of De Agostini as the next CEO of De Agostini, replacing Mr. Pellicioli, who is retiring from the position.
[(2)] Ms. Hunter and Ms. Pinelli were appointed as independent non-executive directors of the Board of the Parent effective January 14, 2022.
[(3)] Mr. Sadusky was an independent non-executive director of the Board of the Parent, and chair of the Audit Committee, until January 14, 2022. He was appointed chief executive officer of the Parent effective January 24, 2022.
[(4)] IGT Global Solutions Corporation is the primary operating subsidiary for the Company's U.S. lottery business. Mr. Vincent's title is honorary and he serves as a senior consultant to Mr. Sadusky and the rest of the Company's senior leadership team.

On May 16, 2018, the Board approved the observer agreement (the "Observer Agreement") between De Agostini and the Company permitting De Agostini to appoint an observer to attend meetings of the Parent's directors. Effective November 15, 2021, the Observer Agreement was renewed for a new two-year term and Paolo Ceretti, a former director of the Parent, acknowledged and agreed to his renewed appointment by De Agostini as an observer pursuant to the terms of the Observer Agreement. The Observer Agreement expires following the meeting of the Parent's directors at which the financial results for the third quarter of 2023 are reviewed.

Directors

Marco Sala, 62, has served as the Executive Chair of the Board since January 2022. Prior to this, he served as a member of the Board and Chief Executive Officer of the Company since its admission to the listing on the NYSE in 2015 through January 2022. Before then and since 2009, Mr. Sala served as Chief Executive Officer and a member of the Board of Directors of predecessor GTECH S.p.A. (formerly Lottomatica Group). Prior to the Company's admission to the listing on the NYSE in 2015, Mr. Sala served on the Board of Directors of Lottomatica since 2003, when he joined as Co-General Manager, before being appointed Managing Director with responsibility for the Italian Operations and other European activities since 2006.

In June 2020, Mr. Sala was appointed to the Board of Directors of De Agostini. He is also a member of the Board of Directors of Save the Children Italia, the Italian extension of the worldwide non-profit organization, and a member of the Board of Directors of the Rome Biomedical Campus University Foundation, a non-profit organization in charge of promoting scientific research and of supporting the Biomedical Campus University of Rome. Until June 2019, Mr. Sala served as a member of the Board of Directors of OPAP S.A., a Greek gaming and sports betting operator.

Before joining the Company, he served as Chief Executive Officer of Buffetti, Italy's leading office equipment and supply retail chain. Prior to Buffetti, Mr. Sala served as Head of the Italian Business Directories Division for SEAT Pagine Gialle. He was later promoted to Head of Business Directories with responsibility for a number of international companies, such as Thomson (Great Britain), Euredit (France), and Kompass (Italy). Earlier in his career, he worked as Head of the Spare Parts Divisions at Magneti Marelli (a Fiat Group company) and soon after he became Head of the Lubricants Divisions. Additionally, he held various marketing positions at Kraft Foods. Mr. Sala graduated from Bocconi University in Milan (Italy), majoring in Business and Economics.

James F. McCann, 70, has served on the Board since the formation of the Company and is currently the Vice Chairperson, Lead Independent Director and is Chair of the Nominating and Corporate Governance Committee. He is the Chairman of 1-800-Flowers.com, Inc., and previously served as Chief Executive Officer, a position he held since 1976. He is also Chairman and CEO of Clarim Acquisition, a blank check company targeting consumer-facing e-commerce which was founded in 2020. Mr. McCann previously served as director and Chair of the Nominating and Governance Committee of Willis Towers Watson until his retirement in May 2019. He previously served as the Chairman of the Board of Directors of Willis Towers Watson from January 4, 2016 to January 1, 2019. Previously he served as Director (2004-2015) and non-executive Chairman (2013-2015) of Willis Group Holdings PLC ("Willis Group"). Prior to serving as the non-executive Chairman of the board of Willis Group, he served as the company's presiding independent director. Mr. McCann has served on the board of Amyris, Inc. since 2019, including as a member of the Audit Committee and the Operations and Finance Committee.

He previously served as a director and compensation committee member of Lottomatica S.p.A. (from August 2006 to April 2011), and as a director of Gateway, Inc., The Boyds Collection, Ltd and Scott's Miracle-Gro.

Massimiliano Chiara, 53, has served on the Board of Directors, and as Chief Financial Officer of the Company, since April 2020. Before joining the Company, Mr. Chiara served as Chief Financial Officer of CNH Industrial since September 2013. Max was also named the Chief Sustainability Officer at CNH Industrial in 2016, and he also served as head of Mergers & Acquisitions for CNH Industrial from 2017. Between 2009 and 2013, Mr. Chiara served in various positions with Fiat Chrysler Automobiles (and its predecessors) as Chief Financial Officer and Head of Business Development in Latin America, Vice President of Financial Planning and Analysis and Business Development Finance, VP Finance Brands and Marketing Controller, and served as Director of Business Development Finance for its engine business unit Fiat Powertrain between 2007 and 2009. Earlier in his career, Mr. Chiara held various managerial roles at Teksid Aluminum, PricewaterhouseCoopers, Robert Bosch, the Wuerth Group, and was a M&A financial analyst with Dresdner Kleinwort Benson.

Mr. Chiara graduated from the Luigi Bocconi University in Milan (Italy), with a degree in Business Administration Cum Laude, and has a CEMS Master's degree in International Management from the Bocconi University (with the University of Cologne in Germany as host school). Mr. Chiara also held the position of Chairman of the Italian Association of Corporate Treasurers (AITI) for the years 2004-2007.

Alberto Dessy, 69, has served on the Board since the formation of the Company in April 2015 and is a member of the Audit Committee and the Compensation Committee. He is currently a Professor at Bocconi University. Mr. Dessy is a Chartered Accountant who specializes in corporate finance, particularly the evaluation of companies, trademarks, equity and investments, financial structure, channels and loan instruments, funding for development and in acquisitions and disposals of companies. He has been an expert witness for parties to lawsuits and as an independent expert appointed by the court in various legal disputes.

He has previously served on the boards of many companies, both listed and unlisted, including Chiorino S.p.A., Redaelli Tecna S.p.A., Laika Caravans S.p.A., Premuda S.p.A., I.M.A. S.p.A., Milano Centro S.p.A., and DeA Capital S.p.A. Mr. Dessy graduated from Bocconi University in Milan (Italy) and is a member of the distinguished faculty in corporate finance at the SDA Bocconi School of Management.

Marco Drago, 76, has served on the Board since the formation of the Company in April 2015. From 2002 to the formation of the Company, Mr. Drago served on the board of directors of GTECH S.p.A. (formerly Lottomatica Group). Since 1997, Mr. Drago has been the Chairman of De Agostini, one of Italy's largest family-run groups. Since July 2018 he has been the President of The Board of Directors of B&D Holding S.p.A. (formerly B&D Holding di Marco Drago e C.S.a.p.A., of which he had been President of the Board of Partners since 2006). He is also Vice Chairman of Planeta De Agostini Group, Director of Atresmedia, Honorary Chairman of De Agostini Editore S.p.A. and member of the S. Faustin (Techint Group) board.

Mr. Drago graduated in Economics and Business at Bocconi University in Milan (Italy) in 1969. He started his career that same year in the family company joining Istituto Geografico De Agostini. In 1997 he replaced Achille Boroli as Chairman of De Agostini Holding S.p.A., having previously served as Executive Officer and Managing Director. He has received important awards such as *"Bocconiano dell'anno"* in 2001, and was made *"Cavaliere del Lavoro"* in 2003.

Mr. Drago is the father of Enrico Drago, CEO, Digital & Betting.

Ashley M. Hunter, 42, was appointed to the Board in January 2022 and is a member of the Nominating and Corporate Governance Committee. She has been a lecturer at the University of Texas at Austin School of Information since 2015, and is the founding partner of A. Hunter & Company, a leading risk management advisory firm. Previously, she was managing director of HM Risk Group LLC where she assisted many startups and corporations with alternative risk transfer schemes and reinsurance placement, globally. Under her leadership, HM Risk Group became a leader in the development of niche insurance products for the sharing and assistive reproductive technology industry. Prior to founding HM Risk Group in 2006, she worked in various claims and underwriting management positions for State Farm Insurance Companies, The Hartford Insurance Company and AIG Insurance Company. Ms. Hunter is an active member of the Professional Liability Underwriting Society, Women in Private Equity and The Waters Street Club. Ms. Hunter currently serves as a Director for Affordable Central Texas, a Trustee for Zach Theatre, Fredericksburg Texas Zoning Board of Adjustment and a gubernatorial appointee for Motor Vehicle Crime Prevention Authority. Ms. Hunter has a BM in Music Theory and Composition from Centenary College of Louisiana and a MBA in Finance from Texas A&M University. Ms. Hunter is also an accomplished concert violinist.

Prof. Heather J. McGregor, 59, was appointed to the Board in March 2017 and is a member of the Audit Committee. She is the Executive Dean of the Edinburgh Business School, the business school of Heriot-Watt University in the U.K., having held the post since 2016. She is also the Acting Head of Social Sciences at the university. Her earlier career was in investment banking and she then spent 17 years as an entrepreneur leading her own executive search firm prior to her move into higher education. She holds an Advanced Diploma in Management Accounting and is expected to hold a full CGMA qualification from February 2022.

Professor McGregor has a PhD from the University of Hong Kong in Structured Finance and an MBA from London Business School. Her undergraduate degree was a BSc in Agricultural Economics & Marketing from Newcastle University. Professor McGregor is an experienced writer and broadcaster, including writing for the Financial Times for 17 years. She is also the founder of the Taylor Bennett Foundation, which works to promote diversity in the communications industry, and a founding member of the steering committee of the 30% Club, which is working to raise the representation of women at senior levels within the U.K.'s publicly listed companies. In addition, Professor McGregor is a non-executive director of Fundsmith Emerging Equities Trust plc (an investment trust listed on the London Stock Exchange) and Lowell UK (a private financial services company majority owned by Permira Advisers LLC).

In 2021 Professor McGregor was one of the first two people at Heriot-Watt University to be named a Principal Fellow of the Higher Education Academy; in 2021 she was elected a Fellow of the Royal Society of Edinburgh.

Professor McGregor was awarded a CBE in the 2015 Queen's Birthday Honours List for her services to business, especially diversity in the workplace.

Lorenzo Pellicioli, 70, has served on the Board since the formation of the Company in April 2015. He served as Chairperson of the Board from November 2018 through January 2022, before which he served as Vice-Chairperson of the Board since the formation of the Company. From August 2006 to the formation of the Company, Mr. Pellicioli served on the GTECH S.p.A. (formerly Lottomatica Group) board of directors as Chairman from August 2006 to April 2015. Mr. Pellicioli has served as Chief Executive Officer of De Agostini since November 2005, and will retire from the position effective June 2022.

Mr. Pellicioli started his career as a journalist for the newspaper Giornale Di Bergamo and afterwards he became Bergamo TV Programmes Vice President. From 1978 to 1984, he held different posts in the sector of the Italian private television for Manzoni Pubblicità, Publikompass up to his nomination as Rete4 General Manager. In 1984, he joined the Gruppo Mondadori Espresso, the first Italian publishing group. He was initially appointed General Manager for Advertising Sales and Mondadori Periodici (magazines) Vice General Manager and afterwards President and CEO of Manzoni & C. S.p.A, advertising rep of the Group.

From 1990 to 1997, he was appointed first President and CEO of Costa Cruise Lines in Miami, being part of Costa Crociere Group operating in the North American market (USA, Canada and Mexico) and then became Worldwide General Manager of Costa Crociere S.p.A., based in Genoa. From 1995 to 1997 he was also appointed President and CEO of the Compagnie Francaise de Croisières (Costa-Paquet), the Paris-based subsidiary of Costa Crociere.

In 1997, he took part to the privatization of SEAT Pagine Gialle purchased by a group of financial investors. After the acquisition he was appointed CEO of SEAT. In February 2000, he also managed the “Internet Business Unit” of the Telecom Italia Group following the sale of SEAT. In September 2001, following the acquisition of Telecom Italia by the Pirelli Group, he resigned. Since November 2005 he has been CEO of the De Agostini Group, an Italian financial group with ownership in the publishing sector (De Agostini Editore), games and lotteries (IGT PLC), media and communications (Atresmedia - Spanish television leader, Banijay Group - a leading company in the production and distribution of television and media content) and financial investments (DeA Capital).

He is also Chairman of the Board of Directors of DeA Capital, a member of the Board of Directors of Assicurazioni Generali S.p.A., and a member of the Advisory Board of Palamon Capital Partners. He was formerly also a member of the Boards of Directors of Enel, INA-Assitalia, and Toro Assicurazioni and of the Advisory Board of Lehman Brothers Merchant Banking.

On April 3, 2017 he was honored with the title of Chevalier dans l’ordre de la Légion d’Honneur.

Maria Pinelli, 59, was appointed to the Board in January 2022 and is Chair of the Audit Committee. She is a global C-suite executive who currently serves as a member of the board of directors for Globant S.A. and board director and chair of the audit committee for Archer Aviation, Inc. and Clarim Acquisition Corp. She served in a variety of leadership roles at Ernst & Young (EY) from October 1986 to November 2020, including consumer products and retail leader, technology leader, global vice chair – strategic growth markets, global IPO leader, and Americas leader – strategic growth markets. In her role as an advisor at EY, she successfully led more than 20 initial public offerings in four different countries and more than 25 merger and acquisition transactions worldwide and testified before the US House Financial Services Committee on the state of the capital markets. Her experience includes strategic transactions and due diligence advice, Sarbanes-Oxley implementation and stakeholder management. She has served as an advisor to some of the world’s most iconic e-commerce, consumer products, and retail brands. Recipient of several awards, she was recognized as one of the Square Mile's most inspiring Power 100 Women which highlights the talkers, the thinkers, the women influencing policy and changing the way the City of London thinks.

Dr. Samantha F. Ravich, 55, was appointed to the Board in July 2019 and is a member of the Compensation Committee and the Nominating and Corporate Governance Committee. She is a defense and intelligence policy and tech entrepreneur and the Chair of the Center on Cyber and Technology Innovation at the Foundation for Defense of Democracies and its Transformative Cyber Innovation Lab. She was formerly the Vice Chair of the President’s Intelligence Advisory Board; a Commissioner on the Congressionally-mandated Cyberspace Solarium Commission; and a member of the Secretary of Energy’s Advisory Board. Dr. Ravich is also a managing partner at A2P, LLC, a technology company that focuses on advanced advertising techniques, and a Board Governor at the Gemological Institute of America. Previously, she was the Republican Co-Chair of the Congressionally-mandated National Commission for Review of Research and Development Programs in the United States Intelligence Community and served as Deputy National Security Advisor for Vice President Cheney.

Dr. Ravich received her Ph.D. in Policy Analysis from the RAND Graduate School and her MCP/BSE from the University of Pennsylvania/Wharton School and is a member of the Council on Foreign Relations and the National Association of Corporate Directors.

Vincent L. Sadusky, 56, has served as Chief Executive Officer since January 2022. He has served on the Board since the formation of the Company and was Chair of the Audit Committee until January 2022. Prior to the formation of the Company, Mr. Sadusky served on the International Game Technology board of directors from July 2010 to April 2015. He formerly served as Chief Executive Officer and a member of the board of directors of Univision Communications Inc., the largest Hispanic media company in the U.S. He served as President and Chief Executive Officer of Media General, Inc., one of the U.S.'s largest owners of television stations, from December 2014 until January 2017, following the company's merger with LIN Media LLC. Mr. Sadusky served as President and Chief Executive Officer of LIN Media LLC from 2006 to 2014 and was Chief Financial Officer from 2004 to 2006. Prior to joining LIN Media LLC, he held several management positions, including Chief Financial Officer and Treasurer, at Telemundo Communications, Inc. from 1994 to 2004, and from 1987 to 1994, he performed attestation and consulting services with Ernst & Young. Mr. Sadusky formerly served on the board of directors of Hemisphere Media Group, Inc. Previously, he served on the Open Mobile Video Coalition, to which he served as President from 2011 until its integration into the National Association of Broadcasters in January 2013. He formerly served on the boards of directors of JVB Financial Group, LLC, Maximum Service Television, Inc., Media General, Inc., LIN Media LLC and NBC Affiliates.

Mr. Sadusky earned a Bachelor of Science degree in Accounting from Pennsylvania State University where he was a University Scholar. He earned a Master of Business Administration degree from the New York Institute of Technology.

Gianmario Tondato Da Ruos, 62, has served on the Board since the formation of the Company and is Chair of the Compensation Committee. From 2006 to the formation of the Company, Mr. Tondato Da Ruos served as a Lead Independent Director of GTECH S.p.A. (formerly Lottomatica Group). Mr. Tondato Da Ruos has served as the Chief Executive Officer of Autogrill S.p.A. since April 2003. He joined Autogrill Group in 2000, and moved to the United States to manage the integration of the North American subsidiary HMSHost and successfully implemented a strategic refocusing on concessions and diversification into new business sectors, distribution channels, and geographies.

Mr. Tondato Da Ruos is Chairman of HMSHost Corporation, of Autogrill Italia S.p.A. and of Autogrill Europe S.p.A. He has been a director of Autogrill S.p.A. since March 2003, and sits on the advisory board of Rabobank (Hollande) on the strategic advisory board of Planet Farms Holding S.p.A. (Italy). He was formerly Chairman of World Duty Free S.p.A. and a director of World Duty Free Group S.A.U. Mr. Tondato Da Ruos graduated with a degree in economics from Ca'Foscari University of Venice.

Senior Management

Renato Ascoli, 60, is Chief Executive Officer, Global Gaming, and is responsible for the IGT Gaming business. This includes Italy Gaming, Global Gaming Sales, Global Gaming Product Management, Global Gaming Studios, Global Manufacturing, Operations and Services including Global Gaming Technology. Prior to his appointment as CEO, Global Gaming, Mr. Ascoli served as CEO, North America of IGT. In this capacity, other than serving all North America Customers, he held global responsibility for product development, manufacturing, product management, technology and delivery of all the Company's portfolio outside Italy: gaming, digital, and lottery.

Prior to the formation of the Company, Mr. Ascoli served as General Manager of GTECH S.p.A. (formerly known as Lottomatica Group) and President of GTECH Products and Services, where he was responsible for overseeing the design, development, and delivery of state-of-the-art platforms, products, and services. He supported all stages of the sales process, and provided marketing and technology leadership to optimize investment decisions. Prior to this role, Mr. Ascoli served as Head of Italian Operations. In this position, he was responsible for the strategic direction and operations of the Company's Italian businesses. He joined GTECH S.p.A. in 2006 as Director of the Gaming division.

From 1992 to 2005, Mr. Ascoli worked for the national railway system Ferrovie dello Stato/Trenitalia, where he held roles of increasing responsibility including head of Administration, Budget, and Control of the Local Transport Division; head of Strategies, Planning, and Control of the Transport Area; and head of the Passengers Commercial Unit. In 2000, he was appointed Marketing Director of the Passengers Division, and later served as Director of Operations and Passengers Division. He also was head of International Development for Trenitalia. Earlier in his career, he led international marketing efforts for Fincentro Group - Armando Curcio Editore, where he was responsible for commercial development of the publishing assets of Fincentro Group. He was also responsible for defining the strategic and management assets of the many companies comprising Fincentro Group. Mr. Ascoli also served as a consultant to Ambrosetti Group, supporting the internationalization process (Spain, England, and U.S.A.). He graduated from Bocconi University in Milan (Italy), majoring in Economics and Social Studies.

Fabio Cairoli, 56, is Chief Executive Officer, Global Lottery, and is responsible for the IGT Lottery business. This includes Global Lottery Sales and Operations, Global Lottery Product and Sales Development, Global Lottery Technology and Support. Prior to this role, Mr. Cairoli served as Chief Executive Officer, Italy, where he was responsible for managing all business lines, marketing services, and sales for the Company's Italian operations. Through his leadership of the largest lottery operator in the world, Mr. Cairoli shares insights and best practices with other organizations in the Company. Mr. Cairoli joined the Company in 2012 as Senior Vice President of Business. He has more than 20 years of experience in consumer goods for multinational organizations, with both local and international expertise. He served as Group General Manager and Board Member of Bialetti Industrie, a world-renowned Italian manufacturer and retailer of stovetop coffee (espresso) makers and small household electrical appliances. During his tenure at Bialetti, he was responsible for turning around the business by refocusing strategy, streamlining costs, and optimizing the product portfolio and retail presence.

Prior to Bialetti, Mr. Cairoli served as General Manager of Star Alimentare, a major Italian food company, and successfully relaunched a historical brand. Additionally, he spent part of his career with Julius Meinl Italia and with Motorola Mobile Devices Italy. He also spent 10 years with Kraft Foods in Italy and the U.K. in various capacities. Mr. Cairoli holds a Bachelor's degree in Economics from the Catholic University in Milan.

Fabio Celadon, 51, is Executive Vice President, Strategy and Corporate Development, and is responsible for IGT's Strategy, Strategic Markets Development, Mergers and Acquisitions and Competitive Intelligence functions. Under his direction, the organization monitors industry and competitive trends in IGT's core and adjacent markets; develops IGT's portfolio strategy; identifies key portfolio initiatives and supports the business unit CEOs in the identification and execution of their business unit strategic initiatives; executes the Group's M&A strategy (mergers, acquisitions, JVs and divestitures), managing deal evaluation, structuring and negotiation, and coordinating internal cross-functional teams as well as external advisors.

Mr. Celadon most recently served as Senior Vice President, Gaming Portfolio, with responsibility for monitoring relevant technological advancements and market and competitive trends; consolidating the Company's global research and development plan and related allocation of budgets and resources; evolving the Company's content portfolio and consolidating hardware and content roadmaps; and, monitoring product performance and results.

Mr. Celadon previously served as Managing Director, IGT Greater China and Senior Vice President, IGT International. In this role, he was responsible for managing IGT's business and operations across lotteries, video lotteries, sports betting and interactive, and mobile gaming in Greater China. He was also responsible for the strategic development of IGT's business in Greater China, India, and Japan.

Prior to April 2015, Mr. Celadon served as Senior Vice President of Group Strategy and Corporate Development for GTECH S.p.A., where he was responsible for developing GTECH's overall corporate strategy, identifying and evaluating key strategic growth initiatives, and executing the corporate development strategy through mergers, acquisitions, joint ventures, and divestitures. Mr. Celadon has also held several strategy, corporate development, and finance positions since he joined Lottomatica Group, GTECH's predecessor-company, in 2002. Mr. Celadon served as CFO of Lottomatica from 2002 to 2004. Following the acquisition of GTECH by Lottomatica, he relocated to the U.S. where he held the position of GTECH Vice President of New Market Development before being promoted to Senior Vice President of Strategic Planning in 2008.

Prior to joining Lottomatica, he was a partner with Atlantis Capital Partners, a private equity firm, and prior to that, he worked for Morgan Stanley in London in the mergers and acquisitions department. Mr. Celadon holds a Law Degree from LUISS Guido Carli University and an MBA from Columbia Business School in New York.

Dorothy Costa, 50, is Senior Vice President, People & Transformation, and has strategic oversight for the IGT People and Transformation function, including all senior strategic business partners and the total rewards, diversity & inclusion, organization transformation and global services and talent management centers of excellence.

Ms. Costa has more than 26 years of Human Resources experience, with 22 in the lottery and gaming industry. Prior to her current role, Ms. Costa was IGT's Vice President of People & Transformation, where she had worldwide responsibility as the Human Resources Business Partner supporting the North America business unit that includes both gaming and lottery within IGT. She also served as Senior Director of Human Resources for the Products & Services organization, which consisted of product marketing and technology solutions for lottery, gaming, interactive, and betting, as well as HR Business Partner for all corporate functions within the Company. Her areas of responsibility within these groups included staffing, compensation, employee relations, talent development, succession planning, and executive coaching. Early in her career, she worked for Citizens Financial Group in various HR roles in Rhode Island.

Ms. Costa holds a Bachelor of Science degree in Business Management from Rhode Island College, and an MBA in Organizational Leadership from Johnson & Wales University in Providence, RI. She also completed the Advanced Human Resource Executive Program at the University of Michigan, Michigan Ross School of Business Executive Education.

Enrico Drago, 44, is Chief Executive Officer, Digital & Betting. Prior to his current role, Mr. Drago served as Senior Vice President of PlayDigital from July 2018, leading a fast-growing and award-winning portfolio of digital gaming/lottery and sports betting products, platforms and services. He has also served as Vice Chairman of De Agostini S.p.A., since June, 2021. Mr. Drago also has served as an advisor for Nina Capital, a leading European venture capital firm focused on health technology companies, since 2019. He is the son of Marco Drago, a member of IGT's Board of Directors and the Chairperson of De Agostini S.p.A. Mr. Drago joined IGT in 2014 as Chief Operating Officer for a subsidiary of the Parent. In 2017, he took on the role of Senior Vice President Global Interactive, Sports Betting and Licenses. Prior to joining the Company, he led teams for Inditex Italia, which he joined through a leadership program for high-potential managers. Mr. Drago was selected as the Italy Chief Operating Officer for brands Bershka, Pull & Bear, Zara Home, Oysho, Stradivarius and Massimo Dutti and appointed as Inditex Italia Managing Director in 2011. Prior to his roles with Inditex Italia, Drago worked with Puig Beauty and Fashion.

Scott Gunn, 55, is Senior Vice President, Corporate Public Affairs. As a member of IGT's senior leadership team, Mr. Gunn is responsible for the Company's global government affairs strategy and public policy. He is instrumental in facilitating government relationships and directing public engagement to advance the Company's global objectives. Mr. Gunn has been with the Company for more than 25 years, and has held positions in operations, sales, business development, and public affairs. Prior to his current role, he was Senior Vice President of Global Government Relations and North America Lottery Business Development, overseeing worldwide government relations strategy and managing the Company's global network of government relations resources, as well as pursuing public sector market opportunities for the Company's various lines of business in North America.

Mr. Gunn began his career at a public affairs firm in Washington, D.C. He was also an Associate at National Media Inc., where he worked on media strategy for state and federal political campaigns. He has held various positions within national and state political party organizations, and has been involved with several U.S. presidential campaigns. Mr. Gunn is chairperson of the Company's Government Affairs Committee and Political Action Committee, and is a member of the Company's Executive Diversity and Inclusion Council. He has a bachelor's degree in Political Economics from Tulane University.

Wendy Montgomery, 59, is Senior Vice President, Marketing, Communications and Sustainability, and oversees the strategy for the Company's global corporate brand, events and trade shows, product marketing, external corporate communications, sustainability programs, including community relations, responsible gaming and ESG. Prior to joining the Company in 2018 as Senior Vice President of Global Lottery Marketing, Ms. Montgomery spent 13 years at the Ontario Lottery and Gaming Corporation where, as Senior Vice President, Lottery & iGaming, she led marketing, sales, operations, policy and planning, and the iGaming business. Her previous experience spans multiple industries, including in the entertainment business in her role as Vice President and General Manager, W Network, under Corus Entertainment, Inc., and before that, in the telecommunications field as Vice President of Marketing with Star Choice Communications, Inc. She has also held leadership roles in apparel, consumer products, and food categories, and has previously lived and worked in South Africa, Israel, Eastern Europe, Canada, and the United States.

Ms. Montgomery is a graduate of the Executive Leadership Program at Queen's University in Kingston, Canada. She holds a diploma in Marketing Management from the Institute of Marketing Management in Johannesburg, South Africa, as well as a Higher National Diploma in Business Studies from Greenwich University in London, U.K.

Timothy M. Rishton, 56, is Senior Vice President, Chief Accounting Officer, and is responsible for overseeing Accounting and Tax, including developing and maintaining systems and internal controls over financial reporting; and the preparation of the Company's consolidated annual reporting in accordance with generally accepted accounting principles. Mr. Rishton served as the Company's Interim Chief Financial Officer from January 2020 through April 2020.

Prior to the formation of the Company, Mr. Rishton served as the Chief Accounting Officer for GTECH S.p.A. Mr. Rishton has been with the Company (and predecessor GTECH) since 1995, and over his 26 years with the Company, he has held a series of roles with increasing responsibility, including Vice President - Finance, Assistant Corporate Controller and Director of Accounting.

Before joining the Company, Mr. Rishton held various roles at Acushnet Company and Ernst & Young, where he provided assurance services to publicly listed and private company clients in a variety of industries. Mr. Rishton is a member of the American Institute of Certified Public Accountants and the Rhode Island Society of CPA's.

Mr. Rishton received his bachelor's degree in Accounting from the University of Rhode Island.

Christopher Spears, 54, is Executive Vice President, General Counsel, and is responsible for leading IGT's global legal strategy and function. In this role he is responsible for managing IGT's internal legal team and outside legal advisors, providing counsel to IGT's board of directors and executive leadership team and managing IGT's legal issues across a wide range of global subject matter areas including corporate governance, compliance, litigation, mergers and acquisitions, intellectual property, licensing and commercial and operational issues.

Mr. Spears has over 25 years of legal experience with a focus on supporting the broad legal needs of global businesses, including corporate governance, securities, capital markets, mergers and acquisitions, compliance, intellectual property and litigation. Prior to joining IGT in 2017, Mr. Spears served in a series of roles of increasing responsibility at Caterpillar Inc., including as Deputy General Counsel with responsibility for global commercial law matters, corporate governance and mergers and acquisitions, Chief Ethics and Compliance Officer with responsibility for global compliance and General Counsel – Asia-Pacific based in Singapore. Before joining Caterpillar Inc., Mr. Spears was in private practice with a focus on mergers and acquisitions, securities and corporate law.

Mr. Spears holds a Bachelor of Science degree in Business Administration from Berea College and MBA and Juris Doctorate degrees from the University of Kentucky.

Senior Consultant

Robert Vincent, 67, is Chairperson of IGT Global Solutions Corporation, the primary operating subsidiary for the U.S. lottery business, and represents the Company when interacting with global customers, current and potential partners, and government officials. He also serves as a senior counselor to Chief Executive Officer Vincent Sadusky and the rest of the Company's senior leadership team.

Previously, Mr. Vincent served as the Company's Executive Vice President for Administrative Services and External Relations. He oversaw global external and internal corporate communications, media relations, branding, and social responsibility programs. He also led a centralized Administrative Services organization that included information security, global procurement, real estate/facilities, food services, environmental health and safety, and facility security and monitoring. In addition, he was involved in selected business development projects, and supported activities in compliance, investor relations, marketing communications, and government relations. Prior to that, he served as the Company's Senior Vice President of Human Resources and Public Affairs.

Before April 2015, Mr. Vincent had been affiliated with GTECH S.p.A. for more than 20 years, having served as an external consultant; as Vice President of Business Development for Dreamport, GTECH's former gaming and entertainment subsidiary; and as Senior Vice President of Human Resources and Public Affairs for GTECH S.p.A.

Before joining the Company, he was a senior partner at RDW Group, a regional advertising and public relations company in Rhode Island. He also held senior policy and administrative positions with Rhode Island-based governments, including the Governor's Office, Secretary of State's Office, and the Providence Mayor's Office. In addition, he has staffed community and government affairs efforts at Brown University in Providence.

Active in the community, Mr. Vincent serves on the Boards of the University of Rhode Island Foundation, Rhode Island Hospital Foundation, Family Service of Rhode Island, and the URI Harrington School of Communication.

Mr. Vincent received his bachelor's degree in Political Science from the University of Rhode Island.

Except for the relationship between Marco Drago and Enrico Drago described above, there are no familial relationships among any of the Parent's directors, senior managers or the senior consultant.

B. ***Compensation***

Non-Executive Director Compensation

The Parent's compensation policy for non-executive directors is to provide an annual cash retainer payable in quarterly tranches as well as equity awards typically in the form of a restricted share unit ("RSU") award vesting on an annual basis, or such other form of equity awards under the Company's Equity Incentive Plan. Additional cash retainers are provided for the non-executive directors serving as Chairpersons of the Board and/or the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee as well as the Lead Independent Director.

Equity Awards

An RSU award is normally granted to each existing non-executive director annually, and to a new non-executive director at the time of appointment.

The number of RSUs covered by each award is generally determined by dividing (1) the Annual Grant Value (see table below in the "Annual Compensation" section) by (2) the closing price of an ordinary share as of the date of grant, prorated accordingly in respect of grants made to new non-executive directors. Awarded units normally vest at the next annual general meeting ("AGM") of the Parent after grant date, subject to continued service of the non-executive director as a director on the Parent.

Annual Compensation

($ in thousands)	**Fees ($)[1]**	**RSUs ($)[2]**
Non-executive Director	100	200
Chairperson additional compensation	50	50
Lead Independent Director additional compensation	20	20
Committee Chairpersons additional compensation:		
Audit Committee	40	—
Compensation Committee	30	—
Nominating and Corporate Governance Committee	20	—

[1] All fees are established in USD but paid quarterly in GBP, with the amount paid converted from USD to GBP based on the exchange rate in effect on the date of processing the payment.
[2] The number of RSUs granted is calculated by dividing the grant value listed in this column by the closing price of an ordinary share as of the date of grant.

2021 Plan Year Actual Compensation

The following table sets forth the approximate compensation received or earned, calculated in accordance with the Companies Act 2006 and relevant regulations, as applicable, by the Company's non-executive directors during the year ended December 31, 2021. Amounts are presented in $ thousands.

Name & Position(s)[1] [2]	**Fees ($)**	**RSUs ($)[3]**	**Total**
Lorenzo Pellicioli *Non-executive Director* *Chairperson of the Board*	150	312	462
James F. McCann *Non-executive Director* *Vice-Chairperson of the Board* *Lead Independent Director* *Chairperson of the Nominating and Corporate Governance Committee*	140	274	414
Beatrice H. Bassey[4] *Non-executive Director*	36	—	36
Alberto Dessy[5] *Non-executive Director*	120	249	369
Marco Drago *Non-executive Director*	100	249	349
Heather J. McGregor *Non-executive Director*	100	249	349
Dr. Samantha Ravich *Non-executive Director*	100	249	349
Vincent L. Sadusky *Non-executive Director* *Chairperson of the Audit Committee*	140	249	389
Gianmario Tondato da Ruos *Non-executive Director* *Chairperson of the Compensation Committee*	130	249	379

(1) As of December 31, 2021, Marco Sala, the Company's chief executive officer, and Massimiliano (Max) Chiara, the Company's chief financial officer, also served on the board of directors, but did not receive any additional compensation for such service. Please see the *Executive Officer Compensation* section below for information regarding Mr. Sala and Mr. Chiara's compensation.
(2) The following Executive and Board leadership changes were effective January 24, 2022: (i) Lorenzo Pellicioli retired as chairperson of the Board and will remain a non-executive director, (ii) Marco Sala was appointed executive chair of the Board, and (iii) Vincent L. Sadusky was appointed CEO of the Company and became an executive director of the Board.
(3) Amount reflects the number of RSUs granted on May 18, 2021, multiplied by $28.31, the three-month ending stock price as of December 31, 2021. The RSUs vest on the date of the 2022 AGM.
(4) Ms. Bassey did not stand for re-election at the 2021 AGM and her term ended on May 11, 2021. Ms. Bassey received a prorated amount of compensation for her services during the year.
(5) Includes a 4% stipend related to Italian regulatory requirements.

Executive Officer Compensation

Total Executive Officer Compensation

The following table sets forth the approximate 2021 compensation received or earned, calculated in accordance with the Companies Act 2006 and relevant regulations, as applicable, by the Company's executive officers as of December 31, 2021, including Marco Sala, CEO; Renato Ascoli, CEO, Global Gaming; Fabio Cairoli, CEO, Global Lottery; Fabio Celadon, Executive Vice President of Strategy and Corporate Development; Massimiliano (Max) Chiara, Executive Vice President and CFO; Dorothy Costa, Senior Vice President, People & Transformation; Enrico Drago, CEO, Digital & Betting; Scott Gunn, Senior Vice President of Corporate Public Affairs; Wendy Montgomery, Senior Vice President, Marketing, Communications and Sustainability; Timothy Rishton, Senior Vice President and Chief Accounting Officer, and Christopher Spears, Executive Vice President and General Counsel. Also included is compensation paid to Walter Bugno, former Executive Vice President of New Business and Strategic Initiatives, who resigned from the Company effective May 14, 2021; and Robert Vincent, Chairperson of IGT Global Solutions Corporation who provides consulting services to the Company, the fees for which are included as "Other" compensation in the table below.

($ in thousands)	Salary[1]	2021 Bonus[2]	Equity Awards[3]	Other[4]	Total
Marco Sala, Chief Executive Officer	1,146	3,595	—	3,426	8,167
Max Chiara, Chief Financial Officer	800	1,365	—	604	2,769
Other Executive Officers & Senior Consultant	4,306	6,644	—	5,188	16,137

(1) Mr. Sala's annual salary as CEO was $1,000,000 paid monthly, of which 70% is paid in GBP and 30% in EUR, both of which are converted using fiscal year-to-date exchange rates. In addition to base salary, the amount includes true-up payments related to foreign currency fluctuations and tax equalization, per his employment contract.
(2) Represents the short-term incentive compensation earned for the 2021 fiscal year, expected to be paid in March 2022. In addition to bonus, Mr. Sala's amount includes an estimated true-up payment related to foreign currency fluctuations and tax equalization, per his employment contract.
(3) The performance share units ("PSUs") subject to the 2019 to 2021 performance period did not achieve threshold and therefore no shares will vest with respect to such PSUs. Additionally, Marco Sala's equity awards also reflects 0% performance achievement subject to the 2018 through 2020 performance period of his CEO Co-Investment award granted in 2018.
(4) Represents the value of certain health, welfare and other benefits received by the executive officers during 2021 (including tax preparation, employer contributions to post-retirement plans, relocation benefits and taxable life insurance premiums paid). Also includes car allowances, housing allowances, and perquisites. Mr. Sala's other compensation also includes tax equalization related to benefits received in 2021. Mr. Chiara's other compensation also includes $500,000, the second installment of a $2.0 million bonus to be paid in four equal installments, provided to compensate Mr. Chiara for his forfeited compensation at his previous employer. The amount in Other Executive Officers & Senior Consultant also includes consulting fees paid to Mr. Vincent.

Compensation Actions Relating to CEO Transition

Effective January 24, 2022, Vincent L. Sadusky was appointed CEO of the Parent. Mr. Sadusky's employment agreement provides for the following:

($ in thousands)	Salary	Performance Bonus [i]	Equity Awards
Vincent L. Sadusky Chief Executive Officer	1,500	1,500 - 2,500	[ii]

(i) 2022 performance bonus of $1.5 million (target) to $2.5 million (maximum), subject to the achievement of certain financial and individual performance metrics.
(ii) Mr. Sadusky was granted the following long-term incentive awards: (1) PSUs with a grant date of January 24, 2022, a target grant date value of $2.25 million and subject to the same performance metrics and vesting schedule applicable to the 2021 PSUs granted to the Parent's former CEO for the 2021-2023 performance period; (2) a one-time recruitment award of RSUs with a grant date of January 24, 2022, and a target grant date value of $7.5 million with an opportunity to earn up to an additional 350,000 shares depending on the share price of the Parent's ordinary shares for the 60 days immediately preceding and ending on the vesting date, which is three years after the grant date; and (3) PSUs with a target grant date value of $2.25 million that will be issued in

accordance with the terms applicable to long-term incentive awards provided to the Company's eligible employees in 2022. Vesting of the long-term incentive awards are conditioned on Mr. Sadusky's continued service through each applicable vesting date.

Marco Sala, the Parent's former CEO, was appointed executive chair effective from January 24, 2022. In connection with this new appointment, certain arrangements of Mr. Sala's service agreement were restructured. These changes are described under "Severance Arrangements" below.

Short-Term Incentive Compensation Plans

The Company's 2021 short-term incentive ("STI") compensation plans are performance-based and designed to encourage achievement of both short-term financial results and longer-term strategic objectives. The STI plans recognize growth achievement with an opportunity to earn an incentive on the upside, as well as limit the downside potential. Payments under the STI plans were based on the Company's 2021 financial performance and individual Management by Objectives ("MBOs"). The Company's executive officers participated in the same STI plans as other employees during 2021.

Executive Officers STI

For purposes of the STI plans, financial performance was measured based on Consolidated Adjusted EBITDA ("EBITDA"), Consolidated Adjusted Operating Income ("OI"), excluding Purchase Price Accounting, and Adjusted Consolidated Net Debt. Executive Officers focused on a specific business unit will have other targeted metrics, such as an Adjusted Business Unit OI or Business Unit Adjusted EBITDA metric, in lieu of the Consolidated Adjusted OI metrics. STI targets as a percentage of base salary are 150% for the CEO and 70% to 100% for the Company's other executive officers. STI payouts could be adjusted to account for unusually negative or positive financial results due to events outside of the control of the Company's executive officers. All STI objectives had a mix of financial and individual metrics, which is presented in the table below.

Level	Financial Performance	Individual MBO	Financial Metric Mix			
Corporate	80%	20%	25% Consolidated Adjusted EBITDA	25% Consolidated Adjusted Operating Income	30% Net Debt	
Global Gaming Business Unit	80%	20%	20% Consolidated Adjusted EBITDA	30% Gaming Adjusted EBITDA	10% Net Debt	20% Gaming Cost Savings
Global Lottery Business Unit	80%	20%	20% Consolidated Adjusted EBITDA	50% Lottery Operating Income	10% Net Debt	
Digital & Betting Business Unit	80%	20%	20% Consolidated Adjusted EBITDA	30% Digital & Betting Adjusted EBITDA [(1)]	10% Net Debt	20% Gaming Adjusted EBITDA

[(1)] Prior to the recognition of Digital & Betting as a fully segmented business unit on September 1, 2021, it was included in the Global Gaming business unit with an established financial metric called "Global Gaming PlayDigital Adjusted EBITDA".

All financial objectives were established by the Compensation Committee of the Board for the CEO and by the Board for the other executive officers, upon recommendation of the Compensation Committee.

Long-Term Incentive Compensation Plans

The Company's long-term incentive ("LTI") compensation plan provides for several different types of stock-based awards including stock options, restricted stock and RSUs, both time and performance-based. No options were granted under the LTI plan in 2021, although 172,500 options were granted to Marco Sala as part of the CEO Co-Investment Plan as described under "CEO Co-Investment Plan" below.

The principal purposes of granting LTI awards are to assist the Company in attracting and retaining executive officers, to

provide a market-competitive total compensation package and to motivate recipients to increase shareholder value by enabling them to participate in the value created, thus aligning their interests with those of the Company's shareholders.

Grants of Performance Share Units ("PSUs")

PSUs were not granted in 2020 due to challenges in setting forward-looking performance metrics amidst the uncertainty due to the COVID-19 pandemic. As a result, two PSU awards were granted in 2021. The first award will vest 50% in 2023 and 2024, respectively, based on cumulative performance over the 2021-2022 period and continued service through the vesting dates. The second award will vest 50% in 2024 and 2025, respectively, based on cumulative performance over the 2021-2023 period and continued service through the vesting dates. Both awards provide for full vesting in the event of the participant's death, and pro rata vesting in the event of disability.

The vesting of the PSUs granted in 2021 is tied to the following performance metrics:

- Cumulative Consolidated Free Cash Flow;
- Cumulative Consolidated Adjusted EBITDA, Cumulative Global Lottery EBITDA less Capital Expenditures, or Cumulative Global Gaming EBITDA less Capital Expenditures, depending on the employee's respective business unit; and
- Relative Total Shareholder Return ("TSR") performance against the Russell 3000 Mid Cap Market Index.

Adjusted EBITDA and TSR were selected as performance measures to provide a strong focus on profit and alignment to shareholder returns, respectively. Free Cash Flow is designed to focus on de-leveraging and reducing the net debt. Adjusted EBITDA and Free Cash Flow performance are independently scored using separate payout curves; the outcomes of which could result in vested shares that are greater than, equal, or less than the original amount of total target shares. The performance factor is the product of the individual Adjusted EBITDA and Free Cash Flow payout curves, multiplied by the Relative TSR performance factor.

Actual vesting under the award can range from 0% to 145% of target if all maximum performance targets are met. Financial objectives were established by the Compensation Committee and reviewed by the Board, consistent with the authorization provided by the Company's shareholders.

The table below sets forth the PSUs granted pursuant to the Company's compensation plans to its executive officers during 2021.

Name	No. of Shares	Grant Date Fair Value	Vesting Period	Grant Date	Per Share Market Price on Date of Grant
Marco Sala, Chief Executive Officer	140,969	$ 26.69	2021-2024	May 18, 2021	$ 22.70
	211,454	$ 26.79	2021-2025	May 18, 2021	$ 22.70
Max Chiara, Chief Financial Officer	83,717	$ 26.69	2021-2024	May 18, 2021	$ 22.70
	125,576	$ 26.79	2021-2025	May 18, 2021	$ 22.70
Other Executive Officers	317,405	$ 26.69	2021-2024	May 18, 2021	$ 22.70
	476,110	$ 26.79	2021-2025	May 18, 2021	$ 22.70

Performance against 2019 to 2021 performance conditions for the PSUs vesting (2019 PSUs)

The equity awards amount included in the 2021 officer compensation table reflects the PSUs granted in 2019, the vesting of which was dependent on performance over three financial years ending on December 31, 2021 and continued service until April 1, 2022 for 50% of the PSUs and April 1, 2023 for the remaining 50% of PSUs. Given the impact of COVID-19 on the Company's financial results, threshold performance for vesting was not achieved and the Compensation Committee did not use discretion to vest any portion of the 2019 PSUs.

($ in millions)	Threshold	Target	Maximum	Payout %
2019 - 2021 Adjusted Cumulative EBITDA	5,014	5,420	5,691	—%
Adjusted Net Debt	7,668	7,368	7,068	—%
EBITDA/Net Debt Matrix Result				—%
Relative TSR Modifier	<25th	60th	>75th	119.8%
Performance results (% of target)[1]				—%
Total PSUs earned (% of maximum)[2]				—%

[1] EBITDA/Net Debt Matrix Result payout (0.0%) multiplied by Relative TSR Percentile payout (119.8%).
[2] The maximum number of shares to be earned under the 2019 PSU award is 145% of target.

CEO Co-Investment Plan

In 2021, the Company entered into a CEO Co-Investment Plan with Marco Sala. Mr. Sala's appointment to executive chair of the Board, effective January 24, 2022, did not impact any of the vesting conditions for awards granted under the plan. The CEO Co-Investment Plan is intended to align Mr. Sala's interests with those of the Company's shareholders. Under the CEO Co-Investment Plan, the Company matched Mr. Sala's commitment to hold his ordinary shares on a 1:1 basis (up to 470,000 shares), comprising a matching grant of up to 345,000 shares, awarded half in PSUs and half in stock options on May 11, 2021, and a matching grant of up to 125,000 shares awarded in PSUs on July 28, 2021.

The vesting conditions that apply to all PSUs and options awarded under the CEO Co-Investment Plan are as follows:
- Mr. Sala remaining a director of the Company until the shareholders approve the Company's 2023 financial statements at the AGM in 2024; and
- if requested to do so by the Compensation Committee, Mr. Sala's agreement to re-invest 50% of the total committed and awarded shares (considering also cash proceeds for exercised stock options) (after tax) in the next three-year co-investment plan in 2024 if he is confirmed as a director of the Company for another three-year mandate.

In addition, the 345,000 shares awarded on May 11, 2021 are subject to Mr. Sala's continued ownership of at least 345,000 ordinary shares during the three-year performance period, while the 125,000 shares awarded on July 28, 2021 are subject to the condition that Mr. Sala continue to own at least 470,000 ordinary shares during the three-year performance period.

The number of PSUs and options awarded under the CEO Co-Investment Plan that vest will depend on the satisfaction of the following market and performance conditions:

Financial Metric	Type of Condition	Target Performance Shares Subject to Metric [1]	Target Performance Options Subject to Metric [1]
Absolute TSR [2]	Market	86,250	86,250
Consolidated Free Cash Flow [3]	Performance	64,688	64,688
Consolidated Adjusted EBITDA [3]	Performance	21,562	21,562
Deleverage Achievement [4]	Performance	62,500	
Portfolio Analysis Achievement [5]	Performance	31,250	
Diversity and Inclusion [5]	Performance	31,250	
		297,500	172,500

[1] Actual shares or options earned subject to the Consolidated Free Cash Flow and Consolidated Adjusted EBITDA metrics may be equal or less than the target amount based on actual performance relative to target.
[2] Absolute TSR is equal to or greater than 20% over the three-year performance period (the initial price of $17.18 is equal to the 20-day trading average stock price ending on the date of grant, and the final price is equal to the 60-trading-days-average stock price ending on the approval of the Company's 2023 financial statements at the AGM in 2024).
[3] Target amounts represent cumulative Consolidated Free Cash Flow and cumulative Adjusted EBITDA for the years ended December 31, 2021, 2022, and 2023, respectively.
[4] Actual shares earned subject to the Deleverage Achievement condition (which is based on the Company's Leverage Ratio as of December 31, 2023) may be equal to or less than the target amount based on actual performance relative to the target.
[5] Actual shares earned subject to the Portfolio Analysis Achievement and Diversity and Inclusion conditions will be equal to the target amount if the condition has been satisfied. The satisfaction of the Portfolio Analysis Achievement and Diversity and Inclusion performance conditions shall be determined at the sole discretion of the Compensation Committee.

Grant of PSUs

The PSU awards granted under the CEO Co-Investment Plan in 2021 have a per share market price on the date of grant and grant date fair value of the shares as outlined in the table below.

Type of Condition	Grant Date	No. of Shares	Grant Date Per Share Market Price	Grant Date Fair Value
Market	May 11, 2021	86,250	$ 20.37	$ 14.88
Performance	May 11, 2021	86,250	$ 20.37	$ 20.37
Performance	July 28, 2021	125,000	$ 19.87	$ 19.87

The PSU awards granted under the CEO Co-Investment Plan in 2021 will vest on the date the shareholders approve the Company's 2023 financial statements at the AGM in 2024.

Grant of Stock Options

The 172,500 options granted Mr. Sala pursuant to the CEO Co-Investment Plan on May 11, 2021 have an exercise price of $20.37 and the options will expire on the fourth anniversary of the vesting date.

Amounts accrued for pensions and similar benefits

At December 31, 2021, the total amount accrued by the Company to provide pension, retirement, or similar benefits for its executive officers is $0.2 million.

Severance Arrangements

Certain executive officers of the Company are entitled to severance payments and benefits if such executive officer's employment is terminated other than for cause under either individual employment agreements or provisions of national collective agreements for executives of the industry.

United States Executive Officers

The employment agreements with United States-based executive officers (i.e., Messrs. Celadon, Chiara, Gunn, Rishton, Sadusky, and Spears and Mses. Costa and Montgomery) generally provide for the following benefits upon a termination other than for "cause":

- 18 months of base salary;
- 18 months of short-term incentives ("STI") (based upon a three-year average) and perquisites;
- 18 months tax preparation;
- any accrued but unpaid STI earned for the prior fiscal year;
- a prorated STI for the current fiscal year based on actual performance;
- 18 months of health and welfare benefits continuation; and
- 18 months following termination of employment to exercise vested stock options, unless the options otherwise expire under the original terms and conditions of the award.

In addition, upon the United States-based executive officer's death or disability, the executive officer will be entitled to the following benefits under the employment agreements:

- 18 months of base salary;
- 18 months of STI compensation (based upon a three-year average) and perquisites;
- 18 months of tax preparation;
- any accrued but unpaid STI earned for the prior fiscal year;
- a prorated STI for the current fiscal year based on actual performance;
- 24 months of health and welfare benefits continuation; and
- 18 months following termination of employment to exercise vested stock options, unless the options otherwise expire under the original terms and conditions of the award.

Upon United States-based executive officer's retirement from the Company, these employment agreements also provide for accelerated vesting of a portion of an executive officer's outstanding RSUs and PSUs and an ability to exercise vested options until the expiration date.

Italian Executive Officers

Pursuant to the terms of the Italian national collective agreement for executives of the industry (Contratto Collettivo Nazionale di Lavoro per i Dirigenti di Aziende produttrici di beni e servizi), Ascoli, Cairoli, and Drago are generally entitled, unless ad hoc agreements provide differently, to the following severance payments and benefits upon a termination of employment by IGT Lottery S.p.A. (formerly Lottomatica Holding S.r.l.) other than for "cause," a resignation for "good reason," or due to the executive officer's death or disability:

- severance pay determined under the collective agreement;
- any accrued but unpaid STI earned for the prior fiscal year; and
- a notice indemnity equal to a minimum of six and a maximum of 12 months of total base salary and STI compensation.

Executive Chair Service and Severance Arrangements

Mr. Sala's base salary as chair of the Board is £387,969 ($525,000) and €198,658 ($225,000) under his service agreements with the Parent (70%) and IGT Lottery S.p.A. (30%), respectively. In connection with his appointment as executive chair, certain arrangements in Mr. Sala's service agreement with the Parent were restructured.

Mr. Sala's service agreement with the Parent (70% of employment) can be terminated by either party on the giving of six months' notice, if not, immediately for cause. Mr. Sala cannot resign without prior approval from the Board. Following termination of employment, for a period of 24 months thereafter, Mr. Sala is subject to certain restrictive covenants, including restrictions on soliciting or providing goods or services to certain customers, employing or enticing away from the group certain persons employed by any group company or being involved with any business in competition with any group company, among others. As consideration for compliance with the post-employment restrictive covenants, Mr. Sala is entitled to a fixed payment amount upon termination of employment equal to the GBP equivalent of $7.5 million.

According to a severance agreement entered into between the Company and Mr. Sala (which supersedes a stability agreement originally entered into on February 20, 2012 between Mr. Sala and legacy GTECH S.p.A. and then assigned to Lottomatica S.p.A. as part of the merger), subject to Mr. Sala continuing to work during his notice period, he is entitled to a severance payment equal to one year's base salary (plus any amounts owed to Mr. Sala) and a pro-rated STI payment as of the date of termination based on the projection of the Company's full year business and financial results. The severance payment is subject to the Company determining that Mr. Sala is a good leaver which includes, but is not limited to, circumstances involving redundancy, permanent incapacity, or retirement with the agreement of the Company. No severance payment will be made if Mr. Sala's employment is terminated for cause.

Under Mr. Sala's IGT Lottery S.p.A. service agreement (30% of employment), he is entitled to the severance payments and benefits described in the "Italian-Based Executive Officers" section above.

Change in Control

In the event of a change in control, the Parent's equity incentive plan provides for full accelerated vesting of all outstanding share options, share appreciation rights and full-value awards (other than performance-based awards), when a replacement award is not provided. In addition, any performance-based award for which a replacement award is not issued will be deemed to be earned and payable with all applicable performance metrics deemed achieved at the greater of: (a) the applicable target level; or (b) the level of achievement as determined by the Compensation Committee not later than the date of the change in control, taking into account performance through the latest date preceding the change in control as to which performance can practically be determined, but in no case, later than the end of the applicable performance period. In the event of the termination of service of a participant other than for cause within 24 months following a change in control, all replacement awards held by such participant shall fully vest and be deemed to be earned in full, with all applicable performance metrics deemed achieved at the greater of: (a) the applicable target level; or (b) the level of achievement as determined by the Compensation Committee taking into account performance through the latest date preceding the termination of service as to which performance can, as a practical matter, be determined (but not later than the applicable performance period).

C. *Board Practices*

As of February 24, 2022, the Board consists of 12 members. 10 of the current directors were elected by shareholder vote on May 11, 2021, while Ashley M. Hunter and Maria Pinelli were appointed to the Board on January 14, 2022. See "Item 6.A. Directors and Senior Management" above. The term of office of the current Board will expire at the conclusion of the next annual general meeting of the Company. Although Marco Sala was elected to a term of three years by shareholder vote on May 11, 2021, the Board has determined that Mr. Sala will also be subject to an annual appointment resolution at the Company's next annual general meeting. Each director may be re-elected at any subsequent general meeting of shareholders. None of the Parent's directors have service contracts with the Parent (or any subsidiary) providing for benefits upon termination of employment as a director, although Messrs. Sala, Sadusky and Chiara have entered into severance arrangements with the Parent as described in section "Item 6.B. Compensation - Severance Arrangements".

The directors are responsible for the management of the Company's business, for which purpose they may exercise all of the powers of the Parent whether relating to the management of the business or not. As described above in section "Item 6.A. *Directors and Senior Management*," as of February 24, 2022, the Board is comprised of (i) seven independent directors including James F. McCann, the Vice Chairperson of the Board and Lead Independent Director, and (ii) five non-independent directors including the Parent's CEO, Vincent Sadusky, the Parent's CFO, Massimiliano Chiara, the Board's Executive Chair Marco Sala, Lorenzo Pellicioli, and Marco Drago. Messrs. Pellicioli and Drago are the chief executive officer and chairperson of the board, respectively, of De Agostini, the Parent's controlling shareholder. Mr. Sala also serves on the board of De Agostini. B&D Holding S.p.A., the controlling shareholder of De Agostini, has announced that Mr. Sala will be proposed at the June 2022 annual general meeting of De Agostini as the next CEO of De Agostini, succeeding Mr. Pellicioli, who is retiring from the position.

The Board has the following committees: (1) an Audit Committee, (2) a Nominating and Corporate Governance Committee, and (3) a Compensation Committee. The membership of each committee meets the independence and eligibility requirements of the NYSE and applicable law. The members of each committee are appointed by and serve at the discretion of the Board until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The chairperson of each committee is appointed by the Board.

The Audit Committee

The Parent's Audit Committee is responsible for, among other things, assisting the Board's oversight of:

- the integrity of the Parent's financial statements;
- the Parent's compliance with legal and regulatory requirements;
- the independent registered public accounting firm's qualifications and independence;
- the performance of the Parent's internal audit function and independent registered public accounting firm; and
- the Parent's internal controls over financial reporting and systems of disclosure controls and procedures.

The Audit Committee is also responsible for oversight of risk assessment and risk management, including with respect to major financial, compliance, strategic and operational risk exposures (including cybersecurity risk), and for making recommendations to the Board for any changes, amendments, and modifications to the Parent's Code of Conduct and promptly disclosing any waivers for directors or executive officers, as required by applicable law.

As of February 24, 2022, the Audit Committee consists of Maria Pinelli (chairperson), Alberto Dessy, and Heather J. McGregor. The Board has determined that Ms Pinelli's simultaneous service on the audit committees of three other public companies does not impair her ability to effectively serve on the Audit Committee. Each member of the Audit Committee must meet the financial literacy requirement, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. In addition, at least one member of the Audit Committee must have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment. See "Item 16A. Audit Committee Financial Expert" of this annual report on Form 20-F for additional information regarding Audit Committee financial experts.

The Compensation Committee

The purpose of the Compensation Committee is to discharge the responsibilities of the Board relating to compensation of the Parent's executives and directors. The Compensation Committee is responsible for, among other things:

- ensuring that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (U.K.), are fulfilled;
- producing a report of the Parent's remuneration policy and practices to be included in the Parent's U.K. annual report and ensure that it is approved by the Board and put to shareholders for approval at the annual general meeting in accordance with the Companies Act 2006;
- reviewing management recommendations and advising management on broad compensation policies such as salary ranges, deferred compensation, incentive programs, pension, and executive stock plans;
- reviewing and approving goals and objectives relevant to the CEO's compensation, evaluating the CEO's performance in light of those goals and objectives, and setting the CEO's compensation level based on this evaluation;
- monitoring issues associated with succession and management development of the CEO and other senior executives;
- making recommendations to the Board with respect to non-CEO executive officer compensation, incentive compensation plans and equity-based plans that are subject to Board approval;
- reviewing and recommending director compensation;
- creating, modifying, amending, terminating, and monitoring compliance with stock ownership guidelines for executives and directors;
- designing, reviewing and amending the Company's policies relating to anti-harassment and coercion, and providing oversight of the enforcement of such policies by the Company's People & Transformation department;
- together with the Audit Committee, evaluating risks associated with the Company's employees and employee-benefit related risks, including the Company's compensation and benefits policies, plans and programs and discussing with management procedures to identify and mitigate such risks; and
- reviewing, monitoring and making recommendations to the Board on human capital management matters including work environment and safety, culture and employee engagement, and diversity, equity and inclusion.

As of February 24, 2022, the Compensation Committee consists of Gianmario Tondato da Ruos (chairperson), Alberto Dessy, and Samantha Ravich.

The Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for, among other things:

- recommending to the Board, consistent with criteria approved by the Board, the names of qualified persons to be nominated for election or re-election as directors (including, in consultation with the Compensation Committee, the CEO's successor) and the membership and chairperson of each Board committee;
- reviewing each Director's character and integrity prior to appointment and in connection with re-nomination decisions and Board evaluations;
- reviewing, at least annually the appropriate skills and characteristics required of Board members in the context of the current composition of the Board and its committees;
- periodically reviewing the size, composition (including diversity) and leadership of the Board and committees thereof and recommending any proposed changes to the Board;
- reviewing directorships in other public companies held by or offered to directors of the Parent with a view to ensuring that such external positions do not have a negative impact on the performance of such director;
- reviewing and reassessing from time to time the Parent's Corporate Governance Guidelines and recommending any changes to the Board;
- determining, at least annually, the independence of each director under the independence requirements of the NYSE and any other regulatory requirements and report such findings to the Board;
- overseeing, at least annually, the evaluation of the performance of the Board and each Board committee, as well as individual directors where appropriate;
- assisting the Parent in making the periodic disclosures related to the Nominating and Corporate Governance Committee and required by rules issued or enforced by the SEC, the Companies Act 2006 and any other rules and regulations of applicable law;
- periodically reviewing and making recommendations to the Board concerning CEO emergency succession plans;
- giving due consideration to the Parent's legal obligations in the context of nominations and corporate governance, including any changes in applicable law and to recommendations and associated guidance from advisors, professional bodies, and proxy advisory firms; and

- overseeing management's corporate social responsibility program and giving due consideration to diversity and inclusion, sustainability, environmental and social matters that could impact the Company, the environment or the communities in which the Company operates.

As of February 24, 2022, the Nominating and Corporate Governance Committee consists of James McCann (chairperson), Ashley M. Hunter and Samantha Ravich.

The charters for each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are available at www.igt.com; information contained thereon, including each committee charter, is not included in, or incorporated by reference into, this annual report on Form 20-F.

Indemnification of Members of the Board

The Parent has committed, to the fullest extent permitted under applicable law, to indemnify and hold harmless (and advance any expenses incurred, provided that the person receiving such advancement undertakes to repay such advances if it is ultimately determined such person was not entitled to indemnification), each of the Parent's and its subsidiaries' present and former directors, officers, and employees against all costs and expenses (including attorneys' fees), judgments, fines, losses, claims, damages, liabilities, and settlement amounts paid in connection with any claim, action, suit, proceeding, or investigation arising out of or related to such person's service as a director, officer, or employee of the Parent or any of its subsidiaries.

D. Employees

As of December 31, 2021, the Company conducted business in more than 100 countries on six continents and had 10,486 employees. The Company believes that its relationship with its employees is generally satisfactory. Most of the Company's employees are not represented by any labor union. However, labor agreements are common in some countries around the world and the Company recognizes such arrangements and works closely with the applicable work councils. Relations with the Company's mid-level employees and production workers in Italy are subject to Italy's national collective bargaining agreement for the metalworks industry. Relations with the Company's executives in Italy are subject to the national collective bargaining agreement for executives in the industry companies producing services (CCNL Dirigenti Industria). During the last four years, the Company has not experienced any strike that significantly influenced its business activities. In the United States, three organizational units, totaling less than 100 employees, have elected representation by third-party union organizations. Collective bargaining agreements are in place with two of the organizational units and the Company is negotiating in good faith a collective bargaining agreement with the third organizational unit.

The Company is operated under three business segments supported by central corporate support functions.

Human Capital

Human capital development is recognized as a critical strategic process at the Company. The Company actively builds employee skills and capabilities in an agile and outcome-focused way. The Company provides well-structured and competitive reward and benefit packages that ensure its ability to attract and retain the employees needed to successfully run the business. The Company invests in training and career development opportunities to support its employees in their careers. The Company also strives to create a fair and inclusive culture that values unity, diversity, and belonging in its people, players, customers, and communities.

Career development is a partnership between each employee, their manager and the Company, and is a conscious choice to grow and stretch individual capabilities and further a professional career. Employees and managers have a responsibility to drive their individual growth and development, with the Company providing the resources necessary to achieve these goals. New capabilities are developed by means of learning experiences, specific trainings, and through relationships/connections with others via coaching, mentoring, and feedback. Individual Development Plans, aligned to personal growth goals and business objectives, enable employees to develop the most needed skills to reach individual goals. To support development, the Company has designed up-skilling and re-skilling plans to ensure people's employability and to keep the Company competitive in the market.

Diversity and Inclusion

The Company understands that the varying backgrounds, experiences, and perspectives of its employees should reflect its global customers and the local communities where it operates. Diversity must be supported by a fair and inclusive culture that enables all employees to feel valued, respected, engaged, and empowered to contribute to the business.

The Company established the Office of Diversity & Inclusion ("D&I") to guide strategic D&I initiatives and ensure that these topics continue to stay in focus and are embedded throughout the Company's business processes.

Employees by Segment

	At December 31,		
	2021	**2020**	**2019**
Global Lottery	4,404	4,388	4,406
Global Gaming	4,258	4,827	5,542
Digital & Betting	435	409	392
Corporate and Other	1,389	1,424	1,582
	10,486	11,048	11,922

Effective September 1, 2021, the Company adopted a new segment structure focused on three business segments: Global Lottery, Global Gaming and Digital & Betting. The table above recasts the prior period employee information to conform to the current year presentation.

The table above includes 93, 15, and 131 interns and temporary employees at December 31, 2021, 2020, and 2019, respectively.

As of December 31, 2021, the proportion of women among permanent employees was 31.20% and 21.90% of employees with the title of vice president or higher were female.

In 2021, 1,146 employees left the Company voluntarily. The staff voluntary attrition rate was 10.80%, compared to 6.70% in 2020 and 7.32% in 2019. Additionally, 904 employees had their employment involuntarily terminated, 189 of which were workforce reductions.

E. ***Share Ownership***

Executive Stock Ownership Requirements

On July 28, 2015, the Board approved share ownership guidelines for Senior Vice Presidents and above. These executive share ownership guidelines were most recently amended on November 3, 2021. Below is a summary of the guidelines.

Policy Effective Date:	July 28, 2015
Stock Ownership Guidelines apply to:	Share plans starting in 2015 Any award vesting after the Policy Effective Date Unvested Options as of the Policy Effective Date
Covered Executives:	CEO Business Unit CEOs and Executive Vice Presidents Senior Vice Presidents
Ownership Requirement Multiple of Base Salary:	CEO - 5X Business Unit CEOs and Executive Vice Presidents - 3X Senior Vice Presidents reporting to the CEO - 1X Senior Vice Presidents not reporting to the CEO - 0.5X
Shares Included in Ownership:	All shares beneficially owned regardless of whether they are from a plan of the Parent or any of its predecessor companies (a "Legacy Plan") or purchased on the market Vested shares held in a trust to benefit the executive or family members Shares under the legacy GTECH plans where vesting has been determined (earned) but shares have not been released *Note that Unearned Performance Shares do not count towards the Stock Ownership Guidelines until earned. (i.e., Performance Factor has not been determined/applied)*
Legacy Plan Holding Requirements:	Holding requirements stated in Legacy Plans are still in effect, in addition to the new Stock Ownership Guidelines
Additional Holding Requirement - Not in Compliance with Stock Ownership Requirements:	50% of after tax options or shares that vest or are exercised after the effective date of the Stock Ownership Guidelines
Additional Holding Requirement - In Compliance with Stock Ownership Requirements:	20% of after tax options or shares that are exercised or vest for a period of 3 years following the exercise or vest date
Executive Directors	Each Executive Director must hold all net settled shares received under a plan of the Parent for a period of at least five years from the date of grant. The period expires on the fifth anniversary of the date of grant, provided the relevant director meets his/her holding requirements under the Guidelines.
Executive Director Post-Employment Holding Requirement	Each Executive Director must hold a number of shares equal to (i) the lower of the target level and the actual shareholding immediately prior to departure for one year from cessation of employment, and (ii) the lower of 50% of the target level and the actual shareholding at the start of the second year post-departure from the first anniversary through the second anniversary of cessation of employment.

Director Stock Ownership Requirements

Beginning November 10, 2020 (or five years after joining the Board if such date is subsequent to November 10, 2020), each non-executive director is expected to hold, for as long as they remain on the Board, ordinary shares of the Parent that have a fair market value equal to at least three times the base annual retainer amount then in effect for non-executive directors. The current base annual retainer amount is $100,000. Non-compliant non-executive directors are prohibited from selling shares of the Parent until they have met their applicable target level of share ownership, excluding any shares sold to cover any applicable tax withholding requirements or the exercise price of any share options.

The following table sets forth information, as of February 24, 2022, regarding the beneficial ownership of the Parent's ordinary shares, including:

- each member of the Board;
- each executive officer and senior consultant of the Parent; and
- all members of the Board, executive officers, and senior consultant, taken together.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power over securities. Except in cases where community property laws apply or as indicated in the footnotes to this table, the Parent believes that each shareholder identified in the table possesses sole voting and investment power over all ordinary shares of the Parent shown as beneficially owned by that shareholder. Percentage of beneficial ownership is based on approximately 203.8 million ordinary shares of the Parent outstanding as of February 24, 2022.

Name of Beneficial Owner	Number of Ordinary Shares	Number of Ordinary Shares issuable upon vest within 60 days	Percentage[1]
Directors:			
Marco Sala	1,207,847	—	0.59
James F. McCann	66,629	—	0.03
Massimiliano Chiara	25,863	—	0.01
Alberto Dessy	63,755	—	0.03
Marco Drago	67,034	—	0.03
Ashley Hunter	—	—	Less than 0.005
Heather J. McGregor	28,897	—	0.01
Lorenzo Pellicioli	145,658	—	0.07
Maria Pinelli	—	—	Less than 0.005
Dr. Samantha F. Ravich	22,667	—	0.01
Vincent L. Sadusky	73,702	—	0.04
Gianmario Tondato da Ruos	62,784	—	0.03
Non-Director Executive Officers:			
Renato Ascoli	237,976	—	0.12
Fabio Cairoli	90,783	—	0.04
Fabio Celadon	33,464	—	0.02
Dorothy Costa	10,043	—	Less than 0.005
Enrico Drago	16,297	—	0.01
Scott Gunn	17,873	—	0.01
Wendy Montgomery	7,737	—	Less than 0.005
Timothy Rishton	17,977	—	0.01
Christopher Spears	16,348	—	0.01
	2,213,334	—	1.09

[1] Any securities not outstanding that are subject to options or conversion privileges exercisable within 60 days of February 24, 2022 are deemed outstanding for the purpose of computing the percentage of outstanding securities of the class owned by any person holding such securities and by all Board members and executive officers as a group, but are not deemed outstanding for the purpose of computing the percentage of the class owned by any other individual person. Except where noted, percentages have been rounded to the nearest hundredth.

The table below sets forth the options on the Parent's ordinary shares granted to Mr. Sala that were outstanding as of February 24, 2022. As of such date, no executive officer other than Mr. Sala held outstanding options. Further, none of the directors held outstanding options, other than Mr. Sala. For each of the option grants listed below, the options are exercisable for ordinary shares of the Parent, and there is no purchase price applicable to the options other than the exercise price indicated below.

Name	Grant Date	Amount of Shares Underlying Grant	Amount Exercisable (Vested)	Amount Unexercisable (Unvested)	Exercise Price	Expiration Date
Marco Sala	May 11, 2021	172,500	—	172,500	$ 20.37	[1]

[1] The options will expire on the fourth anniversary of the vesting date, which is the date on which the audited financial statements for the Company's fiscal year ended December 31, 2023 are approved by the shareholders of the Company at its annual general meeting, which is expected to occur in May 2024.

For a further discussion of stock-based employee compensation, please see "Notes to the Consolidated Financial Statements—22. Stock-Based Compensation" included in Item 18. "Financial Statements".

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

At February 24, 2022, the Parent's outstanding capital stock consisted of 203,805,647 ordinary shares having a nominal value of $0.10 per share, 205,878,508 Special Voting Shares of $0.000001 each, and 50,000 sterling non-voting shares of £1.00 each, held by Intertrust Corporate Services (UK) Limited. Each ordinary share carries one vote and each special voting share carries 0.9995 votes.

The following table sets forth information with respect to beneficial ownership of the Parent's ordinary shares by persons known by the Parent to beneficially own 5% or more of voting rights as a result of their ownership of ordinary shares and election to exercise the votes of Special Voting Shares by placing the associated ordinary shares on the Loyalty Register as of February 24, 2022.

Name of Beneficial Owner	Number of Ordinary Shares Owned	Percent of Ordinary Shares Owned[(1)]	Number of Ordinary Shares on the Loyalty Register	Percent of Total Voting Power[(1)]
De Agostini S.p.A.	103,422,324	50.75%	85,422,324	65.29%

(1) Excluding treasury shares.

At February 24, 2022, B&D Holding S.p.A. ("B&D Holding") owned 61.24% of De Agostini. Marco Drago is the chairperson and a director of B&D Holding, and Lorenzo Pellicioli is a director of B&D Holding. B&D Holding is in turn owned by members of the Boroli and Drago families.

Significant Changes in Ownership

Prior to January 1, 2018, De Agostini's wholly-owned subsidiary, DeA Partecipazioni S.p.A., held 10,073,006 ordinary shares. Effective January 1, 2018, DeA Partecipazioni S.p.A. merged into De Agostini, resulting in the transfer of ownership of 10,073,006 ordinary shares from DeA Partecipazioni S.p.A. to De Agostini.

On May 22, 2018, De Agostini entered into a variable forward transaction (the "Variable Forward Transaction") with Credit Suisse Securities, Sociedad de Valores S.A., as assignee of Credit Suisse International ("Credit Suisse") relating to 18 million of the Company's ordinary shares owned by De Agostini (the "Variable Forward Transaction Shares"). As part of the Variable Forward Transaction, to hedge its exposure Credit Suisse or its affiliates borrowed approximately 13.2 million of the Company's ordinary shares from third-party stock lenders and subsequently sold such ordinary shares in an underwritten public offering through Credit Suisse Securities (USA) LLC, acting as the underwriter, pursuant to an automatically effective registration statement on Form F-3 (including a base prospectus) filed by the Company with the SEC on May 21, 2018.

De Agostini elected, effective as of May 25, 2018, to place all its owned ordinary shares, including the Variable Forward Transaction Shares, on the Loyalty Register, thereby gaining the power to exercise the votes of the related Special Voting Shares. In April 2020, De Agostini pledged the Variable Forward Transaction Shares to Credit Suisse as part of the Variable Forward Transaction and as a result removed the Variable Forward Transaction Shares from the Loyalty Register. As of February 24, 2022, no other shareholder has elected to place any ordinary shares on the Loyalty Register. For more information regarding the Special Voting Shares and the Loyalty Register, please see "Item 10.B *Memorandum and Articles of Association*—Loyalty Plan."

Credit Suisse has, in the event of a De Agostini default or similar enforcement event under the pledge, the right to vote or direct the vote and dispose of or direct the disposition of the Variable Forward Transaction Shares, but not to direct the votes of the related Special Voting Shares unless Credit Suisse subsequently elects to place such shares on the Loyalty Register in accordance with the terms of the Loyalty Plan.

Voting Rights

De Agostini controls the Parent but does not have different voting rights from the Parent's other shareholders, aside from the election to exercise the votes of the Special Voting Shares related to the shares owned by De Agostini. However, through its voting rights, De Agostini has the ability to control the Company and significantly influence the decisions submitted to a vote of the Parent's shareholders, including approval of annual dividends, the election and removal of directors, mergers or other business combinations, the acquisition or disposition of assets, and issuances of equity, and the incurrence of indebtedness.

Additional Share Information

The Parent's ordinary shares are listed and can be traded on the NYSE in U.S. dollars. The Parent's ordinary shares may be held in the following two ways:

- beneficial interests in the Parent's ordinary shares that are traded on the NYSE are held through the book-entry system provided by The Depository Trust Company ("DTC") and are registered in the register of shareholders in the name of Cede & Co., as DTC's nominee; and
- in certificated form.

All of the Parent's ordinary shares are held on the U.S. registry. At February 24, 2022, there were 168 record holders in the U.S. holding approximately 49.25% of the Parent's outstanding ordinary shares, including ordinary shares held by Cede & Co., the nominee for DTC. Ordinary shares held through DTC may be beneficially owned by holders within or outside of the U.S. The shares held by De Agostini are beneficially owned by an entity organized under the laws of Italy. At February 24, 2022, there were 205,878,508 Special Voting Shares of the Parent outstanding, which are all held by Computershare Company Nominees Limited in its capacity as the nominee appointed by the Parent to hold the Special Voting Shares under the terms of the Parent's Loyalty Plan.

The Parent's Special Voting Shares are not listed on the NYSE and will be transferable only in very limited circumstances. For more information regarding the Special Voting Shares, please see "Item 10.B *Memorandum and Articles of Association*—Loyalty Plan."

B. *Related Party Transactions*

The Company engages in business transactions with certain related parties, which include (i) entities and individuals capable of exercising control, joint control, or significant influence over the Company, (ii) De Agostini or entities directly or indirectly controlled by De Agostini and (iii) unconsolidated subsidiaries or joint ventures of the Company. Members of the Parent's Board of Directors, executives with authority for planning, directing, and controlling the activities of the Company and such Directors' and executives' close family members are also considered related parties.

The Company is majority-owned by De Agostini. Amounts receivable from De Agostini and subsidiaries of De Agostini (the "De Agostini Group") are non-interest bearing. Transactions with the De Agostini Group include payments for support services provided and office space rented pursuant to a lease entered into prior to the formation of the Company. In addition, certain of the Company's Italian subsidiaries have a tax unit agreement, and in some cases, a value-added tax agreement, with De Agostini pursuant to which De Agostini consolidates certain Italian subsidiaries of De Agostini for the collection and payment of taxes to the Italian tax authority. Tax-related receivables from De Agostini were $4 million and $0 million at December 31, 2021 and 2020, respectively. Tax-related payables to De Agostini were $3 million and $19 million at December 31, 2021 and 2020, respectively.

The Company generally carries out transactions with related parties on commercial terms that are normal in their respective markets, considering the characteristics of the goods or services involved. For a further discussion of transactions with related parties, including transactions with De Agostini and companies in which we have strategic investments that develop software, hardware, and other technologies or provide services supporting the Company's technologies, please see "Notes to the Consolidated Financial Statements - 24. Related Party Transactions" included in Item 18. "Financial Statements".

C. *Interests of Experts and Counsel*

Not applicable.

Item 8. Financial Information

A. *Consolidated Statements and Other Financial Information*

See "Item 18. Financial Statements" for the Company's Consolidated Financial Statements including the Notes thereto and report of its independent registered accounting firm. The Company has not yet implemented a formal policy on dividend distributions.

B. ***Significant Changes***

No significant changes have occurred since December 31, 2021, the date of the financial statements included in this annual report on Form 20-F, other than those referenced in Notes to the Consolidated Financial Statements - 15. Debt, 19. Shareholders' Equity and 25. Subsequent Events within Item 18. Financial Statements.

Item 9. The Offer and Listing

A. ***Offer and Listing Details***

The Parent's ordinary shares are listed on the NYSE under the symbol "IGT."

B. ***Plan of Distribution***

Not applicable.

C. ***Markets***

The Parent's outstanding ordinary shares are listed on the NYSE under the symbol "IGT."

D. ***Selling Shareholders***

Not applicable.

E. ***Dilution***

Not applicable.

F. ***Expenses of the Issue***

Not applicable.

Item 10. Additional Information

A. ***Share Capital***

Not applicable.

B. ***Memorandum and Articles of Association***

The Parent is a public limited company registered in England and Wales under company number 09127533. Its objects are unrestricted, in line with the default position under the Companies Act 2006, as amended. The following is a summary of certain provisions of the Articles and of the applicable laws of England. The following is a summary and, therefore, does not contain full details of the Articles, which are attached as Exhibit 1.1 to this annual report on Form 20-F.

The Parent's board of directors (the "Board")

Directors' interests

Except as otherwise provided in the Articles, a director may not vote on or be counted in the quorum in relation to a resolution of the directors or committee of the directors concerning a matter in which he has a direct or indirect interest which is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Parent), but this prohibition does not apply to any interest arising only because a resolution concerns any of the following matters:

- the giving of a guarantee, security, or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Parent or any of its subsidiary undertakings;

- the giving of a guarantee, security, or indemnity in respect of a debt or obligation of the Parent or any of its subsidiary undertakings for which the director has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- a transaction or arrangement concerning an offer of shares, debentures, or other securities of the Parent or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

- a transaction or arrangement to which the Parent is or is to be a party concerning another company (including a subsidiary undertaking of the Parent) in which he or any person connected with him is interested (directly or indirectly) whether as an officer, shareholder, creditor, or otherwise (a "relevant company"), if he and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in Sections 820 to 825 of the CA 2006) representing 1% or more of either any class of the equity share capital (excluding any share of that class held as treasury shares) in the relevant company or of the voting rights available to members of the relevant company;

- a transaction or arrangement for the benefit of the employees of the Parent or any of its subsidiary undertakings (including any pension fund or retirement, death or disability scheme) which does not award him a privilege or benefit not generally awarded to the employees to whom it relates; or

- a transaction or arrangement concerning the purchase or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

Directors' borrowing powers

The directors may exercise all the powers of the Parent to borrow money and to mortgage or charge all or part of the undertaking, property, and assets (present or future) and uncalled capital of the Parent and, subject to the CA 2006, to issue debentures and other securities, whether outright or as collateral security for a debt, liability, or obligation of the Parent or of a third party.

Directors' shareholding requirements

A director need not hold shares in the Parent to qualify to serve as a director.

Age limit

There is no age limit applicable to directors in the Articles.

Compliance with NYSE Rules

For as long as the Parent's ordinary shares are listed on the NYSE, the Parent will comply with all NYSE corporate governance standards set forth in Section 3 of the NYSE Listed Company Manual applicable to non-controlled domestic U.S. issuers, regardless of whether the Parent is a foreign private issuer.

Classes of shares

The Parent has three classes of shares in issue. This includes ordinary shares of U.S. $0.10 each; Special Voting Shares of U.S. $0.000001 each; and sterling non-voting shares of £1.00 each (the "Sterling Non-Voting Shares").

Dividends and distributions

Subject to the CA 2006, the Parent's shareholders may declare a dividend on the Parent's ordinary shares by ordinary resolution, and the Board may decide to pay an interim dividend to holders of the Parent's ordinary shares in accordance with their respective rights and interests in the Parent, and may fix the time for payment of such dividend. Under English law, dividends may only be paid out of distributable reserves, defined as accumulated realized profits (so far as not previously utilized by distribution or capitalization) less accumulated realized losses (so far as not previously written off in a reduction or reorganization of capital duly made), and not out of share capital, which includes the share premium account.
The Special Voting Shares and Sterling Non-Voting Shares do not entitle their holders to dividends.

If 12 years have passed from the date on which a dividend or other sum from the Parent became due for payment and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Parent.

The Articles also permit a scrip dividend scheme under which the directors may, with the prior authority of an ordinary resolution of the Parent, allot to those holders of a particular class of shares who have elected to receive them further shares of that class or ordinary shares in either case credited as fully paid instead of cash in respect of all or part of a dividend or dividends specified by the resolution.

Voting rights

Subject to any rights or restrictions as to voting attached to any class of shares and subject to disenfranchisement in the event of non-payment of any call or other sum due and payable in respect of any shares not fully paid, the voting rights of shareholders of the Parent in a general meeting are as follows:

1. On a show of hands,

    a. the shareholder of the Parent who (being an individual) is present in person or (being a corporation) is present by a duly authorized corporate representative at a general meeting of the Parent will have one vote; and

    b. every person present who has been appointed by a shareholder as a proxy will have one vote, except where:

        i. that proxy has been appointed by more than one shareholder entitled to vote on the resolution; and

        ii. the proxy has been instructed:

            A. by one or more of those shareholders to vote for the resolution and by one or more of those shareholders to vote against the resolution; or

            B. by one or more of those shareholders to vote in the same way on the resolution (whether for or against) and one or more of those shareholders has permitted the proxy discretion as to how to vote,

    in which case, the proxy has one vote for and one vote against the resolution.

2. On a poll taken at a meeting, every shareholder present and entitled to vote on the resolution has one vote for every ordinary share of the Parent of which he, she, or it is the holder, and 0.9995 votes for every Special Voting Share for which he, she, or it is entitled under the terms of the Parent's loyalty voting structure to direct the exercise of the vote.

Under the Articles, a poll on a resolution may be demanded by the chairperson, the directors, five or more people having the right to vote on the resolution, or a shareholder or shareholders (or their duly appointed proxies) having not less than 10% of either the total voting rights or the total paid up share capital. Once a resolution is declared, such persons may demand the poll both in advance of, and during, a general meeting, either before or immediately after a show of hands on such resolution.

In the case of joint holders, only the vote of the senior holder who votes (or any proxy duly appointed by him) may be counted by the Parent.

The necessary quorum for a general shareholder meeting is the shareholders who together represent at least a majority of the voting rights of all the shareholders entitled to vote at the meeting, present in person or by proxy, save that if the Parent only has one shareholder entitled to attend and vote at the general meeting, one shareholder present in person or by proxy at the meeting and entitled to vote is a quorum.

In case of a meeting requisitioned by the shareholders, where the quorum is not met the meeting is dissolved. In case of other meetings, where the quorum is not met, the meeting is adjourned. If a meeting is adjourned for lack of quorum, the quorum of the adjourned meeting will be one shareholder present in person or by proxy.

The Sterling Non-Voting Shares carry no voting rights (save where required by law).

Winding up

On a return of capital of the Parent on a winding up or otherwise, the holders of the Parent's ordinary shares (and any other shares outstanding at the relevant time which rank equally with such shares) will share equally, on a share for share basis, in the Parent's assets available for distribution, after paying:

- the holders of the Special Voting Shares who will be entitled to receive out of the assets of the Parent available for distribution to its shareholders the sum of, in aggregate, U.S. $1.00 but shall not be entitled to any further participation in the assets of the Parent; and

- the holders of the Sterling Non-Voting Shares who will be entitled to receive out of the assets of the Parent available for distribution to its shareholders the sum of, in aggregate, £1.00 but shall not be entitled to any further participation in the assets of the Parent.

Redemption provisions

The Parent's ordinary shares are not redeemable.

The Special Voting Shares may be redeemed by the Parent for nil consideration in certain circumstances (as set out in the Articles).

The Sterling Non-Voting Shares may be redeemed by the Parent for nil consideration at any time.

Sinking fund provisions

None of the Parent's shares are subject to any sinking fund provision under the Articles or as a matter of English law.

Liability to further calls

No holder of any share in the Parent is liable to make additional contributions of capital in respect of its shares.

Discriminating provisions

There are no provisions discriminating against a shareholder because of his or her ownership of a particular number of shares.

Variation of class rights

The Articles treat the Parent's ordinary shares and the Special Voting Shares as a single class for the purposes of voting. Any special rights attached to any shares in the Parent's capital may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, either while the Parent is a going concern or during or in contemplation of a winding up, with the consent in writing of those entitled to attend and vote at general meetings of the Parent representing 75% of the voting rights attaching to the Parent's ordinary shares and the Special Voting Shares, in aggregate, which may be exercised at such meetings, or with the sanction of 75% of those votes attaching to the Parent's ordinary shares and the Special Voting Shares, in aggregate, cast on a special resolution proposed at a separate general meeting of all those entitled to attend and vote at the Parent's general meetings, but not otherwise. The CA 2006 allows an English company to vary class rights of shares by a resolution of 75% of the shareholders of the class in question.

A resolution to vary any class rights relating to the giving, variation, revocation or renewal of any authority of the directors to allot shares or relating to a reduction of the Parent's capital may only be varied or abrogated in accordance with the CA 2006 but not otherwise.

The rights attached to a class of shares are not, unless otherwise expressly provided for in the rights attaching to those shares, deemed to be varied by the creation, allotment, or issue of further shares ranking *pari passu* with or subsequent to them or by the purchase or redemption by the Parent of its own shares in accordance with the CA 2006.

General meetings and notices

The Board has the power to call a general meeting of shareholders at any time. The Board shall determine whether a general meeting (including an annual general meeting) is to be held as a physical general meeting or an electronic general meeting (or a combination thereof). In addition, the Board must convene such a meeting if it has received requests to do so from shareholders representing at least 5% of the paid-up share capital of the Parent as carries voting rights at general meetings in accordance with Section 303 of the CA 2006.

An annual general meeting must be called by not less than 21 clear days' notice (i.e., excluding the date of receipt or deemed receipt of the notice and the date of the meeting itself). All other general meetings will be called by not less than 14 clear days'

notice. A general meeting may be called by shorter notice if it is agreed to by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority who together hold not less than 95% in nominal value of the shares giving that right. At least seven clear days' notice is required for any meeting adjourned for 28 days or more or for an indefinite period.

The notice of a general meeting will be given to the shareholders (other than any who, under the provisions of the Articles or the terms of allotment or issue of shares, are not entitled to receive notice), to the Board, to the beneficial owners nominated to enjoy information rights under the CA 2006, and to the auditors. The shareholders entitled to receive notice of and attend a general meeting are those on the share register at the close of business on a day determined by the directors. Under English law, the Parent is required to hold an annual general meeting within six months from the day following the end of its fiscal year and, subject to the foregoing, the meeting may be held at a time and place (whether physical or electronic or a combination thereof) determined by the Board whether within or outside of the U.K.

The notice of general meeting must specify a time (which must not be more than 48 hours, excluding any part of a day that is not a working day, before the time fixed for the meeting) by which a person must be entered on the share register in order to have the right to attend or vote at the meeting. Only such persons or their duly appointed proxies have the right to attend and vote at the meeting of shareholders.

Limitations on rights to own shares

There are no limitations imposed by the Articles or the applicable laws of England on the rights to own shares, including the right of non-residents or foreign persons to hold or vote the Parent's shares, other than limitations that would generally apply to all shareholders.

Change of control

There is no specific provision in the Articles that directly would have an effect of delaying, deferring, or preventing a change in control of the Parent and that would operate only with respect to a merger, acquisition, or corporate restructuring involving the Parent or any of its subsidiaries. However, the loyalty voting structure may make it more difficult for a third party to acquire, or attempt to acquire, control of the Parent. As a result of the loyalty voting structure, it is possible that a relatively large portion of the voting rights of the Parent could be concentrated in a relatively small number of holders who would have significant influence over the Parent. Such shareholders participating in the loyalty voting structure could reduce the likelihood of change of control transactions that may otherwise benefit holders of the Parent's ordinary shares. For a discussion of this risk, see "Item 3. Key Information - D. Risk Factors."

Disclosure of ownership interests in shares

Under the Articles, shareholders must comply with the notification obligations to the Parent contained in Chapter 5 (*Vote Holder and Issuer Notification Rules*) of the Disclosure Guidance and Transparency Rules ("DTR") (including, without limitation, the provisions of DTR 5.1.2) as if the Parent were an issuer whose home member state is in the United Kingdom, save that the obligation arises if the percentage of voting rights reaches, exceeds, or falls below 1% and each one percent threshold thereafter (up or down) up to 100%. In effect, this means that a shareholder must notify the Parent if the percentage of voting rights in the Parent it holds reaches 1% and crosses any one percent threshold thereafter (up or down).

Section 793 of the CA 2006 gives the Parent the power to require persons whom it knows have, or whom it has reasonable cause to believe have, or within the previous three years have had, any ownership interest in any shares of the Parent to disclose specified information regarding those shares. Failure to provide the information requested within the prescribed period (or knowingly or recklessly providing false information) after the date the notice is sent can result in criminal or civil sanctions being imposed against the person in default.
Under the Articles, if any shareholder, or any other person appearing to be interested in the Parent's shares held by such shareholder, fails to give the Parent the information required by a Section 793 notice, then the Board may withdraw voting rights and place restrictions on the rights to receive dividends, and transfer of such shares (including any shares allotted or issued after the date of the Section 793 notice in respect of those shares).

Changes in share capital

The Articles authorize the Company to allot (with or without conferring rights of renunciation), issue, grant options over or otherwise deal with or dispose of shares in the capital of the Company and to grant rights to subscribe for, or to convert any security into, shares in the capital of the Company to such persons, at such times and upon such terms as the directors may decide, provided that no share may be issued at a discount. Pursuant to a shareholder resolution passed on May 11, 2021, for a period expiring (unless previously revoked, varied or renewed) at the end of the next annual general meeting of the Company or, if sooner, on August 10, 2022, directors are authorized to:

(i) allot ordinary shares in the Parent, or to grant rights to subscribe for or to convert or exchange any security into shares in the Parent, up to an aggregate nominal amount (i.e., par value) of U.S. $6,828,552.20 and up to a further aggregate nominal amount of $6,828,552.20 where the allotment is in connection with an offer by way of a rights issue;

(ii) allot Special Voting Shares and to grant rights to subscribe for, or to convert any security into, Special Voting Shares, up to a maximum aggregate nominal amount of $136.60; and

(iii) exclude pre-emption rights: first, in relation to offers of equity securities by way of rights issue; second, in relation to the allotment of equity securities for cash up to an aggregate nominal amount (i.e., par value) of U.S. $1,024,282.90; and third, in relation to an acquisition or other capital investment up to an aggregate nominal amount (i.e., par value) of U.S. $1,024,282.90.

These provisions are more restrictive than required under English law which does not prescribe a limit for the maximum amounts for allotment of shares or exclusion of pre-emption rights.

Pursuant to a shareholder resolution passed on May 11, 2021, for a period expiring (unless previously revoked, varied or renewed) at the end of the next annual general meeting of the Company or, if sooner, on November 10, 2022, the Parent is authorized to purchase its own ordinary shares on the terms of the share repurchase contracts approved by the shareholders, provided that:

(i) the maximum aggregate number of the Parent's ordinary shares authorized to be purchased equals 20,485,656, representing 10% of the total then issued ordinary shares;

(ii) the minimum price (exclusive of expenses) which may be paid by the Company for each ordinary share shall be U.S. $0.10; and

(iii) the maximum price (exclusive of expenses) which may be paid to purchase an ordinary share of the Parent is 105% of the average market value of an ordinary share for the five business days prior to the day the purchase is made (subject to any further price restrictions contained in any share repurchase contract).

These provisions are more restrictive than required under English law which does not prescribe a limit for the maximum aggregate number or price paid for an "off market" repurchase of shares.

Loyalty Plan

Scope

The Parent has implemented a Loyalty Plan, the purpose of which is to reward long-term ownership of the Parent's ordinary shares and promote stability of the Parent's shareholder base by granting long-term shareholders, subject to certain terms and conditions, with the equivalent of 1.9995 votes for each ordinary share that they hold. The Loyalty Plan is governed by the provisions of the Articles and the Loyalty Plan Terms and Conditions from time to time adopted by the Board, a copy of which is available on the Company's website, together with some Frequently Asked Questions.

Characteristics of Special Voting Shares

Each Special Voting Share carries 0.9995 votes. The Special Voting Shares and ordinary shares will be treated as if they are a single class of shares and not divided into separate classes for voting purposes (save upon a resolution in respect of any proposed termination of the Loyalty Plan).

The Special Voting Shares have only minimal economic entitlements. Such economic entitlements are designed to comply with English law but are immaterial for investors.

Issue

The number of Special Voting Shares on issue equals the number of ordinary shares on issue. A nominee appointed by the Parent (the "Nominee"), which is currently Computershare Company Nominees Limited, holds the Special Voting Shares on behalf of the shareholders of the Parent as a whole, and will exercise the voting rights attached to those shares in accordance with the Articles.

Participation in the Loyalty Plan

In order to become entitled to elect to participate in the Loyalty Plan, a person must maintain ownership in accordance with the Loyalty Plan for a continuous period of three years or more (an "Eligible Person").

An Eligible Person within the Loyalty Plan Terms and Conditions may elect to participate in the Loyalty Plan by submitting a validly completed and signed election form (the "Election Form") and, if applicable, the requisite custodial documentation, to the Parent's designated agent (the "Agent"). The Election Form is available on the Company's website. Upon receipt of a valid Election Form and, if applicable, custodial documentation, the Agent will register the relevant ordinary shares on a separate register (the "Loyalty Register"). In order for an Eligible Person's ordinary shares to remain on the Loyalty Register, they may not be sold, disposed of, transferred, pledged or subjected to any lien, fixed or floating charge or other encumbrance, except in very limited circumstances.

Voting arrangements

The Nominee will exercise the votes attaching to the Special Voting Shares held by it from time to time at a general meeting or a class meeting: (a) in respect of any Special Voting Shares associated with ordinary shares held by an Eligible Person, in the same manner as the Eligible Person exercises the votes attaching to those IGT PLC ordinary shares; and (b) in respect of all other Special Voting Shares, in the same percentage as the outcome of the vote of any general meeting (taking into account any votes exercised pursuant to (a) above).

The proxy or voting instruction form in respect of an Eligible Person's ordinary shares will contain an instruction and authorization in favor of the Nominee to exercise the votes attaching to the Special Voting Shares associated with those ordinary shares in the same manner as that Eligible Person exercises the votes attaching to those ordinary shares.

Transfer or withdrawal

If, at any time and for any reason, one or more ordinary shares are de-registered from the Loyalty Register, or any ordinary shares held by an Eligible Person on the Loyalty Register are sold, disposed of, transferred (other than with the benefit of a waiver in respect of certain permitted transfers), pledged or subjected to any lien, fixed or floating charge or other encumbrance, the Special Voting Shares associated with those ordinary shares will cease to confer on the Eligible Person any voting rights (or any other rights) in connection with those Special Voting Shares and such person will cease to be an Eligible Person in respect of those Special Voting Shares.

A shareholder may request the de-registration of their ordinary shares from the Loyalty Register at any time by submitting a validly completed Withdrawal Form to the Agent. The Agent will release the ordinary shares from the Loyalty Register within three business days thereafter. Upon de-registration from the Loyalty Register, such ordinary shares will be freely transferable. From the date on which the Withdrawal Form is processed by the Agent, the relevant shareholder will be considered to have waived their rights in respect of the relevant Special Voting Shares.

Termination of the Plan

The Loyalty Plan may be terminated at any time with immediate effect by a resolution passed on a poll taken at a general meeting with the approval of members representing 75% or more of the total voting rights attaching to the ordinary shares of members who, being entitled to vote on that resolution, do so in person or by proxy. For the avoidance of doubt, the votes attaching to the Special Voting Shares will not be exercisable upon such resolution.

Upon termination of the Loyalty Plan, the directors may elect to redeem or repurchase the Special Voting Shares from the Nominee for nil consideration or cancel them, or convert the Special Voting Share into deferred shares carrying no voting rights and no economic rights (or any other rights), save that on a return of capital or a winding up, the holder of the deferred shares shall be entitled to, in aggregate, $1.00.

Transfer

The Special Voting Shares may not be transferred, except in exceptional circumstances, e.g., for transfers between Loyalty Plan nominees.

Repurchase or redemption

Special Voting Shares may only be purchased or redeemed by the Parent in limited circumstances, including to reduce the number of Special Voting Shares held by the Nominee in order to align the aggregate number of ordinary shares and Special Voting Shares in issue from time to time or upon termination of the Loyalty Plan. Special Voting Shares may be redeemed or repurchased for nil consideration.

C. *Material Contracts*

Share Sale and Purchase Agreement with PostePay S.p.A. – Patrimonio Destinato IMEL

On February 25, 2022, the Parent's wholly-owned subsidiary, IGT Lottery S.p.A. entered into a share sale and purchase agreement to sell 100% of the share capital of Lis Holding S.p.A., a wholly-owned subsidiary of IGT Lottery S.p.A. that conducts the Company's Italian commercial services business, to PostePay S.p.A. – Patrimonio Destinato IMEL, an entity of the Italian postal service provider group, for a purchase price of €700 million. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close during the third quarter of 2022.

Share Sale and Purchase Agreement with Gamenet Group S.p.A.

On December 7, 2020, the Parent's wholly-owned subsidiary, IGT Lottery S.p.A. (formerly Lottomatica Holding S.r.l.), entered into a share sale and purchase agreement with Gamenet Group S.p.A. Pursuant to the share sale and purchase agreement, and subject to the terms and conditions therein, Lottomatica agreed to sell 100% of the share capital of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., which conducted the IGT group's Italian B2C gaming machine, sports betting, and digital gaming businesses, to Gamenet Group S.p.A, a subsidiary of funds managed by an affiliate of Apollo Global Management, Inc. (together with its subsidiaries, "Apollo") for a cash sale price of €950 million, €725 million of which was paid at closing, €100 million of which was paid on August 5, 2021, and the remaining €125 million of which is payable on September 30, 2022. The remaining payment is not subject to any conditions other than closing and is secured by an equity commitment letter from Apollo-managed funds.

Observer Agreement with De Agostini

On May 16, 2018, the Parent's directors approved the observer agreement (the "Observer Agreement") between De Agostini and the Company permitting De Agostini to appoint an observer to attend meetings of the Parent's directors. On November 15, 2021, the Observer Agreement was renewed for a new two-year term and Paolo Ceretti, a former director of the Parent, acknowledged and agreed to his renewed appointment by De Agostini as an observer pursuant to the terms of the Observer Agreement. Unless renewed, the Observer Agreement is set to expire following the meeting of the Parent's directors at which the financial results for the third quarter of 2023 are reviewed.

Agreements Related to the Italian Lotto License

In March 2016, the Parent, through its subsidiary IGT Lottery S.p.A. (formerly Lottomatica Holding S.r.l.), Italian Gaming Holding a.s., Arianna 2001, and Novomatic Italia (the "Consortium") entered into a consortium agreement (the "Consortium Agreement") to bid on the Italian Gioco del Lotto license (the "Lotto License"). On May 16, 2016, the Consortium was awarded management of the Lotto License for a nine-year term. Under the terms of the Consortium Agreement, IGT Lottery S.p.A. is the principal operating partner to fulfill the requirements of the Lotto License. According to the bid procedure and Consortium Agreement, a joint venture company called Lottoitalia s.r.l ("Lottoitalia") has been established with IGT Lottery S.p.A. having 61.5% equity ownership interest, and the remainder of the equity ownership shared among the other three Consortium members. For a further discussion of the Consortium Agreement's terms, please see "Notes to the Consolidated Financial Statements—20. Variable Interest Entities" included in Item 18. "Financial Statements".

Italian Scratch & Win License

In December 2017, the Parent, through its subsidiary Lotterie Nazionali S.r.l. ("LN") accepted a contract extension of nine years for the Italian Scratch & Win license. The Italian Scratch & Win license is managed exclusively by LN, a joint venture owned 64% by IGT Lottery S.p.A. (formerly Lottomatica Holding S.r.l.), with Scientific Games Corporation (20%), Arianna 2001 (15%), and Servizi in Rete S.p.A. (1%) as minority shareholders.

Related Party Agreements

For a discussion of the Company's related party transactions, including additional transactions with De Agostini, please see "Notes to the Consolidated Financial Statements—24. Related Party Transactions" included in Item 18. "Financial Statements".

Compensation Arrangements

For a description of compensation arrangements with the Parent's directors and executive officers, please see "Item 6. Directors, Senior Management, and Employees — B. *Compensation*."

Financing

For a description of the Company's outstanding financing agreements, please see section "Item 5.B. *Liquidity and Capital Resources*."

D. *Exchange Controls*

Other than applicable taxation, anti-money laundering, and counter-terrorist financing law and regulations and certain economic sanctions which may be in force from time to time, there are currently no English laws or regulations, or any provision of the Articles, which would prevent the transfer of capital or remittance of dividends, interest, and other payments to holders of the Parent's securities who are not residents of the U.K. on a general basis.

E. *Taxation*

Material United States Federal Income Tax Considerations

This section summarizes certain material U.S. federal income tax considerations regarding the ownership and disposition of the Parent's ordinary shares by a U.S. holder (as defined below). This summary is based on U.S. federal income tax law, including the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, administrative guidance and court decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to differing interpretations. No ruling from the Internal Revenue Service (the "IRS") has been sought with respect to any U.S. federal income tax considerations described below, and there can be no assurance that the IRS or a court will not take a contrary position. The discussion assumes that the Parent's shareholders hold their ordinary shares, as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion further assumes that all items or transactions identified as debt will be respected as such for U.S. federal income tax purposes.

This summary does not constitute tax advice and does not address all aspects of U.S. federal income taxation that may be relevant to the Parent's shareholders in light of their personal circumstances, including any tax consequences arising under the tax on certain investment income pursuant to the Health Care and Education Reconciliation Act of 2010 or arising under the U.S. Foreign Account Tax Compliance Act, (or any Treasury regulations or administrative guidance promulgated thereunder, any intergovernmental agreement entered into in connection therewith or any non-U.S. laws, rules or directives implementing or relating to any of the foregoing), or to shareholders subject to special treatment under the Code, including (but not limited to):

- banks, thrifts, mutual funds, and other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- traders in securities that elect to apply a mark-to-market method of accounting;
- broker-dealers;
- tax-exempt organizations and pension funds;
- U.S. holders that own (directly, indirectly, or constructively) 10% or more of the Company's stock (by vote or value);

- insurance companies;
- dealers or brokers in securities or foreign currency;
- individual retirement and other deferred accounts;
- U.S. holders whose functional currency is not the U.S. dollar;
- U.S. expatriates;
- "passive foreign investment companies" or "controlled foreign corporations";
- persons subject to the alternative minimum tax;
- U.S. holders that hold their shares as part of a straddle, hedging, conversion constructive sale or other risk reduction transaction;
- partnerships or other entities or other arrangements treated as partnerships for U.S. federal income tax purposes and their partners and investors; and
- U.S. holders that received their shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

This discussion does not address any non-income tax considerations or any state, local or non-U.S tax consequences. For purposes of this discussion, a "U.S. holder" means a beneficial owner of the Parent's ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

This discussion does not purport to be a comprehensive analysis or description of all potential U.S. federal income tax considerations. Each of the Parent's shareholders is urged to consult with such shareholder's tax advisor with respect to the particular tax consequences of the ownership and disposition of the Parent's ordinary shares to such shareholder.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds the Parent's ordinary shares, the tax treatment of a partner therein will generally depend upon the status of such partner, the activities of the partnership and certain determinations made at the partner level. Any such holder that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the ownership and disposition of their ordinary shares.

Ownership and Disposition of the Parent's Ordinary Shares

The following discusses certain material U.S. federal income tax consequences of the ownership and disposition of the Parent's ordinary shares by U.S. holders and assumes that the Parent will be a resident exclusively of the U.K. for all tax purposes.

Taxation of Distributions

Subject to the discussion below under "Passive Foreign Investment Company Considerations," the gross amount of distributions with respect to the Parent's ordinary shares (including the amount of any non-U.S. withholding taxes) will be taxable as dividends, to the extent that they are paid out of the Parent's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such dividends will be includable in a U.S. holder's gross income as ordinary dividend income on the day actually or constructively received by the U.S. holder. Such dividends will not be eligible for the dividends-received deduction allowed to corporations under the Code.

The gross amount of the dividends paid by the Parent to non-corporate U.S. holders may be eligible to be taxed at reduced rates of U.S. federal income tax applicable to "qualified dividend income." Recipients of dividends from non-U.S. corporations will be taxed at this rate, provided that certain holding period requirements are satisfied and certain other requirements are met, if the dividends are received from "qualified foreign corporations," which generally include corporations eligible for the benefits of an income tax treaty with the United States that the U.S. Secretary of the Treasury determines is satisfactory and includes an information exchange program. The U.S. Department of the Treasury and the IRS have determined that the U.K.- U.S. Income Tax Treaty is satisfactory for these purposes and the Parent believes that it is eligible for benefits under such treaty. Dividends paid with respect to stock of a foreign corporation which stock is readily tradable on an established securities market in the

United States will also be treated as having been received from a "qualified foreign corporation." The U.S. Department of the Treasury and the IRS have determined that common stock is considered readily tradable on an established securities market if it is listed on an established securities market in the United States, such as the NYSE.

Non-corporate U.S. holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss, or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code, will not be eligible for the reduced rates of taxation regardless of the Parent's status as a qualified foreign corporation. In addition, even if the minimum holding period requirement has been met, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. Each U.S. holder should consult its own tax advisors regarding the application of these rules given its particular circumstances.

To the extent that the amount of any distribution exceeds the Parent's current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the excess will first be treated as a tax-free return of capital to the extent of each U.S. holder's adjusted tax basis in the Parent's ordinary shares and will reduce such U.S. holder's basis accordingly. The balance of the excess, if any, will be taxed as capital gain, which would be long-term capital gain if the holder has held the Parent's ordinary shares for more than one year at the time the distribution is received. Long-term capital gain of certain non-corporate U.S. holders, including individuals, is generally taxed at reduced rates. The deduction of capital losses is subject to limitations.

The amount of any distribution paid in foreign currency will be the U.S. dollar value of the foreign currency distributed by the Parent, calculated by reference to the exchange rate in effect on the date the distribution is includable in the U.S. holder's income, regardless of whether the payment is in fact converted into U.S. dollars on the date of receipt. Generally, a U.S. holder would not recognize any foreign currency gain or loss if the foreign currency is converted into U.S. dollars on the date the payment is received. However, any gain or loss resulting from currency exchange fluctuations during the period from the date the U.S. holder includes the distribution payment in income to the date such U.S. holder actually converts the payment into U.S. dollars will generally be treated as ordinary income or loss.

Sale, Exchange, or Other Taxable Disposition

Subject to the discussion below under "Passive Foreign Investment Company Considerations," a U.S. holder will generally recognize taxable gain or loss on the sale, exchange or other taxable disposition of the Parent's ordinary shares in an amount equal to the difference, if any, between the amount realized on the sale, exchange, or other taxable disposition and the U.S. holder's tax basis in such Parent's ordinary shares. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the ordinary shares have been held for more than one year. Long-term capital gain of certain non-corporate U.S. holders, including individuals, is generally taxed at reduced rates. The deduction of capital losses is subject to limitations.

Passive Foreign Investment Company Considerations

A Passive Foreign Investment Company ("PFIC") is any foreign corporation if, after the application of certain "look-through" rules, (a) at least 75% of its gross income is "passive income" as that term is defined in the relevant provisions of the Code, or (b) at least 50% of the average value of its assets produces "passive income" or is held for the production of "passive income." The determination as to PFIC status is a fact-intensive determination that includes ascertaining the fair market value (or, in certain circumstances, tax basis) of all the Parent's assets on a quarterly basis and the character of each item of income, and cannot be completed until the close of a taxable year. If a U.S. holder is treated as owning PFIC stock, such U.S. holder will be subject to special rules generally intended to reduce or eliminate the benefit of the deferral of U.S. federal income tax that results from investing in a foreign corporation that does not distribute all of its earnings on a current basis. These rules may adversely affect the tax treatment to a U.S. holder of distributions paid by the Parent and of sales, exchanges, and other dispositions of the Parent's ordinary shares, and may result in other adverse U.S. federal income tax consequences.

The Parent believes that the ordinary shares should not be treated as shares of a PFIC in the current taxable year, and the Parent does not expect that it will become a PFIC in the future. However, there can be no assurance that the IRS will not successfully challenge this position or that the Parent will not become a PFIC at some future time as a result of changes in the Parent's assets, income, or business operations.

Each U.S. holder is urged to consult its tax advisor concerning the U.S. federal income tax consequences of acquiring, owning or disposing of the Parent's ordinary shares if the Parent is or becomes classified as a PFIC, including the possibility of making

a mark-to-market election. The remainder of the discussion below assumes that the Parent is not a PFIC, has not been a PFIC and will not become a PFIC in the future.

Information Reporting

U.S. individuals and certain entities with interests in "specified foreign financial assets" (including, among other assets, the Parent's ordinary shares, unless such shares were held on such U.S. holder's behalf through certain financial institutions) with values in excess of certain thresholds are required to file an information report with the IRS. Taxpayers that fail to file the information report when required are subject to penalties. U.S. holders should consult their own tax advisors as to the possible obligation to file such information reports in light of their particular circumstances.

Special Voting Shares

NO STATUTORY, JUDICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE RECEIPT, OWNERSHIP, OR LOSS OF ENTITLEMENT TO INSTRUCT THE NOMINEE ON HOW TO VOTE IN RESPECT OF SPECIAL VOTING SHARES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AND AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES THEREOF ARE UNCERTAIN. ACCORDINGLY, U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE RECEIPT, OWNERSHIP, AND LOSS OF ENTITLEMENT TO INSTRUCT THE NOMINEE ON HOW TO VOTE IN RESPECT OF SPECIAL VOTING SHARES.

While the tax consequences of the receipt, ownership and loss of entitlement to instruct the nominee on how to vote in respect of Special Voting Shares are unclear, such receipt, ownership and loss is not expected to constitute a separate transaction from ownership of the ordinary shares for U.S. federal income tax purposes. As such, neither the receipt of the Special Voting Shares nor the loss of entitlement to instruct the nominee on how to vote the Special Voting Shares is expected to give rise to a taxable event for U.S. federal income tax purposes.

Material U.K. Tax Considerations

The following summary is intended to apply only as a general guide to certain U.K. tax considerations, and is based on current U.K. tax law and current published practice of Her Majesty's Revenue and Customs ("HMRC"), both of which are subject to change at any time, possibly with retrospective effect. They relate only to certain limited aspects of the U.K. taxation treatment of investors who are resident and, in the case of individuals, domiciled or deemed domiciled in (and only in) the U.K. for U.K. tax purposes (except to the extent that the position of non-U.K. resident shareholders is expressly referred to), who will hold the Parent's ordinary shares as investments (other than under an individual savings account or a self-invested personal pension) and who are the absolute beneficial owners of the Parent's ordinary shares. The statements may not apply to certain classes of investors such as (but not limited to) persons acquiring their ordinary shares in connection with an office or employment, dealers in securities, insurance companies, and collective investment schemes.

Any shareholder or potential investor should obtain advice from his or her own investment or taxation advisor.

Dividends

The Parent will not be required to withhold U.K. tax at the source from dividend payments it makes.

U.K. resident individual shareholders

All dividends received by an individual shareholder from the Parent or from other sources will form part of that shareholder's total income for income tax purposes and will constitute the top slice of that income. For the tax year 2021/2022, the extent that the dividends they receive (whether from the Parent or other companies) exceed the tax free dividend allowance (£2,000 for the tax year 2021/2022, they are taxed on such dividends at either 7.5% (to the extent shareholders are liable to tax only at the basic rate), 32.5% (to the extent shareholders are liable to pay tax at the higher rate) or 38.1% (to the extent shareholders are liable to pay tax at the additional rate). The dividend tax rate will increase to 8.75% (to the extent shareholders are liable to tax only at the basic rate), 33.75% (to the extent shareholders are liable to tax only at the higher rate), and 39.35% (to the extent shareholders are liable to tax only at the additional rate) from April 6, 2022.

U.K. resident corporate shareholders

A corporate shareholder resident in the U.K. for tax purposes which is a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to U.K. corporation tax on any dividend received from the Parent provided that certain conditions are met (including an anti-avoidance condition).

Other corporate shareholders resident in the U.K. for tax purposes will not be subject to U.K. corporation tax on any dividend received from the Parent so long as the dividends fall within an exempt class and certain conditions are met. For example, (1) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to a company's assets on its winding up, and (2) dividends paid to a person holding less than a 10% interest in the Parent should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, if anti-avoidance provisions apply or if such a corporate shareholder elects an otherwise exempt dividend to be taxable, the shareholder will be subject to U.K. corporation tax on dividends received from the Parent, at the rate of corporation tax applicable to that corporate shareholder (currently 19.0% for the tax year 2021/2022).

Non-U.K. resident shareholders

A shareholder resident outside the U.K. for tax purposes and who holds the Parent's ordinary shares as investments will not generally be liable to tax in the U.K. on any dividend received from the Parent unless he or she carries on (whether solely or in partnership) a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate holder of ordinary shares where the dividend exemption does not apply, through a permanent establishment) to which the ordinary shares are attributable. There are certain exceptions for trading in the United Kingdom through independent agents, such as some brokers and investment managers.

A non-U.K. resident shareholder may also be subject to taxation on dividend income under local law. A shareholder who is not solely resident in the U.K. for tax purposes should consult his or her own tax advisors concerning his or her tax liabilities (in the U.K. and any other country) on dividends received from the Parent, whether he or she is entitled to claim any part of the tax credit and, if so, the procedure for doing so, and whether any double taxation relief is due in any country in which he or she is subject to tax.

Taxation of Capital Gains

Disposal of the Parent's Ordinary Shares

A disposal or deemed disposal of the Parent's ordinary shares by a shareholder who is resident in the U.K. for tax purposes may, depending upon the shareholder's circumstances and subject to any available exemptions and reliefs (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of U.K. taxation of capital gains.

If an individual shareholder becomes liable to U.K. capital gains tax on the disposal of the Parent's ordinary shares, the applicable rate (for the tax year 2021/2022) will be either 10% to the extent shareholders are liable to tax only at the basic rate or 20% (to the extent shareholders are liable to pay tax at the higher rate or the additional rate), respectively (save in some limited circumstances).

If a corporate shareholder becomes liable to U.K. corporation tax on the disposal (or deemed disposal) of ordinary shares, the main rate of U.K. corporation tax (at a rate of 19% for the tax year 2021/2022) would apply, subject to any exemptions, reliefs and/or allowable losses. A shareholder which is not resident in the U.K. for tax purposes should not normally be liable to U.K. taxation on chargeable gains on a disposal or deemed disposal of the Parent's ordinary shares unless the person is carrying on (whether solely or in a partnership) a trade, profession or vocation in the U.K. through a branch or agency (or, in the case of a corporate holder of ordinary shares, through a permanent establishment) to which the ordinary shares are attributable. However, an individual shareholder who has ceased to be resident in the U.K. for the purposes of a double taxation treaty for a period of less than five years (and was UK resident for at least 4 out of the 7 tax years immediately prior to his year of departure) and who disposes of the Parent's ordinary shares during that period of temporary non-residence may be liable on his return to the U.K. (or upon ceasing to be regarded as resident outside the U.K. for purposes of double taxation relief) to U.K. taxation on any capital gain realized (subject to any available exemption or relief).

Inheritance Tax

The Parent's ordinary shares will be assets situated in the U.K. for the purposes of U.K. inheritance tax. A gift or settlement of such assets by, or on the death of, an individual holder of such assets may (subject to certain exemptions and reliefs and depending upon the shareholder's circumstances) give rise to a liability to U.K. inheritance tax even if the holder is not a resident of or domiciled in the U.K. for tax purposes. For inheritance tax purposes, a transfer of assets at less than market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

A charge to inheritance tax may arise in certain circumstances where the Parent's ordinary shares are held by close companies and by trustees of settlements. Shareholders should consult an appropriate tax advisor as to any inheritance tax implications if they intend to make a gift or transfer at less than market value or intend to hold the Parent's ordinary shares through a close company or trust arrangement.

Shareholders and/or potential investors who are in any doubt as to their tax position, or who are subject to tax in any jurisdiction other than the U.K., should consult a suitable professional advisor.

F. ***Dividends and Paying Agents***

Not applicable.

G. ***Statement of Experts***

Not applicable.

H. ***Documents on Display***

The Parent files reports, including annual reports on Form 20-F, furnishes current reports on Form 6-K and discloses other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. These may be accessed by visiting the SEC's website at www.sec.gov.

I. ***Subsidiary Information***

Not applicable

Item 11. Quantitative and Qualitative Disclosures About Market Risk

The Company's activities expose it to a variety of market risks including interest rate risk and foreign currency exchange rate risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its performance through ongoing operational and finance activities. The Company monitors and manages its exposure to such risks both centrally and at the local level, as appropriate, as part of its overall risk management program with the objective of seeking to reduce the potential adverse effects of such risks on its results of operations and financial position.

Depending upon the risk assessment, the Company uses selected derivative hedging instruments, including principally interest rate swaps and foreign currency forward contracts, for the purposes of managing interest rate risk and currency risks arising from its operations and sources of financing. The Company's policy is not to enter into such contracts for speculative purposes.

The following section provides qualitative and quantitative disclosures on the effects that these risks may have. The quantitative data reported below does not have any predictive value and does not reflect the complexity of the markets or reactions which may result from any changes that are assumed to have taken place.

Interest Rate Risk

Indebtedness

The Company's exposure to changes in market interest rates relates primarily to its cash and financial liabilities which bear floating interest rates. The Company's policy is to manage interest cost using a mix of fixed and variable rate debt. The Company has historically used various techniques to mitigate the risks associated with future changes in interest rates, including entering into interest rate swap and treasury rate lock agreements.

At December 31, 2021 and 2020, approximately 18% and 23% of the Company's net debt portfolio was exposed to interest rate fluctuations, respectively. The Company's exposure to floating rates of interest primarily relates to the Euro Term Loan Facilities due January 2027. At December 31, 2020, the Company held $425 million notional amount of interest rate swaps that were no longer designated as hedging relationships and the fair value of the swaps was recognized in interest expense with no corresponding offset to debt. At December 31, 2021, the Company no longer held any interest rate swaps.

A hypothetical 10 basis points increase in interest rates for 2021 and 2020, with all other variables held constant, would have resulted in lower income from continuing operations before provision for income taxes of approximately $1 million and $2 million, respectively.

Costs to Fund Jackpot Liabilities

Fluctuations in prime, treasury, and agency rates due to changes in market and other economic conditions directly impact the Company's cost to fund jackpots and corresponding gaming operating income. If interest rates decline, jackpot cost increases and operating income decreases. The Company estimates a hypothetical decline of one percentage point in applicable interest rates would have reduced operating income by approximately $7 million in 2021 and 2020. The Company does not manage this exposure with derivative financial instruments.

Foreign Currency Exchange Rate Risk

The Company operates on an international basis across a number of geographical locations. The Company is exposed to (i) transactional foreign exchange risk when an entity enters into transactions in a currency other than its functional currency, and (ii) translation foreign exchange risk which arises when the Company translates the financial statements of its foreign entities into U.S. dollars for the preparation of the consolidated financial statements.

Transactional Risk

The Company's subsidiaries generally execute their operating activities in their respective functional currencies. In circumstances where the Company enters into transactions in a currency other than the functional currency of the relevant entity, the Company seeks to minimize its exposure by (i) sharing risk with its customers (for example, in limited circumstances, but whenever possible, the Company negotiates clauses into its contracts that allows for price adjustments should a material change in foreign exchange rates occur), (ii) creating a natural hedge by netting receipts and payments, (iii) utilizing foreign currency borrowings, and (iv) where applicable, by entering into foreign currency forward and option contracts.

The principal foreign currency to which the Company is exposed is the euro. A hypothetical 10% decrease in the U.S. dollar to euro exchange rate, with all other variables held constant, would have resulted in lower income from continuing operations before provision for income taxes of approximately $28 million and $363 million for 2021 and 2020, respectively.

From time to time, the Company enters into foreign currency forward and option contracts to reduce the exposure associated with certain firm commitments, variable service revenues, and certain assets and liabilities denominated in foreign currencies. These contracts generally have average maturities of 12 months or less, and are regularly renewed to provide continuing coverage throughout the year. It is the Company's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

At December 31, 2021, the Company had forward contracts for the sale of approximately $121 million of foreign currency (primarily euro, Colombian peso, South African rand, and British pounds) and the purchase of approximately $204 million of foreign currency (primarily euro, U.S. dollar, British pounds, and Chilean peso).

At December 31, 2020, the Company had forward contracts for the sale of approximately $170 million of foreign currency (primarily South African rand, Canadian dollars, Australian dollars, and British pounds) and the purchase of approximately $187 million of foreign currency (primarily euro and Polish zlotys).

Translation Risk

Certain of the Company's subsidiaries are located in countries that are outside of the United States, in particular the Eurozone. As the Company's reporting currency is the U.S. dollar, the income statements of those entities are converted into U.S. dollars using the average exchange rate for the period, and while revenues and costs are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs, and the result in U.S. dollars. The monetary

assets and liabilities of consolidated entities that have a reporting currency other than the U.S. dollar are translated into U.S. dollars at the period-end foreign exchange rate. The effects of these changes in foreign exchange rates are recognized directly in the consolidated statements of shareholders' equity within accumulated other comprehensive income.

The Company's foreign currency exposure primarily arises from changes between the U.S. dollar and the euro. A hypothetical 10% decrease in the U.S. dollar to euro exchange rate, with all other variables held constant, would have increased equity by $97 million for 2021 and reduced equity by $118 million for 2020.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividends, Arrearages, and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

See the description of the Loyalty Plan in "Item 10. Additional Information—B. *Memorandum and Articles of Association*—Loyalty Plan."

Item 15. Controls and Procedures

Disclosure Controls and Procedures

The Company's management maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the Company's reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating its disclosure controls and procedures, the Company recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as the Company's are designed to do.
As required by Rule 13a-15(b) under the Exchange Act, an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2021 was conducted under the supervision and with the participation of its management including its Chief Executive Officer and Chief Financial Officer. Based on this evaluation, its Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures were effective as of December 31, 2021 at a reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined by Rules 13a-15(f) and 15d-15(f) under the Exchange Act).
The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with generally accepted accounting principles; and that receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors; and

- provide reasonable assurance that unauthorized acquisition, use or disposition of the Company's assets, that could have a material effect on the financial statements, would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2021 based upon the framework presented in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2021.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2021 as stated in their report appearing in "Report of Independent Registered Public Accounting Firm" included in "Item 18. Financial Statements."

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The Parent's Board of Directors has determined that Maria Pinelli, chairperson of the Audit Committee, and Alberto Dessy and Heather McGregor, both members of the Audit Committee, are each an audit committee financial expert. Each of Ms. Pinelli, Mr. Dessy and Ms. McGregor is an independent director under the NYSE standards.

Item 16B. Code of Ethics

The Company has adopted a Code of Ethics for Principal Executive Officer and Senior Financial Officers which is applicable to its principal executive officer, principal financial officer, the principal accounting officer and controller, and any persons performing similar functions. The Code of Ethics was most recently amended in November 2020 to expressly permit persons reporting violations of the code to bring instances of retaliation, harassment or retribution to the attention of the Audit Committee, in addition to the Board of Directors. This code of ethics is posted on its website, www.igt.com, and may be found as follows: from the main page, first click on "Explore IGT" and then on "Investor Relations" and then on "ESG" and then on "Governance Documents." The information contained on the Company's website is not included in, or incorporated by reference into, this annual report on Form 20-F.

Item 16C. Principal Accountant Fees and Services

PricewaterhouseCoopers LLP ("PwC US") has been serving as the Company's independent auditor since 2015.

Aggregate fees for professional services and other services rendered by PwC US and its foreign entities belonging to the PwC network in 2021 and 2020 were as follows:

	For the year ended December 31,	
($ in thousands)	**2021**	**2020**
Audit fees	9,482	10,929
Audit-related fees	431	357
Tax fees	677	335
All other fees	140	112
	10,730	11,733

- Audit fees consist of professional services performed in connection with the annual financial statements.
- Tax fees consist of professional services for tax planning and compliance.
- Audit-related fees consist of assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and agreed upon procedures for certain financial statement areas.

- All other fees, other than those reported above, mainly consist of services in relation to compliance-related services and access to online accounting research software applications.

Audit Committee's Pre-Approval Policies and Procedures

The Audit Committee pre-approves engagements of the Company's independent registered public accounting firm to audit the Company's consolidated financial statements. The Audit Committee has a policy requiring management to obtain the Audit Committee's approval before engaging the Company's independent registered public accounting firm to provide any other audit or permitted non-audit services to the Company or its subsidiaries. Pursuant to this policy, which is designed to ensure that such engagements do not impair the independence of the Company's independent registered public accounting firm, the Audit Committee reviews and pre-approves, if appropriate, specific audit and non-audit services in the categories audit services, tax services, audit-related services, and any other services that may be performed by the Company's independent registered public accounting firm.

Item 16D. Exemptions from the Listing Standards for Audit Committees

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On November 15, 2021, the Parent's Board of Directors authorized a share repurchase program pursuant to which the Company may repurchase up to $300 million of the Parent's outstanding ordinary shares during a period of four years commencing on November 18, 2021. The share repurchase program was publicly announced on November 16, 2021. At the Parent's 2021 annual general meeting, the Parent's shareholders granted authority to repurchase, subject to a maximum repurchase price, up to 20,485,656 of the Parent's ordinary shares. This authority remains valid until November 10, 2022, unless previously revoked, varied, or renewed at the Parent's 2022 annual general meeting.

	For the year ended December 31, 2021			
Calendar Month	**Total number of shares purchased**	**Average price paid per share**	**Total number of shares purchased as part of publicly announced program**	**Approximate dollar value of shares that may yet be purchased under the program (in millions)**
November	750,000	$ 28.38	750,000	$ 279
December	750,000	$ 26.06	750,000	$ 259
Total	1,500,000		1,500,000	

Item 16F. Change in Registrant's Certifying Accountant

None.

Item 16G. Corporate Governance

The Parent is a public limited company incorporated under the laws of England and Wales and qualifies as a foreign private issuer under the rules and regulations of the SEC and the listing standards of the NYSE. In accordance with the NYSE listing rules related to corporate governance, listed companies that are foreign private issuers are permitted to follow home-country practice in some circumstances in lieu of the provisions of the corporate governance rules contained in Section 303A of the NYSE Listed Company Manual that are otherwise applicable to listed companies. However, for as long as the Parent's ordinary shares are listed on the NYSE, the Company will comply with all NYSE corporate governance standards set forth in Section 3 of the NYSE Listed Company Manual applicable to non-controlled domestic U.S. issuers, regardless of whether the Company is a foreign private issuer.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

The audited Consolidated Financial Statements as required under Item 18 are attached hereto starting on page F-1 of this annual report on Form 20-F.

Item 19. Exhibits

A list of exhibits included as part of this annual report on Form 20-F is set forth in the Index to Exhibits immediately following this Item 19.

INDEX TO EXHIBITS

Exhibit	Description
1.1	Articles of Association of International Game Technology PLC, adopted June 25, 2020 (incorporated herein by reference to Exhibit 99.2 of the Company's Form 6-K furnished to the SEC on June 29, 2020).
	There have not been filed as exhibits to this Form 20-F certain long-term debt instruments, none of which relates to indebtedness that exceeds 10% of the consolidated assets of International Game Technology PLC. International Game Technology PLC agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument defining the rights of holders of long-term debt of International Game Technology PLC and its consolidated subsidiaries.
2.1	International Game Technology PLC Loyalty Plan Terms and Conditions, adopted April 7, 2015, and amended December 24, 2017 and March 7, 2018 (incorporated herein by reference to Exhibit 2.1 of the Company's Form 20-F filed with the SEC on March 15, 2018).
2.2	Senior Facilities Agreement dated November 4, 2014, as amended April 2, 2015, October 28, 2015, June 26, 2016, July 31, 2017, December 17, 2018, July 24, 2019 and May 7, 2020 for the US$1,050,000,000 and €625,000,000 multicurrency revolving credit facilities among International Game Technology PLC (as successor to GTECH S.p.A.), as the Parent and a Borrower; GTECH Corporation, as a Borrower; J.P. Morgan Limited and Mediobanca — Banca di Credito Finanziario S.p.A., as the Global Coordinators, Bookrunners, and Mandated Lead Arrangers; the entities listed in Part III of Schedule I thereto, as the Bookrunners and Mandated Lead Arrangers, the entities listed in Part IV of Schedule I thereto, as the Mandated Lead Arrangers; the entities listed in Part V of Schedule I thereto, as the Arrangers, the financial institutions listed in Part IIA of Schedule I thereto, as the Original Lenders; The Royal Bank of Scotland plc, as the Agent; The Royal Bank of Scotland plc, as the Issuing Agent; KeyBank National Association, as the Swingline Agent; and the financial institutions listed in Part IIB of Schedule I thereto, as the Original US Dollar Swingline Lenders (incorporated herein by reference to Exhibit 99.3 of the Company's Form 6-K furnished to the SEC on May 13, 2020).
2.3	Amendment and Restatement Agreement, dated July 21, 2021, relating to the Senior Facility Agreement dated July 25, 2017, as amended December 18, 2018, July 18, 2019 and May 8, 2020 for the €1,500,000,000 term loan facility among International Game Technology PLC, as the Borrower; Bank of America Merrill Lynch International Limited and Mediobanca - Banca di Credito Finanziario S.p.A. as Global Coordinators, Bookrunners, and Mandated Lead Arrangers; BNP Paribas, Italian Branch, Banca IMI S.p.A., and UniCredit Bank AG, Milan Branch, as Bookrunners and Mandated Lead Arrangers; Barclays Bank PLC, Credit Agricole Corporate & Investment Bank, Milan Branch, ING Bank N.V. - Milan Branch, National Westminster Bank PLC, Socgen Inversiones Financiers S.A.U., The Bank of Nova Scotia, and Credit Suisse AG, Milan Branch as Mandated Lead Arrangers; Mediobanca - Banca di Credito Finanziario S.p.A., as the Agent; and others (incorporated herein by reference to Exhibit 99.2 of the Company's Form 6-K furnished to the SEC on July 26, 2021).
2.4	Indenture dated as of April 7, 2015 among International Game Technology PLC, as the Issuer; certain subsidiaries of International Game Technology PLC, as the Initial Guarantors; BNY Mellon Corporate Trustee Services Limited, as Trustee; The Royal Bank of Scotland plc, as Security Agent; The Bank of New York Mellon, London Branch, as Euro Paying Agent and Transfer Agent; The Bank of New York Mellon, as Dollar Paying Agent and Dollar Registrar; and The Bank of New York Mellon (Luxembourg) S.A., as Euro Registrar, with respect to $600,000,000 5.625% Senior Secured Notes due February 15, 2020, $1,500,000,000 6.250% Senior Secured Notes due February 15, 2022, $1,100,000,000 6.500% Senior Secured Notes due February 15, 2025, €700,000,000 4.125% Senior Secured Notes due February 15, 2020 and €850,000,000 4.750% Senior Secured Notes due February 15, 2023 (incorporated herein by reference to Exhibit 4.8 to the Current Report on Form 8-K filed by International Game Technology on April 10, 2015).
2.5	Indenture dated as of June 15, 2009 between International Game Technology, as the Company, and Wells Fargo Bank, National Association, as the Trustee (Senior Debt Securities) (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by International Game Technology on June 15, 2009, Commission file number 001-36906).
2.6	Third Supplemental Indenture dated as of September 19, 2013 between International Game Technology, as the Company, and Wells Fargo Bank, National Association, as the Trustee (Creating a Series of Securities Designated 5.350% Notes due 2023) (incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by International Game Technology on September 19, 2013).

Exhibit	Description
2.7	Amendment No. 1 dated as of April 7, 2015 among International Game Technology, as the Company; Wells Fargo Bank, National Association, as the Trustee; and The Royal Bank of Scotland plc, as the Security Agent, to the Indenture dated as of June 15, 2009, as supplemented by the Third Supplemental Indenture dated as of September 19, 2013 (incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K filed by International Game Technology on April 10, 2015).
2.8	Amendment No. 2 dated as of April 22, 2015 among International Game Technology, as the Company; International Game Technology PLC and certain subsidiaries of International Game Technology PLC, as the Guarantors; and Wells Fargo Bank, National Association, as the Trustee, to the Indenture dated as of June 15, 2009, as supplemented by the Third Supplemental Indenture dated as of September 19, 2013 (incorporated herein by reference to Exhibit 4.27 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on May 15, 2015).
2.9	Amendment No. 3 dated as of April 23, 2015 between International Game Technology, as the Company; and Wells Fargo Bank, National Association, as the Trustee, to the Indenture dated as of June 15, 2009, as supplemented by the Third Supplemental Indenture dated as of September 19, 2013 (incorporated herein by reference to Exhibit 4.29 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on May 15, 2015).
2.10	Observer Agreement with an effective date of November 15, 2021, between the Company and De Agostini S.p.A.
2.11	Indenture dated as of June 27, 2018 among International Game Technology PLC, as Issuer; certain subsidiaries of International Game Technology PLC, as Guarantors; BNY Mellon Corporate Trustee Services Limited, as Trustee; The Bank of New York Mellon, London Branch, as Paying Agent and Transfer Agent; the Bank of New York Mellon SA/NV, Luxembourg Branch, as Registrar; and NatWest Markets Plc, as Security Agent with respect to €500,000,000 3.500% Senior Secured Notes due 2024 (incorporated herein by reference to Exhibit 2.16 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 3, 2020).
2.12	First Supplemental Indenture dated as of February 20, 2019, among International Game Technology PLC, as Issuer, BNY Mellon Corporate Trustee Services Limited, as Trustee, and NatWest Markets Plc, as Security Agent, to the Indenture dated as of June 27, 2018 (incorporated herein by reference to Exhibit 2.17 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 3, 2020).
2.13	Indenture dated as of September 26, 2018 among International Game Technology PLC, as Issuer; certain subsidiaries of International Game Technology PLC, as Guarantors; BNY Mellon Corporate Trustee Services Limited, as Trustee; The Bank of New York Mellon, London Branch, as Paying Agent and Transfer Agent; the Bank of New York Mellon SA/NV, Luxembourg Branch, as Registrar; and NatWest Markets Plc, as Security Agent with respect to $750,000,000 6.250% Senior Secured Notes due 2027 (incorporated herein by reference to Exhibit 2.18 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 3, 2020).
2.14	Underwriting Agreement, dated as of May 22, 2018, by and among International Game Technology PLC, International Game Technology, De Agostini S.p.A., Credit Suisse Securities (USA) LLC and Credit Suisse International (incorporated herein by reference to Exhibit 1.1 to the Company's Form 6-K furnished to the SEC on May 25, 2018).
2.15	Indenture dated as of June 20, 2019 between International Game Technology PLC, as the Issuer, and BNY Mellon Corporate Trustee Services Limited, as the Trustee (incorporated herein by reference to Exhibit 2.20 to the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 3, 2020).
2.16	Indenture dated as of September 16, 2019 between International Game Technology PLC, as the Issuer, and BNY Mellon Corporate Trustee Services Limited, as the Trustee (incorporated herein by reference to Exhibit 2.21 to the Company's Annual Report on Form-20-F filed by International Game Technology PLC on March 3, 2020).

Exhibit	Description
2.17	Indenture dated as of June 19, 2020 among International Game Technology PLC, as the Issuer, the Guarantors named therein, BNY Mellon Corporate Trustee Services Limited, as Trustee, The Bank of New York Mellon, London Branch as paying agent, The Bank of New York Mellon SA/NV, Luxembourg Branch, as registrar and transfer agent and NatWest Markets Plc as security agent (incorporated herein by reference to Exhibit No. 2.17 to the Company's Annual Report on Form 20-F filed by International Game Technoogy PLC on March 2, 2021).
2.18	Indenture dated as of March 25, 2021 among International Game Technology PLC, as the Issuer, the Guarantors named therein BNY Mellon Corporate Trustee Services Limited, as Trustee, The Bank of New York Mellon, London Branch as paying agent, The Bank of New York Mellon SA/NV, Dublin Branch, as registrar and transfer agent and NatWest Markets Plc as security agent.
2.19	Description of the registrant's securities registered pursuant to Section 12 of the Exchange Act.
4.1	GTECH 2014-2020 Stock Option Plan (incorporated herein by reference to Exhibit 99.6 to the Post-Effective Amendment No. 1 on Form S-8 to Form F-4 filed by International Game Technology PLC on April 6, 2015).
4.2	GTECH 2014-2018 Share Allocation Plan (incorporated herein by reference to Exhibit 99.10 to the Post-Effective Amendment No. 1 on Form S-8 to Form F-4 filed by International Game Technology PLC on April 6, 2015).
4.3	International Game Technology PLC 2015 Equity Incentive Plan, as amended (incorporated herein by reference to Exhibit 1.1 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on April 29, 2016).
4.4	International Game Technology PLC 2021 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.2 to the Form S-8 filed by International Game Technology PLC on May 18, 2021)
4.5	The Lotto Concession for the activation and operation of the network for the national lotto game between the Agenzia delle Dogane e dei Monopoli and Lottoitalia S.r.l., issued April 14, 2016, expiring November 30, 2025 (incorporated herein by reference to Exhibit 4.20 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on April 20, 2017).
4.6	Instant Ticket Concession for the operation of the national instant ticket lottery games between the Amministrazione Autonoma dei Monopoli di Stato (now known as Agenzia delle Dogane e dei Monopoli) and Lotterie Nazionali S.r.l., issued and effective from October 1, 2010, expiring September 30, 2019, extended to September 2028 (incorporated herein by reference to Exhibit 4.9 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 15, 2018).
4.7	Share Sale and Purchase Agreement relating to the sale and acquisition of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., dated as of December 6, 2020, among Lottomatica Holding S.r.l. as the Seller, International Game Technology PLC as the Guarantor and Gamenet Group S.p.A. as the Buyer (incorporated herein by reference to Exhibit 4.8 of the Company's Annual Report on Form 20-F filed by International Game Technology PLC on March 2, 2021).
4.8	Share Purchase Agreement (in respect of Lis Holding S.p.A.) between IGT Lottery S.p.A. and PostePay S.p.A. — Patrimonio Destinato IMEL, dated February 25, 2022
8.1	List of Subsidiaries of the Registrant
12.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
12.2	Rule 13a-14(a)/15d-14(a) Certification of Executive Chair
12.3	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

Exhibit	Description
13.1	Certification of the Chief Executive Officer and Executive Chair Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of PricewaterhouseCoopers LLP
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this annual report on its behalf.

INTERNATIONAL GAME TECHNOLOGY PLC

/s/ MASSIMILIANO CHIARA

Name: Massimiliano Chiara
Title: Chief Financial Officer

Dated: March 3, 2022

ITEM 18. FINANCIAL STATEMENTS

INTERNATIONAL GAME TECHNOLOGY PLC

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of International Game Technology PLC

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of International Game Technology PLC and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive income (loss), of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Identifying and Evaluating Contractual Terms and Conditions

As described in Notes 2 and 4 to the consolidated financial statements, the Company generated service and product revenues of $3,483 million and $606 million, respectively, for the year ended December 31, 2021. The Company often enters into contracts with customers that consist of a combination of services and products that are accounted for as one or more distinct performance obligations. As disclosed by management, judgment is applied in identifying and evaluating the contractual terms and conditions that impact the identification of performance obligations and the pattern of revenue recognition.

The principal considerations for our determination that performing procedures relating to revenue recognition, specifically identifying and evaluating contractual terms and conditions, is a critical audit matter are the significant judgment by management in identifying and evaluating contractual terms and conditions that impact the identification of performance obligations and the pattern of revenue recognition, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate whether terms and conditions in contracts were appropriately identified and evaluated by management.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to revenue recognition, including controls related to the identification and evaluation of contractual terms and conditions impacting the identification of performance obligations and the pattern of revenue recognition. These procedures also included, among others, (i) evaluating and testing management's process for identifying performance obligations and assessing the pattern of revenue recognition, and (ii) evaluating, on a test basis, the completeness and accuracy of the contractual terms and conditions identified in contracts with customers.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 3, 2022

We have served as the Company's auditor since 2015.

International Game Technology PLC
Consolidated Balance Sheets
($ in millions and shares in thousands, except per share amounts)

	Notes	December 31, 2021	December 31, 2020
Assets			
Current assets:			
Cash and cash equivalents		591	907
Restricted cash and cash equivalents		218	199
Trade and other receivables, net	5	903	846
Inventories	6	183	169
Other current assets	7	589	480
Assets held for sale	3	4	839
Total current assets		2,487	3,440
Systems, equipment and other assets related to contracts, net	10	937	1,068
Property, plant and equipment, net	10	119	132
Operating lease right-of-use assets	11	283	288
Goodwill	13	4,656	4,713
Intangible assets, net	14	1,413	1,577
Other non-current assets	7	1,429	1,774
Total non-current assets		8,836	9,552
Total assets		11,322	12,992
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable		1,035	1,126
Current portion of long-term debt	15	—	393
Short-term borrowings	15	52	—
Other current liabilities	16	828	846
Liabilities held for sale	3	—	250
Total current liabilities		1,914	2,615
Long-term debt, less current portion	15	6,477	7,857
Deferred income taxes	17	368	333
Operating lease liabilities	11	269	266
Other non-current liabilities	16	323	360
Total non-current liabilities		7,437	8,816
Total liabilities		9,351	11,431
Commitments and contingencies	18		
Shareholders' equity			
Common stock, par value $0.10 per share; 205,188 shares issued and 203,688 shares outstanding at December 31, 2021; 204,857 shares issued and outstanding at December 31, 2020		21	20
Additional paid-in capital		2,329	2,347
Retained deficit		(1,439)	(1,920)
Treasury stock, at cost; 1,500 shares at December 31, 2021	19	(41)	—
Accumulated other comprehensive income	19	412	330
Total IGT PLC's shareholders' equity		1,282	777
Non-controlling interests		689	784
Total shareholders' equity		1,971	1,561
Total liabilities and shareholders' equity		11,322	12,992

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Consolidated Statements of Operations
($ in millions and shares in thousands, except per share amounts)

	Notes	For the year ended December 31, 2021	2020	2019
Service revenue	4, 21	3,483	2,640	3,101
Product sales	4, 21	606	476	931
Total revenue	4, 21	4,089	3,115	4,032
Cost of services		1,754	1,634	1,777
Cost of product sales		377	346	558
Selling, general and administrative		810	707	850
Research and development		238	191	266
Restructuring	12	6	45	25
Goodwill impairment	13	—	296	99
Other operating expense (income), net		1	4	(21)
Total operating expenses		3,187	3,223	3,554
Operating income (loss)	21	902	(107)	478
Interest expense, net	15	341	398	411
Foreign exchange (gain) loss, net		(66)	309	(40)
Other expense (income), net		98	33	(21)
Total non-operating expenses		373	740	350
Income (loss) from continuing operations before provision for income taxes	17	529	(848)	128
Provision for income taxes	17	274	28	131
Income (loss) from continuing operations		255	(875)	(3)
Income from discontinued operations, net of tax		24	37	114
Gain on sale of discontinued operations, net of tax		391	—	—
Income from discontinued operations	3	415	37	114
Net income (loss)		670	(839)	112
Less: Net income attributable to non-controlling interests from continuing operations		190	64	126
Less: Net (loss) income attributable to non-controlling interests from discontinued operations	3	(2)	(5)	5
Net income (loss) attributable to IGT PLC		482	(898)	(19)
Net income (loss) from continuing operations attributable to IGT PLC per common share - basic	23	0.32	(4.59)	(0.63)
Net income (loss) from continuing operations attributable to IGT PLC per common share - diluted	23	0.31	(4.59)	(0.63)
Net income (loss) attributable to IGT PLC per common share - basic	23	2.35	(4.39)	(0.09)
Net income (loss) attributable to IGT PLC per common share - diluted	23	2.33	(4.39)	(0.09)
Weighted-average shares - basic	23	204,954	204,725	204,373
Weighted-average shares - diluted	23	206,795	204,725	204,373

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Consolidated Statements of Comprehensive Income (Loss)
($ in millions)

	Notes	For the year ended December 31, 2021	2020	2019
Net income (loss)		670	(839)	112
Foreign currency translation adjustments, net of tax	19	28	128	(17)
Unrealized gain (loss) on hedges, net of tax	19	3	(1)	(1)
Unrealized (loss) gain on other, net of tax	19	(1)	—	3
Other comprehensive income (loss), net of tax	19	30	127	(15)
Comprehensive income (loss)		700	(712)	97
Less: Comprehensive income attributable to non-controlling interests		136	119	115
Comprehensive income (loss) attributable to IGT PLC		564	(831)	(18)

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Consolidated Statements of Cash Flows
($ in millions)

	Notes	For the year ended December 31, 2021	2020	2019
Cash flows from operating activities				
Net income (loss)		670	(839)	112
Less: Income from discontinued operations		415	37	114
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities from continuing operations:				
Depreciation		325	355	386
Amortization of upfront license fees		216	210	206
Amortization		201	211	228
Loss on extinguishment of debt		92	28	12
Deferred income taxes		38	(78)	(68)
Stock-based compensation	22	35	(7)	27
Debt issuance cost amortization		19	21	22
Goodwill impairment	13	—	296	99
Gain on sale of assets		(9)	—	(65)
Foreign exchange (gain) loss, net		(66)	309	(40)
Other non-cash items, net		7	(2)	19
Changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions:				
Trade and other receivables		(95)	74	(49)
Inventories		(13)	17	84
Accounts payable		(36)	5	28
Other assets and liabilities		41	31	21
Net cash provided by operating activities from continuing operations		1,010	595	907
Net cash (used in) provided by operating activities from discontinued operations		(31)	271	186
Net cash provided by operating activities		978	866	1,093
Cash flows from investing activities				
Capital expenditures		(238)	(255)	(377)
Proceeds from sale of assets		21	9	124
Other		1	12	6
Net cash used in investing activities from continuing operations		(216)	(233)	(248)
Net cash provided by (used in) investing activities from discontinued operations		852	(35)	(65)
Net cash provided by (used in) investing activities		636	(269)	(312)
Cash flows from financing activities				
Principal payments on long-term debt		(2,846)	(959)	(848)
Payments in connection with the extinguishment of debt		(85)	(25)	(9)
Net (payments of) receipts from financial liabilities		(50)	67	(34)
Payments of debt issuance costs		(14)	(22)	(26)
Net proceeds from (repayments of) Revolving Credit Facilities		17	(29)	(417)
Net proceeds from (payments of) short-term borrowings		51	(7)	(32)
Proceeds from long-term debt		1,339	750	1,397
Repurchases of common stock		(41)	—	—
Dividends paid		(41)	(41)	(164)
Dividends paid - non-controlling interests		(91)	(136)	(137)
Return of capital - non-controlling interests		(127)	(32)	(99)
Capital increase - non-controlling interests		12	8	1
Other		(23)	(11)	(10)
Net cash used in financing activities		(1,898)	(438)	(376)
Net (decrease) increase in cash and cash equivalents and restricted cash and cash equivalents		(284)	159	405
Effect of exchange rate changes on cash and cash equivalents and restricted cash and cash equivalents		(37)	76	(22)
Cash and cash equivalents and restricted cash and cash equivalents at the beginning of the period		1,129	894	512
Cash and cash equivalents and restricted cash and cash equivalents at the end of the period		808	1,129	894
Less: Cash and cash equivalents and restricted cash and cash equivalents of discontinued operations		—	23	19
Cash and cash equivalents and restricted cash and cash equivalents at the end of the period of continuing operations		808	1,106	876

International Game Technology PLC
Consolidated Statements of Cash Flows
($ in millions)

	For the year ended December 31,		
	2021	**2020**	**2019**
Supplemental disclosures of cash flow information			
Cash paid during the period for:			
Interest	369	410	400
Income taxes	188	89	197
Non-cash investing and financing activities:			
Capital expenditures	26	24	35

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Consolidated Statement of Shareholders' Equity
($ in millions)

	Common Stock	Additional Paid-In Capital	Retained Deficit	Treasury Stock	Accumulated Other Comprehensive Income	Total IGT PLC Equity	Non-Controlling Interests	Total Equity
Balance at December 31, 2018	20	2,534	(1,008)	—	262	1,808	944	2,752
Net (loss) income	—	—	(19)	—	—	(19)	131	112
Other comprehensive income (loss), net of tax	—	—	—	—	1	1	(16)	(15)
Total comprehensive (loss) income	—	—	(19)	—	1	(18)	115	97
Stock-based compensation	—	27	—	—	—	27	—	27
Capital increase	—	—	—	—	—	—	1	1
Shares issued under stock award plans	—	(2)	—	—	—	(2)	—	(2)
Return of capital	—	—	—	—	—	—	(99)	(99)
Dividends paid	—	(164)	—	—	—	(164)	(137)	(300)
Other	—	—	7	—	—	7	2	9
Balance at December 31, 2019	20	2,396	(1,020)	—	263	1,658	827	2,485
Net (loss) income	—	—	(898)	—	—	(898)	59	(839)
Other comprehensive income, net of tax	—	—	—	—	67	67	59	127
Total comprehensive (loss) income	—	—	(898)	—	67	(831)	119	(712)
Capital increase	—	—	—	—	—	—	9	9
Shares issued under stock award plans	—	(1)	—	—	—	(1)	—	(1)
Stock-based compensation	—	(7)	—	—	—	(7)	—	(7)
Return of capital	—	—	—	—	—	—	(32)	(32)
Dividends paid	—	(41)	—	—	—	(41)	(138)	(178)
Other	—	—	(2)	—	—	(2)	—	(2)
Balance at December 31, 2020	20	2,347	(1,920)	—	330	777	784	1,561
Net income	—	—	482	—	—	482	188	670
Other comprehensive income (loss), net of tax	—	—	—	—	82	82	(52)	30
Total comprehensive income	—	—	482	—	82	564	136	700
Stock-based compensation	—	35	—	—	—	35	—	35
Capital increase	—	—	—	—	—	—	13	13
Shares issued under stock award plans	—	(12)	—	—	—	(12)	—	(12)
Divestiture of non-controlling interest	—	—	—	—	—	—	(30)	(30)
Repurchases of common stock	—	—	—	(41)	—	(41)	—	(41)
Return of capital	—	—	—	—	—	—	(127)	(127)
Dividends paid	—	(41)	—	—	—	(41)	(91)	(132)
Other	—	—	—	—	—	—	3	3
Balance at December 31, 2021	21	2,329	(1,439)	(41)	412	1,282	689	1,971

The accompanying notes are an integral part of these consolidated financial statements.

International Game Technology PLC
Notes to the Consolidated Financial Statements

1. Description of Business

International Game Technology PLC (the "Parent"), together with its consolidated subsidiaries (collectively referred to as "IGT PLC," the "Company," "we," "our," or "us"), is a global leader in gaming that delivers entertaining and responsible gaming experiences for players across all channels and regulated segments, from gaming machines and lotteries to sports betting and digital. We operate and provide an integrated portfolio of innovative gaming technology products and services, including: lottery management services, online and instant lottery systems, gaming systems, instant ticket printing, electronic gaming machines, sports betting, digital gaming, digital lottery, and commercial services. We have a local presence and relationships with governments and regulators in more than 100 countries around the world.

2. Summary of Significant Accounting Policies

Basis of Preparation

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements are stated in millions of United States ("U.S.") dollars (except share and per share data) unless otherwise indicated, and are computed based on the amounts in thousands. Certain amounts in columns and rows within tables may not foot due to rounding. Percentages and earnings per share amounts presented are calculated from the underlying unrounded amounts.

As further described in Note 3 - *Discontinued Operations and Assets Held for Sale,* on May 10, 2021, the Company completed the sale of its Italian B2C gaming machine, sports betting, and digital gaming businesses, which met the criteria to be reported as a discontinued operation during the fourth quarter of 2020. As a result, the historical financial results are reflected in the Company's consolidated financial statements as a discontinued operation, and assets and liabilities were classified as assets and liabilities held for sale at December 31, 2020.

Recasting of Certain Prior Period Information

During the third quarter of 2021, we modified the information that our chief operating decision maker, who was also our Chief Executive Officer, regularly reviewed for purposes of allocating resources and assessing performance, prompting a change in management, operating segments, and reporting units. As a result, beginning in the third quarter of 2021, we report our financial performance based on our new business segments described in Note 21 – *Segment Information*. We have recast our historically presented comparative segment information to conform to the way we internally manage and monitor segment performance as of the third quarter of 2021. This change primarily impacted Note 4 - *Revenue Recognition,* Note 13 - *Goodwill,* and Note 21 – *Segment Information*, with no impact on consolidated revenue, net income, or cash flows.

Principles of Consolidation

The consolidated financial statements include the accounts of the Parent, our majority-owned or controlled subsidiaries, and any variable interest entities in which we are the primary beneficiary. Intercompany accounts and transactions have been eliminated in consolidation. Earnings or losses attributable to non-controlling interests in a subsidiary are included in net income (loss) in the consolidated statements of operations.

Investments in which we have the ability to exercise significant influence, but do not control, and with respect to which we are not the primary beneficiary, are accounted for using the equity method of accounting. Equity investments in which we have no ability to exercise significant influence that do not have a readily determinable fair value and do not have a Net Asset Value per share are measured at cost, less impairment, plus or minus changes resulting from observable price changes. Equity method investments and equity investments in which we have no ability to exercise significant influence are included within other non-current assets in the consolidated balance sheets.

Use of Estimates

The preparation of our consolidated financial statements requires us to make estimates, judgments, and assumptions which affect the reported amounts of assets, liabilities, equity, revenues and expenses, and related disclosure of contingent liabilities. On an ongoing basis we evaluate our estimates, judgments, and methodologies. We base our estimates on historical experience and on various other assumptions that we believe are reasonable, the results of which form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenues and expenses. Accordingly, actual results and outcomes could differ from those estimates.

Revenue

We account for a contract with a customer when: we have written approval; the parties are committed to perform their respective obligations; the rights of the parties, including payment terms, are identified; the contract has commercial substance; and collection of consideration is probable.

Performance obligations are identified at contract inception. A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct. If we enter into two or more contracts at or near the same time, the contracts may be combined and accounted for as one contract, in which case we determine whether the services or products in the combined contract are distinct. A service or product that is promised to a customer is distinct if both of the following criteria are met: the customer can benefit from the service or product either on its own or together with other resources that are readily available to the customer; and our promise to transfer the service or product to the customer is separately identifiable from other promises in the contract.

Revenue is recognized when (or as) control of a promised service or product transfers to a customer, in an amount that reflects the consideration (which represents the transaction price) to which we expect to be entitled in exchange for transferring that service or product. If the consideration promised in a contract includes a variable amount, we estimate the amount to which we expect to be entitled using either the expected value or most likely amount method. Our contracts may include terms that could cause variability in the consideration, including, for example, rebates, volume discounts, service-level penalties, and performance bonuses or other forms of contingent revenue.

Our standard payment terms dictate that payment is due upon receipt of invoice, payable within 30 days. Invoices are generally issued as control transfers and/or as services are rendered. Additionally, in determining the transaction price, we adjust the promised amount of consideration for the effects of the time value of money if the payment terms are not standard and the timing of payments agreed to by the parties to the contract provide the customer or the Company with a significant benefit of financing, in which case the contract contains a significant financing component. Most arrangements that contain a significant financing component include explicit financing terms.

We may include subcontractor services or third-party vendor services or products in certain arrangements. In these arrangements, revenue from sales of third-party vendor services or products are recorded net of costs when we are acting as an agent between the customer and the vendor, and gross when we are the principal for the transaction. To determine whether we are an agent or principal, we consider whether we obtain control of the services or products before they are transferred to the customer. In making this evaluation, several factors are considered, most notably whether we have primary responsibility for fulfillment to the customer, as well as inventory risk and pricing discretion.

Additional information on revenue recognition is included in Note 4.- *Revenue Recognition.*

Arrangements with Multiple Performance Obligations

We often enter into contracts that consist of a combination of services and products based on the needs of our customers, which may include post-contract support for the software and a contract for post-warranty maintenance service for the hardware. These contracts consist of multiple services and products, whereby the hardware and software may be delivered in one period and the software support and hardware maintenance services are delivered over time.

To the extent that a service or product in an arrangement with multiple performance obligations is subject to other specific accounting guidance, that service or product is accounted for in accordance with such specific guidance.

For all other distinct services and products in these arrangements, the arrangement transaction price is allocated to each performance obligation on a relative standalone selling price basis or another method that depicts the amount of consideration to which we expect to be entitled in exchange for transferring the promised services or products. If the services and products are

not distinct, we determine an appropriate measure of progress based on the nature of our overall promise for the single performance obligation.

To the extent we grant the customer the option to acquire additional services or products in one of these arrangements, we account for the option as a distinct performance obligation in the contract only if the option provides a material right to the customer that it would not receive without entering into the contract (i.e., a significant discount incremental to the range of discounts typically given for the service or product), in which case the customer in effect pays in advance for the option to purchase future services or products. We allocate a portion of the transaction price to the material right and recognize revenue when those future services or products are transferred or when the option expires.

Standalone Selling Price

We allocate the transaction price to each performance obligation on a relative standalone selling price ("SSP") basis. The SSP is the price at which we would sell a promised service or product separately to a customer. In some instances, we are able to establish SSP based on the observable prices of services or products sold separately in comparable circumstances to a similar customer. We typically establish an SSP range for our services and products that are reassessed on a periodic basis or when facts and circumstances change.

In other instances, we may not be able to establish an SSP range based on observable prices, and we estimate the SSP by considering multiple factors including, but not limited to, overall market conditions, including geographic or regional specific factors, competitive positioning, competitor actions, internal costs, profit objectives, and pricing practices. Estimating SSP is a formal process that includes review and approval by management.

Contract Costs

Certain eligible, non-recurring costs incurred in the initial phases of service contracts are capitalized and amortized ratably over the expected period of benefit, which includes anticipated contract renewals or extensions. Recurring operating costs in these contracts are recognized as incurred.

Practical Expedients and Exemptions

We report revenue net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

We generally expense incremental costs of obtaining a contract (e.g., sales commissions) when incurred because the amortization period would have been one year or less. These costs are recorded within selling, general and administrative expenses in our consolidated statements of operations. For certain of our long-term contracts, recoverable costs are capitalized and amortized on a straight-line basis over the expected customer relationship period.

We do not account for significant financing components if the period between when we transfer the promised service or product to the customer and when the customer pays for that service or product will be one year or less.

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) performance obligations for which we recognize revenue at the amount that we have the right to invoice for services performed, (iii) contracts for which variable consideration is accounted for in accordance with sales-based or usage-based royalty guidance, and (iv) wholly unperformed contracts.

Contract Assets and Liabilities

Contract assets arise from contracts when revenue is recognized over time and the amount of revenue recognized exceeds the amount billed to the customer. These amounts are included in contract assets until the right to payment is no longer conditional on events other than the passage of time. Contract liabilities include deferred revenue, advance payments, and billings in excess of revenue recognized.

Stock-Based Compensation

Stock-based compensation represents the cost related to stock-based awards granted to directors and employees. Stock-based compensation cost is measured at the grant date or modification date, based on the estimated fair value of the award and recognized as expense, net of estimated forfeitures, over the vesting periods. For awards subject to cliff vesting, compensation

cost is recognized by way of a straight-line method over the award's expected vesting period. For awards subject to graded vesting, compensation cost is recognized by way of an accelerated attribution method over the entire awards' expected vesting periods.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $33 million, $25 million, and $34 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Research and Development Costs

Research and development costs ("R&D"), which principally include employee compensation costs, are expensed as incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of highly liquid investments purchased with an original maturity of three months or less at the date of acquisition, such as bank deposits, money market funds, and interest bearing bank accounts with insignificant interest rate risk. The fair value of cash and cash equivalents approximates the carrying amount.

Restricted Cash and Cash Equivalents

We are required by gaming regulations to maintain sufficient reserves in restricted cash accounts to be used for the purpose of funding payments to WAP jackpot winners. These restricted cash balances are based primarily on the jackpot meters displayed to slot players, or for previously won jackpots, and vary by jurisdiction. Under our Italian Lotto contract, we deposit wagers, net of prizes paid and retailer commissions retained by the retailer at point of sale, into bank accounts, the use of which is restricted based on the contract with our customer. Restricted cash is also maintained for interactive digital player deposits, collections on factored and serviced receivables not yet paid through to the third-party owner, and for customer funds received in relation to the provision of our commercial services. These amounts are restricted based on the contracts with our customers or local regulations.

Allowance for Credit Losses

We maintain an allowance for credit losses on receivables resulting from the expected failure or inability of our customers to make required payments. The allowance is regularly reviewed by considering factors such as the creditworthiness of our customers, historical experience, aging of receivables, and current market and economic conditions, as well as management's expectations of future conditions when appropriate. The allowance is deducted from the amortized cost basis of the receivable to present the net amount expected to be collected.

We estimate expected credit losses on receivables on a collective (pool) basis when similar risk characteristics exist. Trade and other receivables and customer financing receivables represent the initial pools which are segregated further by business segment, geography, internal risk rating, and aging. The risk of loss is assessed over the contractual life of the receivables and we adjust historical loss rates for current and future conditions based on qualitative considerations. The expected loss rate for each receivable pool is applied to the aggregate receivable balance to determine the allowance requirement. Receivables are written off against the allowance in the period they are determined to be uncollectible.

We determine delinquency based on the contractual payment terms. An account may be considered delinquent if there are unpaid balances remaining on the account the day after the contractual due date.

For amounts due from certain government customers in the Global Lottery business segment, we have not established an allowance as we have no expectation of loss based on a long history of no credit losses and the explicit guarantee of a sovereign entity.

Inventories

Inventories are stated at the lower of cost (applying the first in, first out method) and net realizable value. Allowances are made for defective, obsolete, or excess inventory.

Assets and Liabilities Held for Sale

We classify assets and liabilities (disposal groups) to be sold as held for sale in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the disposal group; the disposal group is available for immediate sale in its present condition subject to terms customary for sales of such disposal groups; an active program to locate a buyer and other actions required to complete the plan to sell the disposal group have been initiated; the sale of the disposal group is probable, and transfer of the disposal group is expected to qualify for recognition as a completed sale within one year; the disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

We initially measure a disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a disposal group until the date of sale. We assess the fair value of a disposal group, less any costs to sell, each reporting period it remains classified as held for sale and report any subsequent changes as an adjustment to the carrying value of the disposal group, as long as the new carrying value does not exceed the carrying value of the disposal group at the time it was initially classified as held for sale.

Upon determining that a disposal group meets the criteria to be classified as held for sale, we report the assets and liabilities of the disposal group, if material, in the line items assets held for sale and liabilities held for sale in the consolidated balance sheet in each period presented. Refer to Note 3 - *Discontinued Operations and Assets Held for Sale*, for further information.

Systems, Equipment and Other Assets Related to Contracts, Net and Property, Plant and Equipment, Net

We have two categories of fixed assets: systems, equipment and other assets related to contracts ("Systems & Equipment") and property, plant and equipment ("PPE").

Systems & Equipment are assets that primarily support our operating contracts, FMCs, and WAP systems (collectively, the "Contracts") and are principally composed of lottery and gaming assets, including those that are accounted for as operating leases with our customers. PPE are assets we use internally, not associated with Contracts, primarily related to production and assembly, selling, general and administration, and R&D.

Systems & Equipment and PPE are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Costs incurred for Systems & Equipment and PPE not yet placed into service are classified as construction in progress and are not depreciated until placed in service. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets. Repair and maintenance costs are expensed as incurred, whereas major improvements that increase asset values and extend useful lives are capitalized.

Systems & Equipment and PPE are tested for impairment whenever events or changes in circumstances indicate the carrying amount of those assets may not be recoverable. An impairment loss is recognized only if the carrying amount is not recoverable and exceeds its fair value. The carrying amount is not recoverable if it exceeds the sum of the undiscounted forecasted cash flows resulting from the use and eventual disposition of such asset. An impairment loss is measured as the amount by which the carrying amount exceeds its fair value.

Goodwill

The assets and liabilities of acquired businesses are recorded under the acquisition method of accounting at their estimated fair values at the date of acquisition. Goodwill represents costs in excess of fair values assigned to the underlying identifiable net assets of acquired businesses, and is stated at cost less accumulated impairment losses.

Goodwill has been allocated to and is tested for impairment at the reporting unit level, which is the same level as our operating segments. We evaluate our reporting units annually and if necessary, reassign goodwill using a relative fair value approach. As of December 31, 2021 we have identified three reporting units: Global Lottery, Global Gaming, and Digital & Betting.

Goodwill is tested for impairment annually, in the fourth quarter, or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The goodwill impairment test compares the fair value of a reporting unit with its carrying amount and an impairment loss is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. In performing the goodwill impairment test, we estimate the fair value of the reporting units using an income approach based on projected discounted cash flows. We have the option to first assess various qualitative factors (commonly

referred to as "Step 0") to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount and whether a quantitative analysis is necessary. If the Company does not elect to perform Step 0, it can voluntarily proceed directly to Step 1. In Step 1, the Company performs a quantitative analysis to compare the fair value of its reporting unit to its carrying value including goodwill. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not considered impaired, and the Company is not required to perform further testing. If the carrying value of a reporting unit exceeds its fair value, then the Company would record an impairment loss equal to the difference.

Other Intangible Assets

Other intangible assets, which include indefinite-lived and definite-lived intangible assets, are stated at cost, less accumulated amortization and accumulated impairment losses.

Indefinite-lived intangible assets are composed of trademarks for which there is no foreseeable limit of the period over which they are expected to generate net cash inflows. Definite-lived intangible assets, which are primarily composed of customer relationships and computer software and game library, are capitalized and amortized on a straight-line basis over their estimated economic lives. Estimated useful lives are determined considering the period the assets are expected to contribute to future cash flows. Amortization of software-related intangibles is included in cost of services and cost of product sales and amortization of other intangible assets is included in selling, general and administrative expenses in the consolidated statement of operations.

Indefinite-lived intangible assets other than goodwill are tested for impairment annually, in the fourth quarter, or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. We first perform a qualitative assessment to determine whether it is more likely than not that the fair value of indefinite-lived intangible assets are less than their carrying amount and whether the quantitative analysis is necessary. The quantitative analysis compares the fair value of indefinite-lived intangible assets to their carrying amount and an impairment loss is recognized when the carrying amount exceeds the fair value.

Capitalized Software Development Costs

Costs incurred in the development of our externally-sold software products are expensed as incurred, except certain software development costs eligible for capitalization. Software development costs incurred subsequent to establishing technological feasibility and through the general release of the software products are capitalized. Capitalized costs are amortized over the products' estimated economic life to cost of product sales in the consolidated statements of operations.

Costs incurred during the application development phase of software for services provided to customers are capitalized as internal-use software and amortized over the useful life to cost of services in the consolidated statements of operations. Costs incurred during the application development of software for internal use, and not for use in services provided to customers, are capitalized and amortized over the useful life to selling, general and administrative expenses in the consolidated statements of operations.

Upfront License Fees

We periodically make long-term investments in contracts with customers and obtain licenses to supply products and services to our customers. As consideration, we pay license fees, which are classified as other non-current assets in the consolidated balance sheets. We recognize the amortization of the license fees as a reduction of service revenue over the estimated economic life of the license term. This method reflects the pattern in which economic benefits are expected to be realized. The recoverability of each payment is subject to significant estimates about future revenues related to the contracts' future cash flows. We evaluate these assets for impairment and update amortization rates on an agreement by agreement basis. The assets are reviewed for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. In periods in which payments are made to the customer, we classify the payment as a cash outflow from operating activities in the consolidated statements of cash flows.

Jackpot Accounting

We incur costs to fund jackpots and accrue jackpot liabilities with every wager on devices connected to a WAP system. Jackpot liabilities are estimated based on the size of the jackpot, the number of WAP units in service, variations and volume of play, and interest rate movements. Jackpots are generally payable to winners immediately, in the case of instant wins, or in equal annual installments over 19 to 25 years. Winners may elect to receive a lump sum payment for the present value of the jackpot discounted at applicable interest rates in lieu of periodic annual installments.

Jackpot liabilities are composed of payments due to previous winners, and amounts due to future winners of jackpots not yet won. Liabilities due to previous winners for periodic payments are carried at the accreted cost of a qualifying U.S. government or agency annuity investment that may be purchased at the time of the jackpot win. If the periodic liability is not initially funded with an annuity investment, it is discounted and accreted using the risk-free rate at the time of the jackpot win.

Liabilities due to future winners are recorded at the present value of the estimated amount of jackpots not yet won. We estimate the present value of these liabilities using current market rates, weighted with historical lump sum payout election ratios. Based on the most recent historical patterns, approximately 95% of winners will elect the lump sum payment option. The current portion of these liabilities are estimated based on historical experience with winner payment elections, in conjunction with the theoretical projected number of jackpots.

Legal and Other Contingencies

Loss contingency provisions arising from a legal proceeding or claim are recorded for probable and estimable losses at the best estimate of a loss, or when a best estimate cannot be made, at the minimum estimated loss, the determination of which requires significant judgment. If it is reasonably possible but not probable that a liability has been incurred, or if the amount of a probable loss cannot be reasonably estimated, the amount or range of estimated loss is disclosed, if material. We evaluate our provisions for legal contingencies at least quarterly and, as appropriate, establish new provisions or adjust existing provisions to reflect the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings, and other relevant events and developments, the advice of counsel, and the assumptions and judgment of management. Legal costs are expensed as incurred.

Treasury Stock

We account for treasury stock acquisitions using the cost method. We account for the retirement of treasury stock by deducting its par value from common stock and reflecting any excess of cost over par value as a deduction from additional paid-in capital in the consolidated balance sheets.

Fair Value Measurements

We account for certain financial assets and liabilities at fair value. Financial assets and liabilities are categorized, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the use of observable inputs and the lowest priority to the use of unobservable inputs. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. These levels are as follows:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments in active markets
- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the instruments
- Level 3 - inputs are unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability

Derivative Financial Instruments

We use derivative financial instruments for the management of foreign currency risks and interest rate risks. We do not enter into derivatives for speculative purposes. Derivatives are recognized as either assets or liabilities in the consolidated balance sheet at fair value. All derivatives are recorded gross, except netting of foreign exchange contracts and counterparty netting of interest receivable and payable related to interest rate swaps, as applicable. The accounting for changes in the fair value of a derivative depends on the nature of the hedge and the hedge effectiveness. Derivative gains and losses are reported in the consolidated statements of cash flows consistent with the classification of the cash flows from the underlying hedged items.

For derivative instruments designated as cash flow hedges, gains and losses are recorded in other comprehensive income (loss) and are subsequently reclassified when the hedged item affects earnings. At that time, the amount is reclassified from other comprehensive income (loss) to the same income statement line as the earnings effect of the hedged item.

For derivative instruments designated as fair value hedges, changes in fair value are recorded in interest expense and are offset by changes in the fair value of the underlying debt instrument due to changes in the benchmark interest rate. In the event the

derivative instruments are subsequently de-designated as hedges, the change in fair value is recognized in interest expense, net in the consolidated statements of operations with no corresponding offset to debt.
For derivative instruments designated as net investment hedges, the spot portion of the derivative gain or loss is reported in foreign currency translation within other comprehensive income (loss) to offset any gains or losses on translation of the net investment in the subsidiary until the net investment is sold or liquidated, at which point the amounts are reclassified to earnings. All other components of the derivative fair value will be reported as either interest income or interest expense, on an amortized basis.

Derivative instruments not designated as hedges are recognized in the consolidated balance sheet at fair value with the changes in fair value recorded in foreign exchange (gain) loss, net in the consolidated statements of operations.

Leases

We determine whether a contract is or contains a lease at inception. As a lessee, we recognize right-of-use ("ROU") assets and lease liabilities on the lease commencement date based on the present value of lease payments over the lease term. ROU assets also include any upfront lease payments or initial direct costs and are adjusted for lease incentives received.

We consider renewal and termination options, including whether they are reasonably certain to be exercised, in determining the lease term and establishing the ROU assets and lease liabilities. ROU assets and lease liabilities are calculated using our incremental borrowing rate, which is based on the lease currency and length of the lease, unless the implicit rate is determinable.

Most of our lease contracts contain both lease and non-lease components. As a lessee, we combine lease and non-lease components into a single lease component for all classes of underlying assets except certain communication equipment. For certain communication equipment, we allocate the consideration between lease and non-lease components based on relative standalone price. Lease expense is recognized on a straight-line basis over the lease term.

Variable lease payments are generally expensed as incurred except for certain rent payments that depend on an index, which are included in lease payments using the index rate in effect as of the lease commencement date.

Short-term leases, which are leases with an initial term of 12 months or less with no purchase options that are reasonably certain of exercise, are not recognized on the balance sheet. The rental payments are recognized as lease expense on a straight-line basis over the lease term.

Certain of our long term lottery and commercial gaming service arrangements include leases for equipment installed at customer locations. As the lessor, we combine lease and non-lease components for all classes of underlying assets in arrangements that involve operating leases. The single combined component is accounted for under ASC 842, *Leases*, or ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), depending on which component is the predominant component in the arrangement. If a component cannot be combined, the consideration is allocated between the lease component and the non-lease component based on relative standalone selling price.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the tax basis of assets and liabilities and their reported amounts using the enacted tax rates in effect for the year in which the differences are expected to reverse. Tax credits are generally recognized as reductions of income tax provisions in the year in which the credits arise. The measurement of deferred tax assets is reduced by a valuation allowance if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The effect of a change in income tax rates is recognized as income or expense in the period that includes the enacted or substantively enacted date.

Accounting for uncertainty in income taxes recognized in the consolidated financial statements is in accordance with accounting authoritative guidance, which prescribes a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination. If the tax position is deemed "more likely than not" to be sustained, the tax position is then assessed to determine the amount of the benefit to recognize in the consolidated financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

We recognize interest and penalties related to unrecognized tax benefits in provision for income taxes in the consolidated statement of operations. Accrued interest and penalties are included within other non-current liabilities in the consolidated balance sheets.

We use the period cost method for global intangible low-taxed income ("GILTI") provisions and therefore have not recorded deferred taxes for basis differences expected to reverse in future periods.

Foreign Currency Translation

The financial statements of subsidiaries with functional currencies other than the U.S. dollar are translated into U.S. dollars, with the resulting translation adjustments recorded as a component of accumulated other comprehensive income ("AOCI") within shareholders' equity. Assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, while income and expense items are translated using the average exchange rates during the period.

New Accounting Standards - Recently Adopted

In July 2021, the FASB issued ASU No. 2021-05, *Leases (Topic 842) - Lessors - Certain Leases with Variable Lease Payments* ("ASU 2021-05"). This update requires sales-type or direct financing leases with variable payments that do not depend on a rate or an index and would have otherwise resulted in a day-one loss at lease commencement, to be classified as operating leases. The amendments in ASU 2021-05 are effective for annual periods beginning after December 15, 2021, and interim periods within those fiscal years, with early adoption permitted. The amendments can be applied retrospectively to leases that commenced or were modified on or after adoption of ASC 842, *Leases*, or prospectively to leases that commence or are modified on or after the date of adoption. We adopted ASU 2021-05 as of October 1, 2021 and applied the provisions prospectively to leases that commenced or were modified on or after October 1, 2021. The adoption did not have a material impact on our consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)* ("ASU 2020-06"). This update simplifies the convertible debt accounting framework by reducing the number of accounting models used to account for convertible debt and preferred stock instruments. It also amends the accounting for certain contracts in an entity's own equity that are currently accounted for as derivatives because of specific settlement provisions. In addition, the new guidance modifies the diluted earnings per share calculations for convertible debt instruments. We adopted ASU 2020-06 as of January 1, 2021 using a modified retrospective approach. The adoption did not have a material impact on our consolidated financial statements and had no effect on earnings per share information in the period of adoption.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). This update provides, among other things, simplifications for accounting for income taxes by removing certain exceptions. We adopted ASU 2019-12 as of January 1, 2021 and applied it prospectively. The adoption did not have a material impact on our consolidated financial statements.

New Accounting Standards - Not Yet Adopted

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). The amendments create an exception to the general recognition and measurement principal in ASC 805, *Business Combinations* to measure assets and liabilities acquired in a business combination at fair value. Instead, an acquirer in a business combination will be required to apply ASC 606 to recognize and measure contract assets and contract liabilities that result from contracts accounted for under ASC 606 on the acquisition date and will generally result in the acquirer recognizing amounts consistent with those recorded by the acquiree immediately before the acquisition date. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the timing and impact of adopting this guidance.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"). This update provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848) - Scope* ("ASU 2021-01") to clarify that ASU 2020-04 may apply to certain derivative contracts and hedging relationships affected by changes in the interest rates used for margining, discounting, or contract price alignment in connection with reference rate reform activities. The

amendments in ASU 2020-04 and ASU 2021-01 are effective upon issuance through December 31, 2022. We are currently evaluating these optional elections and the timing and impact of adopting this guidance.

We do not currently expect that any other recently issued accounting guidance will have a significant effect on the consolidated financial statements.

3. Discontinued Operations and Assets Held for Sale

On December 7, 2020, the Parent announced that its wholly-owned subsidiary, IGT Lottery S.p.A. (formerly Lottomatica Holding S.r.l.), had entered into a definitive agreement to sell one hundred percent of the share capital of Lottomatica Videolot Rete S.p.A. and Lottomatica Scommesse S.r.l., the members of the IGT group which conducted its Italian B2C gaming machine, sports betting, and digital gaming businesses to Gamenet Group S.p.A. for a cash sale price of €950 million (€725 million of which was paid at closing, €100 million of which was paid on August 5, 2021, and the remaining €125 million of which is payable on September 30, 2022).

On May 10, 2021, the Company completed the sale and used the funds received at closing to pay transaction expenses and partially fund the May 20, 2021 full redemption of the 4.750% Senior Secured Euro Notes due February 2023 through the exercise of the make-whole call option. The consideration received, net of $139 million of cash and restricted cash transferred, was $1.0 billion and resulted in a pre-tax gain on sale of $396 million ($391 million net of tax).

Summarized financial information for discontinued operations is shown below:

	For the year ended December 31,		
($ in millions)	**2021**	**2020**	**2019**
Total revenue	74	429	778
Operating income [(1)]	24	51	159
Income from discontinued operations before provision for (benefit from) income taxes	23	43	157
(Benefit from) provision for income taxes on discontinued operations	(1)	7	42
Gain on sale of discontinued operations before provision for income taxes	396	—	—
Provision for income taxes on sale of discontinued operations	5	—	—
Income from discontinued operations	415	37	114
Less: Net (loss) income attributable to non-controlling interests from discontinued operations	(2)	(5)	5
Income from discontinued operations attributable to IGT PLC	417	41	110

[(1)] Includes depreciation and amortization of $95 million and $100 million for the years ended 2020 and 2019, respectively. There was no depreciation and amortization in 2021.

The Company has continuing involvement with the businesses via a transition services agreement (“TSA”). As part of the TSA, the Company provides various telecommunications, information technology, and back-office services for which the Company will continue to receive compensation. These services generally expire after no more than three years.

The following represents the major classes of assets and liabilities held for sale as part of our discontinued operations:

($ in millions)	December 31, 2020
Assets:	
Trade and other receivables, net	62
Other current assets	58
Systems, equipment and other assets related to contracts, net	86
Goodwill	520
Intangible assets, net	55
Other non-current assets	52
Assets held for sale	833
Liabilities:	
Accounts payable	63
Other current liabilities	164
Other non-current liabilities	23
Liabilities held for sale	250

The Company allocated $520 million of goodwill to discontinued operations using a relative fair value approach. Prior to the allocation to discontinued operations, the goodwill was included within our Global Gaming segment.

At December 31, 2021 and 2020, there were $4 million and $5 million, respectively, of other disposal groups that meet the requirements to be classified as held for sale included in assets held for sale in our consolidated balance sheets.

4. Revenue Recognition

Disaggregation of Revenue

The following tables summarize revenue disaggregated by business segment and the source of the revenue for the years ended December 31, 2021, 2020, and 2019:

	For the year ended December 31, 2021			
($ in millions)	Global Lottery	Global Gaming	Digital & Betting	Total
Operating and facilities management contracts	2,363	—	—	2,363
Gaming terminal services	—	424	—	424
Digital and betting services	—	—	163	163
Systems, software, and other	327	206	—	534
Service revenue	2,690	630	163	3,483
Lottery products	123	—	—	123
Gaming terminals	—	339	—	339
Other	—	143	1	144
Product sales	123	482	1	606
Total revenue	2,812	1,112	165	4,089

	For the year ended December 31, 2020			
($ in millions)	**Global Lottery**	**Global Gaming**	**Digital & Betting**	**Total**
Operating and facilities management contracts	1,744	—	—	1,744
Gaming terminal services	—	298	—	298
Digital and betting services	—	—	114	114
Systems, software, and other	299	186	—	484
Service revenue	2,043	483	114	2,640
Lottery products	121	—	—	121
Gaming terminals	—	205	—	205
Other	—	148	1	149
Product sales	121	354	1	476
Total revenue	2,164	837	115	3,115

	For the year ended December 31, 2019			
($ in millions)	**Global Lottery**	**Global Gaming**	**Digital & Betting**	**Total**
Operating and facilities management contracts	1,931	—	—	1,931
Gaming terminal services	—	568	—	568
Digital and betting services	—	—	76	76
Systems, software, and other	252	274	—	527
Service revenue	2,183	842	76	3,101
Lottery products	110	—	—	110
Gaming terminals	—	581	—	581
Other	—	225	15	240
Product sales	110	806	15	931
Total revenue	2,293	1,648	91	4,032

Sources of Revenue

Service Revenue

Service revenue is derived from the following sources:

- Operating and facilities management contracts;
- Gaming terminal services;
- Digital and betting services; and
- Systems, software, and other

Operating and Facilities Management Contracts – Global Lottery

Our revenue from operating contracts is derived primarily from long-term exclusive operating licenses in Italy. Under operating contracts, we manage all the activities along the lottery value chain including collecting wagers, paying out prizes, managing all accounting and other back-office functions, running advertising and promotions, operating data transmission networks and processing centers, training staff, providing retailers with assistance, and supplying materials for the game. In most cases, the arrangement is accounted for as a single performance obligation composed of a series of distinct services that are substantially the same and have the same pattern of transfer (i.e., distinct days of service).

Under operating contracts, we typically satisfy the performance obligation and recognize revenue over time because the customer simultaneously receives and consumes the benefits provided as we perform the services. The amount of consideration

to which we are typically entitled is variable based on a percentage of sales. Revenue is typically recognized in the amount that we have the right to invoice the customer as this corresponds directly with the value to the customer of our performance completed to date. In arrangements where we are performing services on behalf of the government and the government is considered our customer, revenue is recognized net of prize payments, taxes, retailer commissions, and remittances to state authorities. Under operating contracts, we are generally required to pay an upfront license fee. Refer to the Upfront License Fees policy above for further details.

Our revenue from facilities management contracts ("FMC") is generated by assembling, installing, and operating the online lottery system and related point-of-sale equipment. Under a typical FMC, we maintain ownership of the technology and are responsible for capital investments throughout the duration of the contract. FMCs typically include a wide range of support services that are provided throughout the contract and are part of the integrated solution that the customer has contracted to obtain. In most cases, the arrangement is accounted for as a single performance obligation composed of a series of distinct services that are substantially the same and that have the same pattern of transfer. Under FMCs, we typically satisfy the performance obligation and recognize revenue over time because the customer simultaneously receives and consumes the benefits provided as we perform the services. The amount of transaction price to which we are entitled is typically variable based on a percentage of sales, although under certain of its agreements, the Company receives fees based on a fixed fee arrangement. Revenue is typically recognized in the amount that we have the right to invoice the customer, as this corresponds directly with the value to the customer of our completed performance.

Gaming terminal services – Global Gaming

Our revenue from gaming terminal services is generated by providing customers with proprietary land-based gaming systems and equipment under a variety of recurring revenue or lease arrangements, including a percentage of amounts wagered, a percentage of net win, or a fixed daily/monthly fee.

Included in gaming terminal services are wide area progressive ("WAP") systems. WAP systems consist of linked slot machines located in multiple casino properties, connected to a central computer system. WAP systems include a Company-sponsored progressive jackpot that increases with every wager until a player wins the top award combination. Casinos with WAP machines pay a percentage of amounts wagered for services related to the design, assembly, installation, operation, maintenance, and marketing of the WAP systems, as well as funding and administration of Company-sponsored progressive jackpots. A portion of the total fee collected is allocated to the WAP jackpot. Since the jackpot is a payment to the customer, the portion allocated to the jackpot is classified as a reduction of revenue.

In some arrangements, there is a single performance obligation composed of a series of distinct services that are substantially the same and that have the same pattern of transfer (i.e., distinct days of service). The amount of transaction price to which we are entitled typically is variable based on a percentage of wagers. This results in revenue recognition that corresponds with the value to the customer for the services transferred in the amount that we have the right to invoice. In other arrangements where the end customer is the player, we record revenue net of prize payouts once the wagering outcome has been determined.

Digital and betting services – Digital & Betting

We generate revenue from our iGaming solutions by providing gaming operators a license to offer IGT remote game server games on the operator websites and mobile applications. We typically offer customers a usage-based license under which we receive a fee based on the net gaming revenue derived by the operator attributable to the IGT remote game server games. Revenue is typically recognized when the usage occurs.

We provide sports betting technology and services to commercial and tribal operators and lotteries in regulated markets, primarily in the U.S. In the service contracts to our U.S. licensed sportsbook operators, we host a sports betting platform and a variety of services including installation, configuration and integration services. For customers who want to have an outsourcing model, we also offer trading services with the inclusion of odds setting and risk management. Under these contracts, we generally record a percentage of net sports revenue over the contractual term.

Systems, software, and other – Global Lottery

Our lottery contracts generally include other services, including telephone support, software maintenance, hardware maintenance, and the right to receive unspecified upgrades or enhancements on a when-and-if-available basis, and other professional services including software development. Fees earned for other services are generally recognized as service revenue in the period the service is performed (i.e., over the support period).

We also develop technology to enable lotteries to offer commercial services over their existing lottery infrastructure or over standalone networks separate from the lottery. Leveraging our distribution network and secure transaction processing, we offer high-volume processing of commercial transactions including prepaid cellular telephone recharges, bill payments, e-vouchers and retail-based programs, electronic tax payments, stamp duty services, prepaid card recharges, and money transfers. These services are primarily offered outside of North America. In most cases, these arrangements are considered to be short in duration. The amount of transaction price that we are typically entitled to is variable based on the number of transactions processed. Revenue is typically recognized in the amount that we have the right to invoice the customer as this corresponds directly with the value to the customer of our completed performance.

Systems, software, and other – Global Gaming

Our gaming contracts generally include other services, including telephone support, software maintenance, content licensing, royalty fees, hardware maintenance, and the right to receive unspecified updates or enhancements on a when-and-if-available basis, and other professional services. We also generate revenue from other services, including video central system monitoring, system support, and sales or usage-based licensing of intellectual property. Fees earned for other services are generally recognized as service revenue in the period the service is performed (i.e., over the support period).

Product Sales

Product sales are derived from the following sources:

- Lottery products;
- Gaming terminals; and
- Other

Lottery products – Global Lottery

Lottery products revenue primarily includes the sale of lottery equipment, lottery systems and printed products.

Our revenue from the sale or sales-type lease of lottery systems and equipment typically includes multiple performance obligations, where we assemble, sell, deliver, and install a turnkey system (inclusive of point-of-sale terminals, if applicable) or deliver equipment and license the computer software for a fixed price, and the customer subsequently operates the system or equipment. Our credit terms are predominantly short-term in nature. We also grant extended payment terms under contracts where the sale is typically secured by the related equipment sold. Revenue from the sale of lottery systems and equipment is recognized based upon the contractual terms of each arrangement. These arrangements generally include customer acceptance provisions and general rights to terminate the contract if we are in breach of the contract or at the convenience of the customer. In these arrangements, the performance obligation is satisfied over time if the customer controls the asset as it is created (i.e., when the asset is built at the customer site) or if our performance does not create an asset with an alternative use and we have an enforceable right to payment plus a reasonable profit for performance completed to date. If revenue is not recognized over time, it is generally recognized upon transfer of physical possession of the goods or the satisfaction of customer acceptance provisions. If the transaction includes multiple performance obligations, it is accounted for under arrangements with multiple performance obligations, discussed below.

Our other lottery product sales are primarily derived from the production and sales of instant ticket games under multi-year contracts. In these arrangements, the performance obligation is generally satisfied at a point in time (i.e., upon transfer of control of the game tickets to the customer) based on the contractual terms of each arrangement.

Gaming terminals – Global Gaming

Our revenue from the sale or sales-type lease of gaming terminals includes embedded game content, machine related equipment, licensing and royalty fees, and component parts. Our credit terms are predominantly short-term in nature. We also grant extended payment terms under contracts where the sale is typically secured by the related equipment sold. Revenue from the sale of gaming machines is recognized based upon the contractual terms of each arrangement, but predominantly upon transfer of physical possession of the goods or the lapse of customer acceptance provisions. If the sale of gaming machines includes multiple performance obligations, these arrangements are accounted for under arrangements with multiple performance obligations, discussed below.

Other – Global Gaming

Other gaming product revenue is primarily comprised of gaming system sales, content licensing, perpetual or long-term software licenses, non-machine related equipment and component parts (including game themes and electronic conversion kits). Our revenue from the sale of gaming systems typically includes multiple performance obligations, where we sell, deliver, and install a turnkey system or deliver equipment and license the computer software for a fixed price, and the customer subsequently operates the system. These arrangements generally include customer acceptance provisions and general rights to terminate the contract if we are in breach of the contract. Such arrangements include hardware, software, and professional services. In these arrangements, the performance obligation is generally satisfied upon transfer of physical possession of the goods or the satisfaction of customer acceptance provisions.

Other – Digital & Betting

Other digital and betting product revenue is primarily comprised of perpetual software licenses, the sale of equipment, and component parts.

Contract Balances

Information about contract assets and contract liabilities is as follows:

($ in millions)	December 31, 2021	December 31, 2020	Balance Sheet Classification
Contract assets:			
Current	49	53	Other current assets
Non-current	69	75	Other non-current assets
	118	128	
Contract liabilities:			
Current	(104)	(108)	Other current liabilities
Non-current	(47)	(62)	Other non-current liabilities
	(151)	(170)	

The amount of revenue recognized during the years ended December 31, 2021, 2020, and 2019 that was included in the contract liabilities balance at the beginning of each period was $107 million, $56 million, and $51 million, respectively.

Transaction Price Allocated to Remaining Performance Obligations

At December 31, 2021, the transaction price allocated to unsatisfied performance obligations for contracts expected to be greater than one year, or performance obligations for which we do not have a right to consideration from the customer in the amount that corresponds to the value to the customer for our performance completed to date, variable consideration which is not accounted for in accordance with the sales-based or usage-based royalties guidance, or contracts which are not wholly unperformed, is approximately $1.1 billion. Of this amount, we expect to recognize as revenue approximately 28% within the next 12 months, approximately 34% between 13 and 36 months, approximately 22% between 37 and 60 months, and the remaining balance through December 31, 2031.

5. Trade and Other Receivables, net

Trade and other receivables are recorded at amortized cost, net of allowance for credit losses, and represent a contractual right to receive money on demand or on fixed or determinable dates that are typically short-term with payment due within 90 days or less.

	December 31,	
($ in millions)	**2021**	**2020**
Trade and other receivables, gross	917	862
Allowance for credit losses	(15)	(16)
Trade and other receivables, net	903	846

The following table presents the activity in the allowance for credit losses:

	December 31,		
($ in millions)	**2021**	**2020**	**2019**
Balance at beginning of year	(16)	(22)	(29)
(Provisions) recoveries, net	(2)	(6)	3
Amounts written off as uncollectible	2	10	3
Other [1]	—	3	—
Balance at end of year	(15)	(16)	(22)

[1] Includes the effect of the adoption of ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and subsequent amendments ("ASC 326") in 2020.

We enter into various factoring agreements with third-party financial institutions to sell certain of our trade receivables. We factored trade receivables of $1.1 billion and $1.5 billion during the years ended December 31, 2021 and 2020, respectively, under these factoring arrangements, which reduced trade receivables. The cash received from these arrangements is reflected in net cash provided by operating activities in the consolidated statements of cash flows. In certain of these factoring arrangements, for ease of administration, we will collect customer payments related to the factored trade receivables, which we then remit to the financial institutions. At December 31, 2021 and 2020, we had $57 million and $110 million, respectively, that was collected on behalf of the financial institutions and recorded as restricted cash and cash equivalents and other current liabilities in the consolidated balance sheets. The net cash flows relating to these collections are reported in net cash used in financing activities in the consolidated statements of cash flows.

6. Inventories

	December 31,	
($ in millions)	**2021**	**2020**
Raw materials	107	86
Work in progress	25	23
Finished goods	78	103
Inventories, gross	211	212
Obsolescence reserve	(28)	(43)
Inventories, net	183	169

The following table presents the activity in the obsolescence reserve:

	December 31,		
($ in millions)	**2021**	**2020**	**2019**
Balance at beginning of year	(43)	(34)	(40)
Provisions, net	(1)	(34)	(29)
Amounts written off	11	24	23
Other	4	1	12
Balance at end of year	(28)	(43)	(34)

7. Other Assets

Other Current Assets

($ in millions)	Notes	December 31, 2021	2020
Customer financing receivables, net		170	232
Other receivables		158	8
Income taxes receivable		64	45
Prepaid expenses		54	39
Contract assets	4	49	53
Value-added tax receivable		28	46
Other		67	55
		589	480

Other Non-Current Assets

($ in millions)	Notes	December 31, 2021	2020
Upfront license fees, net:			
Italian Scratch & Win		680	845
Italian Lotto		380	516
New Jersey		66	74
Indiana		9	10
		1,134	1,446
Customer financing receivables, net		92	84
Contract assets	4	69	75
Deferred income taxes	17	39	33
Finance lease right-of-use assets	11	29	33
Other		66	103
		1,429	1,774

Upfront License Fees

The upfront license fees are being amortized on a straight-line basis as follows:

Upfront License Fee	License Term	Amortization Start Date
Italian Scratch & Win	9 years	October 2019
Italian Lotto	9 years	December 2016
New Jersey	15 years, 9 months	October 2013
Indiana	15 years	July 2013

Yeonama Holdings Co. Limited

In May 2019, we sold our ownership interest in Yeonama Holdings Co. Limited, an investment previously included within other non-current assets in the consolidated balance sheet. The sale resulted in a pre-tax gain of €26 million ($29 million at the May 31, 2019 exchange rate), which is classified in other expense (income), net on the consolidated statements of operations for the year ended December 31, 2019.

Customer Financing Receivables

Customers' payment terms for customer financing receivables are confirmed with a written financing contract, lease contract, or promissory note and a security agreement is typically signed by the parties granting the Company a security interest in the related products sold or leased. Customer financing interest income is recognized based on market rates prevailing at issuance.

Customer financing receivables are recorded at amortized cost, net of any allowance for credit losses, and are classified in the consolidated balance sheets as follows:

	December 31, 2021		
($ in millions)	**Current Assets**	**Non-Current Assets**	**Total**
Customer financing receivables, gross	220	111	332
Allowance for credit losses	(51)	(20)	(71)
Customer financing receivables, net	170	92	261

	December 31, 2020		
($ in millions)	**Current Assets**	**Non-Current Assets**	**Total**
Customer financing receivables, gross	275	91	365
Allowance for credit losses	(43)	(7)	(50)
Customer financing receivables, net	232	84	316

The following table presents the activity in the allowance for credit losses:

	December 31,		
($ in millions)	**2021**	**2020**	**2019**
Balance at beginning of year	(50)	(32)	(29)
Provisions, net	(29)	(37)	(2)
Amounts written off as uncollectible	8	24	—
Other [(1)]	—	(5)	—
Balance at end of year	(71)	(50)	(32)

[(1)] Includes the effect of the adoption of ASC 326 in 2020.

The Company’s customer financing receivable portfolio is composed of customers primarily within the Global Gaming business segment. We internally assess the credit quality of customer financing receivables using a number of factors, including, but not limited to, credit scores obtained from external providers, trade references, bank references, and historical experience. Risk profiles differ based on customer location and are pooled as North America, Latin America and the Caribbean (“LAC”), and Europe, Middle East and Africa and Asia Pacific (“EMEA & APAC”). In 2021, we combined the EMEA & APAC regions as these customers have similar credit risk profiles and we apply the same expected loss rates when determining the allowance requirement.

During the year ended December 31, 2021 and 2020, customer financing receivables, primarily within LAC, of $8 million and $24 million, respectively, were written off as uncollectible due to the impacts of COVID-19. Additionally, due to the extended duration of the COVID-19 induced shutdowns in LAC and potential future impacts on our customers caused by COVID-19, we renegotiated payment plans to accommodate for the shutdowns and adjusted expected loss rates, increasing our allowance for credit losses during the year ended December 31, 2021 and 2020. At December 31, 2021 and 2020, we had $58 million and $43 million, respectively, of credit loss allowances associated with the LAC customer financing receivables.

The customer financing receivables at amortized cost by year of origination and the geography credit quality indicator at December 31, 2021 are as follows:

	Year of Origination					
($ in millions)	**2021**	**2020**	**2019**	**2018**	**Prior**	**Total**
North America	31	26	7	—	2	67
LAC	34	14	88	28	10	174
EMEA & APAC	46	13	16	13	2	91
	111	54	112	41	14	332

The past due balance, which represents installments that are one day or more past their contractual due date, of customer financing receivables at amortized cost and the geography credit quality indicator at December 31, 2021 is as follows:

($ in millions)	**North America**	**LAC**	**EMEA & APAC**	**Total**
Past due	2	77	17	96
Short-term portion not yet due	35	47	42	124
Long-term portion not yet due	30	50	32	111
	67	174	91	332

8. Fair Value Measurements

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our significant financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2021 and 2020 are as follows:

		December 31, 2021			
($ in millions)	**Balance Sheet Location**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Derivative assets	Other current and other non-current assets	—	3	—	3
Equity investments	Other non-current assets	6	—	—	6
Liabilities:					
Derivative liabilities	Other current and other non-current liabilities	—	2	—	2

		December 31, 2020			
($ in millions)	**Balance Sheet Location**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Derivative assets	Other current and other non-current assets	—	11	—	11
Equity investments	Other non-current assets	6	—	—	6
Liabilities:					
Derivative liabilities	Other current and other non-current liabilities	—	10	—	10

Valuation Techniques

Derivative assets and liabilities classified as Level 2 were derived from quoted market prices for similar instruments or by discounting the future cash flows with adjustments for credit risk as appropriate. All significant inputs were derived from or corroborated by observable market data including current forward exchange rates and LIBOR rates, among others.

At December 31, 2021 and 2020, the carrying amounts for cash and cash equivalents, restricted cash, trade and other receivables, other current assets, accounts payable, and other current liabilities approximated their estimated fair values because of their short-term nature.

Financial Assets and Liabilities Not Carried at Fair Value

The carrying amounts and fair value hierarchy classification of our significant financial assets and liabilities not carried at fair value as of December 31, 2021 and 2020 are as follows:

	December 31, 2021				
($ in millions)	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Customer financing receivables, net	261	—	—	245	245
Equity investments	11	—	—	11	11
Liabilities:					
Jackpot liabilities	196	—	—	184	184
Debt [1]	6,477	—	6,792	—	6,792

	December 31, 2020				
($ in millions)	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Customer financing receivables, net	316	—	—	313	313
Equity investments	12	—	—	12	12
Liabilities:					
Jackpot liabilities	219	—	—	211	211
Debt [1]	8,243	—	8,702	—	8,702

[1] Excludes short-term borrowings and swap adjustments.

Level 3 equity investments are measured at cost, less impairment, plus or minus changes resulting from observable price changes, which approximates fair value.

9. Derivative Financial Instruments

We use selected derivative hedging instruments, principally foreign currency forward contracts and interest rate swaps, for the purpose of managing currency risks and interest rate risk arising from our operations and sources of financing.

Cash Flow Hedges

The notional amount of foreign currency forward contracts, designated as cash flow hedges, outstanding at December 31, 2021 and 2020 were $42 million and $62 million, respectively. The amount recorded within other comprehensive income (loss) at December 31, 2021 is expected to impact the consolidated statement of operations in 2022.

Fair Value Hedges

In September 2015, we executed $625 million notional amount of interest rate swaps that effectively converted $625 million of the 6.250% Senior Secured U.S. Dollar Notes due February 2022 from fixed interest rate debt to variable rate debt. In March 2021 and August 2020, $425 million and $200 million notional amount of the interest rate swaps, respectively, were early terminated.

Net Investment Hedges

In October 2018, we executed $200 million notional amount of cross-currency swaps that are a hedge of foreign exchange risk associated with a net investment in foreign operations. In March 2021 and March 2020, $100 million notional amount of the cross-currency swaps were early terminated in each respective month.

Derivatives Not Designated as Hedging Instruments

The notional amount of foreign currency forward contracts, not designated as hedging instruments, outstanding at December 31, 2021 and 2020 was $283 million and $295 million, respectively.

Refer to Note 19 - *Shareholders' Equity - Accumulated Other Comprehensive Income* for further information.

10. Systems, Equipment and Other Assets Related to Contracts, net and Property, Plant and Equipment, net

Systems & Equipment and PPE, net consist of the following:

	Systems & Equipment, net		PPE, net	
	December 31,		December 31,	
($ in millions)	**2021**	**2020**	**2021**	**2020**
Land	—	—	1	1
Buildings	—	2	58	69
Terminals and systems	2,479	2,615	—	—
Furniture and equipment	138	150	255	259
Construction in progress	75	77	10	15
	2,691	2,844	324	344
Accumulated depreciation	(1,754)	(1,776)	(205)	(212)
	937	1,068	119	132

The estimated useful lives of assets are as follows:

Asset	**Estimated life in years**
Systems & Equipment	
Buildings	40
Terminals and systems - lottery	Generally do not exceed 10 years
Terminals and systems - gaming	3-5
Furniture and equipment	Generally do not exceed 10 years
PPE	
Buildings	40
Furniture and equipment	5-10

Leasehold improvements are amortized over the shorter of the corresponding lease term or estimated useful life.

Gain on Sale of Assets to Distributor

During 2019, we entered into a long-term strategic agreement with a distributor in Oklahoma that included the sale of used, non-premium equipment, which was previously included within systems, equipment and other assets related to contracts, net within the consolidated balance sheet. This sale resulted in a gain of $28 million which is classified in other operating expense (income), net on the consolidated statements of operations for the year ended December 31, 2019.

11. Leases

Lessee

We have operating and finance leases for real estate (warehouses, office space, data centers), vehicles, communication equipment, and other equipment. Many of our real estate leases include one or more options to renew, while some include termination options. Certain vehicle and equipment leases include residual value guarantees and options to purchase the leased asset. Many of our real estate leases include variable payments for maintenance, real estate taxes, and insurance that are determined based on the actual costs incurred by the landlord.

The classification of our operating and finance leases in the consolidated balance sheets is as follows:

		December 31,	
($ in millions)	**Balance Sheet Classification**	**2021**	**2020**
Assets:			
Operating ROU asset	Operating lease right-of-use assets	283	288
Finance ROU asset, net [1]	Other non-current assets	29	33
Total lease assets		312	321
Liabilities:			
Operating lease liability, current	Other current liabilities	39	44
Finance lease liability, current	Other current liabilities	10	11
Operating lease liability, non-current	Operating lease liabilities	269	266
Finance lease liability, non-current	Other non-current liabilities	27	31
Total lease liabilities		344	352

[1] Finance ROU assets are recorded net of accumulated amortization of $24 million and $16 million at December 31, 2021 and 2020, respectively.

Weighted-average lease terms and discount rates are as follows:

	December 31,		
	2021	**2020**	**2019**
Weighted-Average Remaining Lease Term (in years)			
Operating leases	8.47	8.32	8.80
Finance leases	4.73	5.13	6.01
Weighted-Average Discount Rate			
Operating leases	6.71 %	7.01 %	7.74 %
Finance leases	4.98 %	5.16 %	5.45 %

Components of lease expense are as follows:

	For the year ended December 31,		
($ in millions)	**2021**	**2020**	**2019**
Operating lease costs	71	72	76
Finance lease costs [1]	13	11	10
Variable lease costs [2]	23	23	22

[1] Includes amortization of ROU assets of $11 million, $9 million, and $8 million for the years ended December 31, 2021, 2020, and 2019, respectively and interest on lease liabilities of $2 million, $2 million, and $2 million, for the years ended December 31, 2021, 2020, and 2019, respectively.

[2] Includes immaterial amounts related to short-term leases and sublease income.

Maturities of operating and finance lease liabilities at December 31, 2021 are as follows ($ in millions):

Year	Operating Leases	Finance Leases	Total [1]
2022	57	11	69
2023	52	9	60
2024	48	6	55
2025	44	6	49
2026	39	5	44
Thereafter	170	4	174
Total lease payments	410	41	451
Less: Imputed interest	(102)	(5)	(107)
Present value of lease liabilities	307	37	344

[1] The maturities above exclude leases that have not yet commenced. We have committed rental payments of $8.9 million for leases that will commence in 2022 with lease terms ranging from 7-9 years.

Cash flow information and non-cash activity related to leases is as follows:

	For the year ended December 31,		
($ in millions)	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating and finance leases	67	68	74
Finance cash flows from finance leases	13	10	8
Non-cash activity:			
ROU assets obtained in exchange for lease obligations (net of early terminations)			
Operating leases	5	34	13
Finance leases	7	6	9

Lessor

We have various arrangements for lottery and gaming equipment under which we are the lessor.

Our lease arrangements typically have lease terms ranging from one month to 4 years. These leases generally meet the criteria for operating lease classification, as the lease payments are typically variable based on a percentage of sales, a percentage of amounts wagered, net win, or a daily fee per active gaming terminal. Our leases generally do not contain variable payments that are dependent on an index or rate. We provide lessees with the option to extend the lease, which is considered when evaluating lease classification. Lease income from operating leases is included within service revenue in the consolidated statements of operations. Operating lease income was approximately 6%, 6%, and 7% of total revenue for the years ended December 31, 2021, 2020, and 2019, respectively.

Our sales-type lease arrangements typically have lease terms ranging from one year to 10 years. We provide lessees with the option to extend the lease, which is considered when evaluating lease classification. Lease income from sales-type leases is included within product sales in the consolidated statements of operations. Total sales-type lease income was approximately 1% of total revenue for each of the years ended December 31, 2021, 2020, and 2019. Sales-type lease receivables are included within customer financing receivables, net, which are a component of other current assets and other non-current assets within the consolidated balance sheets. Additional information on customer financing receivables is included in Note 7 – *Other Assets*.

12. Restructuring

During 2021 and 2020, we initiated the following restructuring plans as described below. During 2019, we expanded existing restructuring plans which were initiated in the prior year and were substantially completed by December 31, 2019.

2021 Italian Workforce Redundancies

In connection with the sale of our Italian B2C gaming machine, sports betting, and digital gaming businesses, management agreed to provide to the buyer information technology and back-office services for a period of one to three years via a TSA. As certain of these services are concluding, during the fourth quarter of 2021 management performed a detailed review of redundant roles and created a plan to eliminate certain redundancies as TSA services lapse, by commencing voluntary early retirement programs. We expect to incur approximately $38 million in severance and related employee costs associated with these early retirement programs through December 31, 2023, as management and the identified employees reach a mutual understanding of the separation benefits. Cash payments associated with these programs are expected to be made through 2030. During the year ended December 31, 2021 we incurred $11 million of severance and related employee costs under the plan, within our Global Lottery segment and corporate support function.

2020 Segment Reorganization

The 2020 segment reorganization plan was a global initiative that simplified our organizational structure and increased efficiency and effectiveness. During the year ended December 31, 2021 we revised our cost estimates resulting in a $1 million reduction of expense under the plan. Since the plan's inception, we incurred severance and related employee costs primarily within our Global Lottery and Global Gaming segments and corporate support function totaling $15 million. This plan was substantially completed as of March 31, 2021.

2020 Global Supply Chain Optimization

The 2020 global supply chain optimization plan was an initiative that optimized our global supply chain and footprint resulting in a significant reduction to our primary manufacturing operations. During the year ended December 31, 2021 we revised our cost estimates resulting in a $1 million reduction of expense under the plan. Since the plan's inception, we incurred severance and related employee costs, and other costs of $8 million, primarily within our Global Gaming segment. This plan was substantially completed as of March 31, 2021.

2020 Technology Organization Consolidation

The 2020 technology organization consolidation plan was an initiative that realigned and consolidated operations, reduced costs, and improved operational efficiencies within our Technology group. During the year ended December 31, 2021 we revised our cost estimates resulting in a $4 million reduction of expense under the plan. Since the plan's inception, we incurred severance and related employee costs of $13 million, primarily within our Global Gaming segment. This plan was substantially completed as of December 31, 2021.

Rollforward of Restructuring Liability

The following table presents the activity in the restructuring liabilities for the above plans for the years ended December 31, 2021 and December 31, 2020:

($ in millions)	Severance and Related Employee Costs	Other	Total
Balance at December 31, 2019	—	—	—
2020 segment reorganization plan expense, net	16	—	16
2020 global supply chain optimization plan expense, net [1]	5	3	8
2020 technology organization consolidation plan expense, net	17	—	17
Cash paid for all plans	(16)	(2)	(18)
Reversals of expense and other	1	—	1
Balance at December 31, 2020	23	1	24
2021 Italian workforce redundancies plan expense, net	11	—	11
Cash paid for all plans	(17)	—	(17)
Reversals of expense and other	(5)	(1)	(6)
Balance at December 31, 2021	12	1	13

[1] Other includes approximately $1 million of asset impairment costs, the offset of which is property, plant and equipment, net in the consolidated balance sheet.

Restructuring Expense

The following table summarizes consolidated restructuring expense by segment and type of cost:

	For the year ended December 31, 2021		
($ in millions)	Severance and Related Employee Costs	Other	Total
Global Lottery	8	—	8
Global Gaming	(3)	(1)	(4)
Digital & Betting	(1)	—	(1)
Corporate and Other	2	—	2
Total	6	(1)	6

	For the year ended December 31, 2020		
($ in millions)	Severance and Related Employee Costs	Other	Total
Global Lottery	5	—	5
Global Gaming	28	4	32
Digital & Betting	2	—	2
Corporate and Other	6	—	6
Total	41	4	45

($ in millions)	For the year ended December 31, 2019		
	Severance and Related Employee Costs	Other	Total
Global Lottery	2	—	2
Global Gaming	3	(1)	2
Digital & Betting [1]	—	16	16
Corporate and Other	2	3	4
Total	7	18	25

[1] Primarily consists of asset impairment costs.

13. Goodwill

As discussed in Note 21 – *Segment Information*, we established a dedicated Digital & Betting business segment, comprising our iGaming and sports betting activities that were previously included within our Global Gaming business segment. As a result, at September 1, 2021, we allocated a portion of goodwill associated with our Global Gaming reporting unit to the Digital & Betting reporting unit using a relative fair value approach. The goodwill allocated to the Global Gaming and Digital & Betting reporting units was $1.4 billion and $265 million, respectively, and the estimated fair values were determined to exceed the carrying values of each reporting unit, which indicated no impairment existed. In addition, we completed an assessment for any potential goodwill impairment for the former Global Gaming reporting unit immediately prior to the reallocation and determined that no impairment existed.

During 2020, we adopted a new organizational structure focused on two business segments: Global Lottery and Global Gaming. As a result of the change in reporting units, at July 1, 2020, we allocated goodwill to our new reporting units using a relative fair value approach. The goodwill allocated to the new Global Lottery and Global Gaming reporting units was $2.9 billion and $2.2 billion, respectively, and the estimated fair values were determined to exceed the carrying values, which indicated no impairment existed. In addition, we completed an assessment for any potential goodwill impairment for all the former reporting units immediately prior to the reallocation and determined that no impairment existed. Additionally, in connection with the sale of its Italian B2C gaming machine, sports betting, and digital gaming businesses, the Company allocated $520 million of goodwill to discontinued operations using a relative fair value approach. Prior to the allocation to discontinued operations, the goodwill was included within our Global Gaming segment.

Changes in the carrying amount of goodwill consist of the following:

	Reporting Units Prior to July 1, 2020				Reporting Units Subsequent to September 1, 2021[1]				
($ in millions)	North America Gaming and Interactive	North America Lottery	International	Italy	Global Lottery	Global Gaming	Digital & Betting	Discontinued Operations	Total
Balance at December 31, 2019	1,440	1,222	1,308	1,482	—	—	—	(520)	4,931
Impairment	(103)	—	(193)	—	—	—	—	—	(296)
Segment realignment	(1,337)	(1,222)	(1,113)	(1,480)	2,942	2,209	—	—	—
Foreign currency translation	—	—	(2)	(2)	55	28	—	—	78
Discontinued operations	—	—	—	—	—	(520)	—	520	—
Balance at December 31, 2020	—	—	—	—	2,997	1,716	—	—	4,713
Segment realignment	—	—	—	—	—	(265)	265	—	—
Foreign currency translation	—	—	—	—	(49)	(5)	(3)	—	(58)
Balance at December 31, 2021	—	—	—	—	2,948	1,446	261	—	4,656

[1] From July 1, 2020 to August 31, 2021, we operated under only two business segments: Global Lottery and Global Gaming.

Total goodwill at December 31, 2021, 2020, and 2019 is net of $1.3 billion, $1.3 billion, and $1.1 billion, respectively, of accumulated impairment losses primarily arising from the former North America Gaming and Interactive and International segments of $817 million and $526 million in both 2021 and 2020, respectively, and $714 million and $333 million in 2019, respectively.

Impairment

During the first quarter of 2020, we determined there was an interim goodwill impairment triggering event caused by COVID-19. As a result of the identified triggering event, we estimated the fair value of each of our former reporting units using an income approach based on projected discounted cash flows. Based principally on lower forecasted revenue and operating profits caused by lower demand for our commercial gaming products, we recorded a $296 million non-cash impairment loss with no income tax benefit, of which $193 million and $103 million was recorded within our former International and North America Gaming reporting units, respectively, to reduce the carrying amount of the reporting units to fair value.

During the fourth quarter of 2019, we determined there was an impairment in the former International reporting unit's goodwill due to lower forecasted cash flows along with a higher weighted-average cost of capital. As a result, we recorded a $99 million non-cash impairment loss with no income tax benefit and reduced the carrying amount of our former International reporting unit to fair value.

14. Intangible Assets, net

Intangible assets at December 31, 2021 and 2020 are summarized as follows:

			December 31, 2021			December 31, 2020		
($ in millions)	**Estimated Life (Years)**	**Weighted- Average Amortization Period (Years)**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Amortized:								
Customer relationships	2-20	15.5	2,298	1,349	949	2,300	1,230	1,070
Computer software and game library	3-14	5.6	918	809	109	918	784	134
Trademarks	1-20	14.1	185	106	80	186	92	94
Developed technologies	2-15	5.6	233	216	17	225	213	13
Licenses	3-23	3.5	65	58	6	69	59	11
Other	4-17	9.0	35	28	7	37	27	10
			3,734	2,566	1,168	3,736	2,403	1,332
Unamortized:								
Trademarks			245	—	245	245	—	245
			3,979	2,566	1,413	3,981	2,403	1,577

Intangible asset amortization expense of $190 million, $203 million, and $220 million (which includes computer software amortization expense of $23 million, $26 million, and $29 million) was recorded in 2021, 2020, and 2019, respectively.

Amortization expense on intangible assets for the next five years is expected to be as follows ($ in millions):

Year	**Amount**
2022	186
2023	163
2024	146
2025	122
2026	111
	728

15. Debt

The Company's long-term debt obligations consist of the following:

	December 31, 2021		
($ in millions)	**Principal**	**Debt issuance cost, net**	**Total**
5.350% Senior Secured U.S. Dollar Notes due October 2023	61	—	61
3.500% Senior Secured Euro Notes due July 2024	566	(3)	564
6.500% Senior Secured U.S. Dollar Notes due February 2025	1,100	(7)	1,093
4.125% Senior Secured U.S. Dollar Notes due April 2026	750	(6)	744
3.500% Senior Secured Euro Notes due June 2026	849	(5)	844
6.250% Senior Secured U.S. Dollar Notes due January 2027	750	(5)	745
2.375% Senior Secured Euro Notes due April 2028	566	(4)	562
5.250% Senior Secured U.S. Dollar Notes due January 2029	750	(6)	744
Senior Secured Notes	5,393	(36)	5,357
Euro Term Loan Facilities due January 2027	1,133	(12)	1,121
Long-term debt, less current portion	6,525	(48)	6,477
Short-term borrowings	52	—	52
Total debt	6,577	(48)	6,529

	December 31, 2020			
($ in millions)	**Principal**	**Debt issuance cost, net**	**Swap**	**Total**
6.250% Senior Secured U.S. Dollar Notes due February 2022	1,000	(3)	7	1,004
4.750% Senior Secured Euro Notes due February 2023	1,043	(5)	—	1,038
5.350% Senior Secured U.S. Dollar Notes due October 2023	61	—	—	61
3.500% Senior Secured Euro Notes due July 2024	614	(4)	—	610
6.500% Senior Secured U.S. Dollar Notes due February 2025	1,100	(8)	—	1,092
3.500% Senior Secured Euro Notes due June 2026	920	(7)	—	913
6.250% Senior Secured U.S. Dollar Notes due January 2027	750	(6)	—	744
2.375% Senior Secured Euro Notes due April 2028	614	(5)	—	608
5.250% Senior Secured U.S. Dollar Notes due January 2029	750	(7)	—	743
Senior Secured Notes	6,851	(45)	7	6,813
Euro Term Loan Facilities due January 2027	1,055	(11)	—	1,044
Long-term debt, less current portion	7,906	(56)	7	7,857
Euro Term Loan Facility due January 2027	393	—	—	393
Current portion of long-term debt	393	—	—	393
Total debt	8,299	(56)	7	8,250

At December 31, 2021 and December 31, 2020, $17 million and $24 million, respectively, of debt issuance costs, net for the Revolving Credit Facilities with no outstanding borrowings, are recorded as other non-current assets in the consolidated balance sheets.

The principal amount of long-term debt maturing over the next five years and thereafter as of December 31, 2021 is as follows ($ in millions):

Year	U.S. Dollar Denominated	Euro Denominated	Total
2022	—	—	—
2023	61	—	61
2024	—	793	793
2025	1,100	227	1,327
2026	750	1,076	1,826
2027 and thereafter	1,500	1,019	2,519
Total principal payments	3,411	3,115	6,525

Senior Secured Notes

The key terms of our senior secured notes (the "Notes"), which were rated Ba3 and BB by Moody's Investor Service ("Moody's") and Standard & Poor's Ratings Services ("S&P"), respectively, at December 31, 2021, are as follows:

Description	Principal (in millions)	Effective Interest Rate	Issuer	Guarantors	Collateral	Redemption	Interest payments
5.350% Senior Secured U.S. Dollar Notes due October 2023	$61	5.47%	IGT	**	††	+	Semi-annually in arrears
3.500% Senior Secured Euro Notes due July 2024	€500	3.68%	Parent	*	†	++	Semi-annually in arrears
6.500% Senior Secured U.S. Dollar Notes due February 2025	$1,100	6.71%	Parent	*	†	++	Semi-annually in arrears
4.125% Senior Secured U.S. Dollar Notes due April 2026	$750	4.34%	Parent	*	†	+++	Semi-annually in arrears
3.500% Senior Secured Euro Notes due June 2026	€750	3.65%	Parent	*	†	+++	Semi-annually in arrears
6.250% Senior Secured U.S. Dollar Notes due January 2027	$750	6.41%	Parent	*	†	++	Semi-annually in arrears
2.375% Senior Secured Euro Notes due April 2028	€500	2.50%	Parent	*	†	+++	Semi-annually in arrears
5.250% Senior Secured U.S. Dollar Notes due January 2029	$750	5.39%	Parent	*	†	+++	Semi-annually in arrears

* Certain subsidiaries of the Parent.

** The Parent and certain subsidiaries of the Parent.

† Ownership interests in certain subsidiaries of the Parent, certain intercompany loans with principal balances in excess of $10 million and certain accounts receivable.

†† Certain intercompany loans with principal balances in excess of $10 million and certain accounts receivable.

\+ International Game Technology ("IGT") may redeem in whole or in part at any time prior to maturity at 100% of their principal amount together with accrued and unpaid interest and a make-whole premium. IGT may also redeem in whole or in part at 100% of their principal amount together with accrued and unpaid interest in connection with certain gaming regulatory events. Upon the occurrence of certain events, IGT will be required to offer to repurchase all of the notes at a price equal to 101% of their principal amount together with accrued and unpaid interest.

++ The Parent may redeem in whole or in part at any time prior to the date which is six months prior to maturity at 100% of their principal amount together with accrued and unpaid interest and a make-whole premium. After such date, the Parent may redeem in whole or in part at 100% of their principal amount together with accrued and unpaid interest. The Parent may also redeem in whole but not in part at 100% of their principal amount together with accrued and unpaid interest in connection with certain tax events. Upon the occurrence of certain events, the Parent will be required to offer to repurchase all of the notes at a price equal to 101% of their principal amount together with accrued and unpaid interest.

+++ The Parent may redeem in whole or in part at any time prior to the first date set forth in the redemption price schedule at 100% of their principal amount together with accrued and unpaid interest and a make-whole premium. After such date, the Parent may redeem in whole or in part at a redemption price set forth in the redemption price schedule in the indenture, together with accrued and unpaid interest. The Parent may also redeem in whole but not in part at 100% of their principal amount together with accrued and unpaid interest in connection with certain tax events. Upon the occurrence of certain events, the Parent will be required to offer to repurchase all of the notes at a price equal to 101% of their principal amount together with accrued and unpaid interest.

The Notes contain customary covenants and events of default. At December 31, 2021, the issuers were in compliance with the covenants.

On February 11, 2022, the Moody's rating increased to Ba2 and on February 16, 2022, the S&P's rating increased to BB+.

4.750% Senior Secured Euro Notes due February 2023

In May 2021, the Parent used the proceeds from the sale of the Italian B2C gaming machine, sports betting, and digital gaming businesses and borrowings under the Revolving Credit Facilities to redeem $1.0 billion (€850 million) of the 4.750% Senior Secured Euro Notes due February 2023 through the exercise of the make-whole call option for total consideration, excluding interest, of $1.1 billion. The Company recorded a $67 million loss on extinguishment of debt in connection with the repurchase, which is classified in other expense (income), net in the consolidated statement of operations for the year ended December 31, 2021.

4.125% Senior Secured U.S. Dollar Notes due April 2026

In March 2021, the Parent issued $750 million of 4.125% Senior Secured U.S. Dollar Notes due April 2026 (the "4.125% Notes") at par. The Parent used the proceeds to partially redeem the 6.250% Senior Secured U.S. Dollar Notes due February 2022.

Interest on the 4.125% Notes is payable semi-annually in arrears.

The 4.125% Notes are guaranteed by certain subsidiaries of the Parent and are secured by ownership interests in certain subsidiaries of the Parent, certain intercompany loans with principal balances in excess of $10 million and certain accounts receivable.

Prior to April 15, 2023, the Parent may redeem the 4.125% Notes in whole or in part at 100% of their principal amount together with accrued and unpaid interest and a make-whole premium. From April 15, 2023 to April 14, 2024, the Parent may redeem the 4.125% Notes in whole or in part at 102.063% of their principal amount together with accrued and unpaid interest. From April 15, 2024 to April 14, 2025, the Parent may redeem the 4.125% Notes in whole or in part at 101.031% of their principal amount together with accrued and unpaid interest. On or after April 15, 2025, the Parent may redeem the 4.125% Notes in whole or in part at 100% of their principal amount together with accrued and unpaid interest. The Parent may also redeem the 4.125% Notes in whole but not in part at 100% of their principal amount together with accrued and unpaid interest in connection with certain tax events. Upon the occurrence of certain events, the Parent will be required to offer to repurchase all of the 4.125% Notes at a price equal to 101% of their principal amount together with accrued and unpaid interest. In certain events of default, the 4.125% Notes outstanding may become due and payable immediately.

6.250% Senior Secured U.S. Dollar Notes due February 2022

In March 2021, the Parent used the proceeds from the sale of the 4.125% Notes and borrowings under the Revolving Credit Facilities to redeem $1.0 billion of the 6.250% Senior Secured U.S. Dollar Notes due February 2022 for total consideration, excluding interest, of $1.0 billion. The Company recorded an $18 million loss on extinguishment of debt in connection with the repurchase, of which a $24 million loss is classified in other expense (income), net and an offsetting gain of $6 million is classified in interest expense, net in the consolidated statement of operations for the year ended December 31, 2021.

5.250% Senior Secured U.S. Dollar Notes due January 2029

In June 2020, the Parent issued $750 million of 5.250% Senior Secured U.S. Dollar Notes due January 2029 (the "5.250% Notes") at par.

The Parent used the net proceeds from the 5.250% Notes to repurchase $500 million of the 6.250% Senior Secured U.S. Dollar Notes due February 2022 for total consideration, excluding interest, of $525 million. The Company recorded a $23 million loss on extinguishment of debt in connection with the repurchase, of which a $28 million loss is classified in other expense (income), net and an offsetting gain of $5 million is classified in interest expense, net in the consolidated statement of operations for the year ended December 31, 2020.

Interest on the 5.250% Notes is payable semi-annually in arrears.

The 5.250% Notes are guaranteed by certain subsidiaries of the Parent and are secured by ownership interests in certain subsidiaries of the Parent, certain intercompany loans with principal balances in excess of $10 million and certain accounts receivable.

Prior to January 15, 2024, the Parent may redeem the 5.250% Notes in whole or in part at 100% of their principal amount together with accrued and unpaid interest and a make-whole premium. From January 15, 2024 to January 14, 2025, the Parent may redeem the 5.250% Notes in whole or in part at 102.625% of their principal amount together with accrued and unpaid interest. From January 15, 2025 to January 14, 2026, the Parent may redeem the 5.250% Notes in whole or in part at 101.313% of their principal amount together with accrued and unpaid interest. On or after January 15, 2026, the Parent may redeem the 5.250% Notes in whole or in part at 100% of their principal amount together with accrued and unpaid interest. The Parent may also redeem the 5.250% Notes in whole but not in part at 100% of their principal amount together with accrued and unpaid interest in connection with certain tax events. Upon the occurrence of certain events, the Parent will be required to offer to repurchase all of the 5.250% Notes at a price equal to 101% of their principal amount together with accrued and unpaid interest. In certain events of default, the 5.250% Notes outstanding may become due and payable immediately.

5.500% Senior Secured U.S. Dollar Notes due June 2020

In June 2020, the Parent redeemed the $27 million 5.500% Senior Secured U.S. Dollar Notes due June 2020 when they matured.

4.750% Senior Secured Euro Notes due March 2020

In March 2020, the Parent redeemed the €388 million ($432 million) 4.750% Senior Secured Euro Notes due March 2020 when they matured.

2.375% Senior Secured Euro Notes due April 2028

In September 2019, the Parent issued €500 million of 2.375% Senior Secured Euro Notes due April 2028 (the “2.375% Notes”) at par.

The Parent used the net proceeds from the 2.375% Notes to pay the €320 million ($350 million) first installment on the Euro Term Loan Facility due January 2020 on September 27, 2019 and to pay down $192 million of the Revolving Credit Facilities due July 2024, for total consideration, excluding interest, of $543 million. The Company recorded a $2 million loss on extinguishment of debt in connection with the Term Loan repayment, which is classified in other expense (income), net on the consolidated statement of operations for the year ended December 31, 2019.

3.500% Senior Secured Euro Notes due June 2026

In June 2019, the Parent issued €750 million of 3.500% Senior Secured Euro Notes due June 2026 (the “3.500% Notes due 2026”) at par.

The Parent used the net proceeds from the 3.500% Notes due 2026 to repurchase €438 million ($498 million) of the 4.125% Senior Secured Euro Notes due February 2020 (the “4.125% Notes”) and pay down $339 million of the Revolving Credit Facilities due July 2024, for total consideration, excluding interest, of $845 million. The Company recorded a €9 million ($10 million) loss on extinguishment of debt in connection with the repurchase, which is classified in other expense (income), net on the consolidated statement of operations for the year ended December 31, 2019.

Euro Term Loan Facilities

The Parent is a party to a Senior Facility Agreement dated July 25, 2017, as amended (the "TLF Agreement"), which provided for a €1.5 billion term loan facility maturing on January 25, 2023 that was repayable in annual installments of €320 million due January 25 of each of 2020, 2021 and 2022 with a final installment of €540 million due January 25, 2023. The Parent prepaid the installment due January 25, 2020 with proceeds of the 2.375% Notes issued in September 2019 and repaid the installment due January 25, 2021 at the due date.

In May 2020, the Company entered into an amendment to the TLF Agreement which modified the TLF Agreement by, among other things:

- Providing a waiver of the covenants requiring the Company to maintain a minimum ratio of EBITDA to net interest costs and a maximum ratio of total net debt to EBITDA from the fiscal quarter ending June 30, 2020 through the fiscal quarter ending June 30, 2021 and established new thresholds for these financial covenants starting with the fiscal quarter ending September 30, 2021 as described in the amendments;
- Providing that the obligation to grant security over additional collateral be waived provided that the public debt ratings of the Company are not less than BB- or Ba3;
- Increasing the margin from 2.75% to 3.25% if the public debt ratings of the Company are B+ or B1 (or lower); and
- Prohibiting restricted payments (including dividends and ordinary share repurchases) during the period commencing on April 1, 2020 and expiring on June 30, 2021, and permitting restricted payments during the period commencing on July 1, 2021 and expiring on the maturity date of the respective agreements provided that the ratio of total net debt to EBITDA as adjusted to reflect the restricted payment is less than specified thresholds.

In addition, the amendment to the TLF Agreement provided that the margin applicable to all loans under the TLF Agreement outstanding as of April 11, 2020 was increased to 2.50%.

In July 2021, the Parent entered into an Amendment and Restatement Agreement (the "Amendment and Restatement Agreement") with respect to the TLF Agreement. The Amendment and Restatement Agreement among other things: (i) added a second term loan facility with IGT Lottery Holdings B.V. as the borrower, (ii) increased the aggregate amount of the term loan facilities (the "Euro Term Loan Facilities") from €860 million to €1.0 billion (with each of the Parent and IGT Lottery Holdings B.V. borrowing €500 million), (iii) extended the maturity date of the Euro Term Loan Facilities to January 25, 2027, (iv) reduced the applicable interest rate by 35 basis points based on current debt ratings, (v) provided for a maximum decrease or increase of an additional 7.5 basis points in the margin based on environmental, social and governance factors, and (vi) maintained and extended existing financial covenant thresholds.

As a result of the Amendment and Restatement Agreement, the Company reclassified the €320 million current portion of long-term debt to long-term debt.

The borrowers must repay the Euro Term Loan Facilities in installments, as detailed below:

Due Date	Amount (€ in millions)
January 25, 2024	200
January 25, 2025	200
January 25, 2026	200
January 25, 2027	400

We recorded a $2 million loss on extinguishment of debt in connection with the Amendment and Restatement Agreement, which is classified in other expense (income), net in the consolidated statement of operations for the year ended December 31, 2021.

In September 2021, the Company received an upgraded environmental, social, and governance rating and pursuant to the Amendment and Restatement Agreement, the interest rate was decreased by 4 basis points effective September 17, 2021.

Interest on the Euro Term Loan Facilities is payable between one and six months in arrears at rates equal to the applicable EURIBOR plus a margin based on our long-term ratings by Moody's and S&P. At December 31, 2021 and 2020, the effective interest rate on the Euro Term Loan Facilities was 2.11% and 2.50%, respectively.

The Euro Term Loan Facilities are guaranteed by certain subsidiaries of the Parent and are secured by ownership interests in certain subsidiaries of the Parent, certain intercompany loans with principal balances in excess of $10 million and certain accounts receivable.

Upon the occurrence of certain events, the borrowers may be required to prepay the Euro Term Loan Facilities in full.

The TLF Agreement, as amended by the Amendment and Restatement Agreement, contains customary covenants (including maintaining a minimum ratio of EBITDA to net interest costs and maximum ratio of total net debt to EBITDA) and events of default. At December 31, 2021, the Parent was in compliance with the covenants.

Revolving Credit Facilities

The Parent and certain of its subsidiaries are party to a Senior Facilities Agreement dated November 4, 2014, as amended (the "RCF Agreement"), which provides for the following multi-currency revolving credit facilities (the "Revolving Credit Facilities") which mature on July 31, 2024:

Maximum Amount Available (in millions)	Facility	Borrowers
$1,050	Revolving Credit Facility A	Parent, IGT, and IGT Global Solutions Corporation
€625	Revolving Credit Facility B	Parent, IGT Lottery S.p.A. (formerly Lottomatica Holding S.r.l), and IGT Lottery Holdings B.V.

Interest on the Revolving Credit Facilities is payable between one and six months in arrears at rates equal to the applicable LIBOR (or the applicable EURIBOR if the borrower elects to borrow in Euros) with respect to Revolving Credit Facility A or the applicable EURIBOR (or the applicable LIBOR if the borrower elects to borrow in U.S. dollars) with respect to Revolving Credit Facility B, plus a margin based on the Parent's long-term ratings by Moody's and S&P. At December 31, 2021 and 2020, there were no balances for the Revolving Credit Facilities.

The RCF Agreement provides that the following fees, which are recorded in interest expense, net in the consolidated statements of operations, are payable quarterly in arrears:

- Commitment fees - payable on the aggregate undrawn and un-cancelled amount of the Revolving Credit Facilities depending on the Parent's long-term ratings by Moody's and S&P. The applicable rate was 0.928% at December 31, 2021.
- Utilization fees - payable on the aggregate drawn amount of the Revolving Credit Facilities at a rate ranging from 0.15% to 0.60% dependent on the percentage of the Revolving Credit Facilities utilized. The applicable rate was 0.15% at December 31, 2021.

The Revolving Credit Facilities are guaranteed by the Parent and certain of its subsidiaries and are secured by ownership interests in certain subsidiaries and of the Parent, certain intercompany loans with principal balances in excess of $10 million and certain accounts receivable.

Upon the occurrence of certain events, the borrowers may be required to repay the Revolving Credit Facilities and the lenders may have the right to cancel their commitments.

At December 31, 2021 the aggregate amounts available to be borrowed under the Revolving Credit Facilities were $1.7 billion.

The RCF Agreement contains customary covenants (including maintaining a minimum ratio of EBITDA to net interest costs and a maximum ratio of total net debt to EBITDA) and events of default. At December 31, 2021, the borrowers were in compliance with the covenants.

In May 2020, the Parent entered into an amendment to the RCF Agreement, which modified the RCF Agreement by, among other things:

- Providing a waiver of the covenants requiring the Company to maintain a minimum ratio of EBITDA to net interest costs and a maximum ratio of total net debt to EBITDA from the fiscal quarter ending June 30, 2020 through the fiscal quarter ending June 30, 2021 and established new thresholds for these financial covenants starting with the fiscal quarter ending September 30, 2021 as described in the amendments;

- Providing that the obligation to grant security over additional collateral be waived provided that the public debt ratings of the Company are not less than BB- or Ba3;
- Increasing the margin from 2.75% to 3.25% if the public debt ratings of the Company are B+ or B1 (or lower); and
- Prohibiting restricted payments (including dividends and ordinary share repurchases) during the period commencing on April 1, 2020 and expiring on June 30, 2021, and permitting restricted payments during the period commencing on July 1, 2021 and expiring on the maturity date of the respective agreements provided that the ratio of total net debt to EBITDA as adjusted to reflect the restricted payment is less than specified thresholds.

In addition, the amendment to the RCF Agreement provided that the margin applicable to all loans under the RCF Agreement outstanding as of April 11, 2020 was increased to 2.475%.

The TLF Agreement and the RCF Agreement limit the aggregate amount that the Parent can pay with respect to dividends and repurchases of ordinary shares in each year to $300 million if our debt ratings by Moody's or S&P are lower than Ba1 or BB+, respectively, and $400 million if our debt ratings by Moody's and S&P are equal to or higher than Ba1 and BB+, respectively.

Other Credit Facilities

The Parent and certain of its subsidiaries may borrow under senior unsecured uncommitted demand credit facilities made available by several financial institutions. At December 31, 2021, there were $30 million of short-term borrowings under these facilities with an effective interest rate of 1.63%. At December 31, 2020, there were no borrowings under these facilities.

Additionally, at December 31, 2021, the Company had a $21 million swingline loan associated with the Revolving Credit Facilities with an effective interest rate of 3.25%, which is classified in short-term borrowings.

Letters of Credit

The Parent and certain of its subsidiaries may obtain letters of credit under the Revolving Credit Facilities and under senior unsecured uncommitted demand credit facilities. The letters of credit secure various obligations, including obligations arising under customer contracts and real estate leases. The following table summarizes the letters of credit outstanding at December 31, 2021 and 2020 and the weighted-average annual cost of such letters of credit:

($ in millions)	Letters of Credit Outstanding [1]	Weighted-Average Annual Cost
December 31, 2021	335	1.08 %
December 31, 2020	427	1.06 %

[1] Represents letters of credit outstanding not under the Revolving Credit Facilities.

Interest Expense, Net

	For the year ended December 31,		
($ in millions)	**2021**	**2020**	**2019**
Senior Secured Notes	292	344	351
Term Loan Facilities	30	37	36
Revolving Credit Facilities	29	31	28
Other	4	1	8
Interest expense	354	413	423
Interest income	(13)	(15)	(12)
Interest expense, net	341	398	411

16. Other Liabilities

Other Current Liabilities

($ in millions)	Notes	December 31, 2021	2020
Employee compensation		171	90
Contract liabilities	4	104	108
Income taxes payable		104	26
Accrued interest payable		100	138
Accrued expenses		75	118
Taxes other than income taxes		72	96
Jackpot liabilities	18	66	71
Current financial liabilities		61	128
Operating lease liabilities	11	39	44
Other		35	26
		828	846

Other Non-Current Liabilities

($ in millions)	Notes	December 31, 2021	2020
Jackpot liabilities	18	130	148
Contract liabilities	4	47	62
Reserves for uncertain tax positions		47	48
Finance lease liabilities	11	27	31
Other		72	72
		323	360

17. Income Taxes

The components of income (loss) from continuing operations before provision for income taxes, determined by tax jurisdiction, are as follows:

($ in millions)	For the year ended December 31, 2021	2020	2019
United Kingdom	40	(355)	35
United States	(20)	(776)	(301)
Italy	438	229	351
Other	70	55	43
	529	(848)	128

The provision for income taxes consists of:

($ in millions)	For the year ended December 31, 2021	2020	2019
Current:			
United Kingdom	—	(1)	2
United States	41	10	46
Italy	155	66	104
Other	40	31	49
	236	106	202
Deferred:			
United States	76	(62)	(69)
Italy	(22)	(1)	1
Other	(16)	(16)	(3)
	38	(78)	(71)
	274	28	131

Income taxes paid, net of refunds, were $188 million, $89 million, and $197 million in 2021, 2020, and 2019, respectively.

The Parent is a tax resident in the United Kingdom (the "U.K."). A reconciliation of the provision for income taxes, from the amount computed by applying the U.K. statutory main corporation tax rates enacted in each of the Parent's calendar year reporting periods to income (loss) from continuing operations before provision for income taxes is as follows:

($ in millions)	For the year ended December 31, 2021	2020	2019
Income (loss) from continuing operations before provision for income taxes	529	(848)	128
United Kingdom statutory tax rate	19.0 %	19.0 %	19.0 %
Statutory tax expense (benefit)	100	(161)	24
Change in valuation allowances	125	128	1
Italy regional tax ("IRAP") and state taxes	41	9	23
Non-deductible expenses	25	2	2
Base erosion and anti-abuse ("BEAT") tax	17	13	31
Foreign tax and statutory rate differential [(1)]	17	(14)	3
Foreign tax expense, net of U.S. federal benefit	11	10	14
Provision to return	6	—	—
GILTI tax	5	3	5
Non-deductible goodwill impairment	—	56	19
Change in unrecognized tax benefits	—	1	7
Non-taxable gains on investments	—	—	(6)
Italian allowance for corporate equity	(3)	(4)	(2)
Non-taxable foreign exchange gain	(11)	—	(4)
Italian patent box tax benefit	(27)	—	—
Tax law changes	(38)	(20)	—
Other	5	4	15
	274	28	131
Effective tax rate	51.8 %	(3.3)%	102.1 %

[(1)] Includes the effects of foreign subsidiaries' earnings taxed at rates other than the U.K. statutory rate

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") to provide certain relief related to the COVID-19 outbreak. Some of the key tax-related provisions of the CARES Act benefiting the Company include temporary five-year net operating loss carryback provisions, modifications to the 30% limitation on the deductibility of business interest, and payroll tax deferral.

In the quarter ended September 30, 2020, the U.S. Treasury Department issued final regulations regarding GILTI. The Company has elected the GILTI high tax exception as allowed by the final regulations and has amended its 2018 and 2019 income tax returns. The benefit of the GILTI high tax exception as well as the NOL carryback provisions provided in the CARES Act resulted in a tax benefit of $12 million.

The components of deferred tax assets and liabilities are as follows:

	December 31,	
($ in millions)	**2021**	**2020**
Deferred tax assets:		
Net operating losses	286	300
Section 163(j) interest limitation	190	155
Italian goodwill tax step-up	119	—
Provisions not currently deductible for tax purposes	85	88
Lease liabilities	66	70
Jackpot timing differences	30	39
Depreciation and amortization	29	26
Inventory reserves	10	2
Other	63	47
Gross deferred tax assets	878	728
Valuation allowance	(412)	(284)
Deferred tax assets, net of valuation allowance	466	444
Deferred tax liabilities:		
Acquired intangible assets	462	506
Depreciation and amortization	163	161
Italian goodwill equity reserve liability	105	—
Lease right-of-use assets	60	65
Other	6	12
Total deferred tax liabilities	795	744
Net deferred income tax liability	(329)	(300)

Our net deferred income taxes are recorded in the consolidated balance sheets as follows:

	December 31,	
($ in millions)	**2021**	**2020**
Deferred income taxes - non-current asset	39	33
Deferred income taxes - non-current liability	(368)	(333)
	(329)	(300)

Net Operating Loss Carryforwards

We have a $1.1 billion gross tax loss carryforward, of which $631 million relates to the U.K., $137 million relates to U.S. Federal, and $339 million relates to other foreign tax jurisdictions. Carryforwards in certain tax jurisdictions begin to expire in 2031, while others have an unlimited carryforward period. A valuation allowance has been provided on $910 million of the gross net operating loss carryforwards. Portions of the tax loss carryforwards are subject to annual limitations in most of our significant tax jurisdictions, including the U.K. and U.S. In addition, as of December 31, 2021, we had U.S. state tax net operating loss carryforwards, resulting in a deferred tax asset (net of U.S. federal tax benefit) of approximately $13 million. U.S. state tax net operating loss carryforwards generally expire in the years 2027 through 2040.

Valuation Allowance

A reconciliation of the valuation allowance is as follows:

	December 31,		
($ in millions)	**2021**	**2020**	**2019**
Balance at beginning of year	284	156	171
Net charges to expense	86	120	1
Tax rate change	39	8	—
Provision to return adjustment	3	—	—
Expiration of tax attributes	—	—	(15)
Balance at end of year	412	284	156

The valuation allowance primarily relates to U.K. and foreign net operating losses and the section 163(j) business interest expense limitation carryforward that are not more likely than not expected to be realized. In assessing the need for a valuation allowance, we considered both positive and negative evidence for each jurisdiction including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. When we change our determination as to the amount of deferred tax assets that can be realized, the valuation allowance is adjusted with a corresponding impact to the provision for income taxes in the period in which such determination is made.

Accounting for Uncertainty in Income Taxes

A reconciliation of the unrecognized tax benefits is as follows:

	December 31,		
($ in millions)	**2021**	**2020**	**2019**
Balance at beginning of year	27	29	27
Additions to tax positions - current year	1	—	1
Additions to tax positions - prior years	—	—	2
Reductions to tax positions - prior years	(1)	(2)	—
Lapses in statutes of limitations	—	(1)	(1)
Balance at end of year	27	27	29

At December 31, 2021, 2020, and 2019, $27 million, $27 million, and $29 million, respectively, of the unrecognized tax benefits, if recognized, would affect our effective tax rates.

We recognize interest and penalties related to income tax matters in income tax expense. The charges were nominal for 2021 and 2020. In 2019, we recognized $5 million in interest expense, penalties, and inflationary adjustments. The gross balance of accrued interest and penalties was $21 million at December 31, 2021 and 2020.

We file income tax returns in various jurisdictions of which the United Kingdom, United States, and Italy represent the major tax jurisdictions. All years prior to 2017 are closed with the Internal Revenue Service. As of December 31, 2021, we are subject to income tax audits in various tax jurisdictions globally, most significantly in Mexico and Italy.

Mexico Tax Audit

Based on a 2006 tax examination, the Company's Mexican subsidiary, GTECH Mexico S.A. de C.V., was issued an income tax assessment of approximately Mexican peso ("MXN") 425 million. The assessment relates to the denial of a deduction for cost of goods sold and the taxation of intercompany loan proceeds. The Company has unsuccessfully contested the two issues in the Mexican court system receiving unfavorable decisions by the Mexican Supreme Court in June 2017 and October 2019, respectively. As of December 31, 2021, based on the unfavorable decisions received, the Company has recorded a liability of MXN 469 million (approximately $23 million), inclusive of additional interest, penalties, and inflationary adjustments, which is reported within other non-current liabilities in the consolidated balance sheet.

Italy Tax Audits

The Company's Italian corporate income tax returns for the calendar years ended December 31, 2015 through December 31, 2019 are under examination. On October 19, 2020, the Italian tax authorities issued a final audit report for calendar year 2015. The Company filed a defense memorandum with the Italian Tax Authorities on May 29, 2021 rejecting all findings. On December 9, 2021, the Company received a tax assessment notice for €15 million relating to calendar year 2015. On February 9, 2022, the Company submitted a voluntary settlement request which entitles the Company to an automatic 90 day extension. The extension will allow the Italian Tax Authority to re-examine the preliminary conclusions of the tax police. At the end of the 90 day extension period, if the parties do not reach a settlement the Company retains the right to appeal the tax assessment before the first degree Tax Court.

18. Commitments and Contingencies

Commitments

Jackpot Commitments

Jackpot liabilities are recorded as current and non-current liabilities as follows:

($ in millions)	**December 31, 2021**
Current liabilities	66
Non-current liabilities	130
	196

Future jackpot liabilities as of December 31, 2021 are due as follows:

($ in millions)	**Previous Winners**	**Future Winners**	**Total**
2022	25	41	66
2023	20	10	31
2024	18	1	18
2025	15	1	16
2026	13	1	13
Thereafter	72	8	79
Future jackpot payments due	163	60	223
Unamortized discounts			(27)
Total jackpot liabilities			196

Performance and other bonds

Certain contracts require us to provide a surety bond as a guarantee of performance for the benefit of customers; bid and litigation bonds for the benefit of potential customers; and WAP bonds that are used to secure our financial liability when a player elects to have their WAP jackpot winnings paid over an extended period of time.

These bonds give beneficiaries the right to obtain payment and/or performance from the issuer of the bond if certain specified events occur. In the case of performance bonds, which generally have a term of one year, such events include our failure to perform our obligations under the applicable contracts. In general, we would only be liable for these guarantees in the event of default in our performance of our obligations under each contract, the probability of which we believe is remote. Accordingly, no liability has been recorded as of December 31, 2021 and 2020 related to these bonds.

Legal Proceedings

From time to time, the Parent and/or one or more of its subsidiaries are party to legal, regulatory, or administrative proceedings regarding, among other matters, claims by and against us, and injunctions by third parties arising out of the ordinary course of business. Licenses are also subject to legal challenges by competitors seeking to annul awards made to the Company. The Parent and/or one or more of its subsidiaries are also, from time to time, subjects of, or parties to, ethics and compliance inquiries and investigations related to the Company's ongoing operations. At December 31, 2021, provisions for litigation matters amounted to $4 million. With respect to litigation and other legal proceedings where we have determined that an incremental loss is reasonably possible but we are unable to determine an estimate of that reasonably possible loss in excess of amounts already accrued, no additional amounts have been accrued, given the uncertainties of litigation and the inherent difficulty of predicting the outcome of legal proceedings.

Texas Fun 5's Instant Ticket Game

IGT Global Solutions Corporation (formerly GTECH Corporation) is party to four lawsuits in Texas state court arising out of the Fun 5's instant ticket game sold by the Texas Lottery Commission ("TLC") from September 14, 2014 to October 21, 2014. Plaintiffs allege each ticket's instruction for Game 5 provided a 5x win (five times the prize box amount) any time the "Money Bag" symbol was revealed in the "5X BOX". However, TLC awarded a 5x win only when (1) the "Money Bag" symbol was revealed and (2) three symbols in a pattern were revealed.

(a) *Steele, James et al. v. GTECH Corp.*, filed on December 9, 2014 in Travis County (No. D1GN145114). Through intervenor actions, over 1,200 plaintiffs claim damages in excess of $500 million. GTECH Corporation's plea to the jurisdiction for dismissal based on sovereign immunity was denied. GTECH Corporation appealed. The appellate court ordered that plaintiffs' sole remaining claim should be reconsidered. On April 27, 2018, this and a related matter were appealed to the Texas Supreme Court, which heard arguments on December 3, 2019. On June 12, 2020, the Texas Supreme Court ruled that Plaintiffs' could proceed with their fraud allegations in the lower court; all other claims were dismissed. On March 26, 2021, October 29, 2021 and February 3, 2022 (two motions), GTECH Corporation filed motions for summary judgment. One such motion was denied on February 25, 2022, while the other three remain pending.
(b) *Guerra, Esmeralda v. GTECH Corp. et al.*, filed on June 10, 2016 in Hidalgo County (No. C277716B). Plaintiff claims damages in excess of $0.5 million.
(c) *Wiggins, Mario & Kimberly v. IGT Global Solutions Corp.*, filed on September 7, 2016 in Travis County (No. D1GN16004344). Plaintiffs claim damages in excess of $1 million.
(d) *Campos, Osvaldo Guadalupe et al. v. GTECH Corp.*, filed on October 20, 2016 in Travis County (No. D1GN16005300). Plaintiffs claim damages in excess of $1 million.

We dispute the claims made in each of these cases and continue to defend against these lawsuits.

Adrienne Benson and Mary Simonson, individually and on behalf of all others similarly situated v. Double Down Interactive LLC, et al.

On April 9, 2018, a plaintiff, Adrienne Benson, filed a putative class action against the Company's wholly-owned subsidiary, International Game Technology, and Double Down Interactive LLC, a Washington limited liability company in the United States District Court for the Western District of Washington. On July 23, 2018, plaintiff filed a first amended complaint, adding named plaintiff Mary Simonson, and adding allegations to represent a putative class of all persons in the United States who purchased and allegedly lost virtual "chips" while playing games through an online gaming platform called Double Down Casino, which at all times has been operated by Double Down Interactive LLC. On April 26, 2021, plaintiffs filed a second amended complaint naming IGT, a wholly-owned subsidiary of International Game Technology, as an additional defendant. Plaintiffs have asserted claims for alleged violations of Washington's Recovery of Money Lost at Gambling Act, Washington's Consumer Protection Act, and for unjust enrichment, and seeks unspecified money damages (including treble damages as appropriate), the award of reasonable attorneys' fees and costs, pre- and post-judgment interest, and injunctive and/or declaratory relief.

International Game Technology acquired Double Down Interactive LLC in 2012 and, effective June 1, 2017, sold Double Down Interactive LLC to DoubleU Games pursuant to a purchase agreement (the "Purchase Agreement"). At all times relevant, Double Down Interactive LLC was the sole operator of the Double Down Casino, and International Game Technology asserts, among other defenses, that it has no liability for the actions of a bona fide subsidiary.

On May 10, 2018, Double Down Interactive LLC and DoubleU Diamond LLC sent a claim notice (the "DDI Claim Notice") to International Game Technology seeking indemnification and reimbursement of defense costs for all claims against Double U Diamond LLC and its affiliates (the "DoubleU Entities") in the Benson matter, pursuant to the Purchase Agreement. On June 7, 2018, International Game Technology responded to the DDI Claim Notice, rejecting any obligation to indemnify or pay defense costs of the DoubleU Entities, and sent a claim notice to DoubleU Diamond LLC for indemnification and reimbursement of defense costs for all claims against International Game Technology in the Benson matter pursuant to the terms of certain agreements with DoubleU Diamond LLC.

On June 17, 2021, IGT sent a claim notice to DoubleU Diamond LLC for indemnification and reimbursement of defense costs for all claims against IGT in the Benson matter pursuant to the terms of certain agreements with DoubleU Diamond LLC.

On August 20, 2018, International Game Technology filed a motion to compel arbitration under the Federal Arbitration Act. The denial of that motion was appealed to the United States Court of Appeals for the Ninth Circuit, which in turn affirmed the district court by mandate effective February 20, 2020.

International Game Technology filed an answer to the first amended complaint on January 18, 2019, and an answer to the second amended complaint on May 10, 2021, continuing to deny all material allegations of liability and damages, and further denying that International Game Technology was responsible for the operation of the Double Down Casino. International Game Technology amended its answer to the first amended complaint on April 21, 2021. IGT filed a motion to dismiss the second amended complaint on May 18, 2021, which remains pending.

International Game Technology moved to certify the liability questions to the Washington State Supreme Court, which was denied on August 11, 2020. International Game Technology's motion to reconsider the question of certification was denied on January 15, 2021.

On August 13, 2020, International Game Technology filed a motion to strike the nationwide class allegations from the amended complaint, which was denied on March 19, 2021.

On September 10, 2020, International Game Technology filed a motion to dismiss and stay the case on the grounds that the federal court should abstain from deciding the liability questions under Washington law. That motion was denied on March 24, 2021. On February 25, 2021, plaintiffs filed a motion for class certification and for preliminary injunction, which remains pending, and has not been set for hearing.

Discovery closed on August 24, 2021. Before the close of discovery, plaintiffs filed motions for leave to take additional depositions and to make expert disclosures that remain pending.

There is currently no trial date set for this matter.

International Game Technology is vigorously pursuing its defenses. We are currently unable to estimate the amount or range of reasonably possible loss.

19. Shareholders' Equity

Shares Authorized and Outstanding

The Board of Directors of the Parent (the "Board") may issue ordinary shares of the Parent upon shareholder approval. At the Parent's 2021 annual general meeting, the shareholders authorized the issuance of up to 136.6 million additional ordinary shares (of which 68.3 million can be issued in connection with an offer by way of rights issue), with a par value of $0.10 per share, for a period expiring at the end of the 2022 annual general meeting, or, if sooner, on August 10, 2022, unless previously revoked, varied, or renewed.

Ordinary shares outstanding were as follows:

	December 31,		
	2021	**2020**	**2019**
Balance at beginning of year	204,856,564	204,435,333	204,210,731
Shares issued under restricted stock plans	331,554	421,231	224,602
Repurchases of common stock	(1,500,000)	—	—
Balance at end of year	203,688,118	204,856,564	204,435,333

Share Repurchase Program

On November 15, 2021, the Board authorized a share repurchase program (the "Program") pursuant to which the Company may repurchase up to $300 million of the Parent's outstanding ordinary shares during a period of four years commencing on November 18, 2021. At the Parent's 2021 annual general meeting, the Parent's shareholders granted authority to repurchase, subject to a maximum repurchase price, up to 20,485,656 of the Parent's ordinary shares. This authority remains valid until November 10, 2022, unless previously revoked, varied, or renewed at the Parent's 2022 annual general meeting.

The Parent repurchases ordinary shares under the Program at the market price on the trade date and the Parent cancels repurchased ordinary shares or holds them in treasury. If the Parent holds repurchased ordinary shares in treasury, all amounts paid to repurchase such shares have been recorded as treasury stock in our consolidated balance sheets until they are reissued or retired. Under the Program, the Parent repurchased 1.5 million ordinary shares for $41 million during 2021.

For the period January 1, 2022 to February 25, 2022, the Parent repurchased 937,758 ordinary shares for $26 million under the Program.

Dividends

We declared a $0.20 cash dividend per share during the fourth quarter of 2021, the first quarter of 2020, and all four quarters of 2019.

The TLF Agreement and the RCF Agreement limit the aggregate amount that the Parent can pay with respect to dividends and repurchases of ordinary shares in each year based on ratings by Moody's and S&P. As discussed in Note 15 - *Debt*, in May 2020, the Company entered into amendments to these agreements which prohibited dividends and repurchases of ordinary shares through June 30, 2021.

Accumulated Other Comprehensive Income

The following table details the changes in AOCI:

		Unrealized Gain (Loss) on:		AOCI		
($ in millions)	Foreign Currency Translation	Hedges	Other	Total	Attributable to non-controlling interests	Attributable to IGT PLC
Balance at December 31, 2018	247	(7)	1	242	20	262
Change during period	(18)	—	3	(15)	16	1
Reclassified to operations [1]	2	(2)	—	(1)	—	(1)
Tax effect	—	—	—	1	—	1
Other comprehensive (loss) income	(17)	(1)	3	(15)	16	1
Balance at December 31, 2019	231	(8)	4	227	36	263
Change during period	128	(1)	—	127	(59)	68
Reclassified to operations [1]	(1)	—	—	(1)	—	(1)
Other comprehensive income (loss)	128	(1)	—	127	(59)	67
Balance at December 31, 2020	358	(9)	4	353	(24)	330
Change during period	9	3	(1)	11	51	62
Reclassified to operations [1]	19	1	—	20	1	21
Tax effect	—	(1)	—	—	—	—
Other comprehensive income (loss)	28	3	(1)	30	52	82
Balance at December 31, 2021	387	(6)	3	384	28	412

[1] Foreign currency translation of approximately $19 million was reclassified into gain on sale of discontinued operations, net of tax on the consolidated statements of operations for the year ended December 31, 2021. Other foreign currency translation adjustments related to liquidated subsidiaries were reclassified into foreign exchange (gain) loss, net on the consolidated statements of operations for the years ended December 31, 2020 and 2019. Unrealized gain (loss) on hedges were reclassified into service revenue on the consolidated statements of operations for the years ended December 31, 2021 and 2019.

20. Variable Interest Entities

We hold ownership interests in the following variable interest entities ("VIEs"):

Name of subsidiary	% Ownership held by the Company
Lottoitalia S.r.l. ("Lottoitalia")	61.50 %
Lotterie Nazionali S.r.l. ("LN")	64.00 %
Northstar New Jersey Lottery Group, LLC ("Northstar NJ") [1]	82.31 %

[1] Northstar New Jersey Holding Company LLC, of which we are a 50.15% shareholder, holds the 82.31% ownership in Northstar NJ.

Lottoitalia holds a license to operate the Lotto game in Italy through November 2025. LN holds a license to operate the Scratch & Win instant lottery game in Italy through September 2028. Northstar NJ manages a wide range of the lottery's day-to-day operations in the State of New Jersey, as well as provides marketing and sales services under a license valid through June 2029.

We are the principal operating partner fulfilling the requirements under the licenses held by the VIEs. As such, we have the power to direct the activities that significantly affect the VIEs' economic performance, along with the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIEs. As a result, we concluded we are the primary beneficiary of the VIEs and they have been consolidated. Accordingly, the balance sheet and operating activity of the VIEs are included in our consolidated financial statements and we adjust the net income (loss) in our consolidated statement of operations to exclude the non-controlling interests' proportionate share of results. We present the proportionate share of non-controlling interests as equity in the consolidated balance sheets.

The carrying amounts and classification of these VIEs' assets and liabilities in our consolidated balance sheets at December 31, 2021 and 2020 are as follows:

	December 31,	
($ in millions)	**2021**	**2020**
Current assets	1,124	1,087
Non-current assets	1,217	1,556
Total assets	2,341	2,643
Total liabilities	615	708

21. Segment Information

During the third quarter of 2021, we modified the information that our chief operating decision maker, who was also our Chief Executive Officer, regularly reviewed for purposes of allocating resources and assessing performance, prompting a change in management, operating segments, and reporting units. As a result, on September 1, 2021, we established a dedicated Digital & Betting business segment, comprising our iGaming and sports betting activities that were previously included within our Global Gaming business segment. Beginning in the third quarter of 2021, we report our financial performance based on three business segments: Global Lottery, Global Gaming, and Digital & Betting, and analyze revenue by segment as well as operating income as the measure of segment profitability. As such, we have recast our historically presented comparative segment information to conform to the way we internally manage and monitor segment performance.

Through our three business segments, we operate and provide an integrated portfolio of innovative gaming technology products and services including online and instant lottery systems, iLottery, instant ticket printing, lottery management services, commercial services, gaming systems, electronic gaming machines, iGaming, and sports betting.

The Global Lottery segment has full responsibility for the worldwide traditional lottery and iLottery business, including sales, operations, product development, technology, and support. The Global Gaming segment has full responsibility for the worldwide land-based gaming business, including sales, product management, studios, global manufacturing, operations, and technology. The Digital & Betting segment has full responsibility for the worldwide iGaming and sports betting activities, that were previously part of our Global Gaming segment.

Our three business segments are supported by central corporate support functions, including finance, people and transformation, legal, marketing and communications, corporate public affairs, and strategy and corporate development. Certain support costs that are identifiable and that benefit our business segments are allocated to them. Each allocation is measured differently based on the specific facts and circumstances of the costs being allocated. Corporate support function expenses that are not allocated to the business segments, which are principally composed of selling, general and administrative expenses, are reported as Corporate and Other expenses, along with goodwill impairment and the depreciation and amortization of acquired tangible and intangible assets in connection with acquired companies.

Global Lottery

Our Global Lottery segment provides lottery products and services primarily to governmental organizations through operating contracts, facilities management contracts ("FMCs"), lottery management agreements ("LMAs"), and product sales contracts.

As part of our lottery product and services, we provide instant and draw-based lottery products, point-of-sale machines, central processing systems, software, commercial services, instant ticket printing services, and other related equipment and support services.

We categorize revenue from operating contracts, FMCs, and LMAs as "Operating and facilities management contracts" and revenue from commercial services, software hosting, software maintenance, and other services not included within operating contracts, FMCs, or LMAs as service revenue from "Systems, software, and other". Revenue included within "Operating and facilities management contracts" include all services required by the contract, including iLottery and instant ticket printing.

We categorize sales or sales-type leases of lottery terminals, lottery systems, fixed-fee software licenses, and instant tickets not part of "Operating and facilities management contracts" as product sales from "Lottery products".

Global Gaming

Our Global Gaming segment provides gaming products and services including software and game content, casino gaming management systems, video lottery terminals ("VLTs"), VLT central systems, and other related equipment and support services to commercial and tribal casino operators.

We categorize revenue from Wide Area Progressive services, and operating leases for VLTs and other gaming machines as service revenue from "Gaming terminal services". We categorize sales or usage-based royalties promised in exchange for software intellectual property licenses, and systems as service revenue from "Systems, software, and other".

Revenue from the sale or sales-type lease of gaming machines, systems, component parts, and other miscellaneous equipment and services are categorized as product sales from "Gaming terminals" and revenue from systems, fixed-fee software licenses, casino gaming management systems, game content, and spare parts as product sales from "Other".

Digital & Betting

Our Digital & Betting segment provides iGaming solutions by providing gaming operators a license to offer IGT remote game server games on operator websites and mobile applications. The segment also provides sports betting technology and services to commercial and tribal operators and lotteries in regulated markets, primarily in the U.S. We categorize revenue from iGaming and sports betting as service revenue from "Digital and betting services". During the year ended December 31, 2019, we agreed to a perpetual license of our legacy sports betting platform which is categorized as product sales from "Other".

Segment information is as follows:

	For the year ended December 31, 2021					
($ in millions)	**Global Lottery**	**Global Gaming**	**Digital & Betting**	**Business Segment Total**	**Corporate and Other**	**Total IGT PLC**
Service revenue	2,690	630	163	3,483	—	3,483
Product sales	123	482	1	606	—	606
Total revenue	2,812	1,112	165	4,089	—	4,089
Operating income (loss)	1,088	43	33	1,164	(262)	902
Depreciation and amortization	225	126	15	366	160	526
Expenditures for long-lived assets	(123)	(67)	(13)	(203)	(6)	(208)

	For the year ended December 31, 2020					
($ in millions)	**Global Lottery**	**Global Gaming**	**Digital & Betting**	**Business Segment Total**	**Corporate and Other**	**Total IGT PLC**
Service revenue	2,043	483	114	2,640	—	2,640
Product sales	121	354	1	476	—	476
Total revenue	2,164	837	115	3,115	—	3,115
Operating income (loss)	642	(212)	6	436	(544)	(107)
Depreciation and amortization	231	146	15	392	175	566
Expenditures for long-lived assets	(149)	(64)	(11)	(224)	(2)	(226)

($ in millions)	For the year ended December 31, 2019					
	Global Lottery	Global Gaming	Digital & Betting	Business Segment Total	Corporate and Other	Total IGT PLC
Service revenue	2,183	842	76	3,101	—	3,101
Product sales	110	806	15	931	—	931
Total revenue	2,293	1,648	91	4,032	—	4,032
Operating income (loss)	697	222	(43)	877	(399)	478
Depreciation and amortization	225	173	18	416	198	614
Expenditures for long-lived assets	(167)	(154)	(13)	(334)	(8)	(342)

Geographical Information

Revenue from external customers, which is based on the geographical location of our customers, is as follows:

($ in millions)	For the year ended December 31,		
	2021	2020	2019
United States	2,126	1,666	2,116
Italy	1,307	896	990
United Kingdom	72	64	74
Rest of Europe	217	209	323
All other	368	280	530
Total	4,089	3,115	4,032

Revenue from one customer in the Global Lottery segment represented approximately 23%, 19%, and 16% of consolidated revenue in 2021, 2020, and 2019, respectively.
Long-lived assets, which are comprised of Systems & Equipment and PPE, are based on the geographical location of the assets as follows:

($ in millions)	December 31,	
	2021	2020
United States	766	841
Italy	125	176
United Kingdom	9	14
Rest of Europe	93	91
All other	63	77
Total	1,056	1,200

22. Stock-Based Compensation

Incentive Awards

Stock-based incentive awards are provided to directors and employees under the terms of our 2015 and 2021 Equity Incentive Plans (collectively, the "Plan") as administered by the Board. Awards available under the Plan principally include stock options, performance share units, restricted share units or any combination thereof. The maximum number of new shares that may be granted under the Plan is 20.5 million shares. To the extent any award is forfeited, expires, lapses, or is settled for cash, the award is available for reissue under the Plan. We utilize authorized and unissued shares to satisfy all shares issued under the Plan.

Stock Options

Stock options are awards that allow the employee to purchase shares of our stock at a fixed price. Stock options are granted under the Plan at an exercise price not less than the fair market value of a share on the date of grant. In 2021, stock options were granted solely to our former Chief Executive Officer, which will vest in 2024 subject to certain performance and other criteria, and have a contractual term of approximately seven years. No stock options were granted in 2020 or 2019.

Stock Awards

Stock awards are principally made in the form of performance share units ("PSUs") and restricted share units ("RSUs"). PSUs are stock awards where the number of shares ultimately received by the employee depends on the Company's performance against specified targets, which may include Adjusted EBITDA, Free Cash Flow and Total Shareholder Return ("TSR") relative to the Russell Mid Cap Market Index. PSUs typically vest 50% over an approximate three-year period and 50% over an approximate four-year period (i.e. four years to vest both tranches). In 2021, a second round of PSUs was granted in lieu of there being no 2020 PSUs that vest 50% over an approximate two-year period and 50% over an approximate three-year period. Dividend equivalents are not paid under the Plan. The fair value of each PSU is determined on the grant date or modification date, based on the Company's stock price, adjusted for the exclusion of dividend equivalents, and assumes that performance targets will be achieved. Over the performance period, the number of shares of stock that will be issued is adjusted based upon the probability of achievement of performance targets. The ultimate number of shares issued and the related compensation cost recognized as expense is based on a comparison of the final performance metrics to the specified targets.

RSUs are stock awards granted to directors that entitle the holder to shares of common stock as the award vests, typically over a one-year period, and have a contractual term of 10 years. Dividend equivalents are not paid under the Plan. In 2020, RSUs were also granted to employees, which vest in approximately one- and two-year vesting periods.

Stock Option Activity

A summary of our stock option activity and related information is as follows:

		Weighted-Average		
	Stock Options	**Exercise Price Per Share ($)**	**Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value ($ in millions)**
Outstanding at January 1, 2021	422,500	21.49		
Granted	172,500	20.37		
Forfeited	(172,500)	30.12		
Outstanding at December 31, 2021	422,500	17.51	2.82	
At December 31, 2021:				
Vested and expected to vest	422,500	17.51	2.82	5
Exercisable	250,000	15.53	0.38	3

No stock options were exercised in 2021, 2020 and 2019.

Fair Value of Stock Options Granted

We estimate the fair value of stock options at the date of grant using a valuation model that incorporates key inputs and assumptions as detailed in the table below. The weighted-average grant date fair value of stock options granted during 2021 was $9.82 per share.

	2021
Valuation model	Monte Carlo
Exercise price ($)	20.37
Expected option term (in years)	2.00
Expected volatility of the Company's stock (%)	60.00
Risk-free interest rate (%)	0.80
Dividend yield (%)	—

The expected volatility assumes the historical volatility is indicative of future trends, which may not be the actual outcome. The expected option term is based on historical data and is not necessarily indicative of exercise patterns that may occur. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by employees who receive equity awards, and subsequent events are not indicative of the reasonableness of our original estimates of fair value.

Stock Award Activity

A summary of our stock award activity and related information is as follows:

	PSUs	Weighted- Average Grant Date Fair Value ($)	RSUs	Weighted- Average Grant Date Fair Value ($)
Nonvested at January 1, 2021	3,356,966	18.40	2,366,383	9.05
Granted	3,740,075	26.10	79,844	22.29
Vested	(200,995)	20.91	(1,198,742)	9.05
Forfeited	(1,595,221)	25.87	(188,013)	9.08
Nonvested at December 31, 2021	5,300,825	21.50	1,059,472	10.05
At December 31, 2021:				
Unrecognized cost for nonvested awards ($ in millions)	85		5	
Weighted-average future recognition period (in years)	2.93		0.92	

The total vest-date fair value of PSUs vested was $3 million, $3 million, and $4 million in 2021, 2020, and 2019, respectively. The total vest-date fair value of RSUs vested was $33 million, $1 million, and $1 million for 2021, 2020, and 2019, respectively.

Fair Value of Stock Awards Granted

We estimated the fair value of PSUs at the date of grant using a Monte Carlo simulation valuation model, as the awards include a market condition. The market condition is based on the Company's TSR relative to the Russell Midcap Market Index.

During 2021, 2020, and 2019, we estimated the fair value of RSUs at the date of grant based on our stock price. Details of the grants are as follows:

	2021	2020	2019
PSUs granted during the year	3,740,075	—	2,133,512
Weighted-average grant date fair value ($)	26.10	—	11.10
RSUs granted during the year	79,844	2,375,141	131,676
Weighted-average grant date fair value ($)	22.29	9.04	14.10

Stock-Based Compensation Expense

Total compensation cost (recovery) for our stock-based compensation plans is recorded based on the employees' respective functions as detailed below.

	For the year ended December 31,		
($ in millions)	**2021**	**2020**	**2019**
Cost of services	2	(1)	2
Selling, general and administrative	30	(4)	21
Research and development	3	(1)	3
Stock-based compensation expense before income taxes	35	(7)	27
Income tax benefit (provision)	8	(2)	6
Total stock-based compensation, net of tax	27	(5)	20

The 2020 recovery results from the reversal of 2019 and 2018 expense due to certain PSUs that were no longer forecasted to be achieved.

23. Earnings Per Share

The following table presents the computation of basic and diluted income (loss) per share of common stock:

	For the year ended December 31,		
($ in millions and shares in thousands, except per share amounts)	**2021**	**2020**	**2019**
Numerator:			
Net income (loss) from continuing operations attributable to IGT PLC	65	(939)	(129)
Net income from discontinued operations attributable to IGT PLC	417	41	110
Net income (loss) attributable to IGT PLC	482	(898)	(19)
Denominator:			
Weighted-average shares - basic	204,954	204,725	204,373
Incremental shares under stock based compensation plans	1,841	—	—
Weighted-average shares - diluted	206,795	204,725	204,373
Net income (loss) from continuing operations attributable to IGT PLC per common share - basic	0.32	(4.59)	(0.63)
Net income (loss) from continuing operations attributable to IGT PLC per common share - diluted	0.31	(4.59)	(0.63)
Net income from discontinued operations attributable to IGT PLC per common share - basic	2.03	0.20	0.54
Net income from discontinued operations attributable to IGT PLC per common share - diluted	2.02	0.20	0.54
Net income (loss) attributable to IGT PLC per common share - basic	2.35	(4.39)	(0.09)
Net income (loss) attributable to IGT PLC per common share - diluted	2.33	(4.39)	(0.09)

Certain stock options to purchase common shares were outstanding, but were excluded from the computation of diluted earnings per share, because the exercise price of the options was greater than the average market price of the common shares for the full year, and therefore, the effect would have been antidilutive.

During years when we are in a net loss position, certain outstanding stock options and unvested restricted stock awards are excluded from the computation of diluted earnings per share because including them would have had an antidilutive effect.

For the years ended December 31, 2020 and 2019, stock options and unvested restricted stock awards totaling 1 million shares were excluded from the computation of diluted earnings per share because including them would have had an antidilutive effect. No shares were antidilutive for the year ended December 31, 2021.

24. Related Party Transactions

We engage in business transactions with certain related parties which include (i) De Agostini S.p.A. ("De Agostini") or entities directly or indirectly controlled by De Agostini, (ii) other entities and individuals capable of exercising control, joint control, or significant influence over us, and (iii) our unconsolidated subsidiaries or joint ventures. Members of the Board, executives with authority for planning, directing, and controlling the activities of the Company and such Directors' and executives' close family members are also considered related parties. We may make investments in such entities, enter into transactions with such entities, or both.

De Agostini Group

We are majority-owned by De Agostini. Amounts receivable from De Agostini and subsidiaries of De Agostini (collectively, the "De Agostini Group") are non-interest bearing. Transactions with the De Agostini Group include payments for support services provided and office space rented pursuant to a lease entered into prior to the formation of the Company. In addition, certain of our Italian subsidiaries have a tax unit agreement, and in some cases, a value-added tax agreement, with De Agostini pursuant to which De Agostini consolidates certain Italian subsidiaries of De Agostini for the collection and payment of taxes to the Italian tax authority.

Related party transactions with the De Agostini Group are as follows:

	December 31,	
($ in millions)	**2021**	**2020**
Tax-related receivables	4	—
Trade payables	1	5
Tax-related payables	3	19

Unconsolidated Subsidiaries, Partnerships and Joint Ventures

From time to time, we make strategic investments in publicly traded and privately held companies that develop software, hardware, and other technologies or provide services supporting its technologies. We may also purchase from or make sales to these organizations.

Ringmaster S.r.l.

We have a 50% interest in Ringmaster S.r.l. ("Ringmaster"), an Italian joint venture, that is accounted for using the equity method of accounting. Ringmaster provides software development services for our interactive gaming business pursuant to an agreement dated December 7, 2011. Our investment in Ringmaster was $1 million at December 31, 2021 and 2020.

We incurred $6 million, $7 million, and $6 million in expenses to Ringmaster for the years ended December 31, 2021, 2020, and 2019, respectively.

Connect Ventures One LP and Connect Ventures Two LP

We hold investments in two venture capital funds, Connect Ventures One LP and Connect Ventures Two LP (the "Connect Ventures"), that are accounted for as equity method investments. De Agostini also holds investments in the Connect Ventures, and Nicola Drago, the son of director Marco Drago, holds a 10% ownership interest in, and is a non-executive member of, Connect Ventures LLP, the fund that manages the Connect Ventures.

Our investment in Connect Ventures One LP was $3 million at December 31, 2021 and 2020. Our investment in Connect Ventures Two LP was $6 million at December 31, 2021 and 2020.

25. Subsequent Events

On February 25, 2022, the Parent's wholly-owned subsidiary, IGT Lottery S.p.A. entered into a share sale and purchase agreement to sell 100% of the share capital of Lis Holding S.p.A., a wholly owned subsidiary of IGT Lottery S.p.A. that conducts the Company's Italian commercial services business, to PostePay S.p.A. – Patrimonio Destinato IMEL, an entity of the Italian postal service provider group, for a purchase price of €700 million. Lis Holding S.p.A did not meet the criteria for assets held for sale as of December 31, 2021 and therefore remains presented as a component of continuing operations within

our Global Lottery segment. Upon classification as held for sale in the first quarter of 2022, the Company does not expect to recognize a loss. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close during the third quarter of 2022.