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DELTA REPORT

10-Q

INSE - INSPIRED ENTERTAINMENT, I

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June September 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period _____

Commission File Number: 001-36689

INSPIRED ENTERTAINMENT, INC.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

47-1025534

(I.R.S. Employer
Identification Number)

250 West 57th Street, Suite 415
New York, NY

(Address of principal executive offices)

10107

(Zip Code)

Registrant's telephone number, including area code: (646) 565-3861
(Former name or former address, if changed since last report)

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, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	INSE	The NASDAQ Stock Market LLC

As of August 4, 2023 February 22, 2024, there were 26,336,586 26,219,021 shares of the Company's common stock issued and outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

References in this report to "we," "us," "our," the "Company" and "Inspired" refer to Inspired Entertainment, Inc. and its subsidiaries unless the context suggests otherwise.

Certain statements and other information set forth in this report, including in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere herein, may relate to future events and expectations, and as such constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). Our forward-looking statements include, but are not limited to, statements regarding our business strategy, plans and objectives and our expected or contemplated future operations, results, financial condition, beliefs and intentions. In addition, any statements that refer to projections, forecasts or other characterizations or predictions of future events or circumstances, including any underlying assumptions on which such statements are expressly or implicitly based, are forward-looking statements. The words "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "intend", "may", "might", "plan", "possible", "potential", "predict", "project", "scheduled", "seek", "should", "would" and similar expressions, among others, and negatives expressions including such words, may identify forward-looking statements.

Our forward-looking statements reflect our current expectations about our future results, performance, liquidity, financial condition, prospects and opportunities, and are based upon information currently available to us, our interpretation of what we believe to be significant factors affecting our business and many assumptions regarding future events. Actual results, performance, liquidity, financial condition, prospects and opportunities could differ materially from those expressed in, or implied by, our forward-looking statements. This could occur as a result of various risks and uncertainties, including the following:

- government regulation of our industries;
- our ability to compete effectively in our industries;
- the effect of evolving technology on our business;
- our ability to renew long-term contracts and retain customers, and secure new contracts and customers;
- our ability to maintain relationships with suppliers;
- our ability to protect our intellectual property;
- our ability to protect our business against cybersecurity threats;
- our ability to successfully grow by acquisition as well as organically;
- fluctuations due to seasonality;
- our ability to attract and retain key members of our management team;
- our need for working capital;
- our ability to secure capital for growth and expansion;
- changing consumer, technology and other trends in our industries;
- our ability to successfully operate across multiple jurisdictions and markets around the world;
- changes in local, regional and global economic and political conditions; and
- other factors described in the reports and documents we file from time to time with the U.S. Securities and Exchange Commission (the "SEC").

In light of these risks and uncertainties, and others discussed in this report, there can be no assurance that any matters covered by our forward-looking statements will develop as predicted, expected or implied. Readers should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason. We advise you to carefully review the reports and documents we file from time to time with the SEC.

EXPLANATORY NOTE

Restatement and Revision

As previously reported by the Company in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on November 8, 2023, the Audit Committee (the “Audit Committee”) of the Board of Directors of the Company, in consultation with the Company’s management, determined that (i) the Company’s previously issued audited consolidated financial statements as of December 31, 2021 and 2022 and for the years ended December 31, 2020, 2021 and 2022 included in the Company’s Annual Report on Form 10-K, (ii) associated reports of the Company’s independent registered public accounting firm, Marcum LLP (“Marcum”), and (iii) the Company’s previously issued unaudited condensed consolidated financial statements during those years and for the first and second quarters of 2023 included in the Company’s Quarterly Reports on Form 10-Q (the “Subject Periods”) contained the accounting errors relating to the compliance with U.S. GAAP in connection with the Company’s accounting policies for capitalizing software development costs. The errors related primarily to the application of the relevant accounting standards to projects, including the timing of capitalization with respect to software development projects and the nature of costs eligible for capitalization.

As a result of these errors, the Audit Committee determined that the Company’s previously issued consolidated financial statements for the Subject Periods should no longer be relied upon and should be restated. Similarly, any previously issued or filed reports, press releases, earnings releases, investor presentations or other communications of the Company describing the Company’s financial results or other financial information relating to the Subject Periods should no longer be relied upon.

Additionally, the previous reports of Marcum LLP on the Company’s consolidated financial statements as of December 31, 2021 and 2022 and for the years ended December 31, 2020, 2021 and 2022 likewise should no longer be relied upon.

As of the date of this report, the Company has filed with the SEC an amendment to its Annual Report on Form 10-K for the year ended December 31, 2022 and to the Quarterly Reports on Form 10-Q for the periods ended March 31, 2023 and June 30, 2023 that include financial statements that amend and restate the previously issued unaudited consolidated financial statements originally filed with such filings and reports. The foregoing Quarterly Reports amend and restate the financial statements as of and for the comparable 2022 periods.

This quarterly report on Form 10-Q for the three and nine months ended September 30, 2023 includes financial statements that amend and restate the Company’s unaudited financial statements as of and for the three and nine-month periods ended September 30, 2022. Please see Note 2 to the unaudited financial statements included in this Quarterly Report on Form 10-Q for a discussion of the restatement and the impact on the specific accounts in such unaudited financial statements.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	June 30, 2023	December 31, 2022	December		
			September 30, 2023	31, 2022, as restated	
	(Unaudited)	(Unaudited)			
Assets					
Cash	\$ 42.1	\$ 25.0	\$ 26.4	\$ 25.0	
Accounts receivable, net	39.1	40.5	29.2	40.4	
Inventory	48.0	31.0	39.9	30.3	
Prepaid expenses and other current assets	32.6	32.1	37.8	31.2	
Total current assets	161.8	128.6	133.3	126.9	
Property and equipment, net	48.2	44.7	52.6	45.1	
Software development costs, net	39.2	34.8	21.6	18.3	
Other acquired intangible assets subject to amortization, net	14.7	14.7	13.6	14.6	
Goodwill	78.0	73.9	56.3	55.5	
Operating lease right of use asset	7.7	8.3	14.3	16.0	
Costs of obtaining and fulfilling customer contracts, net			8.5	7.0	
Other assets	3.9	3.4	4.5	3.8	
Total assets	\$ 353.5	\$ 308.4	\$ 304.7	\$ 287.2	
Liabilities and Stockholders' Deficit					
Current liabilities					
Accounts payable and accrued expenses	\$ 47.5	\$ 54.2	\$ 58.0	\$ 52.7	
Corporate tax and other current taxes payable	12.1	9.3	3.6	10.1	
Deferred revenue, current	31.1	4.8	8.7	4.6	
Operating lease liabilities	2.9	2.8	4.1	3.9	
Other current liabilities	3.8	3.6	3.4	3.6	
Total current liabilities	97.4	74.7	77.8	74.9	
Long-term debt	294.0	277.6	282.7	277.6	
Finance lease liabilities, net of current portion	1.9	1.2	1.8	1.2	
Deferred revenue, net of current portion	2.8	3.7	1.6	2.8	
Operating lease liabilities	5.3	5.9	10.3	12.3	
Other long-term liabilities	2.4	4.0	3.0	4.0	
Total liabilities	403.8	367.1	377.2	372.8	
Commitments and contingencies					
Stockholders' deficit					
Preferred stock; \$0.0001 par value; 1,000,000 shares authorized	—	—	—	—	
Common stock; \$0.0001 par value; 49,000,000 shares authorized; 26,263,421 shares and 25,909,516 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	—	—	—	—	
Common stock; \$0.0001 par value; 49,000,000 shares authorized; 26,214,739 shares and 25,909,516 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively			—	—	
Additional paid in capital	384.1	378.2	386.3	378.2	
Accumulated other comprehensive income	45.1	46.4	49.8	50.8	
Accumulated deficit	(479.5)	(483.3)	(508.6)	(514.6)	

Total stockholders' deficit	(50.3)	(58.7)	(72.5)	(85.6)
Total liabilities and stockholders' deficit	\$ 353.5	\$ 308.4	\$ 304.7	\$ 287.2

The accompanying notes are an integral part of these condensed consolidated financial statements.

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INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME (LOSS)
(in millions, except share and per share data)
(Uaudited)

	2023				2022				2023				2022				2023		2022, as restated		2023		2022, as restated	
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		2022, as restated		Nine Months Ended September 30,		2023		2022, as restated		2023		2022, as restated		2023		2022, as restated			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023			
Revenue:																								
Service	\$ 68.1	\$ 64.8	\$ 126.4	\$ 121.8	\$ 70.7	\$ 68.6	\$ 195.7	\$ 188.7																
Product sales	12.3	6.5	20.0	10.1	26.8	5.6	46.1	16.3																
Total revenue	80.4	71.3	146.4	131.9	97.5	74.2	241.8	205.0																
Cost of sales:																								
Cost of service ⁽¹⁾	(13.4)	(11.7)	(24.3)	(23.5)	(21.4)	(20.3)	(56.9)	(54.9)																
Cost of product sales ⁽¹⁾	(9.8)	(4.4)	(15.6)	(6.5)	(26.7)	(4.1)	(41.8)	(11.2)																
Selling, general and administrative expenses	(34.4)	(31.9)	(68.7)	(61.5)	(26.9)	(25.2)	(82.7)	(74.1)																
Acquisition and integration related transaction expenses	—	(0.1)	—	(0.2)	—	(0.1)	—	(0.3)																
Depreciation and amortization	(10.4)	(10.1)	(19.3)	(20.5)	(10.3)	(9.2)	(29.8)	(30.1)																
Net operating income	12.4	13.1	18.5	19.7	12.2	15.3	30.6	34.4																
Other expense																								
Interest expense, net	(7.3)	(6.0)	(13.6)	(12.5)	(6.9)	(6.3)	(20.5)	(18.7)																
Gain on disposal of business	—	—	—	0.9	—	—	—	0.9																
Other finance income	0.1	0.3	0.2	0.6	0.1	0.3	0.3	0.9																
Total other expense, net	(7.2)	(5.7)	(13.4)	(11.0)	(6.8)	(6.0)	(20.2)	(16.9)																
Net income before income taxes	5.2	7.4	5.1	8.7	5.4	9.3	10.4	17.5																
Income tax (expense) benefit	(1.1)	(0.2)	(1.2)	(0.3)																				
Income tax expense					(2.0)	(0.1)	(2.8)	(0.4)																
Net income	4.1	7.2	3.9	8.4	3.4	9.2	7.6	17.1																
Other comprehensive income:																								
Foreign currency translation (loss) gain	(1.6)	5.8	(3.3)	8.2																				
Other comprehensive (loss)/income:																								
Foreign currency translation gain (loss)																								
Reclassification of loss on hedging instrument to comprehensive income	0.1	0.2	0.3	0.4	—	0.1	0.3	0.5																
Actuarial (losses) gains on pension plan	(0.3)	2.6	1.7	3.3	0.2	0.1	0.7	(0.6)																
Other comprehensive (loss) income	(1.8)	8.6	(1.3)	11.9																				

Other comprehensive income (loss)					3.8	8.2	(1.0)	20.4
Comprehensive income	\$ 2.3	\$ 15.8	\$ 2.6	\$ 20.3	\$ 7.2	\$ 17.4	\$ 6.6	\$ 37.5
Net income per common share – basic	\$ 0.16	\$ 0.27	\$ 0.15	\$ 0.31	\$ 0.12	\$ 0.33	\$ 0.27	\$ 0.61
Net income per common share - diluted	\$ 0.14	\$ 0.25	\$ 0.13	\$ 0.29				
Net income per common share – diluted					\$ 0.12	\$ 0.32	\$ 0.26	\$ 0.58
Weighted average number of shares outstanding during the period – basic	26,267,215	26,826,014	26,211,589	26,838,339	28,104,365	27,856,920	28,088,901	28,237,874
Weighted average number of shares outstanding during the period – diluted	29,041,781	29,262,690	28,992,987	29,375,570	29,105,267	28,921,246	29,149,285	29,374,460
Supplemental disclosure of stock-based compensation expense								
Stock-based compensation included in:								
Selling, general and administrative expenses	\$ (3.2)	\$ (2.6)	\$ (6.1)	\$ (5.4)	\$ (3.3)	\$ (2.5)	\$ (9.3)	\$ (7.9)

(1) Excluding depreciation and amortization

The accompanying notes are an integral part of these condensed consolidated financial statements.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE PERIOD JANUARY 1, 2023 TO JUNE SEPTEMBER 30, 2023
(in millions, except share data)
(Uaudited)

	Statement of Stockholders' Deficit (Unaudited)						Statement of Stockholders' Deficit (Unaudited)						Statement of Stockholders' Deficit (Unaudited)						Statement of Stockholders' Deficit (Unaudited)						
	Shares		Amount		Capital		Income		Deficit		Deficit		Shares		Amount		Capital		Income		Deficit				
	Common stock		Additional paid in capital		Accumulated other comprehensive income		Accumulated deficit		Total stockholders' deficit		Common stock		Additional paid in capital		Accumulated other comprehensive income		Accumulated deficit		Common stock		Additional paid in capital		Accumulated other comprehensive income		Accumulated deficit
	Shares	Amount	Shares	Amount	Capital		Income		Deficit		Shares	Amount	Capital		Income		Deficit		Shares	Amount	Capital		Income		Deficit
Balance as of January 1, 2023	25,909,516	\$ —	378.2	\$ 46.4	\$ (483.3)	\$ (58.7)																			
Balance as of January 1, 2023, as restated																									
Foreign currency translation adjustments	—	—	—	—	(1.7)	—	(1.7)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2.9)	—	
Actuarial gains on pension plan	—	—	—	—	2.0	—	2.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.2	—	
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	—	0.2	—	0.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.2	—	
Issuances under stock plans	353,554	—	—	—	—	—	—	—	—	—	353,554	—	—	—	—	—	—	—	—	—	—	—	—	—	
Stock-based compensation expense	—	—	3.0	—	—	—	3.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3.0	—	
Net loss	—	—	—	—	(0.2)	—	(0.2)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Balance as of March 31, 2023	26,263,070	\$ —	381.2	\$ 46.9	\$ (483.5)	\$ (55.4)																			
Balance as of March 31, 2023, as restated																									
Foreign currency translation adjustments	—	—	—	—	(1.6)	—	(1.6)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2.7)	—	
Actuarial loss on pension plan	—	—	—	—	(0.3)	—	(0.3)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.3	—	
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	—	0.1	—	0.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	—	
Repurchase of common stock	(3,931)	—	—	—	—	(0.1)	(0.1)	(0.1)	(3,931)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Issuances under stock plans	4,282	—	(0.2)	—	—	—	(0.2)	—	—	—	4,282	—	—	(0.2)	—	—	—	—	—	—	—	—	—	—	

Stock-based compensation expense	—	—	3.1	—	—	3.1	—	—	3.1	—								
Net income	—	—	—	—	4.1	4.1	—	—	—	—								
Balance as of June 30, 2023	26,263,421	\$	—	\$	384.1	\$	45.1	\$	(479.5)	\$	(50.3)							
Balance as of June 30, 2023, as restated											26,263,421	\$	—	\$	384.1	\$	46.0	\$
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	3.6							
Actuarial loss on pension plan	—	—	—	—	—	—	—	—	—	—	0.2							
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	—	—	—	—	—	—	—	—							
Repurchase of common stock	(121,847)	—	—	—	—	—	—	—	—	—	—							
Issuances under stock plans	73,165	—	—	—	—	—	—	—	—	—	—							
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	3.3							
Net income	—	—	—	—	—	—	—	—	—	—	—							
Balance as of September 30, 2023	26,214,739	\$	—	\$	386.3	\$	49.8	\$										

The accompanying notes are an integral part of these condensed consolidated financial statements.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE PERIOD JANUARY 1, 2022 TO JUNE SEPTEMBER 30, 2022
(in millions, except share data)
(Uaudited)

	Common stock						Additional paid in capital						Accumulated other comprehensive income						Accumulated deficit						Total stockholders' deficit					
	Shares		Amount																											
Balance as of January 1, 2022	26,433,562	\$ —	\$ 372.3	\$ 43.8	\$ (494.1)	\$ (78.0)																								
Balance as of January 1, 2022, as restated																														
Foreign currency translation adjustments	—	—	—	—	2.4	—	—	2.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3.5		
Actuarial gains on pension plan	—	—	—	—	0.7	—	—	0.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1		
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	—	0.2	—	—	0.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.2		
Issuances under stock plans	447,060	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Stock-based compensation expense	—	—	2.7	—	—	—	—	2.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2.7		
Net income	—	—	—	—	—	—	—	1.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Balance as of March 31, 2022	26,880,622	\$ —	\$ 375.0	\$ 47.1	\$ (492.9)	\$ (70.8)																								
Balance as of March 31, 2022, as restated																														
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9.0		
Actuarial loss on pension plan	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.8)		
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.2		
Repurchase of common stock	—	(477,643)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Issuances under stock plans	—	45,594	—	—	(0.2)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		

Stock-based compensation expense	—	—	2.6	—
Net income	—	—	—	—
Balance as of June 30, 2022, as restated	26,448,573	\$ —	\$ 377.4	\$ 56.0
Balance	26,880,622	\$ —	\$ 375.0	\$ 47.1
Foreign currency translation adjustments	—	—	5.8	—
Actuarial gains on pension plan	—	—	—	2.6
Reclassification of loss on hedging instrument to comprehensive income	—	—	0.2	—
Repurchase of common stock	(477,643)	—	—	—
Issuances under stock plans	45,594	—	(0.2)	—
Stock-based compensation expense	—	—	2.6	—
Net income	—	—	—	7.2
Balance as of June 30, 2022	26,448,573	\$ —	\$ 377.4	\$ 55.7
Net income (loss)	—	—	—	—
Balance as of September 30, 2022, as restated	25,912,781	\$ —	\$ 379.9	\$ 64.2
Balance	26,448,573	\$ —	\$ 377.4	\$ 55.7

The accompanying notes are an integral part of these condensed consolidated financial statements.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (in millions)
 (Unaudited)

	2023		2022		2023		2022, as restated	
	Six Months Ended June 30,		Nine Months Ended September 30,		2023		2022, as restated	
	2023	2022	2023	2022	2023	2022	2023	2022
Cash flows from operating activities:								
Net income	\$ 3.9	\$ 8.4	\$ 7.6	\$ 17.1				
Adjustments to reconcile net income to net cash provided by operating activities:								
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:								
Depreciation and amortization	19.3	20.5	29.8	30.1				
Amortization of right of use asset	1.2	1.4	2.8	2.7				
Profit on disposal of trade and assets					—	(0.9)		
Stock-based compensation expense	6.1	5.4	9.3	7.9				
Contract cost expense					(7.7)	(4.7)		
Reclassification of loss on hedging instrument to comprehensive income	0.3	0.4	0.5	0.5				
Non-cash interest expense relating to senior debt	1.0	0.8	1.0	1.1				
Changes in assets and liabilities:								
Accounts receivable	3.3	(0.1)	11.7	(1.3)				
Inventory	(15.0)	(10.4)	(9.4)	(12.1)				
Prepaid expenses and other assets	2.9	2.3	(5.0)	(3.1)				
Corporate tax and other current taxes payable	1.0	(6.5)	(9.6)	(6.6)				
Accounts payable and accrued expenses	(9.8)	(1.5)	4.6	8.8				
Deferred revenues and customer prepayment	24.6	(2.2)	2.9	(2.9)				
Operating lease liabilities	(1.2)	(1.2)	(2.8)	(2.7)				
Other long-term liabilities	(0.1)	(1.4)	(0.4)	(2.1)				
Net cash provided by operating activities	37.5	15.9	35.3	31.8				
Cash flows from investing activities:								
Purchases of property and equipment	(9.3)	(11.5)	(20.1)	(16.8)				
Acquisition of subsidiary company assets	—	(0.6)	—	(0.6)				
Acquisition of third-party company trade and assets	(0.6)	—	(0.6)	—				
Purchases of capital software and internally developed costs	(10.7)	(9.9)	—	—				
Disposal of trade and assets					—	1.3		
Purchases of capital software					(11.0)	(9.4)		
Net cash used in investing activities	(20.6)	(22.0)	(31.7)	(25.5)				
Cash flows from financing activities:								
Repurchase of common stock	(0.1)	(5.1)	(1.6)	(10.0)				
Repayments of finance leases	(0.7)	(0.3)	(1.0)	(0.5)				
Net cash used in financing activities	(0.8)	(5.4)	(2.6)	(10.5)				
Effect of exchange rate changes on cash	1.0	(4.5)	0.4	(6.2)				
Net increase (decrease) in cash	17.1	(16.0)	1.4	(10.4)				
Net increase (decrease) in cash	17.1	(16.0)	1.4	(10.4)				
Cash, beginning of period	25.0	47.8	25.0	47.8				
Cash, end of period	\$ 42.1	\$ 31.8	\$ 26.4	\$ 37.4				
Supplemental cash flow disclosures								
Cash paid during the period for interest	\$ 11.9	\$ 11.7	\$ 12.1	\$ 11.9				

Cash paid during the period for income taxes	\$ 4.5	\$ 0.1	
Cash paid (received) during the period for income taxes		\$ 4.8	\$ (0.2)
Cash paid during the period for operating leases	\$ 1.7	\$ 1.9	\$ 4.9 \$ 6.0
Supplemental disclosure of non-cash investing and financing activities			
Lease liabilities arising from obtaining right of use assets	\$ 0.2	\$ —	\$ (0.4) \$ —
Additional paid in capital from settlement of RSUs	\$ (0.2)	\$ (0.2)	
Property and equipment transferred to inventory		\$ —	\$ 0.8
Property and equipment acquired through finance lease	\$ 1.2	\$ —	\$ 1.2 \$ —
Property and equipment transferred to inventory	\$ —	\$ 0.8	
Additional paid in capital from net settlement of RSUs		\$ (1.3)	\$ (0.2)

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Nature of Operations, Management's Plans and Summary of Significant Accounting Policies

Company Description and Nature of Operations

We are a global gaming technology company, supplying content, platform, gaming terminals and other products and services to online and land-based regulated lottery, betting and gaming operators worldwide through a broad range of distribution channels, predominantly on a business-to-business basis. We provide end-to-end digital gaming solutions (i) on our own proprietary and secure network, which accommodates a wide range of devices, including land-based gaming machine terminals, mobile devices and online computer applications and (ii) through third party networks. Our content and other products can be found through the consumer-facing portals of our interactive customers and, through our land-based customers, in licensed betting offices, adult gaming centers, pubs, bingo halls, airports, motorway service areas and leisure parks.

Management Liquidity Plans

As of **June 30, 2023** **September 30, 2023**, the Company's cash on hand was **\$42.1** **26.4** million, and the Company had working capital in addition to cash of **\$22.3** **29.1** million. The Company recorded net income of **\$3.9** **7.6** million and **\$8.4** **17.1** million for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively. Net income includes non-cash stock-based compensation of **\$6.1** **9.3** million and **\$5.4** **7.9** million for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively. Working capital of **\$64.4** **55.5** million includes **\$31.1** **8.7** million of deferred income.

Historically, the Company has generally had positive cash flows from operating activities and has relied on a combination of cash flows provided by operations and the incurrence of debt and/or the refinancing of existing debt to fund its obligations. Cash flows provided by operations amounted to **\$37.5** **35.3** million and **\$15.9** **31.8** million for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively. The change year on year was driven primarily by improved working capital levels, with the six months ended June 30, 2023 benefiting from favorable receipts due to the timing of invoicing.

Management currently believes that the Company's cash balances on hand, cash flows expected to be generated from operations, ability to control and defer capital projects and amounts available from the Company's external borrowings will be sufficient to fund the Company's net cash requirements through **August** **November** 2024.

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X of the United States Securities and Exchange Commission ("SEC"). Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that the accompanying unaudited interim condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the years ended December 31, 2022 and 2021. The financial information as of December 31, 2022 is derived from the audited consolidated financial statements presented in the Company's Annual Report on Form **10-K** **10-K/A** filed with the SEC on **March 16, 2023** **February 27, 2024**. The interim results for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or for any future interim periods.

Newly Adopted Accounting Standards

On January 1, 2023, the Company adopted Topic 326 Financial Instruments – Credit Losses (“ASC 326”). ASC 326 affects loans, debt securities, trade receivables, and any other financial assets that have the contractual right to receive cash. It requires an entity to recognize expected credit losses rather than incurred losses for financial assets and requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

The adoption of ASC 326 did not have a material impact. Disclosures with respect to allowances for credit losses are given in footnote 4 to these financial statements.

2. Revision Restatement of Previously Issued Financial Statements

In preparation Restatement Background

On November 2, 2023, the Company in concurrence with the Company's audit committee, concluded that our 2023 and 2022 consolidated financial statements and our unaudited consolidated financial statements as of and for each of the first two quarterly periods in 2023 and all quarterly periods in 2022, included in our Quarterly Reports on Form 10-Q for the respective periods, (collectively the "Prior Period Financial Statements") should no longer be relied upon due to misstatements that are described below, and that we would restate such financial statements to make the necessary accounting corrections. Details of the restated consolidated financial statements for the three and nine months ended September 30, 2022 are provided below ("Restatement Items"). Details of the restated consolidated financial statements as of December 31, 2022 are provided in the amendment to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2022, filed with the SEC as of the date of this report.

The Restatement Items reflect adjustments to correct errors in certain financial statement areas including capitalized software and costs to fulfill a contract, revenue and costs to obtain a contract, inventory, goodwill and intangibles, leasing, pension, and other reclassifications and immaterial errors identified. The nature and impact of these adjustments are described below and also detailed in the tables below.

The Company concluded issued a revision for capitalized software and related amortization expense in the quarterly report on Form 10-Q filed on August 11, 2023 for the period ended June 30, 2023 (the "Revision"). This revision related to certain completed software development projects that were, but should not have been, delayed in the shift from work in progress to completed projects. Consequently, the commencement of amortization for certain projects was delayed and the reported amortization was lower than the actual amortization. Whilst we do not believe that any individual prior The Revision covers the period was materially misstated, we do believe that an out of period correction of the prior year impact in the three months ending June 30, 2023, could be viewed as such, ended September 30, 2023 and have therefore revised prior periods.

The following tables summarize the effect of the revision to the Company's financial statements for (i) its audited consolidated financial statements as of and for the year ended December 31, 2022, and (ii) its unaudited condensed consolidated financial statements for is distinct from the quarterly period ended June 30, 2022; capitalized software restatements below. The tables below have been updated to separate the impact of the Restatement Items from the Revision.

In millions, except per share data Restatement Items

Summarize Capitalized software and Costs to fulfill a contract – The Company historically assessed and applied incorrectly the effect accounting frameworks for developing external use software under ASC 985-20, *Costs of Software to Be Sold, Leased or Marketed*, and internal-use software under ASC 350-40, *Intangibles – Goodwill and Other – Internal-Use Software* and ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*. In addition, the Company determined routine software updates and certain minor software enhancements were inappropriately capitalized and capitalized labor rates inappropriately included, certain indirect costs including overhead and non-development activities. Consequently, certain amortization was inappropriate. The corrections resulted in an increase to Selling, general and administrative expenses of \$0.9 million and \$2.7 million as well as a decrease in Depreciation and amortization of \$0.7 million, and \$1.7 million for the restatement three and nine months ended September 30, 2022, respectively. Refer to the company's financial statements reference "a" below.

Balance sheet as of December 31, 2022 (audited)	As Previously Reported	Adjustments	As Revised
Software development costs, net	\$ 35.8	(1.0)	\$ 34.8
Total assets	309.4	(1.0)	308.4
Accumulated other comprehensive income	46.3	0.1	46.4
Accumulated deficit	(482.2)	(1.1)	(483.3)
Total stockholders' deficit	(57.7)	(1.0)	(58.7)
Total liabilities and stockholders' deficit	309.4	(1.0)	308.4

Revenue and Costs to obtain a contract – The Company identified several corrections related to ASC 606, *Revenue from Contracts with Customers*. The Company identified certain performance obligations were delivered and therefore should have been recognized at a specific point in time (rather than over time). Additionally, we identified that (i) for certain Interactive Aggregator contracts, revenue should have been reported on a net, rather than gross, basis and (ii) certain parts the Company acquired and sold to its contract manufacturer should have not been reported as revenue. These two items have no impact to profit. The Company also identified an immaterial contract that should have been recognized as a sales type lease rather than an operating lease. Items reported on a gross, rather than net basis are corrected with no impact to profit. Lastly, the Company had historically expensed certain commissions in the period incurred instead of capitalizing and amortizing them under the accounting framework for costs to obtain contracts with customers pursuant to ASC 606, *Revenue from Contracts with Customers*, and ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*. The corrections also resulted in a decrease in Revenue - service of \$0.6 million and \$2.3 million for the three and nine months ended September 30, 2022, respectively and a \$0.1 million decrease and \$0.5 million increase in Revenue - product sales for the three and nine months ended September 30, 2022, respectively, a decrease in Cost of sales - service of \$1.7 million and \$5.0 million for the three and nine months ended September 30, 2022, respectively, and as a \$0.5 million increase in Cost of sales - product sales for the nine months ended September 30, 2022. The corrections also resulted in an increase in Depreciation and amortization increased by \$1.2 million and \$3.2 million for the three and nine months ended September 30, 2022, respectively as well as a \$0.1 increase in Interest expense, net for the three months ended September 30, 2022. Refer to reference "b" below. Note 7, "Contract Liabilities and Other Disclosures" and Note 19, "Segment Reporting and Geographic Information" have also been corrected.

Year ended December 31, 2022 (audited)	As Previously Reported	Adjustments	As Revised
Revenue	\$ 285.4	—	\$ 285.4
Cost of sales	(72.0)	—	(72.0)
Selling, general and administrative expenses	(126.4)	—	(126.4)
Depreciation and amortization	(37.6)	(1.1)	(38.7)
Net income (loss) before tax	25.5	(1.1)	24.4
Income tax	(3.2)	—	(3.2)
Net income (loss)	22.3	(1.1)	21.2
Net income per common share - basic	0.84	(0.04)	0.80
Net income per common share - diluted	0.77	(0.04)	0.73

Inventory – The Company

Three months ended June 30, 2022 (unaudited)	As Previously Reported	Adjustments	As Revised
Revenue	\$ 71.3	—	\$ 71.3
Cost of sales	(16.1)	—	(16.1)
Selling, general and administrative expenses	(31.9)	—	(31.9)
Depreciation and amortization	(9.8)	(0.3)	(10.1)
Net income (loss) before tax	7.7	(0.3)	7.4
Income tax	(0.2)	—	(0.2)
Net income (loss)	7.5	(0.3)	7.2
Net income per common share - basic	0.28	(0.01)	0.27
Net income per common share - diluted	0.26	(0.01)	0.25

identified an error in the amount capitalized

Six months ended June 30, 2022 (unaudited)	As Previously Reported	Adjustments	As Revised
Revenue	\$ 131.9	—	\$ 131.9
Cost of sales	(30.0)	—	(30.0)
Selling, general and administrative expenses	(61.5)	—	(61.5)
Depreciation and amortization	(19.9)	(0.6)	(20.5)
Net income (loss) before tax	9.3	(0.6)	8.7
Income tax	(0.3)	—	(0.3)
Net income (loss)	9.0	(0.6)	8.4
Net income per common share - basic	0.34	(0.03)	0.31
Net income per common share - diluted	0.31	(0.02)	0.29

for field inventory, repair and consumable items. Refer to reference "c" below. Note 5, "Inventory" has also been corrected.

Goodwill and intangibles –

Of Through review of the total adjustment, appropriate reporting units and asset groups to assess impairments at under ASC 350, *Intangibles – Goodwill and Other* and ASC 360, *Property, Plant and Equipment*, the split between segments Company identified a triggering event in the first quarter of 2020, related to the beginning of the COVID-19 pandemic, for which impairment assessment was required for (i) Server Based Gaming ("44 SBG") and Acquired Business reporting units and (ii) all landbased asset groups. Based on the assessment, we determined that an impairment of goodwill and long-lived assets occurred in the first quarter of 2020. Additionally, we determined that a significant number of synergies existed from the acquisition in the fourth quarter of 2019 and therefore a portion of the acquisition goodwill should have been reallocated to other reporting units upon acquisition. The corrections resulted in a decrease of Depreciation and amortization of \$0.1 %, Virtual Sports 23%, Interactive 23%, Leisure 4% million for both the three and Corporate 6 nine months ended September 30, 2022. Refer to reference "d" below. %.

3. Leasing – The Company had not historically included in-substance fixed payments related to certain leases according to the accounting framework in ASC 842, *Leases*. Refer to reference "f" below. Note 16, "Leases" has also been corrected.

Basic and diluted net income (loss) per share – An error to shares outstanding primarily relates to the Company not including deferred settlement equity awards that had vested in the number of outstanding shares used in the calculation of basic and diluted weighted average number of shares outstanding pursuant to ASC 260, *Earnings Per Share*. Refer to reference "h" below. Note 12, "Net earnings (loss) per share" has also been corrected.

Pension – The Company had corrections to pension that primarily related to no longer updating the plan liability/ asset quarterly to comply with US GAAP. In addition, the Company corrected the benefit obligation and fair value of plan assets for the buy-in contract. The Company corrected the measurement of the plan assets and the estimated fair value of the buy in contract. Note 18, "Pension Plan" has also been corrected. Refer to reference "g" below.

Other errors identified – Through the restatement process, the Company has reclassified certain costs for salaries of service employees and recorded an adjustment related to foreign currency impacts on an intangible. In addition to the reclassification and intangible adjustment, the Company has corrected other adjustments that are quantitatively immaterial, individually and in aggregate, because we are correcting for these material errors, we have decided to correct these other adjustments. Refer to reference "f" below.

Income tax – The Company updated the income tax effects for the Restatement Items. Note 14, "Income Taxes" has also been updated.

Summary impact of Restatement Items to Prior Period Financial Statements

The following tables present the effect of the Restatement Items on the Company's consolidated statement of operations for the periods indicated (in millions, except share and per share amounts):

For Nine Months Ended September 30, 2022 (unaudited)

	As Previously Reported	Restatement Adjustments	As Restated	Restatement References
Revenue:				
Service	\$ 191.0	\$ (2.3)	\$ 188.7	b
Product Sales	15.8	0.5	16.3	b
Total Revenue	206.8	(1.8)	205.0	
Cost of sales, excluding depreciation and amortization				
Cost of Service	(37.7)	(17.2)	(54.9)	b, f
Cost of product sales	(10.4)	(0.8)	(11.2)	b, c
Selling, general and administrative expenses	(93.2)	19.1	(74.1)	a, f
Acquisition and integration related transaction expenses	(0.3)	-	(0.3)	
Depreciation and amortization	(28.7)	(1.4)	(30.1)	a, b, d
Net operating income (loss)	36.5	(2.1)	34.4	
Other (expense) income				
Interest expense, net	(18.7)	-	(18.7)	b
Gain on disposal of business	0.9	-	0.9	
Other finance income	0.9	-	0.9	
Total other expense, net	(16.9)	-	(16.9)	
Net income before income taxes	19.6	(2.1)	17.5	
Income tax (expense) benefit	(0.4)	-	(0.4)	
Net income	19.2	(2.1)	17.1	
Other comprehensive income:				
Foreign currency translation (loss) gain	13.0	7.5	20.5	
Reclassification of loss on hedging instrument to comprehensive income	0.5	-	0.5	
Actuarial (losses) gains on pension plan	(2.9)	2.3	(0.6)	g
Other comprehensive (loss) income	10.6	9.8	20.4	
Comprehensive income	\$ 29.8	\$ 7.7	\$ 37.5	
Net income per common share - basic	\$ 0.72	\$ (0.11)	\$ 0.61	
Net income per common share - diluted	\$ 0.66	\$ (0.08)	\$ 0.58	
Weighted average number of shares outstanding during the year - basic	26,639,084	1,598,790	28,237,874	h
Weighted average number of shares outstanding during the year - diluted	29,308,455	66,005	29,374,460	
Supplemental disclosure of stock-based compensation expense				
Stock-based compensation expense included in:				
Selling, general and administrative expenses	\$ (7.9)	-	\$ (7.9)	

	For Three Months Ended September 30, 2022 (unaudited)			
	As Previously Reported	Restatement Adjustments	As Restated	Restatement References
Revenue:				
Service	\$ 69.2	\$ (0.6)	\$ 68.6	b
Product Sales	5.7	(0.1)	5.6	b
Total Revenue	74.9	(0.7)	74.2	
Cost of sales, excluding depreciation and amortization				
Cost of Service	(14.2)	(6.1)	(20.3)	b, f
Cost of Product sales	(3.9)	(0.2)	(4.1)	b
Selling, general and administrative expenses	(31.7)	6.5	(25.2)	a, f
Acquisition and integration related transaction expenses	(0.1)	-	(0.1)	
Depreciation and amortization	(8.8)	(0.4)	(9.2)	a, b, d
Net operating income (loss)	16.2	(0.9)	15.3	
Other (expense) income				
Interest expense, net	(6.2)	(0.1)	(6.3)	b
Gain on disposal of business	-	-	-	
Other finance income (expense)	0.3	-	0.3	
Total other expense, net	(5.9)	(0.1)	(6.0)	
Net income before income taxes	10.3	(1.0)	9.3	
Income tax (expense) benefit	(0.1)	-	(0.1)	
Net income	10.2	(1.0)	9.2	
Other comprehensive income:				
Foreign currency translation (loss) gain	4.8	3.2	8.0	
Reclassification of loss on hedging instrument to comprehensive income	0.1	-	0.1	
Actuarial (losses) gains on pension plan	(6.2)	6.3	0.1	
Other comprehensive (loss) income	(1.3)	9.5	8.2	
Comprehensive income	\$ 8.9	\$ 8.5	\$ 17.4	
Net income per common share - basic	\$ 0.39	\$ (0.06)	\$ 0.33	
Net income per common share - diluted	\$ 0.35	\$ (0.03)	\$ 0.32	
Weighted average number of shares outstanding during the year - basic	26,247,046	1,609,874	27,856,920	
Weighted average number of shares outstanding during the year - diluted	28,845,331	75,915	28,921,246	
Supplemental disclosure of stock-based compensation expense				
Stock-based compensation expense included in:				
Selling, general and administrative expenses	\$ (2.5)	-	\$ (2.5)	

The following tables present the effect of the Restatement Items on the Company's consolidated statements of stockholders' equity (deficit) for the periods indicated (in millions, except per share amounts):

	Common Stock		Additional paid in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' deficit	Restatement References
	Shares	Amount					
Balance as of March 31, 2022 (As Previously Reported)	26,880,622	-	375.0	47.1	(492.6)	(70.5)	
Restatement Items	-	-	-	0.5	(30.7)	(30.2)	
Balance as of March 31, 2022 (As Restated) (Unaudited)	<u>26,880,622</u>	<u>\$ -</u>	<u>\$ 375.0</u>	<u>47.6</u>	<u>(523.3)</u>	<u>(100.7)</u>	
Balance as of June 30, 2022 (As Previously Reported)	26,448,573	-	377.4	55.7	(490.2)	(57.1)	
Previous Revision	-	-	-	-	(0.6)	(0.6)	
Restatement Items	-	-	-	0.3	(31.2)	(30.9)	
Balance as of June 30, 2022 (As Restated) (Unaudited)	<u>26,448,573</u>	<u>\$ -</u>	<u>\$ 377.4</u>	<u>\$ 56.0</u>	<u>\$ (522.0)</u>	<u>\$ (88.6)</u>	
Balance as of September, 2022 (As Previously Reported)	25,912,781	-	379.9	54.4	(484.9)	(50.6)	
Restatement Items	-	-	-	9.8	(32.8)	(23.0)	
Balance as of September, 2022 (As Restated) (Unaudited)	<u>25,912,781</u>	<u>\$ -</u>	<u>\$ 379.9</u>	<u>64.2</u>	<u>(517.7)</u>	<u>(73.6)</u>	

The following tables present the effect of the Restatement Items on the Company's consolidated statements of cashflows for the periods indicated (in millions):

Nine Months Ended September 30, 2022 (unaudited)

	As Previously Reported	Restatement Adjustments	As Restated	Restatement References
Cash flows from operating activities:				
Net income (loss)	\$ 19.2	\$ (2.1)	\$ 17.1	a, b, c, d, f
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	28.7	1.4	30.1	a, b, d
Amortization of right of use asset	1.9	0.8	2.7	e
Profit on sale of trade and assets	-	(1.0)	(1.0)	f
Stock-based compensation expense	7.9	-	7.9	
Contract cost additions	-	(4.7)	(4.7)	a, b
Reclassification of loss on hedging instrument to comprehensive income	0.5	-	0.5	
Non-cash interest expense relating to senior debt	1.1	-	1.1	
Changes in assets and liabilities:				
Accounts receivable	(1.2)	(0.1)	(1.3)	g
Inventory	(12.2)	0.1	(12.1)	c, g
Prepaid expenses and other assets	(1.6)	(1.5)	(3.1)	g
Corporate tax and other current taxes payable	(6.3)	(0.2)	(6.5)	
Accounts payable and accrued expenses	9.4	(0.6)	8.8	g
Deferred revenues and customer prepayment	(3.6)	0.7	(2.9)	a, b, g
Operating lease liabilities	(1.9)	(0.8)	(2.7)	e
Other long-term liabilities	(2.0)	(0.1)	(2.1)	f
Net cash provided by operating activities	39.9	(8.1)	31.8	
Cash flows from investing activities:				
Purchases of property and equipment	(16.6)	(0.2)	(16.8)	g
Acquisition of subsidiary company assets	(0.6)	-	(0.6)	
Disposal of trade and assets	-	1.3	1.3	f
Purchases of capital software	(14.2)	4.8	(9.4)	a, g
Net cash used in investing activities	(31.4)	5.9	(25.5)	
Cash flows from financing activities:				
Repurchase of common stock	(10.0)	-	(10.0)	
Repayments of finance leases	(0.4)	(0.1)	(0.5)	
Net cash (used in) provided by financing activities	(10.4)	(0.1)	(10.5)	
Effect of exchange rate changes on cash	(8.5)	2.3	(6.2)	g
Net increase in cash	(10.4)	-	(10.4)	
Cash, beginning of period	47.8	-	47.8	
Cash, end of period	\$ 37.4	\$ -	\$ 37.4	
Supplemental cash flow disclosures				
Cash paid during the period for interest	\$ 11.9	\$ -	\$ 11.9	
Cash paid during the period for income taxes	\$ (0.2)	\$ -	\$ (0.2)	
Cash paid during the period for operating leases	\$ 3.0	\$ 3.0	\$ 6.0	e
Supplemental disclosure of noncash investing and financing activities				
Property and equipment transferred to inventory	\$ 0.8	\$ -	\$ 0.8	
Additional paid in capital from net settlement of RSUs	\$ (0.2)	\$ -	\$ (0.2)	

3. Acquisitions and Disposals

In January 2022, the Company sold its Italian VLT business, including all terminal and other assets, staff costs and facilities and contracts, to a non-connected party for total proceeds of €1.1 million (\$1.2 million), recognizing a profit on disposal of €0.8 million (\$0.9 million). The Company continues to serve these Italian markets in the form of the provision of platform and games.

4. Allowance for Credit Losses

Changes in the allowance for doubtful accounts are as follows:

	June 30, 2023	December 31, 2022
	(in millions)	
Beginning balance	\$ (1.3)	\$ (1.7)
Additional provision for doubtful accounts	(0.2)	(0.2)
Recoveries	0.2	—
Write offs	0.4	0.4
Foreign currency translation adjustments	(0.1)	0.2
Ending balance	\$ (1.0)	\$ (1.3)

	September 30, 2023	December 31, 2022, as restated
	(in millions)	
Beginning balance	\$ (1.4)	\$ (1.8)
Additional provision for doubtful accounts	(0.3)	(0.2)
Recoveries	0.2	—
Write offs	0.4	0.4
Foreign currency translation adjustments	(0.1)	0.2
Ending balance	\$ (1.2)	\$ (1.4)

5. Inventory

Inventory consists of the following:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022, as restated
	(in millions)		(in millions)	
Component parts	\$ 23.0	\$ 21.4	\$ 22.8	\$ 20.7
Work in progress	1.8	3.6	1.4	3.6
Finished goods	23.2	6.0	15.7	6.0
Total inventories	\$ 48.0	\$ 31.0	\$ 39.9	\$ 30.3

Component parts include parts for gaming terminals. Our finished goods inventory primarily consists of gaming terminals which are ready for sale.

6. Accounts Payable and Accrued Expenses

Accounts Payable payable and Accrued accrued expenses consist of the following:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	(in millions)		(in millions)	
Accounts payable	\$ 30.0	\$ 25.7	\$ 34.4	\$ 23.7
Interest payable			7.5	—
Payroll and related costs		5.3	10.2	5.9
Cost of sales including inventory		5.9	9.1	4.8
Other		6.3	9.2	5.4
Total accounts payable and accrued expenses	\$ 47.5	\$ 54.2	\$ 58.0	\$ 52.7

7. Contract Liabilities and Other Disclosures

The following table summarizes contract related balances:

	Accounts Receivable	Unbilled Accounts Receivable	Deferred Income	Customer Prepayments and Deposits
	(in millions)			
At June 30, 2023	\$ 42.5	\$ 17.4	\$ (33.9)	\$ (2.6)
At December 31, 2022	<u>\$ 44.6</u>	<u>\$ 18.2</u>	<u>\$ (8.5)</u>	<u>\$ (2.4)</u>
	Accounts Receivable	Unbilled Accounts Receivable	Deferred Income	Customer Prepayments and Deposits
	(in millions)			
At September 30, 2023	\$ 32.9	\$ 19.3	\$ (10.3)	\$ (2.7)
At December 31, 2022, as restated	<u>\$ 44.6</u>	<u>\$ 18.0</u>	<u>\$ (7.4)</u>	<u>\$ (2.4)</u>

Revenue recognized that was included in the deferred income balance at the beginning of the period periods amounted to \$2.6 3.9 million and \$4.7 5.8 million, as restated, for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

For the periods ended September 30, 2023 and 2022 respectively, there was no significant amounts of revenue recognized as a result of changes in contract transaction price related to performance obligations that were satisfied in the respective prior periods.

Transaction Price Allocated to Remaining Performance Obligations

At September 30, 2023, 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 \$81.3 million. Of this amount, we expect to recognize as revenue approximately 9% through December 31, 2023, approximately 58% through December 31, 2025, approximately 28% through December 31, 2027, and the remaining balance through December 31, 2029.

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8. Long term Debt

Senior Secured Notes

As of September 30, 2023, the aggregate principal amount of the Company's Senior Secured Notes issued under an indenture (the "Indenture") outstanding was \$282.7 million.

The Indenture contains covenants and certain reporting requirements including the requirement to provide the Lender, within 60 days after the close of the quarter, unaudited quarterly financial statements with footnote disclosures. The Company was unable to comply with this requirement due to the requirement to restate previously reported financial statements as reported in a Current Report on Form 8-K filed with the SEC on November 8, 2023. The debt agreement allows the Company a 30-day grace period to provide such financial information once they receive any notice of non-compliance. No such notice has been received. Concurrent with the filing of this 10Q with the SEC, the reporting requirement has been met.

9. Stock-Based Compensation

A summary of the Company's Restricted Stock Unit ("RSU") activity during the **six** **nine** months ended **June 30, 2023** **September 30, 2023** is as follows:

	Number of Shares
Unvested Outstanding at January 1, 2023	1,647,544
Granted ⁽¹⁾	888,225
Forfeited	(8,872 27,044)
Vested	(262,978 275,424)
Unvested Outstanding at June 30, 2023 September 30, 2023	2,263,919 2,233,301

(1) The amount shown as granted in the table includes 219,213 performance-based target RSUs as to which the number that ultimately vests would range from 0% to 200% of the target amount of RSUs (a maximum of 438,426 RSUs based on attainment of Adjusted EBITDA targets for 2023 and criteria previously set by the Compensation Committee). The amount includes additional performance-based RSUs, awarded as sign-on grants to our Executive Chairman and our CEO in May 2023 (comprising tranches covering an aggregate of 250,000 Adjusted EBITDA RSUs (with targets for 2025, 2026 and 2027) and 125,000 stock-price based RSUs) which can be earned at up to 100% of the target amount of RSUs.

The Company issued a total of **357,836** **431,001** shares during the **six** **nine** months ended **June 30, 2023** **September 30, 2023** which included an aggregate of 332,227 shares issued in connection with the net settlement of RSUs that vested during the prior year (on December 30, 2022) pursuant to RSUs awarded under the Company's long-term incentive plan.

9.10. Repurchase of Common Stock

On May 10, 2022, the Board of Directors authorized the Company to use up to \$25.0 million to repurchase Inspired common shares (such amount being exclusive of any fees, commissions or other expenses), subject to repurchases being effected on or before May 10, 2025 (the "Share Repurchase Program"). Management has discretion as to whether to repurchase shares of the Company.

During the nine months ended September 30, 2023, the Company repurchased 125,778 shares under the Share Repurchase Program for gross proceeds of approximately \$1.6 million, which were canceled and retired during the nine months ended September 30, 2023. As of September 30, 2023, approximately \$13.0 million remained available for future repurchases under the Share Repurchase Program.

Please refer to Part II, Item 2 of this report for further details regarding shares repurchased during the three months ended September 30, 2023.

11. Accumulated Other Comprehensive Loss (Income)

The accumulated balances for each classification of comprehensive loss (income) are presented below:

	Foreign Currency Translation Adjustments	Change in Fair Value of Hedging Instrument	Unrecognized Pension Benefit Costs	Accumulated Other Comprehensive (Income)
(in millions)				
Balance at January 1, 2023	\$ (79.8)	\$ 0.3	\$ 33.1	\$ (46.4)
Change during the period	1.7	(0.2)	(2.0)	(0.5)
Balance at March 31, 2023	(78.1)	0.1	31.1	(46.9)
Change during the period	1.6	(0.1)	0.3	1.8
Balance at June 30, 2023	\$ (76.5)	\$ —	\$ 31.4	\$ (45.1)

	Foreign Currency Translation Adjustments	Change in Fair Value of Hedging Instrument	Unrecognized Pension Benefit Costs	Accumulated Other Comprehensive (Income)
(in millions)				
Balance at January 1, 2023, as restated	\$ (84.2)	\$ 0.3	\$ 33.1	\$ (50.8)
Change during the period	2.9	(0.2)	(0.2)	2.5
Balance at March 31, 2023, as restated	(81.3)	0.1	32.9	(48.3)
Change during the period	2.7	(0.1)	(0.3)	2.3
Balance at June 30, 2023, as restated	(78.6)	—	32.6	(46.0)
Change during the period	(3.6)	—	(0.2)	(3.8)
Balance at September 30, 2023	\$ (82.2)	\$ —	\$ 32.4	\$ (49.8)

	Foreign Currency Translation Adjustments	Change in Fair Value of Hedging Instrument	Unrecognized Pension Benefit Costs	Accumulated Other Comprehensive (Income)
(in millions)				
Balance at January 1, 2022	\$ (71.5)	\$ 1.0	\$ 26.7	\$ (43.8)
Change during the period	(2.4)	(0.2)	(0.7)	(3.3)

Balance at March 31, 2022	(73.9)	0.8	26.0	(47.1)
Change during the period	(5.8)	(0.2)	(2.6)	(8.6)
Balance at June 30, 2022	<u>\$ (79.7)</u>	<u>\$ 0.6</u>	<u>\$ 23.4</u>	<u>\$ (55.7)</u>

	Foreign Currency Translation Adjustments	Change in Fair Value of Hedging Instrument	Unrecognized Pension Benefit Costs	Accumulated Other Comprehensive (Income)
(in millions)				
Balance at January 1, 2022, as restated	\$ (71.5)	\$ 1.0	\$ 26.7	\$ (43.8)
Change during the period	(3.5)	(0.2)	(0.1)	(3.8)
Balance at March 31, 2022, as restated	<u>(75.0)</u>	<u>0.8</u>	<u>26.6</u>	<u>(47.6)</u>
Change during the period	(9.0)	(0.2)	0.8	(8.4)
Balance at June 30, 2022, as restated	<u>(84.0)</u>	<u>0.6</u>	<u>27.4</u>	<u>(56.0)</u>
Change during the period	(8.0)	(0.1)	(0.1)	(8.2)
Balance at September 30, 2022, as restated	<u>\$ (92.0)</u>	<u>\$ 0.5</u>	<u>\$ 27.3</u>	<u>\$ (64.2)</u>

In connection with the issuance of Senior Secured Notes and the entry into a Super Senior Revolving Credit Facility an RCF Agreement, on May 19, 2021, the Company terminated all of its interest rate swaps. Accordingly, hedge accounting is no longer applicable. The amounts previously recorded in Accumulated Other Comprehensive Income are amortized into Interest expense over the terms of the hedged forecasted interest payments. Losses reclassified from Accumulated Other Comprehensive Income into Interest expense in the Consolidated Statements of Operations and Income for the ~~six~~ nine months ended **June 30, 2023** September 30, 2023 and **June 30, 2022** September 30, 2022 amounted to \$0.3 million and ~~\$0.4~~ 0.5 million, respectively.

10.12. Net Income (Loss) per Share

Basic income (loss) per share ("EPS") is computed by dividing net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to all dilutive potential shares of common stock outstanding during the period, including RSUs, using the treasury stock method, unless the inclusion would be anti-dilutive.

The computation of diluted EPS excludes the common stock equivalents of the following potentially dilutive securities because they were either contingently issuable shares or because their inclusion would be anti-dilutive:

	Three and Six Months Ended June 30,	
	2023	2022
RSUs	809,510	690,627
Three and Nine Months Ended September 30,		
	2023	2022
RSUs	\$ 805,619	\$ 688,854

The following tables reconcile the numerators and denominators of the basic and diluted EPS computations:

Three months ended June 30, 2023	Income (Numerator) (in millions)	Shares (Denominator)	Per-Share Amount	Income (Numerator) (in millions)	Shares (Denominator)	Per- Share Amount
Three months ended September 30, 2023						
Basic EPS						
Income available to common stockholders	\$ 4.1	26,267,215	\$ 0.16	\$ 3.4	28,104,365	\$ 0.12
Effect of Dilutive Securities						
RSUs	—	2,774,566	\$ (0.02)	—	1,000,902	\$ —
Diluted EPS						
Income available to common stockholders	\$ 4.1	\$ 29,041,781	\$ 0.14	\$ 3.4	\$ 29,105,267	\$ 0.12
Six months ended June 30, 2023	Income (Numerator) (in millions)	Shares (Denominator)	Per-Share Amount	Income (Numerator) (in millions)	Shares (Denominator)	Per- Share Amount
Nine months ended September 30, 2023						
Basic EPS						
Income available to common stockholders	\$ 3.9	26,211,589	\$ 0.15	\$ 7.6	28,088,901	\$ 0.27
Effect of Dilutive Securities						
RSUs	—	2,781,398	\$ (0.02)	—	1,060,384	\$ (0.01)
Diluted EPS						
Income available to common stockholders	\$ 3.9	\$ 28,992,987	\$ 0.13	\$ 7.6	\$ 29,149,285	\$ 0.26
Three months ended June 30, 2022	Income (Numerator) (in millions)	Shares (Denominator)	Per-Share Amount	Income (Numerator) (in millions)	Shares (Denominator)	Per- Share Amount
Basic EPS						
Income available to common stockholders	\$ 7.2	26,826,014	\$ 0.27			
Effect of Dilutive Securities						
RSUs	—	2,436,676	\$ (0.02)			
Diluted EPS						
Income available to common stockholders	\$ 7.2	\$ 29,262,690	\$ 0.25			
Six months ended June 30, 2022	Income (Numerator) (in millions)	Shares (Denominator)	Per-Share Amount	Income (Numerator) (in millions)	Shares (Denominator)	Per- Share Amount
Three months ended September 30, 2022, as restated						
Basic EPS						
Income available to common stockholders	\$ 8.4	26,838,339	\$ 0.31	\$ 9.2	27,856,920	\$ 0.33
Effect of Dilutive Securities						
RSUs	—	2,537,231	\$ (0.02)	—	1,064,326	\$ (0.01)

Diluted EPS												
Income available to common stockholders	\$	<u>8.4</u>	\$	<u>29,375,570</u>	\$	<u>0.29</u>	\$	<u>9.2</u>	\$	<u>28,921,246</u>	\$	<u>0.32</u>
		15										11

Nine months ended September 30, 2022, as restated	Income (Numerator) (in millions)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	\$ 17.1	28,237,874	\$ 0.61
Effect of Dilutive Securities			
RSUs	—	1,136,586	\$ (0.03)
Diluted EPS			
Income available to common stockholders	\$ 17.1	\$ 29,374,460	\$ 0.58

The calculation of Basic EPS includes the effects of 1,790,728 and 1,607,638 shares for the three and nine months ended September 30 2023 and 2022, respectively, with respect to RSU awards that have vested but have not yet been issued.

11.13. Other Finance Income (Expense)

Other finance income (expense) consisted of the following for the three and nine months ended September 30, 2023 and 2022:

	2023		2022		2023		2022		Three Months Ended September 30, 2023 (in millions)	Nine Months Ended September 30, 2023 (in millions)		
	Three Months Ended June 30,		Six Months Ended June 30,		2023		2022					
	2023	2022	2023	2022	2023	2022	2023	2022				
	(in millions)		(in millions)		(in millions)		(in millions)					
Pension interest cost	\$ (0.9)	\$ (0.5)	\$ (1.7)	\$ (1.1)	\$ (0.8)	\$ (0.5)	\$ (2.5)	\$ (1.6)				
Expected return on pension plan assets	1.0	0.8	1.9	1.7	0.9	0.8	2.8	2.5				
	\$ 0.1	\$ 0.3	\$ 0.2	\$ 0.6	\$ 0.1	\$ 0.3	\$ 0.3	\$ 0.9				

12.14. Income Taxes

The effective income tax rate for the three months ended June 30, 2023 September 30, 2023 and 2022 was 21.6 37.6% and 3.1 1.5%, as restated, respectively, resulting in a \$1.1 2.0 million and \$0.2 0.1 million income tax expense, respectively. The effective income tax rate for the six nine months ended June 30, 2023 September 30, 2023 and 2022 was 23.2 27.6% and 3.5 2.7%, as restated, respectively, resulting in a \$1.2 2.8 million and \$0.3 0.4 million income tax expense, respectively. The Company's effective income tax rate has fluctuated primarily as a result of the income mix between jurisdictions, jurisdictions and increase in impact of the Global Intangible Low-Taxed Income (GILTI) due to foreign profits.

The effective income tax expense for the three and nine months ended September 30, 2023 and 2022 differs from the amount that would be expected after applying the statutory U.S. federal income tax rate primarily due to changes in any given year will continue tax attributes in jurisdictions where realization of benefits is not expected to be influenced by a variety of factors including the level of pre-tax income or loss, the income mix between jurisdictions, and any discrete items that may occur.

The Company recorded a valuation allowance against all of our deferred tax assets as of both June 30, 2023 September 30, 2023 and 2022. We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. However, given our current earnings and anticipated future earnings, we believe that there is a reasonable possibility that within the next six 12 months, sufficient positive evidence may become available to allow us to reach a conclusion that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that we are able to actually achieve.

13.15. Related Parties

Macquarie Corporate Holdings Pty Limited (UK Branch) ("Macquarie UK"), (an arranger and lending party under our RCF Agreement) is an affiliate of MIHI LLC, which owned approximately 11.5% of our common stock as of **June 30, 2023** September 30, 2023. Macquarie UK did not hold any of the Company's aggregate senior debt at **June 30, 2023** September 30, 2023 or December 31, 2022, and the Company's RCF was undrawn as of each of those periods. Macquarie UK is a provider UK's portion of the RCF where the Company incurs non-Utilization fees. Macquarie provides loan commitment is \$2.8 million which represents 11% of the RCF aggregate RCF commitment. Interest expense incurred and payable to Macquarie UK relating to the non-Utilization RCF non-utilization fees for the three months ended **June 30, 2023** September 30, 2023 and 2022 amounted to \$0.0 million and \$0.0 million, respectively, and for the **six nine** months ended **June 30, 2023** September 30, 2023 and 2022 amounted to \$0.0 million and \$0.0 million, respectively. MIHI LLC is also a party to a stockholders agreement with the Company and other stockholders, dated December 23, 2016, pursuant to which, subject to certain conditions, MIHI LLC, jointly with Hydra Industries Sponsor LLC, are permitted to designate two directors to be nominated for election as directors of the Company at any annual or special meeting of stockholders at which directors are to be elected, until such time as MIHI LLC and Hydra Industries Sponsor LLC in the aggregate hold less than 5% of the outstanding shares of the Company.

On December 31, 2021, the Company entered into a consultancy agreement with Richard Weil, the brother of A. Lorne Weil, our Executive Chairman, under which he received a success fee in the amount of \$130,000 for services he provided in connection with our acquisition of Sportech Lotteries, LLC. The success fee was paid during the **six nine** months ended **June 30, 2022** September 30, 2022. Under the agreement, as extended in November 2022 and again in July 2023, he will provide consulting services to the Company relating to the lottery in the Dominican Republic through to December 31, 2023, for which he was compensated at a rate of \$10,000 per month in consulting fees through to June 30, 2023, and will be compensated at a rate of \$12,500 per month for the remainder of the term of the agreement. The aggregate amount incurred by the Company in consulting fees for each of the **six three** months ended **June 30, 2023** September 30, 2023 and June 30, 2022 was \$37,500 and \$30,000, respectively and for the nine months ended September 30, 2023 and 2022 was \$97,500 and \$60,000 90,000.

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, respectively.

14.
16. Leases

Certain of our 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 Company's single combined component is **party to leases** accounted for under ASC 606, *Revenue from Contracts with third parties with respect to various gaming machines. Gaming machine leases typically include a lease (of Customers based on the machine) and a consideration that the non-lease (provision of software services) component, both of which components are included the predominant items in the amounts disclosed, arrangements. 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. The lease component is accounted for under ASC 842, *Leases* and the non-lease component is accounted for under ASC 606.*

The components Lease income from operating leases and from sales type leases is not material for any of lease income were as follows: the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in millions)			
Operating lease income	\$ 2.4	2.1	\$ 4.8	3.7
Profit recognized at commencement date of sales type leases	—	—	0.3	—
	\$ 2.4	\$ 2.1	\$ 5.1	\$ 3.7

15.17. Commitments and Contingencies

Employment Agreements

We are party to employment agreements with our executive officers and other employees of the Company and our subsidiaries which contain, among other terms, provisions relating to severance and notice requirements.

Arrangements with Daniel B. Silvers, former Executive Vice President and Chief Strategy Officer

Effective January 10, 2023, Mr. Silvers stepped down from his position as Executive Vice President and Chief Strategy Officer of the Company. Pursuant to Mr. Silvers' employment agreement dated December 14, 2016, as amended, Mr. Silvers was entitled to receive a base salary at a rate of \$385,000 per year, a target annual bonus of not less than 100% of his base salary and a maximum annual bonus of 200% of his base salary. He was also entitled to reimbursement for private medical insurance and to certain severance benefits.

Legal Matters

From time to time, the Company may become involved in lawsuits and legal matters arising in the ordinary course of business. While the Company believes that, currently, it has no such matters that are material, there can be no assurance that existing or new matters arising in the ordinary course of business will not have a material adverse effect on the Company's business, financial condition or results of operations.

16.18. Pension Plan

We operate a defined contribution plan in the US, and both defined benefit and defined contribution pension schemes in the UK. The defined contribution scheme assets are held separately from those of the Company in independently administered funds.

Defined Benefit Pension Scheme

The defined benefit scheme has been closed to new entrants since April 1, 1999 and closed to future accruals for services rendered to the Company for the entire financial statement periods presented.

The **Actuarial Valuation** **latest actuarial valuation** of the scheme **as (as at March 31, 2021)**, which was **finalized in June 2022**, determined that the statutory funding objective was not met, i.e., there were insufficient assets to cover the scheme's technical provisions and there was a funding shortfall.

In June 2022, a recovery plan was put in place to eliminate the funding shortfall. The plan expects the shortfall to be eliminated by October 31, 2026. Deficit reduction contributions of \$1.1 million and expense contributions of \$0.3 million will be payable during the year ending December 31, 2023.

The total amount of employer contributions paid during the **six nine** months ended **June 30, 2023** **September 30, 2023** amounted to **\$0.7 1.1** million.

The following table presents the components of our net periodic pension **benefit cost: cost (benefit)**:

	2023	2022	2023	2022, as restated
	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022, as restated
(in millions)				
Components of net periodic pension benefit cost:				
Components of net periodic pension cost (benefit):				
Interest cost	\$ 1.7	\$ 1.1	\$ 2.5	\$ 1.6
Expected return on plan assets	(1.9)	(1.7)	(2.8)	(2.5)
Net periodic benefit	\$ (0.2)	\$ (0.6)		
Amortization of net loss			0.7	0.3
Net periodic cost (benefit)			\$ 0.4	\$ (0.6)

The following table sets forth the estimate of the combined funded status of the pension plans and their reconciliation to the related amounts recognized in our consolidated financial statements at the respective measurement dates:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022, as restated
	(in millions)		(in millions)	
	\$	\$	\$	\$
Change in benefit obligation:				
Benefit obligation at beginning of period	\$ 67.4	\$ 114.7	\$ 71.2	\$ 122.7
Interest cost	1.7	2.1	2.5	2.2
Actuarial gain	(3.3)	(35.5)	—	(39.0)
Benefits paid	(1.5)	(3.5)	(2.2)	(3.5)
Foreign currency translation adjustments	3.8	(10.4)	1.2	(11.2)
Benefit obligation at end of period	\$ 68.1	\$ 67.4	\$ 72.7	\$ 71.2
Change in plan assets:				
Fair value of plan assets at beginning of period	\$ 65.3	\$ 117.7	\$ 69.1	\$ 125.7
Actual loss on plan assets	(0.2)	(39.1)	2.8	(42.4)
Employer contributions	0.7	1.4	1.1	1.4
Benefits paid	(1.5)	(3.5)	(2.2)	(3.5)
Foreign currency translation adjustments	3.8	(11.2)	1.1	(12.1)
Fair value of assets at end of period	\$ 68.1	\$ 65.3	\$ 71.9	\$ 69.1
Amount recognized in the consolidated balance sheets:				
Overfunded (Unfunded) status (non-current)	\$ —	\$ (2.1)		
Unfunded status (non-current)			\$ (0.8)	\$ (2.1)
Net amount recognized	\$ —	\$ (2.1)	\$ (0.8)	\$ (2.1)

17.19. Segment Reporting and Geographic Information

The Company operates its business along four operating segments, which are segregated on the basis of revenue stream: Gaming, Virtual Sports, Interactive and Leisure. The Company believes this method of segment reporting reflects both the way its business segments are managed and the way the performance of each segment is evaluated.

The following tables present revenue, cost of sales, excluding depreciation and amortization, selling, general and administrative expenses, depreciation and amortization, stock-based compensation expense and acquisition related transaction expenses, operating profit/(loss) and total capital expenditures for the periods ended **June 30, 2023** **September 30, 2023** and **June 30, 2022** **September 30, 2022**, respectively, by business segment. Certain unallocated corporate function costs have not been allocated to the Company's reportable operating segments because these costs are not allocable and to do so would not be practical. Corporate function costs consist primarily of selling, general and administrative expenses, depreciation and amortization, capital expenditures, right of use assets, cash, prepaid expenses and capital expenditures, property and equipment and software development costs relating to corporate/shared functions.

Segment Information

Three Months Ended June 30, 2023 September 30, 2023

	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
	(in millions)						(in millions)					
Revenue:												
Service	\$ 19.8	\$ 15.0	\$ 7.4	\$ 25.9	\$ —	\$ 68.1	\$ 18.9	\$ 13.4	\$ 7.3	\$ 31.1	\$ —	\$ 70.7
Product sales	11.7	—	—	0.6	—	12.3	26.2	—	—	0.6	—	26.8
Total revenue	31.5	15.0	7.4	26.5	—	80.4	45.1	13.4	7.3	31.7	—	97.5
Cost of sales, excluding depreciation and amortization:												
Cost of service	(5.3)	(0.7)	(0.9)	(6.5)	—	(13.4)	(5.5)	(0.2)	(0.5)	(15.2)	—	(21.4)
Cost of product sales	(9.5)	—	—	(0.3)	—	(9.8)	(26.2)	—	—	(0.5)	—	(26.7)
Selling, general and administrative expenses	(7.0)	(1.2)	(2.5)	(13.2)	(7.3)	(31.2)	(5.1)	(1.5)	(2.1)	(7.3)	(7.6)	(23.6)
Stock-based compensation expense	(0.4)	(0.2)	(0.1)	(0.4)	(2.1)	(3.2)	(0.4)	(0.2)	(0.1)	(0.2)	(2.4)	(3.3)
Acquisition and integration related transaction expenses	—	—	—	—	—	—	—	—	—	—	—	—
Depreciation and amortization	(4.2)	(1.0)	(1.5)	(3.0)	(0.7)	(10.4)	(5.1)	(0.7)	(0.9)	(3.0)	(0.6)	(10.3)
Segment operating income (loss)	5.1	11.9	2.4	3.1	(10.1)	12.4	2.8	10.8	3.7	5.5	(10.6)	12.2
Net operating income						\$ 12.4						\$ 12.2
Total capital expenditures for the three months ended June 30, 2023	\$ 3.0	\$ 1.9	\$ 0.9	\$ 3.8	\$ 1.0	\$ 10.6						
Total capital expenditures for the three months ended September 30, 2023							\$ 12.8	\$ 1.6	\$ 0.7	\$ 1.6	\$ 0.1	\$ 16.8

Three Months Ended June 30, 2022 September 30, 2022, as restated

	Gaming	Virtual Sports	Interactive (in millions)	Leisure	Corporate Functions	Total	Gaming	Virtual Sports	Interactive (in millions)	Leisure	Corporate Functions	Total
Revenue:												
Service	\$ 19.6	\$ 14.0	\$ 5.8	\$ 25.4	\$ —	\$ 64.8	\$ 19.0	\$ 14.4	\$ 5.3	\$ 29.9	\$ —	\$ 68.6
Product sales	5.9	—	—	0.6	—	6.5	5.0	—	—	0.6	—	5.6
Total revenue	25.5	14.0	5.8	26.0	—	71.3	24.0	14.4	5.3	30.5	—	74.2
Cost of sales, excluding depreciation and amortization:												
Cost of service	(4.4)	(0.6)	(0.8)	(5.9)	—	(11.7)	(5.3)	(0.4)	(0.5)	(14.1)	—	(20.3)
Cost of product sales	(4.0)	—	—	(0.4)	—	(4.4)	(3.6)	—	—	(0.5)	—	(4.1)
Selling, general and administrative expenses	(7.7)	(1.4)	(1.9)	(12.0)	(6.3)	(29.3)	(6.1)	(1.8)	(2.0)	(6.3)	(6.5)	(22.7)
Stock-based compensation expense	(0.3)	(0.2)	(0.2)	(0.1)	(1.8)	(2.6)	(0.4)	(0.2)	(0.1)	(0.1)	(1.7)	(2.5)
Acquisition and integration related transaction expenses	—	—	—	—	(0.1)	(0.1)	—	—	—	—	(0.1)	(0.1)
Depreciation and amortization	(4.5)	(0.7)	(0.7)	(3.5)	(0.7)	(10.1)	(4.6)	(0.8)	(0.4)	(3.1)	(0.3)	(9.2)
Segment operating income (loss)	4.6	11.1	2.2	4.1	(8.9)	13.1	4.0	11.2	2.3	6.4	(8.6)	15.3
Net operating income						\$ 13.1						\$ 15.3
Total capital expenditures for the three months ended June 30, 2022	\$ 5.8	\$ 1.3	\$ 1.3	\$ 2.0	\$ 0.7	\$ 11.1						
Total capital expenditures for the three months ended September 30, 2022							\$ 0.7	\$ 0.6	\$ 0.7	\$ 4.2	\$ 0.8	\$ 7.0

Nine Months Ended September 30, 2023

	Gaming	Virtual Sports	Interactive (in millions)	Leisure	Corporate Functions	Total
Revenue:						
Service	\$ 58.9	\$ 43.3	\$ 19.9	\$ 73.6	\$ —	\$ 195.7
Product sales	44.4	—	—	1.7	—	46.1
Total revenue	103.3	43.3	19.9	75.3	—	241.8
Cost of sales, excluding depreciation and amortization:						
Cost of service	(17.9)	(1.0)	(1.2)	(36.8)	—	(56.9)
Cost of product sales	(40.4)	—	—	(1.4)	—	(41.8)
Selling, general and administrative expenses	(15.8)	(4.8)	(7.3)	(21.0)	(24.5)	(73.4)
Stock-based compensation expense	(1.1)	(0.6)	(0.4)	(0.7)	(6.5)	(9.3)
Acquisition and integration related transaction expenses	—	—	—	—	—	—
Depreciation and amortization	(14.2)	(2.3)	(2.5)	(9.1)	(1.7)	(29.8)
Segment operating income (loss)	13.9	34.6	8.5	6.3	(32.7)	30.6

Net operating income								\$ 30.6
Total capital expenditures for the nine months ended September 30, 2023	\$ 17.3	\$ 3.2	\$ 2.3	\$ 10.6	\$ 1.6			\$ 35.0
			20					15

Six Nine Months Ended June 30, 2023 September 30, 2022, as restated

	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
	(in millions)					
Revenue:						
Service	\$ 40.0	\$ 29.9	\$ 14.0	\$ 42.5	\$ —	\$ 126.4
Product sales	18.9	—	—	1.1	—	20.0
Total revenue	58.9	29.9	14.0	43.6	—	146.4
Cost of sales, excluding depreciation and amortization:						
Cost of service	(10.5)	(1.4)	(1.8)	(10.6)	—	(24.3)
Cost of product sales	(14.9)	—	—	(0.7)	—	(15.6)
Selling, general and administrative expenses	(14.3)	(2.5)	(4.9)	(24.3)	(16.6)	(62.6)
Stock-based compensation expense	(0.7)	(0.4)	(0.3)	(0.5)	(4.2)	(6.1)
Acquisition and integration related transaction expenses	—	—	—	—	—	—
Depreciation and amortization	(8.0)	(1.7)	(2.3)	(6.1)	(1.2)	(19.3)
Segment operating income (loss)	10.5	23.9	4.7	1.4	(22.0)	18.5
Net operating income						\$ 18.5
Total capital expenditures for the six months ended June 30, 2023						
	\$ 6.3	\$ 3.0	\$ 2.4	\$ 9.0	\$ 1.5	\$ 22.2
Six Months Ended June 30, 2022						
	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
	(in millions)					
Revenue:						
Service	\$ 40.7	\$ 25.6	\$ 11.1	\$ 44.4	\$ —	\$ 121.8
Product sales	8.9	—	—	1.2	—	10.1
Total revenue	49.6	25.6	11.1	45.6	—	131.9
Cost of sales, excluding depreciation and amortization:						
Cost of service	(9.1)	(1.2)	(1.8)	(11.4)	—	(23.5)
Cost of product sales	(5.8)	—	—	(0.7)	—	(6.5)
Selling, general and administrative expenses	(14.5)	(3.0)	(3.3)	(23.3)	(12.0)	(56.1)
Stock-based compensation expense	(0.6)	(0.3)	(0.3)	(0.3)	(3.9)	(5.4)
Acquisition and integration related transaction expenses	(0.1)	—	—	—	(0.1)	(0.2)
Depreciation and amortization	(9.2)	(1.4)	(1.5)	(7.2)	(1.2)	(20.5)
Segment operating income (loss)	10.3	19.7	4.2	2.7	(17.2)	19.7
Net operating income						\$ 19.7
Total capital expenditures for the six months ended June 30, 2022						
	\$ 9.2	\$ 2.2	\$ 2.5	\$ 6.0	\$ 1.9	\$ 21.8

	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
(in millions)						
Revenue:						
Service	\$ 59.7	\$ 39.5	\$ 15.2	\$ 74.3	\$ —	\$ 188.7
Product sales	14.5	—	—	1.8	—	16.3
Total revenue	74.2	39.5	15.2	76.1	—	205.0
Cost of sales, excluding depreciation and amortization:						
Cost of service	(17.0)	(1.3)	(1.1)	(35.5)	—	(54.9)
Cost of product sales	(10.0)	—	—	(1.2)	—	(11.2)
Selling, general and administrative expenses	(17.4)	(5.2)	(5.6)	(19.5)	(18.5)	(66.2)
Stock-based compensation expense	(1.0)	(0.5)	(0.4)	(0.4)	(5.6)	(7.9)
Acquisition and integration related transaction expenses	(0.1)	—	—	—	(0.2)	(0.3)
Depreciation and amortization	(14.9)	(2.2)	(1.3)	(10.2)	(1.5)	(30.1)
Segment operating income (loss)	13.8	30.3	6.8	9.3	(25.8)	34.4
Net operating loss						\$ 34.4
Total capital expenditures for the nine months ended September 30, 2022	\$ 8.6	\$ 1.8	\$ 2.3	\$ 10.1	\$ 2.7	\$ 25.5

Geographic Information

Geographic information for revenue is set forth below:

	2023		2022		2023		2022		2023		2022, as restated		2023		2022, as restated	
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		2022, as restated		Nine Months Ended September 30,		2023		2023		2022, as restated	
	(in millions)		(in millions)		(in millions)		(in millions)		(in millions)		(in millions)		(in millions)		(in millions)	
Total revenue	\$ 62.3	\$ 55.8	\$ 111.7	\$ 101.4	\$ 79.8	\$ 58.8	\$ 190.6	\$ 160.2	\$ 97.5	\$ 74.2	\$ 241.8	\$ 205.0	\$ 80.4	\$ 71.3	\$ 146.4	\$ 131.9
UK	\$ 5.4	5.5	11.0	11.2	5.2	5.5	16.1	16.5								
Greece																
Rest of world	12.7	10.0	23.7	19.3	12.5	9.9	35.1	28.3								
Total	\$ 80.4	\$ 71.3	\$ 146.4	\$ 131.9	\$ 97.5	\$ 74.2	\$ 241.8	\$ 205.0	\$ 80.4	\$ 71.3	\$ 146.4	\$ 131.9	\$ 80.4	\$ 71.3	\$ 146.4	\$ 131.9
Total revenue	\$ 80.4	\$ 71.3	\$ 146.4	\$ 131.9	\$ 97.5	\$ 74.2	\$ 241.8	\$ 205.0	\$ 80.4	\$ 71.3	\$ 146.4	\$ 131.9	\$ 80.4	\$ 71.3	\$ 146.4	\$ 131.9

UK revenue includes revenue from customers headquartered in the UK, but whose revenue is generated globally.

Geographic information of our non-current assets excluding goodwill is set forth below:

	June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022, as restated	
	(in millions)		(in millions)		(in millions)		(in millions)	
UK	\$ 86.1	\$ 82.5	\$ 81.9	\$ 82.7				
Greece	5.4	6.6	12.1	5.8				
Rest of world	22.2	16.8	21.1	16.3				
Total	\$ 113.7	\$ 105.9	\$ 115.1	\$ 104.8				

Software development costs are included as attributable to the market in which they are utilized. Non-current assets above include Property and equipment, net, Software development costs, net, Other acquired intangible assets subject to amortization, net, Operating lease right of use asset and Other assets.

18.20. Customer Concentration, as restated

During the three months ended **June 30, 2023** **September 30, 2023**, one customer represented at least 10% of the Company's revenues, accounting for **12** **23%** of the Company's revenues. This customer was served by the **Virtual Sports** and **Interactive** segments. During the three months ended **June 30, 2022**, one customer represented at least 10% of the Company's revenues, accounting for **13%** of the Company's revenues. This customer was served by the **Gaming**, **Virtual Sports** and **Interactive** segments.

During the **six** three months ended **June 30, 2023** **September 30, 2022**, one customer represented at least 10% of the Company's revenues, accounting for **14%** of the Company's revenues. This customer was served by the **Virtual Sports** and **Interactive** segments.

During the **six** nine months ended **June 30, 2022** **September 30, 2023**, two customers represented at least 10% of the Company's revenues, accounting for 13% and 12% of the Company's revenues, respectively. The customers were served by the Gaming, Virtual Sports and Interactive segments, and the Virtual Sports and Interactive segments, respectively.

During the nine months ended **September 30, 2022**, one customer represented at least 10% of the Company's revenues, accounting for 13% of the Company's revenues. This customer was served by the Virtual Sports and Interactive segments.

At **June 30, 2023** **September 30, 2023**, no customers represented at least 10% of the Company's accounts receivable. At December 31, 2022, there was one customer that represented at least 10% of the Company's accounts receivable, accounting for 24% of the Company's accounts receivable.

19.21. Subsequent Events

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the financial statements were issued. Based upon this review, **except for the effects of the restatement as discussed in Note 2 to the consolidated financial statements**, the Company did not identify subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and related notes thereto included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual future results could differ materially from the historical results discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those referenced in the section titled "Risk Factors" included elsewhere in this report.

Forward-Looking Statements

We make forward-looking statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations. For definitions of the term Forward-Looking Statements, see the definitions provided in the Cautionary Note Regarding Forward-Looking Statements at the start of this Quarterly Report on Form 10-Q for the period ended **June 30, 2023** **September 30, 2023**.

Seasonality

Our results of operations can fluctuate due to seasonal trends and other factors. Sales of our gaming machines can vary quarter on quarter due to both supply and demand factors. Player activity for our holiday parks is generally higher in the second and third quarters of the year, particularly during the summer months and slower during the first and fourth quarters of the year.

Revenue

We generate revenue in four principal ways: i) on a participation basis, ii) on a fixed rental fee basis, iii) through product sales, **iv) managed services** and **iv) v)** through software license fees. Participation revenue generally includes a right to receive a share of our customers' gaming revenue, typically as a share of net win but sometimes as a share of the handle or "coin in" which represents the total amount wagered.

Geographic Range

Geographically, the majority of our revenue is derived from, and the majority of our non-current assets are attributable to, our UK operations. The remainder of our revenue is derived from, and non-current assets attributable to, Greece and the rest of the world (including North America).

For the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, we derived approximately **77% 82%** and **76% 79%** of our revenue from the UK (including customers headquartered in the UK but whose revenue is generated globally), **respectively, 7%** **respectively, 5%** and **8% 7%** from Greece, respectively, and the remaining **16% (in both periods)** **13% and 14% respectively** across the rest of the world. In the three-month period the **UK** percentage was impacted by **specific Hardware sales**, which generally result in a lower margin ("Low Margin sales"), this increased UK revenues for the three-month period by **1% 39%** and for the nine month period by **16%**. During the three and **six nine** months ended **June 30, 2022** **September 30, 2022**, we derived approximately **77% 79%** and **76% 78%**, **8% 7%** and **9% 8%**, **15% (in both periods)** **14% and 14%** of our revenue from the UK, Greece and the rest of the world, respectively.

As of **June 30, 2023** **September 30, 2023**, our non-current assets (excluding goodwill) were attributable as follows: **76% 71%** to the UK, **5% 11%** to Greece and **19% 18%** across the rest of the world. As at December 31, 2022, our non-current assets (excluding goodwill) were attributable as follows: 79% to the UK, 6% to Greece and 15% across the rest of the world.

Foreign Exchange

Our results are affected by changes in foreign currency exchange rates as a result of the translation of foreign functional currencies into our reporting currency and the re-measurement of foreign currency transactions and balances. The impact of foreign currency exchange rate fluctuations represents the difference between current rates and prior-period rates applied to current activity. The geographic region in which the largest portion of our business is operated is the UK and the British pound ("GBP") is considered to be our functional currency. Our reporting currency is the U.S. dollar ("USD"). Our results are translated from our functional currency of GBP into the reporting currency of USD using average rates for profit and loss transactions and applicable spot rates for period-end balances. The effect of translating our functional currency into our reporting currency, as well as translating the results of foreign subsidiaries that have a different functional currency into our functional currency, is reported separately in Accumulated Other Comprehensive Income.

During the three and six months ended June 30, 2023, we derived approximately 23% and 24% of our revenue from sales to customers outside the UK (see caveat above), respectively, compared to 23% and 24% during the three and six months ended June 30, 2022, respectively.

In the section "Results of Operations" below, currency impacts shown have been calculated as the current-period average GBP:USD rate less the equivalent average rate in the prior year period, multiplied by the current period amount in our functional currency (GBP). The remaining difference, referred to as functional currency at constant rate, is calculated as the difference in our functional currency, multiplied by the prior-period average GBP:USD rate. This is not a U.S. GAAP measure but is one which management believes gives a clearer indication of results. In the tables below, variances in particular line items from period to period exclude currency translation movements, and currency translation impacts are shown independently.

Key Events for the Quarter

During the three-month period in the Gaming segment, we continued the installation of our new UK LBO terminal "Vantage" into venues of two major customers. Over 4,500 terminals were deployed during the period, with a total of 6,300 expected to be live in venues by the end of 2023, the majority of which are Low Margin sales. In addition, Inspired announced the launch of a new VLT system for Codere in partnership with Italian company Cristalte.

The Interactive segment went live with ten new operators, including PlanetWin 365 (Italy) and ATG (Sweden), with the total number of customers remaining the same as the previous quarter due to the reduction in the number of small-scale customers.

The technical trial of our new Vantage Category C cabinet successfully concluded in the quarter, with the commercial trial commencing in October 2023.

Agreements signed in the three-month period include a new four-year agreement with BoyleSports (Gaming segment) and a long-term contract extension with SNAITech (Virtual Sports segment).

Non-GAAP Financial Measures

We use certain financial measures that are not compliant with U.S. GAAP ("Non-GAAP financial measures"), including EBITDA and Adjusted EBITDA, to analyze our operating performance. In this discussion and analysis, we present certain non-GAAP financial measures, define and explain these measures and provide reconciliations to the most comparable U.S. GAAP measures. See "Non-GAAP Financial Measures" below inclusive of a new Non-GAAP measure on revenues excluding Low Margin sales below.

Results of Operations

Our results are affected by changes in foreign currency exchange rates, primarily between our functional currency (GBP) and our reporting currency (USD). During the periods ended **June 30, 2023** September 30, 2023 and **June 30, 2022** September 30, 2022, the average GBP:USD rates for the three-month period were **1.25** **1.27** and **1.26**, **1.18**, respectively, and for the **six-month** **nine-month** period were **1.24** and **1.29**, respectively. **1.25** in both years.

The following discussion and analysis of our results of operations has been organized in the following manner:

- a discussion and analysis of the Company's results of operations for the three and **six-month** **nine-month** periods ended **June 30, 2023** September 30, 2023, compared to the same period in 2022; and
- a discussion and analysis of the results of operations for each of the Company's segments (Gaming, Virtual Sports, Interactive and Leisure) for the three and **six-month** **nine-month** periods ended **June 30, 2023** September 30, 2023, compared to the same period in 2022, including key performance indicator ("KPI") analysis.

In the discussion and analysis below, certain data may vary from the amounts presented in our consolidated financial statements due to rounding.

For all reported variances, refer to the overall company and segment tables shown below. All variances discussed in the overall company and segment results are on a functional currency (at constant rate) basis, which excludes the impact of any changes in foreign currency exchange rates.

Revision Restatement Background

On November 2, 2023, the Company in concurrence with the Company's audit committee, concluded that our 2023 and 2022 consolidated financial statements and our unaudited consolidated financial statements as of Previously Issued Financial Statements

In preparation and for each of the first two quarterly periods in 2023 and all quarterly periods in 2022, included in our Quarterly Report, Reports on Form 10-Q for the respective periods (collectively the "Prior Period Financial Statements"), should no longer be relied upon due to misstatements that are described below, and that we would restate such financial statements to make the necessary accounting corrections. Details of the restated consolidated financial statements for the three and nine months ended September 30, 2022 are provided below ("Restatement Items").

The Restatements Items reflect adjustments to correct errors in certain financial statement areas including capitalized software and costs to fulfill a contract, revenue and costs to obtain a contract, inventory, goodwill and intangibles, leasing, pension, and other reclassifications and immaterial errors identified. The nature and impact of these adjustments are described in footnote 2 of the financial statements.

The Company concluded it had not always moved issued a revision for capitalized software and related amortization expense in the quarterly report on Form 10-Q filed on August 11, 2023 for the period ended June 30, 2023 (the "Revision"). This revision related to certain completed software development projects that were, but should not have been, delayed in the shift from work in progress (and therefore not amortized) to completed projects in a timely fashion. As such, projects. Consequently, the commencement of amortization for certain projects started later than it should have done, was delayed and the recorded reported amortization was lower than should the actual amortization. The Revision covers the period ended June 30, 2023 and the year ended December 31, 2022 and is distinct from the capitalized software restatements below. The tables below have been updated to separate the case. Whilst we do not believe that any individual prior period was materially misstated, we do believe that an out of period correction impact of the prior year impact in Restatement Items from the three months ending June 30, 2023, could be viewed as such, and have therefore revised prior periods.

The revision is more fully described in Note 2 of the notes to the financial statements included herein.

All amounts included in the below tables and narrative include the revised numbers. Revision.

Overall Company Results

All amounts included herein have been rounded except where otherwise stated. As figures are rounded, numbers presented throughout this document may not add up precisely to the totals we provide, and percentages may not precisely reflect the absolute figures.

Three and Six Nine Months ended June 30, 2023 September 30, 2023, compared to Three and Six Nine Months ended June 30, 2022 September 30, 2022

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

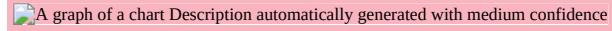
(In millions)	For the Three-Month Period ended						For the Six-Month Period ended						For the Three-Month Period ended			
	June 30,		June 30,		Variance		June 30,		June 30,		Variance		Sept 30,		Sept 30,	
	2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis
Revenue:																
Service	\$ 68.1	\$ 64.8	\$ (0.2)	\$ 3.5	5 %	5 %	\$ 126.4	\$ 121.8	\$ (6.1)	\$ 10.7	9 %	4 %	\$ 70.7	\$ 68.6	\$ 5.0	
Product	12.3	6.5	(0.1)	5.9	91 %	89 %	20.0	10.1	(0.8)	10.7	106 %	98 %	26.8	5.6	1.9	
Total revenue	80.4	71.3	(0.3)	9.4	13 %	13 %	146.4	131.9	(6.9)	21.4	16 %	11 %	97.5	74.2	6.9	
Cost of Sales, excluding depreciation and amortization:																
Cost of Sales (1)																
Cost of Service	(13.4)	(11.7)	0.1	(1.8)	15 %	15 %	(24.3)	(23.5)	1.3	(2.1)	9 %	3 %	(21.4)	(20.3)	(1.6)	
Cost of Product	(9.8)	(4.4)	-	(5.4)	123 %	123 %	(15.6)	(6.5)	0.5	(9.6)	148 %	140 %	(26.7)	(4.1)	(1.8)	
Selling, general and administrative expenses	(31.2)	(29.3)	0.1	(2.0)	7 %	6 %	(62.6)	(56.1)	3.2	(9.7)	17 %	12 %	(23.6)	(22.7)	(1.5)	
Stock-based compensation	(3.2)	(2.6)	(0.1)	(0.5)	19 %	23 %	(6.1)	(5.4)	0.3	(1.0)	19 %	13 %	(3.3)	(2.5)	(0.2)	
Acquisition and integration related transaction expenses	-	(0.1)	-	0.1	(100) %	(100) %	-	(0.2)	-	0.2	(100) %	(100) %	-	(0.1)	-	
Depreciation and amortization	(10.4)	(10.1)	0.2	(0.5)	5 %	3 %	(19.3)	(20.5)	0.9	0.3	(1) %	(6) %	(10.3)	(9.2)	(1.1)	
Net operating Income (Loss)	12.4	13.1	(0.0)	(0.7)	(5) %	(5) %	18.5	19.7	(0.7)	(0.5)	(3) %	(6) %	12.2	15.3	0.7	
Other income (expense)																
Interest expense, net	(7.3)	(6.0)	-	(1.3)	22 %	22 %	(13.6)	(12.5)	0.8	(1.9)	15 %	9 %	(6.9)	(6.3)	(0.5)	
Profit on disposal of trade & assets	-	-	-	-	N/A	N/A	-	0.9	-	(0.9)	(100) %	(100) %	-	-	-	

Other finance income (expense)	0.1	0.3	(0.1)	(0.1)	(33)%	(67)%	0.2	0.6	-	(0.4)	(67)%	(67)%	0.1	0.3	-
Total other income (expense), net	(7.2)	(5.7)	(0.1)	(1.4)	25 %	26 %	(13.4)	(11.0)	0.8	(3.2)	29 %	22 %	(6.8)	(6.0)	(0.5)
Net income (loss) from continuing operations before income taxes	5.2	7.4	(0.1)	(2.1)	(28)%	(30)%	5.1	8.7	0.1	(3.7)	(43)%	(41)%			
Net Income (Loss)													5.4	9.3	0.2
Income tax expense	(1.1)	(0.2)	-	(0.9)	450 %	450 %	(1.2)	(0.3)	(0.1)	(0.8)	267 %	300 %	(2.0)	(0.1)	-
Net Income (Loss)	\$ 4.1	\$ 7.2	\$ (0.1)	\$ (3.0)	(42)%	(43)%	\$ 3.9	\$ 8.4	\$ 0.0	\$ (4.5)	(54)%	(54)%	\$ 3.4	\$ 9.2	\$ 0.2
Exchange Rate - \$ to £	1.25	1.26					1.24	1.29					1.27	1.18	

(1) Excludes depreciation, amortization and impairments.

See "Segments Results" below for a more detailed explanation of the significant changes in our components of revenue within the individual segment results of operations.

Consolidated Reported Revenue by Segment

A graph of a chart Description automatically generated with medium confidence

- There was no VAT-related Low Margin-related revenue for the three and six-months nine-months ended June 30, 2023 September 30, 2022. For the three and six-months nine-months ended June 30, 2022 VAT-related September 30, 2023 Low margin-related revenue was \$0.1 million \$22.7 million and \$1.0 million \$27.1 million, respectively.

"VAT-related revenue" are payments from UK customers related to our contractual revenue share of their value-added tax rebate.

For the three and six nine months ended June 30, 2023 September 30, 2023, revenue on a functional currency (at constant rate) basis increased by \$9.4 million \$16.4 million and \$21.4 million, or 13% and 16%, respectively. \$37.2 million.

For the three-month period, Gaming revenue grew by \$6.2 million \$17.8 million predominantly due to an increase in product sales of \$5.9 million \$19.2 million, of which \$4.4 million \$22.7 million were Low Margin sales, with differences in the timing of hardware installations impacting the underlying variance. Gaming service revenue increased decreased by \$0.3 million \$1.4 million predominately due to revenue growth reductions in the UK, UK, plus 2022 included a performance bonus not available in current year, and in Greece from the expiry of historical amortized license revenues. Virtual Sports and Interactive grew by \$1.1 million and \$1.6 million revenue decreased \$2.0 million, respectively, with \$1.0 million \$2.3 million of the Virtuals Sports increase reduction from Online and \$0.1 million partially offset by a \$0.3 million increase from Retail. Interactive revenue grew by \$1.5 million with growth was driven by revenue growth in the UK, US and Canada, European markets. Leisure revenue increased decreased by \$0.6 million \$0.9 million predominately driven by the addition of new holiday parks and an increase in revenue generated from motorway service stations, partly offset by a reduction in the Pubs sector.

For the six-month nine-month period, Gaming revenue grew by \$12.3 million \$29.6 million predominantly due to an increase in product sales of \$10.9 million \$29.7 million, of which \$4.4 million \$27.1 million were Low Margin sales. Gaming service revenue increased by \$1.4 million predominately due to revenue growth in the UK markets. Virtual Sports and Interactive revenue grew by \$5.8 million \$4.1 million and \$3.5 million \$4.8 million, respectively, with \$5.4 million \$3.1 million of the Virtuals Sports increase from Online and \$0.4 million \$1.0 million from Retail. Interactive revenue growth was driven by revenue growth in the UK, US and Canada. These increases were offset by a reduction in Leisure service revenue reduction of \$0.2 million \$1.0 million predominantly due to same reasonings as a reduction in the three-month period. Pubs sector, partially offset by the addition of new locations in Holiday Parks.

Cost of Sales, excluding depreciation and amortization

Cost of sales, excluding depreciation and amortization, for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, increased by **\$7.2 million** **\$20.3 million** and **\$11.7 million**, or 45% and 39% **\$32.0 million**, respectively. The increases were driven by a **\$5.4 million** **\$20.8 million** and **\$9.6 million** **\$30.4 million** increase in cost of product, respectively, predominately driven by the increase in product sales (**\$4.3 million** of the increase is driven by Low Margin cost of product in both periods) and by a **\$1.8 million** **\$0.5 million** reduction and **\$2.1 million** **\$1.6 million** increase, respectively, in cost of service, predominately mainly driven by the increase movement in service revenues, respectively.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** decreased by **\$0.6 million** and increased by **\$2.0 million** and **\$9.7 million**, or 7% and 17% **\$8.2 million**, respectively.

The increase in the three-month period was driven primarily by an increase of **\$1.5 million** due to phasing of audit fees, an increase in Insurance and IT costs and additional Legal fees, as well as an increase in staff costs of **\$1.3 million**, driven by an increase in Leisure staff costs from an increase in temporary seasonal staff as well as the increase in national living wage and the annual wage increase.

The increase in the six-month nine-month period was driven primarily by the below EBITDA costs of group restructure of **\$3.0 million** (removed from Adjusted EBITDA), an increase in non-staff costs of **\$4.5 million** **\$3.9 million**, of which the largest proportion increase was driven by exhibition costs professional fees of **\$0.8 million** that were not incurred in the prior period, **\$1.7 million**, and an increase in staff cost costs of **\$3.3 million**, driven by an increase in headcount predominantly from an investment in the technology and commercial areas of our business, as well as the increase in national living wage and salary increases this year, during the period.

Stock-based compensation

During the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the Company recorded expenses of **\$3.2 million** **\$3.3 million** and **\$6.1 million** **\$9.3 million**, respectively, compared to expenses of **\$2.6 million** **\$2.5 million** and **\$5.4 million** **\$7.9 million** for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**. All expenses were related to outstanding awards but the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, included **\$0.4 million** related to award units that were fully vested on the date of grant and therefore were expensed immediately. The **six** **nine** months ended **June 30, 2023** **September 30, 2023** also included **\$0.7 million** related to the group restructure, restructuring.

Depreciation and amortization

Depreciation and amortization for the three-month period increased remained flat on a functional currency basis.

Depreciation and amortization for the nine-month period decreased by **\$0.5 million**. This increase was **\$0.6 million** driven by increases an increase in Interactive of **\$0.8 million** and Virtual Sports of **\$0.3 million**. Partially for increased software development offset by a reduction in Leisure of **\$0.5 million** and Gaming of **\$0.3 million**, due to as machine assets being fully written down, unwind.

Depreciation and amortization for the six-month period decreased by **\$0.3 million**. This decrease was driven by a reduction in Leisure of **\$0.8 million** and Gaming of **\$0.8 million**, due to assets being fully written down. Partially offset by increases in Interactive of **\$0.9 million** and Virtual Sports of **\$0.4 million**.

Net operating income / Net Income

During the three and six-month period, net Net operating income was **\$12.4 million** decreased by **\$3.8 million** for the three-months ended September 30, 2023, and **\$18.5 million** decreased by **\$3.6 million** for the nine-months ended September 30, 2023, respectively, declines of **\$0.7 million** and **\$0.5 million**, respectively, as compared to the same periods in the prior year period. The year. For the three-month period, the decrease was primarily due to driven by the decrease in gross margin and stock-based compensation expenses. For the nine-month period, the decrease was primarily driven by the increase in SG&A expenses, in Stock-based and stock-based compensation (including the cost of group restructure in the six-month period) and Depreciation and amortization, expenses partially offset by the increase in gross margin.

Net Income

For Interest expense increased by **\$0.1 million** and **\$1.9 million** respectively for the three and **six**-months ended June 30, 2023 net income was **\$4.1 million** and **\$3.9 million**, respectively, compared to a net income of **\$7.2 million** and **\$8.4 million**, respectively, in the prior period.

The **\$3.0 million** decline in the three-month nine-month period was primarily due to the increase in SG&A expenses termination of **\$2.0 million** and in Stock-based compensation of **\$0.5 million** driving swaps, the decline in net operating income. This was further impacted by an increase in interest expense, net of **\$1.3 million**, due to a **\$1.0 million** increase from foreign exchange movements on bank accounts and an increase in income tax of **\$0.9 million**. foreign exchange impacts on debt retranslation

The **\$4.5 million** decline in the six-month period, was primarily due to the cost of group restructure of **\$3.0 million** driving the decline in net operating income. This was further impacted by decreases in other finance income of **\$0.4 million**, a gainProfit on disposal of trade and assets of had no change in the three-month period and a **\$0.9 million** compared to decrease for the nine-month period as the prior year period included the sale of Italian trading assets.

Other finance income decreased **\$0.2 million** and an **\$0.5 million** respectively for the three and nine-month periods ended September 30, 2023.

Income tax expense increased by **\$1.9 million** and **\$2.5 million** for the three and nine-month periods ended September 30, 2023, respectively. The increase in the three and nine-month periods includes the impact of US losses brought forward not being sufficient to offset the 2023 taxable profits.

For the three and nine-months ended September 30, 2023, net income was **\$3.4 million** and **\$7.6 million**, respectively, compared to net income of **\$9.2 million** and **\$17.1 million**, respectively, in the prior year period. For the three-month period, the decrease was primarily driven by the decrease in net operating income as well as the increase in income tax of **\$0.8 million** and interest expense, expense. For the nine-month period, the decrease was primarily driven by the decrease in net of **\$1.9 million**. The increase operating income as well as the increases in interest expense net was due to a **\$1.3 million** increase from foreign exchange movements and income tax expense and the decreases in profit on bank accounts disposal of trade and a **\$0.5 million** increase in charges relating to a discounted unwind on provisions for dilapidations linked to various properties.

assets and other finance income.

Deferred Tax

We recorded a valuation allowance against all of our deferred tax assets as of both June 30, 2023, and June 30, 2022. We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. However, given our current earnings and anticipated future earnings, we believe that there is a reasonable possibility that within the next 6 months, sufficient positive evidence may become available to allow us to reach a conclusion that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that we are able to actually achieve.

Segment Results (for the three and six months ended June 30, 2023 September 30, 2023, compared to the three and six months ended June 30, 2022 September 30, 2022)

Gaming

We generate revenue from our Gaming segment through the sales and rentals delivery of our gaming machines, terminals preloaded with proprietary gaming software, server based content, as well as services such as terminal repairs, maintenance, software updates and upgrades on a when and if available basis and content development. We receive rental fees for machines, typically in conjunction with long-term contracts, on both a participation and fixed fee basis. Our participation contracts are typically structured to pay us a percentage of net win (defined as net revenue to our operator customers, after deducting player winnings, free bets or plays and any relevant regulatory levies) from gaming terminals placed in our customers' facilities. Typically, we recognize revenue from these arrangements on a daily basis over the term of the contract.

Revenue growth for our Gaming business is principally driven by changes in (i) the number of operator customers we have, (ii) the number of Gaming machines in operation, (iii) the net win performance of the machines and (iv) the net win percentage that we receive pursuant to our contracts with our customers.

Gaming, Key Performance Indicators

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

Gaming	For the Three-Month Period ended			Variance			For the Six-Month Period ended			Variance			For the Three-Month Period ended			Variance		
	June 30,		June 30,		2023 vs 2022		June 30,		June 30,		2023 vs 2022		Sept 30,		Sept 30,		2023 vs 2022	
	2023	2022	2023	2022	%	2023	2022	2023	2022	%	2023	2022	%	2023	2022	%		
End of period installed base (# of terminals) ⁽²⁾	34,533	34,806	(273)	(0.8)%		34,533	34,806	(273)	(0.8)%		34,096	34,637	(541)	(1.5)%				
Total Gaming - Average installed base (# of terminals) ⁽²⁾	34,815	34,774	41	0.1%		34,846	34,733	113	0.3%		34,216	34,536	(320)	(0.9)%				
Participation - Average installed base (# of terminals) ⁽²⁾	30,522	31,249	(727)	(2.3)%		30,658	31,335	(677)	(2.2)%		30,137	31,192	(1,055)	(3.3)%				
Fixed Rental - Average installed base (# of terminals)	4,293	3,525	768	21.8%		4,189	3,399	790	23.2%		4,080	3,344	736	22.1%				
Service Only - Average installed base (# of terminals)	12,898	18,113	(5,215)	(28.8)%		13,529	18,014	(4,485)	(24.9)%		10,208	16,832	(6,624)	(39.1)%				
Customer Gross Win per unit per day ^{(1) (2)}	£ 94.4	£ 90.9	£ 3.5	3.9%		£ 96.3	£ 88.8	£ 7.5	8.5%		£ 91.9	£ 90.9	£ 1.0	1.1%				
Customer Net Win per unit per day ^{(1) (2)}	£ 69.0	£ 66.6	£ 2.4	3.6%		£ 70.3	£ 65.0	£ 5.3	8.2%		£ 67.2	£ 66.3	£ 0.9	1.3%				

Inspired Blended Participation Rate	5.7%	5.7%	0.0%	0.0%	5.7%	5.7%	0.0%	0.0%	5.7%	5.6%	0.1%	n
Inspired Fixed Rental Revenue per Gaming Machine per week	£ 47.2	£ 49.1	(£ 1.9)	(3.9%)	£ 47.8	£ 46.1	£ 1.7	3.7%	£ 53.8	£ 52.3	£ 1.5	2
Inspired Service Rental Revenue per Gaming Machine per week	£ 5.1	£ 4.5	£ 0.6	13.3%	£ 5.1	£ 4.6	£ 0.5	10.9%	£ 4.9	£ 4.7	£ 0.2	4
Gaming Long term license amortization (£'m)	£ 0.8	£ 1.2	(£ 0.4)	(33.3)%	£ 1.6	£ 2.4	(£ 0.8)	(33.3)%	£ 0.6	£ 1.1	(£ 0.5)	(45)
Number of Machine sales	1,523	559	964	172.5%	2,211	878	1,333	151.8%	5,000	783	4,217	538
Average selling price per terminal	£ 5,681	£ 8,257	(£ 2,576)	(31.2)%	£ 6,365	£ 7,719	(£ 1,354)	(17.5)%	£ 4,056	£ 5,133	(£ 1,077)	(21)

(1) Includes all SBG terminals in which the Company takes a participation revenue share across all territories.

(2) Includes circa 2,500 of lottery terminals where the share is on handle instead of net win.

In the table above:

“End of Period Installed Base” is equal to the number of deployed Gaming terminals at the end of each period that have been placed on a participation or fixed rental basis. Gaming participation revenue, which comprises the majority of Gaming Service revenue, is directly related to the participation terminal installed base. This is the medium by which our customers generate revenue and distribute a revenue share to the Company. To the extent all other KPIs and certain other factors remain constant, the larger the installed base, the higher the Company’s revenue would be for a given period. Management gives careful consideration to this KPI in terms of driving growth across the segment. This does not include Service Only terminals.

Revenue is derived from the performance of the installed base as described by the Gross and Net Win KPIs.

If the End of Period Installed Base is materially different from the Average Installed Base (described below), we believe this gives an indication as to potential future performance. We believe the End of Period Installed Base is particularly useful for assessing new customers or markets, to indicate the progress being made with respect to entering new territories or jurisdictions.

“Total Gaming - Average Installed Base” is the average number of deployed Gaming terminals during the period split by Participation terminals and Fixed Rental terminals. Therefore, it is more closely aligned to revenue in the period. We believe this measure is particularly useful for assessing existing customers or markets to provide comparisons of historical size and performance. This does not include Service Only terminals.

“Participation - Average Installed Base” is the average number of deployed Gaming terminals that generated revenue on a participation basis.

“Fixed Rental - Average Installed Base” is the average number of deployed Gaming terminals that generated revenue on a fixed rental basis.

“Service Only - Average Installed Base” is the average number of terminals that generated revenue on a Service only basis.

“Customer Gross Win per unit per day” is a KPI used by our management to (i) assess impact on the Company’s revenue, (ii) determine changes in the performance of the overall market and (iii) evaluate the impacts of regulatory change and our new content releases on our customers. Customer Gross Win per unit per day is the average per unit cash generated across all Gaming terminals in which the Company takes a participation revenue share across all territories in the period, defined as the difference between the amounts staked less winnings to players divided by the Average Installed Base in the period, then divided by the number of days in the period.

Gaming revenue accrued in the period is derived from Customer Gross Win accrued in the period after deducting gaming taxes (defined as a regulatory levy paid by the Customer to government bodies) and applying the Company’s contractual revenue share percentage.

Management believes Customer Gross Win measures are meaningful because they represent a view of customer operating performance that is unaffected by our revenue share percentage and allow management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking between customers and (3) identify strategies to improve operating performance in the different markets in which we operate.

“Customer Net Win per unit per day” is Customer Gross Win per unit per day after giving effect to the deduction of gaming taxes.

“Inspired Blended Participation Rate” is the Company’s average revenue share percentage across all participation terminals where revenue is earned on a participation basis, weighted by Customer Net Win per unit per day.

“Inspired Fixed Rental Revenue per Gaming Machine per week” is the Company’s average fixed rental amount across all fixed rental terminals where revenue is generated on a fixed fee basis, per unit per week.

“Inspired Service Rental Revenue per Gaming Machine per week” is the Company’s average service rental amount across all service only rental terminals where revenue is generated on a service only fixed fee basis, per unit per week.

“Gaming Long term license amortization” is the upfront license fee per terminal which is typically spread over the life of the terminal.

Our overall Gaming revenue from terminals placed on a participation basis can therefore be calculated as the product of the Participation - Average Installed Base, the Customer Net Win per unit per day, the number of days in the period, and the Inspired Blended Participation Rate, which is equal to "Participation Revenue".

"Number of Machine sales" is the number of terminals sold during the period.

"Average selling price per terminal" is the total revenue in GBP of the Gaming terminals sold divided by the "number of Machine sales".

Gaming, Recurring Revenue

Set forth below is a breakdown of our Gaming recurring revenue. Gaming recurring revenue principally consists of Gaming participation revenue and fixed rental revenue.

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In £ millions)	For the Three-Month						For the Six-Month					
	Period ended		Variance		Period ended		Variance		Period ended		Variance	
	June 30, 2023	June 30, 2022	2023 vs 2022	%	June 30, 2023	June 30, 2022	2023 vs 2022	%	June 30, 2023	June 30, 2022	2023 vs 2022	%
Gaming Recurring Revenue												
Total Gaming Revenue	£ 25.1	£ 20.3	£ 4.8	24%	£ 47.7	£ 38.2	£ 9.5	25%				
Gaming Participation Revenue	£ 10.9	£ 10.9	-	0%	£ 22.4	£ 21.0	£ 1.4	7%				
Gaming Other Fixed Fee Recurring Revenue	£ 3.4	£ 3.0	£ 0.4	13%	£ 7.0	£ 5.9	£ 1.1	19%				
Gaming Project Recurring Revenue	£ 0.2	£ 0.2	-	0%	£ 0.5	£ 0.4	£ 0.1	25%				
Gaming Long-term license amortization	£ 0.8	£ 1.2	(£ 0.4)	(33%)	£ 1.6	£ 2.4	(£ 0.8)	(33%)				
Total Gaming Recurring Revenue *	£ 15.3	£ 15.3	£ -	0%	£ 31.5	£ 29.7	£ 1.8	6%				
Gaming Recurring Revenue as a % of Total Gaming Revenue †	61%	75%	(14%)		66%	78%	(12%)					
Total Gaming excluding VAT-related revenue	£ 25.1	£ 20.2			£ 47.7	£ 37.4						
Gaming Recurring Revenue as a % of Total Gaming Revenue (excluding VAT-related revenue)	61%	76%			66%	79%						
Gaming Recurring Revenue as a % of Total Gaming Revenue (excluding Low Margin Sales)	71%	75%			71%	77%						
Gaming Recurring Revenue												
(In £ millions)	For the Three-Month				For the Nine-Month				Variance			
	Period ended		Variance		Period ended		Variance		2023 vs 2022		%	
	Sept 30, 2023	Sept 30, 2022	2023 vs 2022	%	Sept 30, 2023	Sept 30, 2022	2023 vs 2022	%	Sept 30, 2023	Sept 30, 2022	2023 vs 2022	%
Total Gaming Revenue	£ 35.5	£ 20.4	£ 15.1	74%	£ 82.6	£ 59.1	£ 23.5	40%				
Gaming Participation Revenue	£ 10.6	£ 10.8	(£ 0.2)	(2%)	£ 33.0	£ 31.9	£ 1.1	3%				
Gaming Other Fixed Fee Recurring Revenue	£ 3.4	£ 3.3	£ 0.1	3%	£ 10.4	£ 9.2	£ 1.2	13%				
Gaming Project Recurring Revenue	£ 0.1	£ -	£ 0.1	N/A	£ 0.5	£ 0.4	£ 0.1	25%				
Gaming Long-term license amortization	£ 0.6	£ 1.1	(£ 0.5)	(45%)	£ 2.2	£ 3.4	(£ 1.2)	(35%)				
Total Gaming Recurring Revenue *	£ 14.7	£ 15.2	(£ 0.5)	(3%)	£ 46.1	£ 44.9	£ 1.2	3%				
Gaming Recurring Revenue as a % of Total Gaming Revenue †	41%	75%	(34)%		56%	76%	(20)%					
Total Gaming excluding VAT-related revenue	£ 35.5	£ 20.4			£ 82.6	£ 58.3						
Gaming Recurring Revenue as a % of Total Gaming Revenue (excluding VAT-related revenue)	41%	75%			56%	77%						
Gaming Recurring Revenue as a % of Total Gaming Revenue (excluding Low Margin Sales)	84%	75%			75%	76%						

* Does not reflect VAT-related revenue.

† Total Gaming Revenue for the three and **six-month nine-month** period ended **June 30, 2023** **September 30, 2023** has no VAT-related revenue, for the three and **six-month nine-month** period ended **June 30, 2022** **September 30, 2022**, includes £0.1 million £0.0 million and £0.7 million £0.8 million, respectively, of VAT-related revenue, which is not reflected in Gaming Recurring Revenue for that period. Excluding VAT-related revenue, Gaming Recurring Revenue was 76% 75% and 79% 77%, respectively of Total Gaming Revenue for such period. Total Gaming Revenue for the **three and six-month three-month** period ended **June 30, 2023** **September 30, 2023** includes £3.5 million £18.0 million of Low Margin sales and for the **nine-month period ended September 30, 2023** includes £21.5 million of Low Margin sales. For the three and **six-month nine-month** period ended **June 30, 2022** has **September 30, 2022** there are no Low Margin sales. Excluding Low Margin sales, Gaming Recurring Revenue was 71% 84% of Total Gaming Revenue for both periods. the three-month period and 75% for the nine-month period.

Note – For the three and **six-months nine-months** ending **June 30, 2022** **September 30, 2022**, there has been some recharacterization between Gaming Participation Revenue and Other Fixed fee revenue to ensure consistency with similar items across the Group.

In the table above:

"Gaming Participation Revenue" includes our share of revenue generated from (i) our Gaming terminals placed in gaming and lottery venues; and (ii) licensing of our game content and intellectual property to third parties.

"Gaming Other Fixed Fee Recurring Revenue" includes service revenue in which the Company earns a periodic fixed fee on a contracted basis.

“Gaming Project Recurring Revenue” includes project revenue in which the Company earns a periodic revenue for project work on a contracted basis.

“Gaming Long term license amortization” – see the definition provided above.

“Total Gaming Recurring Revenue” is equal to Gaming Participation Revenue plus Gaming Other Fixed Fee Recurring Revenue.

Gaming, Service Revenue by Region

Set forth below is a breakdown of our Gaming service revenue by geographic region. Gaming Service revenue consists principally of Gaming participation revenue, Gaming other fixed fee revenue, Gaming long-term license amortization and Gaming other non-recurring revenue. See “Gaming Segment Revenue” below for a discussion of gaming service revenue between the periods under review.

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In millions)	For the Three-Month Period ended				For the Six-Month Period ended				For the Three-Month Period ended					
	June 30,		Variance		June 30,		Variance		Sept 30,					
	2023	2022	2023 vs 2022	Total Functional Currency %	2023	2022	2023 vs 2022	Total Functional Currency %	2023	2022	2023 vs 2022			
Service Revenue:														
UK LBO	\$ 9.9	\$ 9.9	-	0%	0%	\$ 19.6	\$ 20.1	\$(0.5)	(2)%	3%	\$ 9.1	\$ 9.7	\$(0.6)	(6)%
UK VAT	-	-	-	-	-	-	-	-	-	-	-	-	-	
Related Income	-	0.1	(0.1)	(100)%	(100)%	-	1.0	(1.0)	(100)%	(100)%	-	-	-	0%
UK Other	3.4	3.1	0.3	10%	8%	6.8	6.1	0.7	11%	16%	3.8	3.0	0.8	27%
Italy	0.7	0.6	0.1	17%	17%	1.5	1.3	0.2	15%	3160%	0.6	0.6	-	0%
Greece	4.0	4.4	(0.4)	(9)%	(9)%	8.2	9.2	(1.0)	(11)%	(5)%	3.9	4.3	(0.4)	(9)%
Rest of the World	0.5	0.1	0.4	400%	400%	1.2	0.4	0.8	200%	200%	0.2	0.1	0.1	100%
Lotteries	1.3	1.3	-	0%	0%	2.7	2.6	0.1	4%	12%	1.3	1.3	-	0%
Total Service revenue	\$ 19.8	\$ 19.6	\$ 0.2	1%	1%	\$ 40.0	\$ 40.7	\$(0.7)	(2)%	4%	\$ 18.9	\$ 19.0	\$(0.1)	(1)%
Exchange Rate - \$ to £	1.25	1.26				1.23	1.30				1.25	1.17		

Note: Exchange rate in the table is calculated by dividing the USD total service revenue by the GBP total service revenue, therefore this could be slightly different from the average rate during the period depending on timing of transactions.

Gaming, key events

Total Gaming Customer Gross Win per unit per day (in our functional currency, GBP) for the quarter ended June 30, 2023, increased by £3.5 or 4% to £94.4, for the six-month period there was an increase of £7.5 or 8% to £96.3. The increase was driven primarily by growth within the UK LBO (Licensed Betting Office) market.

During the three-month period we began the installation of our new UK LBO terminal “Vantage” into venues of three major customers. Over 950 terminals were deployed in the second quarter of 2023, with a total of 6,500 expected to be live in venues by the end of 2023, the majority of which are Low Margin sales.

During the six-month period, we delivered product sales of 250 “Flex” terminals to a major customer in the Non-LBO UK estate. These sales generated \$2.6 million of revenue, \$2.0 million in the first quarter and \$0.6 million in the second quarter.

During the six-month period, we sold the first significant volume of our “Community Cops & Robbers” three player terminal into the Non-LBO UK estate. Over 50 terminals were delivered in the six-month period, generating revenue of \$2.2 million, \$0.7 million in the first quarter and \$1.5 million in the second quarter.

In the Italian market, we went live with a new concession in the second quarter of 2023. This will generate recurring revenue through both a platform and games content fee.

In the North American market, we recorded service revenue from 450 game packs into the Illinois estate. The subscription packs contain seven new titles, two games were delivered in the first quarter and a further two in the second quarter delivering total revenue of \$0.8 million for the six-month period.

Gaming, Results of Operations

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In millions)	For the Three-Month Period ended				Variance				For the Nine-Month Period ended				Variance				
	Sept 30,		Sept 30,		2023 vs 2022				Sept 30,		Sept 30,		2023 vs 2022				
			Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %			Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %			Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %
Revenue:																	
Service	\$ 18.9	\$ 19.0	\$ 1.3	\$ (1.4)	(7)%	(1)%	\$ 58.9	\$ 59.7	\$ (0.7)	\$ (0.1)	0%	(1)%					
Product	26.2	5.0	2.0	19.2	384%	424%	44.4	14.5	0.2	29.7	205%	206%					
Total revenue	45.1	24.0	3.3	17.8	74%	88%	103.3	74.2	(0.5)	29.6	40%	39%					
Cost of Sales (1):																	
Cost of Service	(5.5)	(5.3)	(0.6)	0.4	(8)%	(4)%	(17.9)	(17.0)	-	(0.9)	5%	5%					
Cost of Product	(26.2)	(3.6)	(1.7)	(20.9)	581%	628%	(40.4)	(10.0)	-	(30.4)	304%	304%					
Total cost of sales	(31.7)	(8.9)	(2.3)	(20.5)	230%	256%	(58.3)	(27.0)	-	(31.3)	116%	116%					
Selling, general and administrative expenses	(5.1)	(6.1)	(0.4)	1.4	(23)%	(2)%	(15.8)	(17.4)	0.2	1.4	(8)%	(9)%					
Stock-based compensation	(0.4)	(0.4)	-	-	0%	0%	(1.1)	(1.0)	-	(0.1)	10%	10%					
Acquisition and integration related transaction expenses	-	-	-	-	N/A	N/A	-	(0.1)	0.1	-	(100)%	(100)%					
Depreciation and amortization	(5.1)	(4.6)	(0.4)	(0.1)	2%	11%	(14.2)	(14.9)	0.1	0.6	(4)%	(5)%					
Net operating Income (Loss)	\$ 2.8	\$ 4.0	\$ 0.2	\$ (1.4)	(35)%	(30)%	\$ 13.9	\$ 13.8	\$ (0.1)	\$ 0.2	(1)%	(1)%					
Profit on disposal of trade & assets	-	-	-	-	N/A	N/A	-	0.9	(0.1)	(0.8)	(89)%	(100)%					
Net Income (Loss)	\$ 2.8	\$ 4.0	\$ 0.2	\$ (1.4)	(35)%	(30)%	\$ 13.9	\$ 14.7	\$ (0.2)	\$ (0.6)	(4)%	(5)%					
Exchange Rate - \$ to £		1.27	1.18						1.23	1.25							
	For the Three-Month Period ended				Variance				For the Six-Month Period ended				Variance				
(In millions)	June 30,		June 30,		2023 vs 2022				June 30,		June 30,		2023 vs 2022				
	June 30,		June 30,		Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %						Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %
	2023		2022														
Revenue:																	
Service	\$ 19.8	\$ 19.6	\$ (0.1)	\$ 0.3	2%	1%	\$ 40.0	\$ 40.7	\$ (2.1)	\$ 1.4	3%	(2)%					
Product	11.7	5.9	(0.1)	5.9	100%	98%	18.9	8.9	(0.9)	10.9	122%	112%					
Total revenue	31.5	25.5	(0.2)	6.2	24%	24%	58.9	49.6	(3.0)	12.3	25%	19%					
Cost of Sales, excluding depreciation and amortization:																	
Cost of Service	(5.3)	(4.4)	0.1	(1.0)	23%	20%	(10.5)	(9.1)	0.8	(2.2)	24%	15%					
Cost of Product	(9.5)	(4.0)	(0.1)	(5.4)	135%	138%	(14.9)	(5.8)	0.6	(9.7)	167%	157%					
Total cost of sales	(14.8)	(8.4)	-	(6.4)	76%	76%	(25.4)	(14.9)	1.4	(11.9)	80%	70%					
Selling, general and administrative expenses	(7.0)	(7.7)	0.1	0.6	(8)%	(9)%	(14.3)	(14.5)	0.7	(0.5)	3%	(1)%					
Stock-based compensation	(0.4)	(0.3)	-	(0.1)	33%	33%	(0.7)	(0.6)	-	(0.1)	17%	17%					

Acquisition and integration related transaction expenses	-	-	-	-	N/A	N/A	-	(0.1)	-	0.1	(100)%	(100)%
Depreciation and amortization	(4.2)	(4.5)	-	0.3	(7)%	(7)%	(8.0)	(9.2)	0.4	0.8	(9 %)	(13)%
Net operating Income (Loss)	\$ 5.1	\$ 4.6	\$ (0.1)	\$ 0.6	13 %	11 %	\$ 10.5	\$ 10.3	\$ (0.5)	\$ 0.7	7 %	2 %
Profit on disposal of trade & assets	-	-	-	-	N/A	N/A	-	0.9	-	(0.9)	(100%)	(100%)
Net Income (Loss)	\$ 5.1	\$ 4.6	\$ (0.1)	\$ 0.6	13 %	11 %	\$ 10.5	\$ 11.2	\$ (0.5)	\$ (0.2)	(2)%	(6)%
<i>Exchange Rate - \$ to £</i>	1.25	1.26					1.23	1.30				

(1) Excludes depreciation, amortization and impairments.

Note: Exchange rate in the table is calculated by dividing the USD total revenue by the GBP total revenue, therefore this could be slightly different from the average rate during the period depending on timing of transactions.

All variances discussed in the Gaming results below are on a functional currency (at constant rate) basis, which excludes the impact of any changes in foreign currency exchange rates.

Gaming Revenue

During the three and six-month nine-month period, Gaming revenue increased by **\$6.2 million** \$17.8 million and **\$12.3 million**, or 24% and 25% \$29.6 million, respectively. This was driven by increases in Product revenue of \$19.2 million and \$29.7 million, respectively, partially offset by decreases in Service revenue of **\$0.3 million** \$1.4 million and \$1.4 million, respectively, and increases in Product revenue of \$5.9 million and \$10.9 million \$0.1 million, respectively.

For the three-month period the increase decrease in Gaming Service revenue was driven by increases lower revenue from UK LBO of \$0.4 million from North America and \$0.2 million from \$1.1 million as the UK markets, partially offset by prior year period included a customer bonus not available in the current year period as well as lower revenue from Greece of \$0.4 million, \$0.7 million driven by the reduction of long-term license revenue due to the expiration of software licenses for terminals installed in 2018. This was partially offset by increases of \$0.5 million from the other non LBO UK markets.

For the six-month nine-month period the increase decrease in Gaming Service revenue was mainly driven by increases of \$0.8 million from North America and \$1.5 million from the UK markets, partially offset by lower revenue from Greece of **\$0.5 million** \$1.3 million, driven by the reduction of long-term license revenue due to the expiration of software licenses for terminals installed in 2018 and the reduction of VAT-related revenue of \$1.0 million. This was partially offset by increases of \$1.0 million from North America and \$0.7 million from the UK.

For the three-month period the **\$5.9 million** increase in Gaming Product revenue was primarily driven by higher UK Product sales of **\$5.8 million** \$19.8 million, of which **\$4.4 million** \$22.7 million were Low Margin sales.

For the six-month nine-month period the **\$10.9 million** increase in Gaming Product revenue was primarily driven by higher UK Product sales of **\$10.2 million** \$28.1 million, of which **\$4.4 million** \$27.1 million were Low Margin sales.

Gaming Operating Income / Net Income

Operating Net income increased for the three and six-month nine-month periods decreased by \$1.4 million and \$0.6 million and £0.7 million, respectively.

The three-month decrease was primarily due to a decrease in depreciation and amortization of \$0.3 million and by a decrease in SG&A expenses of \$0.6 million. The \$6.2 million lower gross margin as the \$17.8 million revenue increase was offset by a \$6.4 million \$20.5 million increase in total cost of sales (mainly driven by the increase in Low Margin sales in the current period as well as period) and higher service cost of sales predominately from higher commissions costs as well as an increase in depreciation and content costs. amortization of \$0.1 million partially offset by a decrease in SG&A expenses of \$1.4 million.

The six-month increase nine-month decrease was primarily due to a decrease in depreciation of \$0.8 million and an increase in gross margin of \$0.4 million \$1.7 million mainly due to the expiration of software licenses for terminals installed in 2018 in Greece and the reduction of VAT-related revenue of \$1.0 million, partially offset by an increase in SG&A expenses of \$0.5 million driven by exhibition costs that were not incurred in the prior year period.

Gaming Net Income

For the three-month period, Net income increased by \$0.6 million and for the six-month period, Net income decreased by \$0.2 million. The increase in the three-month period was driven by the \$0.6 million increase in Operating income. In the six-month period, the \$0.7 million increase in Operating income was impacted by as well as a \$0.9 million profit from the disposal of trade and assets from the sale of part of the Italian VLT operations in the prior year.

This was partially offset by a decrease in SG&A expenses of \$1.4 million.

Virtual Sports

We generate revenue from our Virtual Sports segment through the licensing on premise solution and hosting of our products. We primarily receive fees in exchange for the licensing of our products, typically on a long-term contract basis, on a participation basis.

Our participation contracts are typically structured to pay us a percentage of net win (defined as net revenue to our operator customers, after deducting player winnings, free bets or plays and other promotional costs and any relevant regulatory levies) from Virtual Sports content placed on our customers' websites or in our customers' facilities. Typically, we recognize revenue from these arrangements on a daily basis over the term of the contract.

Revenue growth for our Virtual Sports segment is principally driven by the number of customers we have, the net win performance of the games and the net win percentage that we receive pursuant to our contracts with our customers.

Virtual Sports, Key Performance Indicators

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

Virtuals	For the Three-Month Period ended			For the Six-Month Period ended			For the Three-Month Period ended			For the Nine-Month Period ended		
	June 30, 2023	June 30, 2022	Variance 2023 vs 2022	June 30, 2023	June 30, 2022	Variance 2023 vs 2022	Sept 30, 2023	Sept 30, 2022	2023 vs 2022	Sept 30, 2023	Sept 30, 2022	Variance 2023 vs 2022
No. of Live Customers at the end of the period	58	63	(5) (7.9)%	58	63	(5) (7.9)%	58	64	(6) (9.4)%	58	64	(6) (9.4)%
Average No. of Live Customers	58	62	(4) (6.5)%	58	62	(4) (6.5)%	58	63	(5) (7.9)%	58	62	(4) (6.5)%
Total Revenue (£'m)	£ 12.0	£ 11.1	£ 0.9 8.1%	£ 24.3	£ 19.8	£ 4.5 22.7%	£ 10.6	£ 12.3	£ (1.7) (13.8)%	£ 34.9	£ 31.7	£ 3.2 10.0%
Total Revenue £'m - Retail	£ 2.5	£ 2.4	£ 0.1 4.2%	£ 5.1	£ 4.8	£ 0.3 6.3%	£ 2.4	£ 2.1	£ 0.3 14.3%	£ 7.6	£ 6.6	£ 1.0 15.2%
Total Revenue £'m - Online	£ 9.4	£ 8.7	£ 0.7 8.0%	£ 19.1	£ 15.0	£ 4.1 27.3%	£ 8.2	£ 10.2	£ (2.0) (19.6)%	£ 27.3	£ 25.1	£ 2.2 7.3%
Virtuals	£ 9.4	£ 8.7	£ 0.7 8.0%	£ 19.1	£ 15.0	£ 4.1 27.3%	£ 8.2	£ 10.2	£ (2.0) (19.6)%	£ 27.3	£ 25.1	£ 2.2 7.3%

In the table above:

"No. of Live Customers at the end of the period" and "Average No. of Live Customers" represent the number of customers from which there is Virtual Sports revenue at the end of the period and the average number of customers from which there is Virtual Sports revenue during the period, respectively.

"Total Revenue (£m)" represents total revenue for the Virtual Sports segment, including recurring and upfront service revenue. Total revenue is also divided between "Total Revenue (£m) - Retail," which consists of revenue earned through players wagering at Virtual Sports venues, "Total Revenue (£m) - Online Virtuals," which consists of revenue earned through players wagering on Virtual Sports online.

Virtual Sports, Recurring Revenue

Set forth below is a breakdown of our Virtual Sports recurring revenue, which consists of Retail Virtuals and Online Virtuals recurring revenue as well as long-term license amortization. See "Virtual Sports Segment Revenue" below for a discussion of Virtual Sports Service revenue between the periods under review.

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In £ millions)	For the Three-Month						For the Six-Month					
	Period ended		Variance		Period ended		Variance					
	June 30, 2023	June 30, 2022	2023 vs 2022	%	June 30, 2023	June 30, 2022	2023 vs 2022	%				
Virtual Sports Recurring Revenue												
Total Virtual Sports Revenue	£ 12.0	£ 11.1	£ 0.9	8%	£ 24.3	£ 19.8	£ 4.5	23%				
Recurring Revenue - Retail Virtuals	£ 2.4	£ 2.3	£ 0.1	4%	£ 4.9	£ 4.5	£ 0.4	9%				
Recurring Revenue - Online Virtuals	£ 9.4	£ 8.7	£ 0.7	8%	£ 19.0	£ 15.0	£ 4.0	27%				
Total Virtual Sports Long-term license amortization	£ 0.1	£ 0.1	-	0%	£ 0.1	£ 0.3	£ (0.2)	(67)%				
Total Virtual Sports Recurring Revenue	£ 11.9	£ 11.1	£ 0.8	7%	£ 24.0	£ 19.8	£ 4.2	21%				
Virtual Sports Recurring Revenue as a Percentage of Total Virtual Sports Revenue	99%	100%	(1)%		99%	100%	(1)%					
Virtual Sports Recurring Revenue												
Total Virtual Sports Revenue	£ 10.6	£ 12.3	£ (1.7)	(14)%	£ 34.9	£ 31.7	£ 3.2	10%				
Recurring Revenue - Retail Virtuals	£ 2.4	£ 2.1	£ 0.3	14%	£ 7.4	£ 6.4	£ 1.0	16%				
Recurring Revenue - Online Virtuals	£ 8.1	£ 10.1	£ (2.0)	(20)%	£ 27.1	£ 24.9	£ 2.2	9%				
Total Virtual Sports Long-term license amortization	£ -	£ -	-	0%	£ 0.1	£ -	£ 0.1	100%				
Total Virtual Sports Recurring Revenue	£ 10.5	£ 12.2	£ (1.7)	(14)%	£ 34.6	£ 31.3	£ 3.3	11%				
Virtual Sports Recurring Revenue as a Percentage of Total Virtual Sports Revenue	99%	99%	0%		99%	99%	(0)%					

"Recurring Revenue" includes our share of revenue generated from (i) our Virtual Sports products placed with operators; (ii) licensing our game content and intellectual property to third parties; and (iii) our games on third-party online gaming platforms that are interoperable with our game servers.

"Virtual Sports Long term license amortization" is the upfront license fee which is typically spread over the life of the contract.

Virtual Sports, key events

During the first quarter ending March 31, 2023, a full suite of games was launched, including V-Play Soccer™ and V-Play Basketball™ in Ontario with multiple operators, V-Play Tie-Break Tennis™ with bet365, and Online Virtuals in Turkey with Milli Piyango, in partnership with leading operator SisalSans.

Two new products, Virtual Motor Racing and U.S Horses launched into Entain's U.K. retail estate. In addition to the launch of V-Play Horses™ with Eurobet in Italy.

A new contract was signed, which resulted in the live launch with Mozzartbet for V-Play Plug & Play™ in three new African territories in the form of Nigeria, Ghana, and Kenya.

During the second quarter of the period ending June 30, 2023 Netherlands Lottery went live with Soccer, Cricket, Darts, Basketball, and American Football Virtual events within the second quarter, all streamed via Inspired's streaming platform.

Key contract extensions have been signed with long-time partner bet365, in addition to a significant retail operator in the market with over 600 betting shops across the UK and Ireland.

Virtual Sports, Results of Operations

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In millions)	For the Three-Month Period ended				Variance				For the Six-Month Period ended				Variance				For the Three-Month Period ended							
	June 30,		June 30,		2023 vs 2022				June 30,		June 30,		2023 vs 2022				Sept 30,		Sept 30,		Variance			
	2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis		
Service Revenue	\$ 15.0	\$ 14.0	\$ (0.1)	\$ 1.1	8 %	7 %	\$ 29.9	\$ 25.6	\$ (1.5)	\$ 5.8	23 %	17 %	\$ 13.4	\$ 14.4	\$ 1.0	\$ 1.0	\$ 13.4	\$ 14.4	\$ 1.0	\$ 1.0	\$ 13.4	\$ 14.4		
Cost of Service	(0.7)	(0.6)	(0.1)	-	0 %	17 %	(1.4)	(1.2)	0.1	(0.3)	25 %	17 %	(0.2)	(0.4)	-	-	(0.2)	(0.4)	-	-	(0.2)	(0.4)		
Selling, general and administrative expenses	(1.2)	(1.4)	(0.1)	0.3	(21)%	(14)%	(2.5)	(3.0)	0.1	0.4	(13)%	(17)%	(1.5)	(1.8)	-	-	(1.5)	(1.8)	-	-	(1.5)	(1.8)		
Stock-based compensation	(0.2)	(0.2)	-	-	0 %	0 %	(0.4)	(0.3)	-	(0.1)	33 %	33 %	(0.2)	(0.2)	-	-	(0.2)	(0.2)	-	-	(0.2)	(0.2)		
Depreciation and amortization	(1.0)	(0.7)	-	(0.3)	43 %	43 %	(1.7)	(1.4)	0.1	(0.4)	29 %	21 %	(0.7)	(0.8)	-	-	(0.7)	(0.8)	-	-	(0.7)	(0.8)		
Net operating income (Loss)	\$ 11.9	\$ 11.1	\$ (0.3)	\$ 1.1	10 %	7 %	\$ 23.9	\$ 19.7	\$ (1.2)	\$ 5.4	27 %	21 %	\$ 10.8	\$ 11.2	\$ 1.0	\$ 1.0	\$ 10.8	\$ 11.2	\$ 1.0	\$ 1.0	\$ 10.8	\$ 11.2		
Exchange Rate - \$ to £	1.25	1.26					1.23	1.29					1.26	1.18			1.26	1.18			1.26	1.18		

Note: Exchange rate in the table is calculated by dividing the USD service revenue by the GBP service revenue, therefore this could be slightly different from the average rate during the period depending on timing of transactions.

All variances discussed in the Virtual Sports results below are on a functional currency (at constant rate) basis, which excludes the impact of any changes in foreign currency exchange rates.

Virtual Sports revenue

During the three and six-month three-month period revenue decreased by \$2.0 million mainly due to reductions in Online activity driven by a major customer's optimizing of their customer base, with a partial offset due to increased Retail revenue. During the nine-month period, revenue increased by \$1.1 million and \$5.8 million, or 8% and 23%, respectively. These increases were \$4.1 million driven by \$1.0 million and \$5.4 million increases in Online Virtuals, respectively, primarily driven by the growth from our existing online customers along with expanding jurisdictions, as well as increases in Retail Virtuals of \$0.1 million and \$0.4 million, respectively. Virtuals.

Virtual Sports operating income

During the three three-month period net operating income decreased by \$1.4 million driven by the decrease in revenue partially offset by reductions in SG&A and six-month depreciation and amortization expenses.

During the nine-month period net operating income increased by \$1.1 million \$4.6 million driven by the increase in gross margin and \$5.4 million, primarily due to the decrease in SG&A expenses, partially offset by increases in revenues, stock-based compensation, depreciation and amortization expenses.

Interactive

We generate revenue from our Interactive segment through the licensing of our products, various games content made available via third party aggregation platforms with Inspired's remote gaming server or directly on the Company's remote gaming server platform, and services such as customer support, platform maintenance, updates and upgrades. Typically, we receive fees in exchange for the licensing of our products, on a long-term contract basis, on a participation basis. Our participation contracts are usually structured to pay us a percentage of net win (defined as net revenue to our operator customers, after deducting player winnings, free bets or plays and other promotional costs and any relevant regulatory levies) from Interactive content placed on our customers' websites. Typically, we recognize revenue from these arrangements on a daily basis over the term of the contract.

Revenue growth for our Interactive segment is principally driven by the number of customers we have, the number of live games, the net win performance of the games and the net win percentage that we receive pursuant to our contracts with our customers.

Interactive, Key Performance Indicators

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

Interactive	For the Three-Month Period ended				For the Six-Month Period ended				For the Three-Month Period ended				For the Nine-Month Period ended			
	June 30,		June 30,		June 30,		June 30,		Sept 30,		Sept 30,		Sept 30,		Sept 30,	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
No. of Live Customers at the end of the period	146	118	28	23.7%	146	118	28	23.7%	146	125	21	16.8%	146	125	21	16.8%
Average No. of Live Customers	140	116	24	20.7%	138	114	24	21.1%	144	124	20	16.1%	140	117	23	19.7%
No. of Games available at the end of the period	283	254	29	11.4%	283	254	29	11.4%	286	262	24	9.2%	286	262	24	9.2%
Average No. of Games available	277	249	28	11.2%	274	244	30	12.3%	282	259	23	8.9%	277	249	28	11.2%
No. of Live Games at the end of the period	260	254	6	2.4%	260	254	6	2.4%	267	262	5	1.9%	267	262	5	1.9%
Average No. of Live Games	254	249	5	2.0%	250	244	6	2.5%	263	259	4	1.5%	255	249	6	2.4%
Total Revenue (£'m)	£ 5.9	£ 4.6	£ 1.3	28.3%	£ 11.3	£ 8.6	£ 2.7	31.4%	£ 5.7	£ 4.5	£ 1.2	26.7%	£ 15.9	£ 12.1	£ 3.8	31.4%

In the table above:

“No. of Live Customers at the end of the period” and “Average No. of Live Customers” represent the number of customers from which there is Interactive revenue at the end of the period and the average number of customers from which there is Interactive revenue during the period, respectively.

“No. of Games available at the end of the period” and “Average No. of Games available” represents the number of games that are available for operators to deploy at the end of the period (including inactive legacy games still available and inactive new games that are available but have not yet gone live with any operators) and the average number of games that are available for operators to deploy during the period, respectively. This incorporates both live games and inactive games.

“No. of Live Games at the end of the period” and “Average No. of Live Games” represents the number of games from which there is Interactive revenue at the end of the period and the average number of games from which there is Interactive revenue during the period, respectively.

“Total Revenue (£'m)” represents total revenue for the Interactive segment, including recurring and upfront service revenue.

Interactive, key events

During the six-month period ended June 30, 2023, we went live with sixteen new operators, seven during the first quarter 2023 including 32Red, AGLC and the Score, and nine during the second quarter of 2023 including Soaring Eagle in Michigan, Eurobet in Italy and DAZN Bet in the UK.

During the six-month period ten new games were deployed. Five of these games were deployed in the first quarter with the remaining five deployed in the second quarter.

Key launches during the period included iGaming content with Fanuel in Michigan and Pennsylvania plus the launch of content into AGLC in Alberta, in addition to an increased rollout of content within the Italian markets.

Interactive, Results of Operations

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In millions)	For the Three-Month Period ended						For the Six-Month Period ended						For the Three-Month Period ended		
	June 30,		June 30,		2023 vs 2022		June 30,		June 30,		2023 vs 2022		Sept 30,	Sept 30,	
			Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance	Total Reported Variance %			Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance	Total Reported Variance %			
	2023	2022					2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance	Total Reported Variance %			
Service Revenue	\$ 7.4	\$ 5.8	-	\$ 1.6	28 %	28 %	\$ 14.0	\$ 11.1	(0.6) \$	3.5	32 %	26 %	\$ 7.3	\$ 5.3	\$
Cost of Service	(0.9)	(0.8)	-	(0.1)	13 %	13 %	(1.8)	(1.8)	0.1	(0.1)	6 %	0 %	(0.5)	(0.5)	-
Selling, general and administrative expenses	(2.5)	(1.9)	-	(0.6)	32 %	32 %	(4.9)	(3.3)	0.3	(1.9)	58 %	48 %	(2.1)	(2.0)	
Stock-based compensation	(0.1)	(0.2)	-	0.1	(50)%	(50)%	(0.3)	(0.3)	-	-	0 %	0 %	(0.1)	(0.1)	
Depreciation and amortization	(1.5)	(0.7)	-	(0.8)	114 %	114 %	(2.3)	(1.5)	0.1	(0.9)	60 %	53 %	(0.9)	(0.4)	
Net operating Income (Loss)	\$ 2.4	\$ 2.2	-	\$ 0.2	9 %	9 %	\$ 4.7	\$ 4.2	(0.1) \$	0.6	14 %	12 %	\$ 3.7	\$ 2.3	\$
Exchange Rate - \$ to £	1.25	1.25					1.24	1.29					1.27	1.18	

Note: Exchange rate in the table is calculated by dividing the USD service revenue by the GBP service revenue, therefore this could be slightly different from the average rate during the period depending on timing of transactions.

All variances discussed in the Interactive results below are on a functional currency (at constant rate) basis, which excludes the impact of any changes in foreign currency exchange rates.

Interactive revenue

During three and six-month nine-month period, revenue increased by \$1.6 million \$1.5 million and \$3.5 million, or 28% and 32% \$4.8 million, respectively, primarily driven by revenue growth in the UK, US and Canada due to new customer launches, the consistent launch of new content across the estate and increased promotional activity through exclusive deals with tier-one customers.

Interactive operating income

Operating income for the three and six-month three-month period increased by \$0.2 million \$1.0 million and \$0.6 million the nine-month period increased by \$1.6 million, respectively. This The nine-month increase was driven by the increase in revenue, partially offset by increases in SG&A expenses of \$0.6 million and \$1.9 million \$1.8 million, respectively, due to an increase in staff costs due to an investment in new technology and commercial headcount (additionally, we incurred exhibition costs in the six-month period that were not incurred in the prior year period). The three during Q4 2022 and six-month period also saw an increase in depreciation and amortization of \$0.8 million and \$0.9 million, respectively. Q1 2023.

Leisure

We typically generate revenue from our Leisure segment through the supply of our gaming and amusement machines. We receive rental fees for machines, typically on a long-term contract basis, on both a participation and fixed fee basis. Our participation contracts are usually structured to pay us a percentage of net win (defined as net revenue to our operator customers, after deducting player winnings, free bets or plays, any relevant regulatory levies and minimum fixed incomes where applicable) from machines placed in our customers' facilities. We generally recognize revenue from these arrangements on a daily basis over the term of the contract.

Revenue growth for our Leisure segment is principally driven by the number of customers we have, the number of machines in operation, the net win performance of the machines and the net win percentage that we receive pursuant to our contracts with our customers.

Leisure, Key Performance Indicators

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

Leisure	For the Three-Month Period ended		Variance		For the Six-Month Period ended		Variance		For the Three-Month Period ended		Variance		For the Nine-Month Period ended	
	June 30, 2023	June 30, 2022	2023 vs 2022		June 30, 2023	June 30, 2022	2023 vs 2022		Sept 30, 2023	Sept 30, 2022	2023 vs 2022		Sept 30, 2023	
			%				%				%			
End of period installed base														
Gaming machines (# of terminals)	10,725	10,682	43	0.4%	10,725	10,682	43	0.4%	10,739	10,987	(248)	(2.3)%	10,739	
Average installed base														
Gaming machines (# of terminals)	10,709	10,851	(142)	(1.3)%	10,739	11,053	(314)	(2.8)%	10,757	10,833	(76)	(0.7)%	10,763	
End of period installed base														
Other (# of terminals)	4,363	4,644	(281)	(6.1)%	4,363	4,644	(281)	(6.1)%	4,303	4,745	(442)	(9.3)%	4,303	
Average installed base														
Other (# of terminals)	4,380	5,424	(1,044)	(19.2)%	4,518	5,946	(1,428)	(24.0)%	4,327	4,696	(369)	(7.9)%	4,409	
Pub Digital Gaming Machines - Average installed base (# of terminals)	6,116	6,148	(32)	(0.5)%	6,099	6,260	(161)	(2.6)%	6,239	6,198	41	0.7%	6,128	
Pub Analogue Gaming Machines - Average installed base (# of terminals)	421	1,482	(1,061)	(71.6)%	744	1,616	(872)	(54.0)%	318	1,419	(1,101)	(77.6)%	413	

MSA and Bingo Gaming Machines - Average installed base (# of terminals) ⁽¹⁾	3,011	3,220	(209)	(6.5)%	3,107	3,170	(63)	(2.0)%	3,037	3,216	(179)	(5.6)%	3,046
Inspired Leisure Revenue per Gaming Machine per week	£ 67.6	£ 63.1	£ 4.5	7.1%	£ 67.0	£ 63.7	£ 3.3	5.2%	£ 67.8	£ 63.2	£ 4.6	7.3%	£ 67.2
Inspired Pub Digital Revenue per Gaming Machine per week	£ 70.5	£ 68.8	£ 1.7	2.5%	£ 70.4	£ 67.4	£ 3.0	4.5%	£ 68.9	£ 68.3	£ 0.6	0.9%	£ 69.9
Inspired Pub Analogue Revenue per Gaming Machine per week	£ 38.3	£ 38.3	£ (0.0)	(0.0)%	£ 37.6	£ 38.8	£ (1.2)	(3.1)%	£ 31.9	£ 37.3	£ (5.4)	(14.5)%	£ 35.7
Inspired MSA and Bingo Revenue per Gaming Machine per week	£ 98.3	£ 91.5	£ 6.8	7.4%	£ 93.8	£ 89.4	£ 4.4	4.9%	£ 90.7	£ 92.5	£ (1.8)	(1.9)%	£ 92.8
Inspired Other Revenue per Machine per week	£ 19.4	£ 19.7	£ (0.3)	(1.5)%	£ 19.8	£ 19.9	£ (0.1)	(0.5)%	£ 23.7	£ 19.8	£ 3.9	19.7%	£ 21.1
Total Holiday Parks Revenue (Gaming and Non Gaming) (£'m)	£ 9.8	£ 9.0	£ 0.8	8.9%	£ 12.7	£ 11.5	£ 1.2	10.4%	£ 13.8	£ 13.6	£ 0.2	1.5%	£ 26.5

(1) Motorway Service Area machines

In the table above:

"End of period installed base Gaming" and "Average installed base Gaming" represent the number of gaming machines installed (excluding Holiday Park machines) that are Category B and Category C only, from which there is participation or rental revenue at the end of the period or as an average over the period.

“End of period installed base Other” and “Average installed base Other” represent the number of all other category machines installed (excluding Holiday Park machines) from which there is participation or rental revenue at the end of the period or as an average over the period.

“Revenue per machine unit per week” represents the average weekly participation or rental revenue recognized during the period.

Leisure, key events

During the first quarter of 2023 we successfully installed 370 machines (a mixture of Amusement and Gaming) and commenced operations at holiday park operator Butlins in Bognor Regis. We successfully extended our contract with Center Parcs during the second quarter in the holiday parks business for a further two years and signed a new three-year agreement with Verdant supporting our continued partnership.

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In the second quarter, we signed a 5-year contract renewal with our largest Pubs sector customer JD Wetherspoon for the supply of over 2000 Category C gaming machines (for use in Pubs and other Alcohol licensed venues, plus Bingo Halls) as well as a three-year agreement with Whitbread strengthening our position in the Pubs sector. In the first quarter we signed a new 4-year agreement with the Stonegate Group, one of the largest UK operators of Pubs in the managed, leased, and tenanted sectors.

During the second quarter, we commenced the technical trial of our brand-new Vantage Category C cabinet in the Pubs sector.

In the Bingo sector, during the first quarter we deployed 60 new Prismatic Fortune community machines to 15 Mecca Bingo sites nationwide in the UK as well as released new content Clockwork Orange Fortune Community.

Additionally in the first quarter, our Prismatic Category C estate saw the release of Bonus Fruits, Burning Hot Deluxe and Bullion Bars Pub edition. During the second quarter we released Burning Hot 40's and Big Fishing fortune.

Leisure, Results of Operations

(In millions)	For the Three-Month Period ended				Variance				For the Nine-Month Period ended				Variance				
	Sept 30,		Sept 30,		2023 vs 2022				Sept 30,		Sept 30,		2023 vs 2022				
		2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %		2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %			
Revenue:																	
Service	\$ 31.1	\$ 29.9	\$ 2.1	\$ (0.9)	(3)%	4%	\$ 73.6	\$ 74.3	\$ 0.3	\$ (1.0)	(1)%	(1)%					
Product	0.6	0.6	-	-	0%	0%	1.7	1.8	(0.1)	-	0%	0%	(6)%				
Total revenue	31.7	30.5	2.1	(0.9)	(3)%	4%	75.3	76.1	0.2	(1.0)	(1)%	(1)%	(1)%				
Cost of Sales (1):																	
Cost of Service	(15.2)	(14.1)	(1.2)	0.1	(1)%	8%	(36.8)	(35.5)	(0.5)	(0.8)	(2)%	(4)%					
Cost of Product	(0.5)	(0.5)	-	-	0%	0%	(1.4)	(1.2)	0.1	(0.3)	(25)%	(17)%					
Total cost of sales	(15.7)	(14.6)	(1.2)	0.1	(1)%	(8)%	(38.2)	(36.7)	(0.4)	(1.1)	(3)%	(4)%					
Selling, general and administrative expenses	(7.3)	(6.3)	(0.5)	(0.5)	8%	16%	(21.0)	(19.5)	0.5	(2.0)	10%	8%					
Stock-based compensation	(0.2)	(0.1)	-	(0.1)	100%	100%	(0.7)	(0.4)	-	(0.3)	75%	75%					
Depreciation and amortization	(3.0)	(3.1)	(0.2)	0.3	(10)%	(3)%	(9.1)	(10.2)	0.2	0.9	(9)%	(11)%					
Net operating Income (Loss)	\$ 5.5	\$ 6.4	\$ 0.2	\$ (1.1)	(17)%	(14)%	\$ 6.3	\$ 9.3	\$ 0.5	\$ (3.5)	(38)%	(32)%					
<i>Exchange Rate - \$ to £</i>	1.27	1.18							1.25	1.25							

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In millions)	For the Three-Month Period ended				Variance				For the Six-Month Period ended				Variance				
	June 30,		June 30,		2023 vs 2022				June 30,		June 30,		2023 vs 2022				
		2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %		2023	2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %			
Revenue:																	
Service	\$ 25.9	\$ 25.4	\$ (0.1)	\$ 0.6	2%	2%	2%	\$ 42.5	\$ 44.4	\$ (1.8)	\$ (0.1)	(0)%	(4)%				
Product	0.6	0.6	-	-	0%	0%	0%	1.1	1.2	0.0	(0.1)	(8)%	(8)%				
Total revenue	26.5	26.0	(0.1)	0.6	2%	2%	2%	43.6	45.6	(1.8)	(0.2)	(0)%	(4)%				
Cost of Sales, excluding depreciation and amortization:																	
Cost of Service	(6.5)	(5.9)	-	(0.6)	10%	10%	10%	(10.6)	(11.4)	0.5	0.3	(3)%	(7)%				
Cost of Product	(0.3)	(0.4)	0.1	(0.6)	0%	(25)%	8%	(0.7)	(0.7)	0.5	0.3	0%	0%				
Total cost of sales	(6.8)	(6.3)	0.1	(0.6)	10%	(25)%	8%	(11.3)	(12.1)	0.5	0.3	(2)%	(7)%				
Selling, general and administrative expenses	(13.2)	(12.0)	0.2	(1.4)	12%	10%	10%	(24.3)	(23.3)	1.1	(2.1)	9%	4%				
Stock-based compensation	(0.4)	(0.1)	-	(0.3)	300%	300%	300%	(0.5)	(0.3)	-	(0.2)	67%	67%				
Depreciation and amortization	(3.0)	(3.5)	-	0.5	(14)%	(14)%	(14)%	(6.1)	(7.2)	0.3	0.8	(11)%	(15)%				
Net operating Income (Loss)	\$ 3.1	\$ 4.1	\$ 0.2	\$ (1.2)	(29)%	(24)%	(24)%	\$ 1.4	\$ 2.7	\$ 0.1	\$ (1.4)	(52)%	(48)%				
<i>Exchange Rate - \$ to £</i>	1.25	1.26							1.24	1.29							

(1) Excludes depreciation, amortization and impairments.

Note: Exchange rate in the table is calculated by dividing the USD total revenue by the GBP total revenue, therefore this could be slightly different from the average rate during the period depending on timing of transactions.

All variances discussed in the Leisure results below are on a functional currency (at constant rate) basis, which excludes the impact of any changes in foreign currency exchange rates.

Leisure Revenue

For the three-month and nine-month period revenue increased by \$0.6 million and for the six-month period decreased by \$0.2 million, \$0.9 million and \$1.0 million, respectively. The decline decrease in the six-month period three and nine-month periods was primarily due to the structured withdrawal of non-core low-margin amusement and prize vend machines as recognized in the third quarter of 2022 in the Pubs sector as well as the reduction in the number of analog gaming machines.

For the three-month period service revenue increased machines, partially offset by \$0.6 million, predominately due to the increase increases in Holiday Parks of \$1.1 million due to the addition of new holiday parks, partly offset by the decline in Pubs of \$0.5 million (see above).

For the six-month period service revenue decreased by \$0.1 million, predominately driven by the decline in Pubs of \$1.5 million (see above) and a \$0.3 million decrease in Bingo, partly offset by the increase in Holiday Parks of \$1.6 million (see above) locations.

Leisure Operating Income/ (Loss)

Operating income for the three and **six-month** **nine-month** periods decreased by **\$1.2 million** **\$1.1 million** and **\$1.5 million** to **\$3.1 million** and **\$1.4 million** **\$3.5 million**, respectively. This was primarily due to the increase in SG&A expenses of **\$1.4 million** **\$0.5 million** and **\$2.1 million** **\$2.0 million**, respectively, driven by the increase in seasonal staff, the increase in national living wage and salary **increases this year**, (additionally, we incurred exhibitions costs in the six-month period that were not incurred in the prior year period), **increases**. This was partially offset by a decrease in depreciation and amortization of **\$0.5 million** **\$0.3 million** and **\$0.8 million** **\$0.9 million**, respectively, due to the decrease in machine depreciation as assets become fully **written down**, **depreciated**.

Non-GAAP Financial Measures

We use certain non-GAAP financial measures, including EBITDA and Adjusted EBITDA, to analyze our operating performance. We use these financial measures to manage our business on a day-to-day basis. We believe that these measures are also commonly used in our industry to measure performance. For these reasons, we believe that these non-GAAP financial measures provide expanded insight into our business, in addition to standard U.S. GAAP financial measures. There are no specific rules or regulations for defining and using non-GAAP financial measures, and as a result the measures we use may not be comparable to measures used by other companies, even if they have similar labels. The presentation of non-GAAP financial information should not be considered in isolation from, or as a substitute for, or superior to, financial information prepared and presented in accordance with U.S. GAAP. You should consider our non-GAAP financial measures in conjunction with our U.S. GAAP financial measures.

We define our non-GAAP financial measures as follows:

EBITDA is defined as net income (loss) excluding depreciation and amortization, interest expense, interest income and income tax expense.

Adjusted EBITDA is defined as net income (loss) excluding depreciation and amortization, interest expense, interest income and income tax expense, and other additional exclusions and adjustments (see **Adjusted EBITDA reconciliation table**). Such additional excluded amounts include stock-based compensation U.S. GAAP charges where the associated liability is expected to be settled in stock, and changes in the value of earnout liabilities and income and expenditure in relation to legacy portions of the business (being those portions where trading no longer occurs) including closed defined benefit pension schemes. Additional adjustments are made for items considered outside the normal course of business, including **but not limited to** (1) restructuring costs, which include charges attributable to employee severance, management changes, restructuring, dual running costs, costs related to facility closures and integration costs, (2) merger and acquisition costs and (3) gains or losses not in the ordinary course of business.

We believe Adjusted EBITDA, when considered along with other performance measures, is a particularly useful performance measure, because it focuses on certain operating drivers of the business, including sales growth, operating costs, selling and administrative expense and other operating income and expense. We believe Adjusted EBITDA can provide a more complete understanding of our operating results and the trends to which we are subject, and an enhanced overall understanding of our financial performance and prospects for the future. Adjusted EBITDA is not intended to be a measure of liquidity or cash flows from operations or a measure comparable to net income or loss, because it does not take into account certain aspects of our operating performance (for example, it excludes non-recurring gains and losses which are not deemed to be a normal part of underlying business activities). Our use of Adjusted EBITDA may not be comparable to the use by other companies of similarly termed measures. Management compensates for these limitations by using Adjusted EBITDA as only one of several measures for evaluating our operating performance. In addition, capital expenditures, which affect depreciation and amortization, interest expense, and income tax benefit (expense), are evaluated separately by management.

Adjusted Revenue (Revenue Excluding Low Margin Gaming Hardware Sales) is defined as revenue excluding Gaming hardware sales that are sold at Low Margin with the intention of securing longer term recurring revenue streams.

Functional Currency at Constant rate. Currency impacts discussed have been calculated as the current-period average GBP: USD rate less the equivalent average rate in the prior year period, multiplied by the current period amount in our functional currency (GBP). The remaining difference, referred to as functional currency at constant rate, is calculated as the difference in our functional currency, multiplied by the prior-period average GBP: USD rate, as a proxy for functional currency at constant rate movement.

Currency Movement represents the difference between the results in our reporting currency (USD) and the results on a functional currency (at constant rate) basis.

Reconciliations from net loss, as shown in our Consolidated Statements of Operations and Comprehensive Income (Loss), to Adjusted EBITDA are shown below.

Reconciliation to Adjusted EBITDA by segment for the Three and Six Nine Months ended June 30, 2023 September 30, 2023

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In millions)	For the Three-Month Period ended						For the Six-Month Period ended						For the Six-Month Period ended						
	June 30, 2023						June 30, 2023						June 30, 2023						
	Virtual		Sports		Interactive		Leisure		Corporate		Virtual		Sports		Interactive		Leisure		Corporate
Net Income/ (loss)	\$ 4.1	\$ 5.1	\$ 11.9	\$ 2.4	\$ 3.1	\$ (18.4)	\$ 3.9	\$ 10.5	\$ 23.9	\$ 4.7	\$ 1.4	\$ (36.6)							
Items Relating to Legacy Activities:																			
Pension charges (1)	0.2							0.2	0.5										0.5
Items outside the normal course of business:																			
Costs of group restructure (3)	-							-	3.0										3.0
Stock-based compensation expense (4)	3.2	0.4	0.2	0.1	0.4	2.1	6.1	0.7	0.4	0.3	0.5	4.2							
Depreciation and amortization (4)	10.4	4.2	1.0	1.5	3.0	0.7	19.3	8.0	1.7	2.3	6.1	1.2							
Interest expense net (4)	7.3					7.3	13.6					13.6							
Other finance expenses / (income) (4)	(0.1)					(0.1)	(0.2)					(0.2)							
Income tax (4)	1.1					1.1	1.2					1.2							
Adjusted EBITDA	\$ 26.2	\$ 9.7	\$ 13.1	\$ 4.0	\$ 6.5	\$ (7.1)	\$ 47.4	\$ 19.2	\$ 26.0	\$ 7.3	\$ 8.0	\$ (13.1)							
Adjusted EBITDA	£ 20.9	£ 7.7	£ 10.5	£ 3.2	£ 5.1	£ (5.6)	£ 38.3	£ 15.5	£ 21.1	£ 5.9	£ 6.5	£ (10.7)							
<i>Exchange Rate - \$ to £ (5)</i>	1.25						1.24												
	For the Three-Month Period ended						For the Nine-Month Period ended						September 30, 2023						
	September 30, 2023						September 30, 2023						September 30, 2023						
Net Income/ (loss)	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate							
Net Income/ (loss)	\$ 3.4	\$ 2.8	\$ 10.8	\$ 3.7	\$ 5.5	\$ (19.4)	\$ 7.6	\$ 13.9	\$ 34.6	\$ 8.5	\$ 6.3	\$ (55.7)							
Items Relating to Legacy Activities:																			
Pension charges (1)	0.2						0.2	0.6											0.6
Items outside the normal course of business:																			
Costs of group restructure (3)	0.7						0.7	3.7											3.7
Stock-based compensation expense (4)	3.3	0.4	0.2	0.1	0.2	2.4	9.3	1.1	0.6	0.4	0.7	6.5							
Depreciation and amortization (4)	10.3	5.1	0.7	0.9	3.0	0.6	29.8	14.2	2.3	2.5	9.1	1.7							
Interest expense net (4)	6.9					6.9	20.5					20.5							
Other finance expenses / (income) (4)	(0.1)					(0.1)	(0.3)					(0.3)							
Income tax (4)	2.0					2.0	2.8					2.8							2.8
Adjusted EBITDA	\$ 26.7	\$ 8.3	\$ 11.7	\$ 4.7	\$ 8.7	\$ (6.7)	\$ 74.0	\$ 29.2	\$ 37.5	\$ 11.4	\$ 16.1	\$ (20.2)							
Adjusted EBITDA	£ 21.1	£ 6.8	£ 9.2	£ 3.7	£ 6.7	£ (5.3)	£ 59.4	£ 23.7	£ 30.1	£ 9.1	£ 12.6	£ (16.1)							
<i>Exchange Rate - \$ to £ (5)</i>	1.27						1.24												

Note: Certain unallocated corporate function costs have not been allocated to the Company's reportable operating segments because these costs are not allocable and to do so would not be practical; these are shown in the Corporate category.

Reconciliation to Adjusted EBITDA by segment for the Three and Six Nine Months ended June 30, 2022 September 30, 2022

(In millions)	For the Three-Month Period ended September 30, 2022						For the Nine-Month Period ended September 30, 2022					
	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate
	\$ 9.2	\$ 4.0	\$ 11.2	\$ 2.3	\$ 6.4	\$ (14.7)	\$ 17.1	\$ 14.7	\$ 30.3	\$ 6.8	\$ 9.3	\$ (44.0)
Items Relating to Legacy Activities:												
Pension charges (1)	0.2						0.2	0.5				0.5
Items outside the normal course of business:												
Acquisition and Integration related transaction expenses (2)	0.1						0.1	0.3	0.1			0.2
Stock-based compensation expense (4)	2.5	0.4	0.2	0.1	0.1	1.7	7.9	1.0	0.5	0.4	0.4	5.6
Depreciation and amortization (4)	9.2	4.6	0.8	0.4	3.1	0.3	30.1	14.9	2.2	1.3	10.2	1.5
Interest expense net (4)	6.3					6.3	18.7					18.7
Profit on Disposal of business (6)	-					-	(0.9)	(0.9)				
Other finance expenses / (income) (4)	(0.3)					(0.3)	(0.9)					(0.9)
Income tax (4)	0.1					0.1	0.4					0.4
Adjusted EBITDA	\$ 27.3	\$ 9.0	\$ 12.2	\$ 2.8	\$ 9.6	\$ (6.3)	\$ 73.2	\$ 29.8	\$ 33.0	\$ 8.5	\$ 19.9	\$ (18.0)
Adjusted EBITDA	£ 23.0	£ 7.6	£ 10.4	£ 2.4	£ 7.9	£ (5.3)	£ 58.6	£ 23.7	£ 26.5	£ 6.8	£ 15.9	£ (14.3)
Exchange Rate - \$ to £ (5)	1.18						1.25					
All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.												
(In millions)	For the Three-Month Period ended June 30, 2022						For the Six-Month Period ended June 30, 2022					
	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate
	\$ 7.2	\$ 4.6	\$ 11.1	\$ 2.2	\$ 4.1	\$ (14.8)	\$ 8.4	\$ 11.2	\$ 19.7	\$ 4.2	\$ 2.7	\$ (29.4)
Items Relating to Legacy Activities:												
Pension charges (1)	0.3						0.3	0.4				0.4
Items outside the normal course of business:												
Acquisition and integration related transaction expenses (2)	0.1	0.1				-	0.2					0.2
Stock-based compensation expense (4)	2.6	0.3	0.2	0.2	0.1	1.8	5.4	0.6	0.3	0.3	0.3	3.9
Depreciation and amortization (4)	10.1	4.5	0.7	0.7	3.5	0.7	20.5	9.2	1.4	1.5	7.2	1.2
Interest expense net (4)	6.0					6.0	12.5					12.5
Profit on disposal of business (6)	-					-	(0.9)	(0.9)				-
Other finance expenses / (income) (4)	(0.3)					(0.3)	(0.6)					(0.6)
Income tax (4)	0.2					0.2	0.3					0.3
Adjusted EBITDA	\$ 26.1	\$ 9.5	\$ 12.0	\$ 3.1	\$ 7.7	\$ (6.2)	\$ 46.2	\$ 20.1	\$ 21.4	\$ 6.0	\$ 10.2	\$ (11.5)

Adjusted EBITDA	£ 20.7	£ 7.5	£ 9.5	£ 2.5	£ 6.2	£ (5.0)	£ 35.7	£ 15.6	£ 16.5	£ 4.6	£ 8.0	£ (9.0)
<i>Exchange Rate - \$ to £ (5)</i>	1.26						1.29					

Note: Certain unallocated corporate function costs have not been allocated to the Company's reportable operating segments because these costs are not allocable and to do so would not be practical; these are shown in the Corporate category.

Notes to Adjusted EBITDA reconciliation tables above:

- (1) "Pension charges" are profit and loss charges included within selling, general and administrative expenses, relating to a defined benefit scheme which was closed to new entrants in 1999 and to future accrual in 2010. As well as the amortization of net loss, the figure also includes charges relating to the Pension Protection Fund (which were historically borne by the pension scheme) and a small amount of associated professional services expenses. These costs are included within Corporate Functions.
- (2) Acquisition and integration related transaction expenses, are as described above in the Results of Operations line item discussions.
- (3) "Costs of group restructure" include redundancy costs, Payments In Lieu of Notice costs and any associated employer taxes. To qualify as being an adjusting item, costs must be part of a large restructuring project, which will net save ongoing future costs or be in relation to the exit of an Executive.
- (4) Stock-based compensation expense, Depreciation and amortization, Total other expense, net and Income tax are as described above in the Results of Operations line item discussions. Total expense, net includes interest income, interest expense, change in fair value of earnout liability, change in fair value of derivative liability and other finance income.
- (5) Exchange rate in the table is calculated by dividing the USD Adjusted EBITDA by the GBP Adjusted EBITDA, therefore this could be slightly different from the average rate during the period depending on timing of transactions.
- (6) "Profit on disposal of trade & assets" — In January 2022, the Company sold its Italian VLT business, including all terminals and other assets, staff costs and facilities and contracts to a non-connected party, recognizing a profit on this disposal.

Reconciliation to Adjusted Revenue

We believe that accounting for Low Margin hardware sales in conformance with U.S. GAAP can result in a distorted presentation of our revenue and growth. Therefore, we use Revenue Excluding Low Margin Sales, or Adjusted Revenue, to internally analyze our operating performance. A reconciliation from revenue, as shown in our Consolidated Statements of Operations and Comprehensive Loss included elsewhere in this report, to Adjusted Revenue is shown below.

(In millions)	For the Three-Month Period ended		For the Nine-Month Period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net revenues	\$ 97.5	\$ 74.2	\$ 241.8	\$ 205.0
Less Low Margin Gaming Sales	(22.7)	-	(27.1)	-
Adjusted Revenue	\$ 74.8	\$ 74.2	\$ 214.7	\$ 205.0
Adjusted Revenue	£ 58.9	£ 63.0	£ 172.3	£ 164.0

Exchange Rate - \$ to £ 1.27 1.18 1.25 1.25

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In millions)	For the Three-Month Period ended		For the Six-Month Period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net revenues	\$ 80.4	\$ 71.3	\$ 146.4	\$ 131.9
Less Low Margin Gaming Sales	(4.4)	-	(4.4)	-
Adjusted Revenue	\$ 76.0	\$ 71.3	\$ 142.0	\$ 131.9
Adjusted Revenue	£ 60.7	£ 56.7	£ 115.0	£ 101.9

Exchange Rate - \$ to £ 1.25 1.26 1.24 1.29

Liquidity and Capital Resources

Six Nine Months ended June 30, 2023 September 30, 2023, compared to Six Nine Months ended June 30, 2022 September 30, 2022

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(in millions)	Six Months ended		Variance	Nine Months ended		Variance
	Jun 30, 2023	Jun 30, 2022		Sept 30, 2023	Sept 30, 2022	
	2023	2022	2023 to 2022	2023	2022	2023 to 2022
Net profit	\$ 3.9	\$ 8.4	\$ (4.5)	\$ 7.6	\$ 17.1	\$ (9.5)
Amortization of debt fees	1.0	0.8	0.2	1.0	1.1	(0.1)
Change in fair value of derivative liabilities and stock-based compensation expense	6.4	5.8	0.6	9.8	8.4	1.4
Depreciation and amortization (incl RoU assets)	20.5	21.9	(1.4)	32.6	32.8	(0.2)
Other net cash generated/(utilized) by operating activities	5.7	(21.0)	26.7			
Gain on sale of Gaming business				0.0	(0.9)	0.9
Contract cost additions				(7.7)	(4.7)	(3.0)
Other net cash utilized by operating activities				(8.0)	(22.0)	14.0
Net cash provided by operating activities	37.5	15.9	21.6	35.3	31.8	3.5
Net cash used in investing activities	(20.6)	(22.0)	1.4	(31.7)	(25.5)	(6.2)
Net cash generated/(used) by financing activities	(0.8)	(5.4)	4.6			
Net cash used by financing activities				(2.6)	(10.5)	7.9
Effect of exchange rates on cash	1.0	(4.5)	5.5	0.4	(6.2)	6.6
Net increase/(decrease) in cash and cash equivalents	\$ 17.1	\$ (16.0)	\$ 33.1	\$ 1.4	\$ (10.4)	\$ 11.8
Net cash provided by operating activities						

For the **six nine months ended June 30, 2023 September 30, 2023**, net cash inflow provided by operating activities was **\$37.5 million** **\$35.3 million**, compared to a **\$15.9 million** **\$31.8 million** inflow for the **six nine months ended June 30, 2022 September 30, 2022**, representing a **\$21.6 million** **\$3.5 million** increase in cash generation from operating activities. This increase was driven primarily through improved working capital levels with the six months ended June 30, 2023 benefiting from an increase in deferred revenue due to the timing of invoicing.

Depreciation and amortization decreased by **\$1.4 million** \$0.2 million, to **\$20.5 million** \$32.6 million, with a **\$1.6 million** \$1.9 million reduction in machine depreciation and a \$0.2 million reduction in right of use asset amortization offset by a **\$0.7 million** \$1.7 million increase in software development amortization.

Contract cost additions increased by \$3.0 million to \$7.7 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022.

Other net cash generated/(utilized) utilized by operating activities increased improved by **\$26.7 million** \$14.0 million, to a **\$5.7 million inflow**, an \$8.0 million outflow. The relative movements between the **six** nine months ended **June 30, 2023** September 30, 2023 and the **six** nine months ended **June 30, 2022** September 30, 2022 resulted in favorable movements in deferred revenue and tax **\$26.8m** and **\$7.4 million respectively** \$5.8 million due to invoice timing and the Low Margin Vantage machine rollout, accounts receivable \$3.4 million due to timing of sales the levels of which will fluctuate during the year \$13.0 million as a result of the timing of machine hardware sales the Low Margin Vantage machine rollout. These levels of which fluctuate during the year and a \$2.7 million smaller inventory increase. These are partly offset by a **\$4.6 million** inventory increase and a \$7.7 million rise \$7.1 million reduction in accounts payable, accruals and accruals, taxes and a \$1.9 million rise in prepayments.

Net cash used in investing activities

Net cash utilized in investing activities decreased increased by \$1.4 million \$6.2 million, to \$20.6 million \$31.7 million during the six nine months ended June 30, 2023 September 30, 2023. This was driven by lower spend on plant, property and equipment of \$2.2 million offset by a \$0.8 million \$1.7 million increase in capitalized software spend. spend and a \$3.3 million increase in spend on gaming machines in Greece for which the company receives an upfront contribution benefitting cash utilized by operating activities. The nine months ended September 30, 2022 also included \$1.3 million relating to the sale of the gaming business.

Net cash used by financing activities

During the six nine months ended June 30, 2023 September 30, 2023, net cash used by financing activities was \$0.8 million \$2.6 million, with \$0.7 million \$1.0 million of finance lease spend and \$0.1 million \$1.6 million on share repurchases. During the six nine months ended June 30, 2022 September 30, 2022, net cash utilized by financing activities was \$5.4 million \$10.5 million consisting of finance lease spend of \$0.3 million \$0.5 million and share repurchases of \$5.1 million \$10.0 million.

Funding Needs and Sources

To fund our obligations, we have historically relied on a combination of cash flows provided by operations and the incurrence of additional debt or the refinancing of existing debt. As of June 30, 2023 September 30, 2023, we had liquidity consisting of \$42.1 million \$26.4 million in cash and cash equivalents and a further \$25.4 million \$24.4 million of undrawn revolver facility. This compares to \$31.8 million \$37.4 million of cash and cash equivalents as of June 30, 2022 September 30, 2022, with a further \$24.3 million \$22.3 million of revolver facilities undrawn. We had a working capital inflow outflow of \$5.7 million \$8.0 million for the six nine months ended June 30, 2023 September 30, 2023, compared to a \$21.0 million \$22.0 million outflow for the six nine months ended June 30, 2022 September 30, 2022.

The level of our working capital surplus or deficit varies with the level of machine production we are undertaking being undertaken and our capitalization as well as the seasonality evident in some of the businesses. In periods with minimal machine volumes and capital spend, our working capital is typically more stable. In periods where significant numbers of machines are being produced, the levels of inventory and creditors are typically higher and there is a natural timing difference between converting the stock into sellable or capitalized plant and settling payments to suppliers. These factors, along with movements in trading activity levels can result in significant working capital volatility. In periods of low activity, our working capital volatility is reduced. Working capital is reviewed and managed with the aim of ensuring that current liabilities are covered by the level of cash held and the expected level of short-term receipts.

Some of our business operations require cash to be held within the machines. As of June 30, 2023 September 30, 2023, \$5.8 million \$6.0 million of our \$42.1 million \$26.4 million of cash and cash equivalents were held as operational floats within the machines. At June 30, 2022 September 30, 2022, \$4.5 million \$4.8 million of our \$31.8 million \$37.4 million of cash and cash equivalents were held as operational floats within the machines.

Management currently believes that the Company's cash balances on hand, cash flows expected to be generated from operations, and the ability to control and defer capital projects will be sufficient to fund the Company's net cash requirements through August November 2024.

Long Term and Other Debt

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

(In millions)	September 30, 2023			September 30, 2022		
	£	\$		£	\$	
Cash held	21.6	26.4		33.4	37.4	
Original principal senior debt	(235.0)	(286.9)		(235.0)	(262.5)	
Cash interest accrued	(6.1)	(7.5)		(6.1)	(6.9)	
Finance lease creditors	(2.0)	(2.5)		(2.0)	(2.2)	
Total	£ (221.5)	\$ (270.4)		£ (209.7)	\$ (234.2)	
(In millions)	June 30, 2023			June 30, 2022		
	£	\$		£	\$	
Cash held	33.1	42.1		26.2	31.8	
Original principal senior debt	(235.0)	(298.8)		(235.0)	(285.4)	
Cash interest accrued	(1.5)	(1.9)		(1.5)	(1.8)	
Finance lease creditors	(2.2)	(2.8)		(2.1)	(2.5)	
Total	£ (205.6)	\$ (261.4)		£ (212.4)	\$ (257.9)	

Debt Covenants

Under our debt facilities in place as of June 30, 2023 September 30, 2023, we are not subject to covenant testing on the Senior Secured Notes. We are, however, subject to covenant testing at the level of Inspired Entertainment Inc., the ultimate holding company, on our Super Senior Revolving Credit Facility which requires the Company to maintain a maximum consolidated senior secured net leverage ratio of 6.0x on March 31, 2022, stepping down to 5.75x on March 31, 2023 and 5.50x from March 31, 2024 and thereafter (the "RCF Financial Covenant"). The RCF Financial Covenant is calculated as the ratio of consolidated senior secured net debt to consolidated pro forma EBITDA (defined as net loss excluding depreciation and amortization, interest expense, interest income and income tax expense) for the 12-month period preceding the relevant quarterly testing date and is tested quarterly on a rolling basis, subject to the Initial Facility (as defined in the RCF Agreement) being drawn on the relevant test date. The RCF Financial Covenant does not include a minimum interest coverage ratio or other financial covenants. Covenant testing at June 30, 2023 September 30, 2023 showed covenant compliance with a net leverage of 2.4x, 2.7x.

There were no breaches of the debt covenants in the periods ended June 30, 2023 September 30, 2023 or June 30, 2022 September 30, 2022.

Liens and Encumbrances

As of **June 30, 2023** **September 30, 2023**, our senior bank debt was secured by the imposition of a fixed and floating charge in favor of the lender over all the assets of the Company and certain of the Company's subsidiaries.

Share Repurchases

The Board of Directors has authorized that the Company may use up to \$25.0 million to repurchase Inspired shares of common stock, subject to repurchases being effected on or before May 10, 2025. Management has discretion as to whether to repurchase shares of the Company. In the **six** **nine** months ended **June 30, 2023** **\$0.1 million** **September 30, 2023** **\$1.6 million** of shares were repurchased giving an aggregate spend of **\$10.5 million** **\$12.0 million** in repurchasing our shares of common stock.

Contractual Obligations

As of **June 30, 2023** **September 30, 2023**, our contractual obligations were as follows:

All amounts included herein relating to the prior year have been rounded except where otherwise stated. As prior-year figures are rounded, numbers presented as such throughout this document may not add up precisely to the totals we provide.

Contractual Obligations (in millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating activities					
Interest on long term debt	\$ 67.8	\$ 22.5	\$ 45.3	\$ -	\$ -
Purchase of Vantage machines	14.0	14.0	-	-	-
Financing activities					
Senior bank debt - principal repayment	286.9	-	286.9	-	-
Finance lease payments	2.5	0.7	1.4	0.4	-
Operating lease payments	14.4	4.1	5.5	2.0	2.8
Interest on non-utilization fees	0.8	0.4	0.4	-	-
Total	\$ 386.4	\$ 41.7	\$ 339.5	\$ 2.4	\$ 2.8

Contractual Obligations (in millions)	Total	Less than				More than
		than	1 yr	1-2 years	2-3 years	
Operating activities						
Interest on long term debt	\$ 70.6	\$ 23.5	\$ 23.5	\$ 23.6	\$ -	\$ -
Purchase of Vantage machines	19.7	19.7	-	-	-	-
Financing activities						
Senior bank debt - principal repayment	298.8	-	-	298.8	-	-
Finance lease payments	2.8	0.9	0.9	0.6	0.4	-
Operating lease payments	8.1	2.9	1.9	0.9	1.1	1.3
Interest on non-utilisation fees	0.9	0.4	0.3	0.2	-	-
Total	\$ 400.9	\$ 47.4	\$ 26.6	\$ 324.1	\$ 1.5	\$ 1.3

Off-Balance Sheet Arrangements

As of **June 30, 2023** **September 30, 2023**, there were no off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, promulgated by the U.S. Securities and Exchange Commission.

Critical Accounting Policies and Accounting Estimates

The preparation of our audited consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions. We exercise considerable judgment with respect to establishing sound accounting policies and in making estimates and assumptions that affect the reported amounts of our assets and liabilities, our recognition of revenue and expenses, and our disclosure of commitments and contingencies at the date of the consolidated financial statements. On an on-going basis, we evaluate our estimates and judgments. We base our estimates and judgments on a variety of factors, including our historical experience, knowledge of our business and industry and current and expected economic conditions, that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We periodically re-evaluate our estimates and assumptions with respect to these judgments and modify our approach when circumstances indicate that modifications are necessary. While we believe that the factors we evaluate provide us with a meaningful basis for establishing and applying sound accounting policies, we cannot guarantee that the results will always be accurate. Since the determination of these estimates requires the exercise of judgment, actual results could differ from such estimates.

For a discussion of other recently issued accounting standards, and assessments as to their impacts on the Company, see **Nature Note 1** "Nature of Operations, Management's Plans and Summary of Significant Accounting Policies, Policies" in the Notes to Consolidated Financial Statements included in Part II, Item 8 of the Company's Annual Report on Form 10K/A as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020.

Revenue

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. 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 evaluating the contractual terms and conditions that impact the identification of performance obligations and the pattern of revenue recognition. For these arrangements that contain multiple promises, judgement is also required to determine the stand-alone selling price ("SSP") for each distinct performance obligation. In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we determine the SSP using information that may include market conditions, size of the customer, geography and other observable inputs or, as necessary, unobservable considerations such as historical experience, knowledge of our business and industry and our current or expected selling practices.

Revenue recognition is also impacted by our ability to estimate variable consideration, including, for example, rebates, service-level penalties, and other incentive payments. 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.

Other significant judgments include determining whether the Company is acting as the principal or the agent in a transaction.

The Company recognized service and product revenues of \$248.4 million and \$33.2 million, respectively, for the year ended December 31, 2022. The Company's revenue recognition policy, which requires significant judgments and estimates, is fully described in Note 1 "Nature of Operations, Management's Plans and Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in Part II, Item 8 of the Company's Annual Report on Form 10-K/A as of December 31, 2022 and 2021 and for the year ended December 31, 2022, 2021 and 2020.

Goodwill Impairment Assessment

In accordance with ASC 350, Intangibles—Goodwill and Other, we allocate goodwill to reporting units based on the reporting unit expected to benefit from the business combination. We evaluate our reporting units on at least an annual basis and, if necessary, reassess goodwill upon reorganization using a relative fair value allocation approach. We determined that we have five reporting units: Virtual Sports, Interactive, Leisure, and two reporting units within our Gaming segment. As of December 31, 2022, total goodwill with the Virtual Sports, Leisure, and two Gaming reporting units is \$42.3 million, \$1.7 million, \$8.8 million, and \$2.8 million, respectively. There is no remaining goodwill within the Leisure reporting unit. Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) annually on the last day of our fiscal period or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit.

Goodwill is reviewed for impairment using either a qualitative assessment or a quantitative one-step process. If we perform a qualitative assessment and determine that the fair value of a reporting unit more likely than not exceeds the carrying value, no further evaluation is necessary. For reporting units where we perform the quantitative test, we are required to compare the fair value of each reporting unit, which we primarily determine using an income approach based on the present value of discounted cash flows and a market approach, to the respective carrying value, which includes goodwill. If the fair value of the reporting unit exceeds its carrying value, the goodwill is not considered impaired. If the carrying value is higher than the fair value, we recognize an impairment charge for the amount by which the carrying value exceeds the reporting unit's estimated fair value.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. Performance of the qualitative goodwill assessment requires judgment in identifying and considering the significance of relevant key factors, events and circumstances that affect the fair value or carrying amount of the reporting units. Such events and circumstances that we have considered include macroeconomic conditions, industry specific and market considerations, and reporting unit-specific factors such as overall actual and projected financial performance, among other factors. We also considered the results from the most recent date that a fair value measurement was performed as a part of a quantitative goodwill assessment and specifically the cushion between each reporting unit's fair value and carrying value. The estimates used to calculate the fair value of a reporting unit as a part of a quantitative goodwill assessment change from year to year based on operating results, market conditions, and other factors. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment, if any, for each reporting unit.

We performed our annual goodwill impairment test as of December 31, 2022, 2021, and 2020 using a qualitative assessment for all of our reporting units. The qualitative analyses evaluated factors, including, but not limited to, economic, market and industry conditions, cost factors and the overall financial performance of the reporting units. Based on the results of our qualitative impairment assessments, we concluded that it is more likely than not that the fair values of each of our reporting units substantially exceeded their respective carrying values and there were no reporting units requiring further assessment.

During the first quarter of 2020, as a result of the COVID-19 pandemic and all venues offering land-based gaming, including our products, were closed for an indeterminate period of time in the jurisdictions in which we operate through governmental mandate, the Company concluded these triggering events could indicate possible impairment of its goodwill in the Server Based Gaming ("SBG") and Acquired Businesses ("ACB") reporting units. The Company performed a quantitative and qualitative impairment analysis and determined that goodwill within the Acquired Businesses reporting unit was fully impaired. The Company performed an income approach on all reporting units in order to reconcile the fair values of the aggregate reporting units to the Company's market capitalization, implying a control premium ranging from 10.6% on a total invested capital basis (30 day prior average) to 18.5% on a total invested capital basis (as of March 31, 2020). The Virtual Sports and Interactive reporting units had headroom significantly in excess of 100%, and no triggering event occurred for these businesses. For the remaining two reporting units, there were triggering events and significant assumptions existed in the impairment analyses. For the Server Based Gaming reporting unit, the headroom was 15% and therefore no impairment existed. For the Acquired Businesses reporting unit, there was no headroom and a full impairment of \$20.7M was recorded in the consolidated statement of earnings (loss) for the year ended December 31, 2020 on a pre-tax basis.

Significant assumptions utilized in the impairment analyses for SPG were: projected revenue, EBITDA margin, and discount rate. Projected revenue based on a 6-year CAGR was .2% for SBG. A 1.0% decrease in the annual projected revenue growth rate would have resulted in a reduction in headroom for SBG to 7.2%. A 1.0% decline in the projected EBITDA margin would have resulted in a reduction in headroom for SBG to 4.4%. The discount rates utilized in the discounted cash flow analyses were 13.5% and a resulting ~~A~~ 1.0% increase in the discount rate for SBG would have resulted in an impairment implying a 1.0% Fair Value deficit to SBG's carrying value. An increase in revenue or EBITDA margin growth or an decrease in discount rate would have increased the headroom in SPG. Management utilized their best estimates in the SPG analysis.

Significant assumptions utilized in the analysis for ACB were: projected revenue, EBITDA margin, and discount rate. Projected revenue for ACB based on a 6-year CAGR ~~and~~ was 2.9% for ACB, respectively. A 1.0% increase in the annual projected revenue growth (resulting in a 6-year CAGR of 3.7%) would have resulted in a 9.7% decline in the goodwill impairment recorded for ACB. A 1.0% increase in the projected EBITDA margin would have resulted in a 22.8% decline in the goodwill impairment recorded for ACB. The discount rates utilized in the discounted cash flow analyses were 16.5%. A 1.0% decrease in the discount rate for ACB would have resulted in a 9.7% decline in the goodwill impairment recorded to ACB. Given the full impairment of ACB, a decrease in revenue or EBITDA margin growth or an increase in discount rate would have no change in the level of goodwill impairment taken. Management utilized their best estimates in the ACB analysis.

Information regarding our 2020 impairment analyses can be found under the caption "Note 8 "Intangible Assets and Goodwill" in the Notes to Consolidated Financial Statements included in Part II, Item 8 of the Company's Annual Report on Form 10K/A as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020.

Long-lived Assets and Finite-lived Intangible Assets

We evaluate the recoverability of intangible assets and other long-lived assets with finite useful lives by comparing the carrying value of the asset group to the estimated undiscounted future cash flows that we expect the asset to generate if events or changes in circumstances indicate that these assets are not recoverable. If the asset group fails the recoverability test, an impairment loss is measured as the amount by which the carrying amount of the asset group exceeds its fair value. The fair value is determined using a discounted cash flow approach where projections of future cash flows generated by those assets are discounted using an estimated discount rate. Significant judgment is required to estimate the amount and timing of future cash flows and the relative risk of achieving those cash flows. We also make judgments about the remaining useful lives of intangible assets and other long-lived assets that have finite lives. While we believe our estimates of future operating results and projected cash flows are reasonable, any significant adverse changes in key assumptions (i.e., adverse change in the extent or manner in which an asset or asset group is being used or expectation that, more likely than not, an asset or asset group will be sold or otherwise disposed of before the end of its useful life) or adverse changes in economic and market conditions may cause a change in our evaluation of recoverability or our estimation of fair value and could result in an impairment charge that could be material to our financial ~~statements~~ statements. Any impairment loss shall be allocated to the long-lived assets of the group on a pro rata basis using the relative carrying amounts of those assets, except that the loss allocated to an individual long-lived asset of the group shall not reduce the carrying amount of that asset below its fair value.

During the first quarter of 2020, as a result of the COVID-19 pandemic and all venues offering land-based gaming, including our products, were closed for an indeterminate period of time in the jurisdictions in which we operate through governmental mandate, the Company concluded these triggering events could indicate possible impairment of its long-lived tangible and intangible assets in the Server Based Gaming and Acquired Businesses reporting units. The Company performed a quantitative and qualitative impairment analysis and determined that all its asset groups within Server Based Gaming and Acquired businesses had a triggering event. As a result, the Company performed a recoverability test and determined all asset groups were recoverable under the undiscounted cash flow recoverability test other than Playnation, for which the intangible assets were fully impaired but tangible long-lived assets had no impairments. While evaluating the significance of and sensitizing various assumptions, Management determined that there were no individual assumptions that, within a reasonable range, would have altered the asset group impairment results. As such, step 2 was performed and resulted in a \$1.3 million and \$0.5 million impairment for customer relationships and trademarks intangible assets, respectively, on a pre-tax basis and the Company recorded the total impacts of the impairments on its consolidated statement of earnings (loss) for the year ended December 31, 2020. Management determined that there were no new indicators of impairment for the years ended December 31, 2022 and 2021 and the Company concluded that there was no impairment of the Company's intangible assets as of December 31, 2022 and 2021.

Software Development Costs

Software development costs represent costs incurred to develop internal-use software, including software developed to deliver our cloud-based offerings to customers, as well as external-use software to be used in the products we sell, lease or license to customers. Such costs primarily consist of salaries and payroll related costs for employees and external contractors directly involved in the corresponding software development efforts. We determine the appropriate guidance to apply to software development costs on a project-by-project basis, based on the nature of the underlying software.

Certain direct costs incurred to develop new internal-use software, as well as certain software enhancements that provide new functionality, are capitalized once the project has been approved by management and is in the application development stage. Costs incurred in the preliminary planning stage and the post implementation operational stage are expensed as incurred.

Costs incurred in developing external-use software are expensed as incurred until technological feasibility has been established, after which costs are capitalized up to the date the software is available for general release to customers. Technological feasibility is established upon completion of a detailed program design or, in its absence, upon completion of a working model.

The Company must apply judgement in determining the amount of software development costs that should be capitalized. Specifically, we must evaluate, on a project by project basis, whether the resultant product or platform will be completed and generate ongoing economic benefits, principally through revenue from our customers, which is subject to uncertainties.

Once the software is substantially complete or available for general release, capitalized internal-use and external-use software costs are amortized on a straight-line basis over the estimated economic useful life of the software, which ranges from two to five years. There is judgement involved in estimating the useful life of developed software and the two-to-five-year period was determined based on factors such as the continuous development in the technology, obsolescence, and anticipated life of the service offering before significant upgrades. Management evaluates the useful lives of these assets on a recurring basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Information regarding our 2020 impairment analyses can be found under the caption "Note 8 "Intangible Assets and Goodwill" in the Notes to Consolidated Financial Statements included elsewhere in this report. Part II, Item 8 of the Company's Annual Report on Form 10K/A as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our principal market risks are our exposure to changes in foreign currency exchange rates.

Interest Rate Risk

Following the Company's refinancing of its debt in May 2021, the external borrowings of £235.0 million (\$298.8 million) are provided at a fixed rate. Therefore, movements in rates such as LIBOR do not impact on the current borrowings and the only fluctuation that is expected to be reported will be that solely caused by movements in the exchange rates between the Company's functional currency and its reporting currency.

Foreign Currency Exchange Rate Risk

Our operations are conducted in various countries around the world, and we receive revenue and pay expenses from these operations in a number of different currencies. As such, our earnings are subject to movements in foreign currency exchange rates when transactions are denominated in (i) currencies other than GBP, which is our functional currency, or (ii) the functional currencies of our subsidiaries, which is not necessarily GBP. To estimate our foreign currency exchange rate risk, we identify material Euro and US Dollar trading and balance sheet amounts and recalculate the result using a 10% movement in the GBP:US Dollar exchange rate. For the trading figures the 10% movement is based on the average exchange rate throughout the reported period and for the balance sheet figures the 10% movement is based on the exchange rate used at **June 30, 2023** **September 30, 2023**.

Excluding intercompany balances, our Euro functional currency net assets total approximately **\$8.3 million** **\$20.3 million**, and our US Dollar functional currency net **assets** **liabilities** total approximately **\$22.0 million** **\$0.7 million**. We use a sensitivity analysis model to measure the impact of a 10% adverse movement of foreign currency exchange rates against the US Dollar. A hypothetical 10% adverse change in the value of the Euro and the US Dollar relative to GBP as of **June 30, 2023** **September 30, 2023**, would result in **favorable** translation adjustments of approximately **\$0.8 million** **\$1.9 million** **favorable** and **\$2.2 million**, **\$0.1 million** **unfavorable**, respectively, recorded in other comprehensive loss.

Included within our trading results are earnings outside of our functional currency. Retained gains from Euro based entities earned in Euros and retained losses from USD based entities earned in US Dollars in the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, were **€5.8 million** **\$7.6 million** and **\$10.1 million** **\$14.9 million**, respectively. A hypothetical 10% adverse change in the value of the Euro and the US Dollar relative to GBP as of **June 30, 2023** **September 30, 2023**, would result in translation adjustments of approximately **\$0.6 million** **\$0.7 million** **favorable** and **\$0.9 million** **\$1.4 million** **unfavorable**, respectively, recorded in trading operations.

The majority of the Company's trading is in GBP, the functional currency, although the reporting currency of the Company is the US Dollar. As such, changes in the GBP:USD exchange rate have an effect on the Company's results. A 10% weakening of GBP against the US Dollar would change the trading operational results unfavorably by approximately **\$0.6 million** **\$1.2 million** and would result in unfavorable translation adjustments of approximately **\$7.8 million** **\$8.9 million**, recorded in other comprehensive loss.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Certifying Officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer (together, the "Certifying Officers"), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the foregoing, our Certifying Officers concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of **June 30, 2023** **September 30, 2023**, due to the material weaknesses described in Item 9A of the Company's restated Annual Report on Form **10-K** **10-K/A** for the year ended December 31, 2022, filed with the SEC on **March 16, 2023** **February 27, 2024**. Management **has redesigned** is redesigning and implementing existing controls and is implementing additional controls **designed** to remediate these material weaknesses; however, these controls have not operated effectively over a sufficient period of time in order to conclude that the material weaknesses **have been fully remediated**.

Notwithstanding the identified material weaknesses and management's assessment that our disclosure controls and procedures were not effective at the reasonable assurance level as of **June 30, 2023** **September 30, 2023**, management believes that the interim consolidated financial statements and footnote disclosures included in this Quarterly Report on Form **10-Q** **10-Q/A** fairly present, in all material respects, our financial condition, results of operations, cash flows and disclosures as of and for the periods presented in accordance with generally accepted accounting principles.

Changes in Internal Control over Financial Reporting

Other than the control changes to remediate the identified material weaknesses, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in lawsuits and legal proceedings arising in the ordinary course of business. While we believe that, currently, we have no such matters that are material, there can be no assurance that existing or new matters arising in the ordinary course of business will not have a material adverse effect on our business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

Our business is subject to a high degree of risk. You should carefully consider the risk factors discussed in our Annual Report on Form 10-K for our fiscal year ended December 31, 2022. You should carefully read and assess all of these risk factors. Any of these risks could materially and adversely affect our business, operating results, financial condition and prospects, and cause the value of our common stock to decline, which could cause investors in our common stock to lose all or part of their investments. The risk factor set forth below supplements and updates the risk factors previously disclosed and should be read together with the risk factors described in our Annual Report for the fiscal year ended December 31, 2022 and with any risk factors we may include in subsequent periodic filings with the SEC.

Our restatement of certain of our previously issued financial statements may impose unanticipated costs, affect investor confidence, and cause reputational harm.

As discussed in the Explanatory Note and in Note 2 of our Financial Statements in this Quarterly Report on Form 10-Q, we have filed our Annual Report on Form 10-K/A which amends the original filing of our Annual Report on Form 10-K to restate the audited consolidated financial statements as of and for 2021 and 2022 for the years ended December 31, 2021 and 2022 and associated reports of the Company's independent registered public accounting firm as well as the Company's previously issued unaudited condensed consolidated financial statements during those years, as well as for the first and second quarters of 2023 included in the Company's Quarterly Reports on Form 10-Q (the "Subject Periods") contained the accounting errors relating to the compliance with U.S. GAAP in connection with the Company's accounting policies for capitalizing software development costs. As a result, we have incurred, and may continue to incur, unanticipated costs in connection with or related to the investigation and restatement, as well as any litigation or regulatory inquiries that may result therefrom. In addition, the investigation, restatement, and related media coverage may negatively affect investor confidence in the accuracy of our financial disclosures and cause us reputational harm.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

Between May 2023 and June 2023, we granted an aggregate of 378,000 RSUs to members of management and other personnel under the Company's 2023 Omnibus Incentive Plan (including sign-on grants covering an aggregate of 250,000 Adjusted EBITDA RSUs and 125,000 stock-price based RSUs), which are not covered by a registration statement. The issuances did not involve a public offering of securities and, accordingly, the Company believes that the transactions were exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof and Rule 506 of Regulation D promulgated thereunder.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

The Company's share repurchase activities for the three months ended **June 30, 2023** September 30, 2023 were as follows ⁽¹⁾.

Period	Number of shares purchased	Average price paid per share ⁽²⁾	Total number of shares purchased as part of publicly announced plans or programs	Maximum dollar value of shares that may yet be purchased under the plans or programs
April 1, 2023 to April 30, 2023	–	\$ –	–	\$ –
May 1, 2023 to May 31, 2023	–	\$ –	–	\$ –
June 1, 2023 to June 30, 2023	3,931	\$ 14.01	3,931	\$ 14,500,506
	3,931	\$ 14.01	3,931	\$ 14,500,506

Period	Number of shares purchased	Average price paid per share ⁽²⁾	Total number of shares purchased as part of publicly announced plans or programs	Maximum dollar value of shares that may yet be purchased under the plans or programs
July 1, 2023 to July 31, 2023	–	\$ –	–	\$ –
August 1, 2023 to August 31, 2023	63,225	\$ 12.57	63,225	\$ 13,707,167
September 1, 2023 to September 30, 2023	58,622	\$ 12.44	58,622	\$ 12,979,105
	121,847	\$ 12.51	121,847	\$ 12,979,105

(1) On May 10, 2022, the Company announced that its Board of Directors authorized the Company to repurchase up to \$25.0 million of shares of the Company's common stock (the "Share Repurchase Program"), exclusive of any fees, commissions or other expenses related to such repurchases, on or prior to May 10, 2025. The first repurchases under the Share Repurchase Program were made on May 24, 2022.

(2) The average price paid per share includes commissions related to the repurchases.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q:

Exhibit Number	Description
3.1*	Second Amended and Restated By Laws of Inspired Entertainment, Inc.
10.1#*	Inspired Entertainment, Inc. 2023 Omnibus Incentive Plan
10.2#*	Inspired Entertainment, Inc. Non-Employee Director Compensation Policy (updated as of May 9, 2023)
10.3#*	Performance-Based Grant Agreement, dated May 9, 2023, between the Company and Brooks H. Pierce.
31.1*	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).
31.2*	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).
32.1**	Certification of Principal Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.
32.2**	Certification of Principal Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Indicates management contract or compensatory plan.

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INSPIRED ENTERTAINMENT, INC.

Date: August 11, 2023 February 27, 2024

/s/ A. Lorne Weil

Name: A. Lorne Weil
Title: Executive Chairman
(Principal Executive Officer)

Date: August 11, 2023 February 27, 2024

/s/ Stewart F.B. Baker Marilyn Jentzen

Name: Stewart F.B. Baker Marilyn Jentzen
Title: Executive Vice President and
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

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Exhibit 3.1

SECOND AMENDED AND RESTATED BY LAWS
OF
INSPIRED ENTERTAINMENT, INC.
(THE "CORPORATION")
(As of May 9, 2023)

ARTICLE I EXHIBIT 31.1

OFFICES

Section 1.1. Registered Office. The registered office of the Corporation within the State of Delaware shall be located at either (a) the principal place of business of the Corporation in the State of Delaware or (b) the office of the corporation or individual acting as the Corporation's registered agent in Delaware. The location of such registered office may be determined from time to time by the Board of Directors of the Corporation (the "Board").

Section 1.2. Additional Offices. The Corporation may, in addition to its registered office in the State of Delaware, have such other offices and places of business, both within and outside the State of Delaware, as the Board may from time to time determine or as the business and affairs of the Corporation may require.

ARTICLE II
STOCKHOLDERS MEETINGS

Section 2.1. Annual Meetings. The annual meeting of stockholders shall be held at such place and time and on such date as shall be determined by the Board and stated in the notice of the meeting, provided that the Board may in its sole discretion determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication pursuant to Section 9.5(a). At each annual meeting, the stockholders shall elect those directors of the Corporation to fill any term of a directorship that expires on the date of such annual meeting and may transact any other business as may properly be brought before the meeting.

Section 2.2. Special Meetings. Subject to the rights of the holders of any outstanding series of the Preferred Stock, and to the requirements of applicable law, special meetings of stockholders, for any purpose or purposes, may be called only by the Chairman of the Board, Chief Executive Officer, or the Board pursuant to a resolution adopted by a majority of the Board. Special meetings of stockholders shall be held at such place and time and on such date as shall be determined by the Board and stated in the Corporation's notice of the meeting, provided that the Board may in its sole discretion determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication pursuant to Section 9.5(a).

Section 2.3. Notices. Notice of each stockholders meeting stating the place, if any, date, and time of the meeting, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, shall be given in the manner permitted by Section 9.3 to each stockholder entitled to vote thereat by the Corporation not less than 10 nor more than 60 days before the date of the meeting. If said notice is for a stockholders meeting other than an annual meeting, it shall in addition state the purpose or purposes for which the meeting is called, and the business transacted at such meeting shall be limited to the matters so stated in the Corporation's notice of meeting (or any supplement thereto). Any meeting of stockholders as to which notice has been given may be postponed, and any special meeting of stockholders as to which notice has been given may be cancelled, by the Board upon public announcement (as defined in Section 2.7(c)) given before the date previously scheduled for such meeting.

Section 2.4. Quorum. Except as otherwise provided by applicable law, the Corporation's Certificate of Incorporation, as the same may be amended or restated from time to time (the "Certificate of Incorporation") or these By Laws, the presence, in person or by proxy, at a stockholders meeting of the holders of shares of outstanding capital stock of the Corporation representing a majority of the voting power of all outstanding shares of capital stock of the Corporation entitled to vote at such meeting shall constitute a quorum for the transaction of business at such meeting, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of shares representing a majority of the voting power of the outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. If a quorum shall not be present or represented by proxy at any meeting of the stockholders of the Corporation, the chairman of the meeting may adjourn the meeting from time to time in the manner provided in Section 2.6 until a quorum shall attend. The stockholders present at a duly convened meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the voting power of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any such other corporation to vote shares held by it in a fiduciary capacity.

Section 2.5. Voting of Shares.

(a) **Voting Lists.** The Secretary shall prepare, or shall cause the officer or agent who has charge of the stock ledger of the Corporation to prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders of record entitled to vote at such meeting (provided, however, if the record date for determining the stockholders entitled to vote is less than 10 days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date), arranged in alphabetical order, and showing the address and the number of shares registered in the name of each stockholder. Nothing contained in this Section 2.5(a) shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list required by this Section 2.5(a) or to vote in person or by proxy at any meeting of stockholders.

(b) **Manner of Voting.** At any stockholders meeting, every stockholder entitled to vote may vote in person or by proxy. If authorized by the Board, the voting by stockholders or proxy holders at any meeting conducted by remote communication may be effected by a ballot submitted by electronic transmission (as defined in Section 9.3), provided that any such electronic transmission must either set forth or be submitted with information from which the Corporation can determine that the electronic transmission was authorized by the stockholder or proxy holder. The Board, in its discretion, or the chairman of the meeting of stockholders, in such person's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

(c) **Proxies.** Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Proxies need not be filed with the Secretary of the Corporation until the meeting is called to order, but shall be filed with the Secretary before being voted. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, either of the following shall constitute a valid means by which a stockholder may grant such authority.

(i) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of an electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

(d) **Required Vote.** Subject to the rights of the holders of one or more series of preferred stock of the Corporation ("Preferred Stock"), voting separately by class or series, to elect directors pursuant to the terms of one or more series of Preferred Stock, the election of directors shall be determined by a plurality of the votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. All other matters shall be determined by the vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote thereon, unless the matter is one upon which, by applicable law, the Certificate of Incorporation, these By Laws or applicable stock exchange rules, a different vote is required, in which case such provision shall govern and control the decision of such matter.

(e) **Inspectors of Election.** The Board may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more persons as inspectors of election, who may be employees of the Corporation or otherwise serve the Corporation in other capacities, to act at such meeting of stockholders or any adjournment thereof and to make a written report thereof. The Board may appoint one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspectors of election or alternates are appointed by the Board, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall ascertain and report the number of outstanding shares and the voting power of each; determine the number of shares present in person or represented by proxy at the meeting and the validity of proxies and ballots; count all votes and ballots and report the results; determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. No person who is a candidate for an office at an election may serve as an inspector at such election. Each report of an inspector shall be in writing and signed by the inspector or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors.

Section 2.6. Adjournments. Any meeting of stockholders, annual or special, may be adjourned by the chairman of the meeting, from time to time, whether or not there is a quorum, to reconvene at the same or some other place. Notice need not be given of any such adjourned meeting if the date, time, and place, if any, thereof, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting the stockholders, or the holders of any class or series of stock entitled to vote separately as a class, as the case may be, may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.7. Advance Notice for Business.

(a) **Annual Meetings of Stockholders.** No business may be transacted at an annual meeting of stockholders, other than business that is either (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the annual meeting by or at the direction of the Board or (iii) otherwise properly brought before the annual meeting by any stockholder of the Corporation (x) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2.7(a) and on the record date for the determination of stockholders entitled to vote at such annual meeting and (y) who complies with the notice procedures set forth in this Section 2.7(a). Notwithstanding anything in this Section 2.7(a) to the contrary, only persons nominated for election as a director to fill any term of a directorship that expires on the date of the annual meeting pursuant to Section 3.2 will be considered for election at such meeting.

(i) In addition to any other applicable requirements, for business (other than nominations) to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation and such business must otherwise be a proper matter for stockholder action. Subject to Section 2.7(a)(iii), a stockholder's notice to the Secretary with respect to such business, to be timely, must be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the opening of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 45 days before or after such anniversary date, notice by the stockholder to be timely must be so received not earlier than the opening of business on the 120th day before the meeting and not later than the later of (x) the close of business on the 90th day before the meeting or (y) the close of business on the 10th day following the day on which public announcement of the date of the annual meeting is first made by the Corporation. The public announcement of an adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described in this Section 2.7(a).

(ii) To be in proper written form, a stockholder's notice to the Secretary with respect to any business (other than nominations) must set forth as to each such matter such stockholder proposes to bring before the annual meeting (A) a brief description of the business desired to be brought before the annual meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event such business includes a proposal to amend these By Laws, the language of the proposed amendment) and the reasons for conducting such business at the annual meeting, (B) the name and record address of such stockholder and the name and address of the beneficial owner, if any, on whose behalf the proposal is made, (C) the class or series and number of shares of capital stock of the Corporation that are owned beneficially and of record by such stockholder and by the beneficial owner, if any, on whose behalf the proposal is made, (D) a description of all arrangements or understandings between such stockholder and the beneficial owner, if any, on whose behalf the proposal is made and any other person or persons (including their names) in connection with the proposal of such business by such stockholder, (E) any material interest of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made in such business and (F) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

(iii) The foregoing notice requirements of this Section 2.7(a) shall be deemed satisfied by a stockholder as to any proposal (other than nominations) if the stockholder has notified the Corporation of such stockholder's intention to present such proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such stockholder has complied with the requirements of such Rule for inclusion of such proposal in a proxy statement prepared by the Corporation to solicit proxies for such annual meeting. No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 2.7(a), provided, however, that once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 2.7(a) shall be deemed to preclude discussion by any stockholder of any such business. If the Board or the chairman of the annual meeting determines that any stockholder proposal was not made in accordance with the provisions of this Section 2.7(a) or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 2.7(a), such proposal shall not be presented for action at the annual meeting. Notwithstanding the foregoing provisions of this Section 2.7(a), if the stockholder (or a qualified representative of the stockholder) does not appear at the annual meeting of stockholders of the Corporation to present the proposed business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such matter may have been received by the Corporation.

(iv) In addition to the provisions of this Section 2.7(a), a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 2.7(a) shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting only pursuant to Section 3.2.

(c) Public Announcement. For purposes of these By Laws, "**public announcement**" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

Section 2.8. Conduct of Meetings. The chairman of each annual and special meeting of stockholders shall be the Chairman of the Board or, in the absence (or inability or refusal to act) of the Chairman of the Board, the Chief Executive Officer (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the Chief Executive Officer or if the Chief Executive Officer is not a director, the President (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the President or if the President is not a director, such other person as shall be appointed by the Board. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board may adopt such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with these By Laws or such rules and regulations as adopted by the Board, the chairman of any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure. The secretary of each annual and special meeting of stockholders shall be the Secretary or, in the absence (or inability or refusal to act) of the Secretary, an Assistant Secretary so appointed to act by the chairman of the meeting. In the absence (or inability or refusal to act) of the Secretary and all Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.9. Consents in Lieu of Meeting. Unless otherwise provided by the Certificate of Incorporation, and subject to the proviso in [Section 2.1](#), any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this section and Delaware Law to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

ARTICLE III DIRECTORS

Section 3.1. Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By Laws required to be exercised or done by the stockholders. Directors need not be stockholders or residents of the State of Delaware.

Section 3.2. Advance Notice for Nomination of Directors.

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided by the terms of one or more series of Preferred Stock with respect to the rights of holders of one or more series of Preferred Stock to elect directors. Nominations of persons for election to the Board at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors as set forth in the Corporation's notice of such special meeting, may be made (i) by or at the direction of the Board or (ii) by any stockholder of the Corporation (x) who is a stockholder of record on the date of the giving of the notice provided for in this [Section 3.2](#) and on the record date for the determination of stockholders entitled to vote at such meeting and (y) who complies with the notice procedures set forth in this [Section 3.2](#).

(b) In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary must be received by the Secretary at the principal executive offices of the Corporation (i) in the case of an annual meeting, not later than the close of business on the 90th day nor earlier than the opening of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 45 days before or after such anniversary date, notice by the stockholder to be timely must be so received not earlier than the opening of business on the 120th day before the meeting and not later than the later of (x) the close of business on the 90th day before the meeting or (y) the close of business on the 10th day following the day on which public announcement of the date of the annual meeting was first made by the Corporation; and (ii) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the 10th day following the day on which public announcement of the date of the special meeting is first made by the Corporation. In no event shall the public announcement of an adjournment of an annual meeting or special meeting commence a new time period for the giving of a stockholder's notice as described in this [Section 3.2](#).

(c) Notwithstanding anything in paragraph (b) to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting is greater than the number of directors whose terms expire on the date of the annual meeting and there is no public announcement by the Corporation naming all of the nominees for the additional directors to be elected or specifying the size of the increased Board before the close of business on the 90th day prior to the anniversary date of the immediately preceding annual meeting of stockholders, a stockholder's notice required by this [Section 3.2](#) shall also be considered timely, but only with respect to nominees for the additional directorships created by such increase that are to be filled by election at such annual meeting, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the date on which such public announcement was first made by the Corporation.

(d) To be in proper written form, a stockholder's notice to the Secretary must set forth (i) as to each person whom the stockholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of capital stock of the Corporation that are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (ii) as to the stockholder giving the notice (A) the name and record address of such stockholder and the name and address of the beneficial owner, if any, on whose behalf the nomination is made, (B) the class or series and number of shares of capital stock of the Corporation that are owned beneficially and of record by such stockholder and the beneficial owner, if any, on whose behalf the nomination is made, (C) a description of all arrangements or understandings relating to the nomination to be made by such stockholder among such stockholder, the beneficial owner, if any, on whose behalf the nomination is made, each proposed nominee and any other person or persons (including their names), (D) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (E) any other information relating to such stockholder and the beneficial owner, if any, on whose behalf the nomination is made that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

(e) If the Board or the chairman of the meeting of stockholders determines that any nomination was not made in accordance with the provisions of this [Section 3.2](#), then such nomination shall not be considered at the meeting in question. Notwithstanding the foregoing provisions of this [Section 3.2](#), if the stockholder (or a qualified representative of the stockholder) does not appear at the meeting of stockholders of the Corporation to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.

(f) In addition to the provisions of this [Section 3.2](#), a stockholder shall also comply with all of the applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this [Section 3.2](#) shall be deemed to affect any rights of the holders of Preferred Stock to elect directors pursuant to the Certificate of Incorporation.

Section 3.3. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these By Laws, the Board shall have the authority to fix the compensation of directors. The directors may be reimbursed their expenses, if any, of attendance at each meeting of the Board and may be paid either a fixed sum for attendance at each meeting of the Board or other compensation as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of committees of the Board may be allowed like compensation and reimbursement of expenses for service on the committee.

ARTICLE IV BOARD MEETINGS

Section 4.1. Annual Meetings. The Board shall meet as soon as practicable after the adjournment of each annual stockholders meeting at the place of the annual stockholders meeting unless the Board shall fix another time and place and give notice thereof in the manner required herein for special meetings of the Board. No notice to the directors shall be necessary to legally convene this meeting, except as provided in this [Section 4.1](#).

Section 4.2. Regular Meetings. Regularly scheduled, periodic meetings of the Board may be held without notice at such times, dates and places as shall from time to time be determined by the Board.

Section 4.3. Special Meetings. Special meetings of the Board (a) may be called by the Chairman of the Board or President and (b) shall be called by the Chairman of the Board, President or Secretary on the written request of at least a majority of directors then in office, or the sole director, as the case may be, and shall be held at such time, date and place as may be determined by the

person calling the meeting or, if called upon the request of directors or the sole director, as specified in such written request. Notice of each special meeting of the Board shall be given, as provided in **Section 9.3**, to each director (i) at least 24 hours before the meeting if such notice is oral notice given personally or by telephone or written notice given by hand delivery or by means of a form of electronic transmission and delivery; (ii) at least two days before the meeting if such notice is sent by a nationally recognized overnight delivery service; and (iii) at least five days before the meeting if such notice is sent through the United States mail. If the Secretary shall fail or refuse to give such notice, then the notice may be given by the officer who called the meeting or the directors who requested the meeting. Any and all business that may be transacted at a regular meeting of the Board may be transacted at a special meeting. Except as may be otherwise expressly provided by applicable law, the Certificate of Incorporation, or these By Laws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in the notice or waiver of notice of such meeting. A special meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with **Section 9.4**.

Section 4.4. Quorum; Required Vote. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by applicable law, the Certificate of Incorporation or these By Laws. If a quorum shall not be present at any meeting, a majority of the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 4.5. Consent In Lieu of Meeting. Unless otherwise restricted by the Certificate of Incorporation or these By Laws, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions (or paper reproductions thereof) are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 4.6. Organization. The chairman of each meeting of the Board shall be the Chairman of the Board or, in the absence (or inability or refusal to act) of the Chairman of the Board, the Chief Executive Officer (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the Chief Executive Officer or if the Chief Executive Officer is not a director, the President (if he or she shall be a director) or in the absence (or inability or refusal to act) of the President or if the President is not a director, a chairman elected from the directors present. The Secretary shall act as secretary of all meetings of the Board. In the absence (or inability or refusal to act) of the Secretary, an Assistant Secretary shall perform the duties of the Secretary at such meeting. In the absence (or inability or refusal to act) of the Secretary and all Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

ARTICLE V COMMITTEES OF DIRECTORS

Section 5.1. Establishment. The Board may by resolution passed by a majority of the Board designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each committee shall keep regular minutes of its meetings and report the same to the Board when required. The Board shall have the power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee.

Section 5.2. Available Powers. Any committee established pursuant to **Section 5.1** hereof, to the extent permitted by applicable law and by resolution of the Board, shall have and may exercise all of the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it.

Section 5.3. Alternate Members. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee.

Section 5.4. Procedures. Unless the Board otherwise provides, the time, date, place, if any, and notice of meetings of a committee shall be determined by such committee. At meetings of a committee, a majority of the number of members of the committee (but not including any alternate member, unless such alternate member has replaced any absent or disqualified member at the time of, or in connection with, such meeting) shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the committee, except as otherwise specifically provided by applicable law, the Certificate of Incorporation, these By Laws or the Board. If a quorum is not present at a meeting of a committee, the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present. Unless the Board otherwise provides and except as provided in these By Laws, each committee designated by the Board may make, alter, amend and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board is authorized to conduct its business pursuant to Article III and Article IV of these By Laws.

ARTICLE VI
OFFICERS

Section 6.1. Officers. The officers of the Corporation elected or appointed by the Board shall be a President, a Chief Financial Officer, a Secretary, a Treasurer and such other officers (including without limitation, a Chairman of the Board, a Chief Executive Officer, one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers) as the Board from time to time may determine. Officers elected or appointed by the Board shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article VI and the resolutions of the Board with respect to such offices. The resolutions of the Board shall prevail in the event of a conflict between such resolutions and the provisions of this Article VI. Such officers shall also have such powers and duties as from time to time may be conferred by the Board. The Chief Executive Officer, if designated, or President may also appoint such other officers (including without limitation one or more Vice Presidents and Controllers) as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers shall have such powers and duties and shall hold their offices for such terms as may be provided in these By Laws or as may be prescribed by the Board or, if such officer has been appointed by the Chief Executive Officer or President, as may be prescribed by the appointing officer.

(a) **Chairman of the Board.** The Chairman of the Board, if designated, shall preside when present at all meetings of the stockholders and the Board. The Chairman of the Board shall have general supervision and control of the acquisition activities of the Corporation subject to the ultimate authority of the Board, and shall be responsible for the execution of the policies of the Board with respect to such matters. In the absence (or inability or refusal to act) of the Chairman of the Board, the Chief Executive Officer (if he or she shall be a director) shall preside when present at all meetings of the stockholders and the Board. The powers and duties of the Chairman of the Board shall not include supervision or control of the preparation of the financial statements of the Corporation (other than through participation as a member of the Board). The position of Chairman of the Board and Chief Executive Officer may be held by the same person.

(b) **Chief Executive Officer.** The Chief Executive Officer, if designated, shall be the chief executive officer of the Corporation, shall have general supervision of the affairs of the Corporation and general control of all of its business subject to the ultimate authority of the Board, and shall be responsible for the execution of the policies of the Board with respect to such matters, except to the extent any such powers and duties have been prescribed to the Chairman of the Board pursuant to Section 6.1(a) above. In the absence (or inability or refusal to act) of the Chairman of the Board, the Chief Executive Officer (if he or she shall be a director) shall preside when present at all meetings of the stockholders and the Board. The position of Chief Executive Officer and President may be held by the same person.

(c) **President.** The President shall make recommendations to the Chief Executive Officer on all operational matters that would normally be reserved for the final executive responsibility of the Chief Executive Officer. In the absence (or inability or refusal to act) of the Chairman of the Board and Chief Executive Officer, the President (if he or she shall be a director) shall preside when present at all meetings of the stockholders and the Board. The President shall also perform such duties and have such powers as shall be designated by the Board. The position of President and Chief Executive Officer may be held by the same person.

(d) **Vice Presidents.** In the absence (or inability or refusal to act) of the President, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Board) shall perform the duties and have the powers of the President. Any one or more of the Vice Presidents may be given an additional designation of rank or function.

(e) **Secretary.**

(i) The Secretary shall attend all meetings of the stockholders, the Board and (as required) committees of the Board and shall record the proceedings of such meetings in books to be kept for that purpose. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board and shall perform such other duties as may be prescribed by the Board, the Chairman of the Board, Chief Executive Officer or President. The Secretary shall have custody of the corporate seal of the Corporation and the Secretary, or any Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his or her signature or by the signature of such Assistant Secretary. The Board may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing thereof by his or her signature.

(ii) The Secretary shall keep, or cause to be kept, at the principal executive office of the Corporation or at the office of the Corporation's transfer agent or registrar, if one has been appointed, a stock ledger, or duplicate stock ledger, showing the names of the stockholders and their addresses, the number and classes of shares held by each and, with respect to certificated shares, the number and date of certificates issued for the same and the number and date of certificates cancelled.

(f) **Assistant Secretaries.** The Assistant Secretary or, if there be more than one, the Assistant Secretaries in the order determined by the Board shall, in the absence (or inability or refusal to act) of the Secretary, perform the duties and have the powers of the Secretary.

(g) **Chief Financial Officer.** The Chief Financial Officer shall perform all duties commonly incident to that office (including, without limitation, the care and custody of the funds and securities of the Corporation, which from time to time may come into the Chief Financial Officer's hands and the deposit of the funds of the Corporation in such banks or trust companies as the Board, the Chief Executive Officer or the President may authorize).

(h) **Treasurer.** The Treasurer shall, in the absence (or inability or refusal to act) of the Chief Financial Officer, perform the duties and exercise the powers of the Chief Financial Officer.

Section 6.2. Term of Office; Removal; Vacancies. The elected officers of the Corporation shall be appointed by the Board and shall hold office until their successors are duly elected and qualified by the Board or until their earlier death, resignation, retirement, disqualification, or removal from office. Any officer may be removed, with or without cause, at any time by the Board. Any officer appointed by the Chief Executive Officer or President may also be removed, with or without cause, by the Chief Executive Officer or President, as the case may be, unless the Board otherwise provides. Any vacancy occurring in any elected office of the Corporation may be filled by the Board. Any vacancy occurring in any office appointed by the Chief Executive Officer or President may be filled by the Chief Executive Officer, or President, as the case may be, unless the Board then determines that such office shall thereupon be elected by the Board, in which case the Board shall elect such officer.

Section 6.3. Other Officers. The Board may delegate the power to appoint such other officers and agents, and may also remove such officers and agents or delegate the power to remove same, as it shall from time to time deem necessary or desirable.

Section 6.4. Multiple Officeholders; Stockholder and Director Officers. Any number of offices may be held by the same person unless the Certificate of Incorporation or these By Laws otherwise provide. Officers need not be stockholders or residents of the State of Delaware.

ARTICLE VII
SHARES

Section 7.1. Certificated and Uncertificated Shares. The shares of the Corporation may be certificated or uncertificated, subject to the sole discretion of the Board.

Section 7.2. Multiple Classes of Stock. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the Corporation shall (a) cause the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights to be set forth in full or summarized on the face or back of any certificate that the Corporation issues to represent shares of such class or series of stock or (b) in the case of uncertificated shares, within a reasonable time after the issuance or transfer of such shares, send to the registered owner thereof a written notice containing the information required to be set forth on certificates as specified in clause (a) above; provided, however, that, except as otherwise provided by applicable law, in lieu of the foregoing requirements, there may be set forth on the face or back of such certificate or, in the case of uncertificated shares, on such written notice a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

Section 7.3. Signatures. Each certificate representing capital stock of the Corporation shall be signed by or in the name of the Corporation by (a) the Chairman of the Board, Chief Executive Officer, the President or a Vice President and (b) the Treasurer, the Secretary or an Assistant Secretary of the Corporation. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar on the date of issue.

Section 7.4. Consideration and Payment for Shares.

(a) Subject to applicable law and the Certificate of Incorporation, shares of stock may be issued for such consideration, having in the case of shares with par value a value not less than the par value thereof, and to such persons, as determined from time to time by the Board. The consideration may consist of any tangible or intangible property or benefit to the Corporation including cash, promissory notes, services performed, contracts for services to be performed or other securities.

(b) Subject to applicable law and the Certificate of Incorporation, shares may not be issued until the full amount of the consideration has been paid, unless upon the face or back of each certificate issued to represent any partly paid shares of capital stock or upon the books and records of the Corporation in the case of partly paid uncertificated shares, there shall have been set forth the total amount of the consideration to be paid therefor and the amount paid thereon up to and including the time said certificate representing certificated shares or said uncertificated shares are issued.

Section 7.5. Lost, Destroyed or Wrongfully Taken Certificates.

(a) If an owner of a certificate representing shares claims that such certificate has been lost, destroyed or wrongfully taken, the Corporation shall issue a new certificate representing such shares or such shares in uncirculated form if the owner: (i) requests such a new certificate before the Corporation has notice that the certificate representing such shares has been acquired by a protected purchaser; (ii) if requested by the Corporation, delivers to the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, wrongful taking or destruction of such certificate or the issuance of such new certificate or uncirculated shares; and (iii) satisfies other reasonable requirements imposed by the Corporation.

(b) If a certificate representing shares has been lost, apparently destroyed or wrongfully taken, and the owner fails to notify the Corporation of that fact within a reasonable time after the owner has notice of such loss, apparent destruction or wrongful taking and the Corporation registers a transfer of such shares before receiving notification, the owner shall be precluded from asserting against the Corporation any claim for registering such transfer or a claim to a new certificate representing such shares or such shares in uncirculated form.

Section 7.6. Transfer of Stock.

(a) If a certificate representing shares of the Corporation is presented to the Corporation with an endorsement requesting the registration of transfer of such shares or an instruction is presented to the Corporation requesting the registration of transfer of uncirculated shares, the Corporation shall register the transfer as requested if:

(i) in the case of certificated shares, the certificate representing such shares has been surrendered;

(ii) (A) with respect to certificated shares, the endorsement is made by the person specified by the certificate as entitled to such shares; (B) with respect to uncirculated shares, an instruction is made by the registered owner of such uncirculated shares; or (C) with respect to certificated shares or uncirculated shares, the endorsement or instruction is made by any other appropriate person or by an agent who has actual authority to act on behalf of the appropriate person;

(iii) the Corporation has received a guarantee of signature of the person signing such endorsement or instruction or such other reasonable assurance that the endorsement or instruction is genuine and authorized as the Corporation may request;

(iv) the transfer does not violate any restriction on transfer imposed by the Corporation that is enforceable in accordance with [Section 7.8\(a\)](#); and

(v) such other conditions for such transfer as shall be provided for under applicable law have been satisfied.

(b) Whenever any transfer of shares shall be made for collateral security and not absolutely, the Corporation shall so record such fact in the entry of transfer if, when the certificate for such shares is presented to the Corporation for transfer or, if such shares are uncirculated, when the instruction for registration of transfer thereof is presented to the Corporation, both the transferor and transferee request the Corporation to do so.

Section 7.7. Registered Stockholders. Before due presentment for registration of transfer of a certificate representing shares of the Corporation or of an instruction requesting registration of transfer of uncirculated shares, the Corporation may treat the registered owner as the person exclusively entitled to inspect for any proper purpose the stock ledger and the other books and records of the Corporation, vote such shares, receive dividends or notifications with respect to such shares and otherwise exercise all the rights and powers of the owner of such shares, except that a person who is the beneficial owner of such shares (if held in a voting trust or by a nominee on behalf of such person) may, upon providing documentary evidence of beneficial ownership of such shares and satisfying such other conditions as are provided under applicable law, may also so inspect the books and records of the Corporation.

Section 7.8. Effect of the Corporation's Restriction on Transfer.

(a) A written restriction on the transfer or registration of transfer of shares of the Corporation or on the amount of shares of the Corporation that may be owned by any person or group of persons, if permitted by the Delaware General Corporation Law ("DGCL") and noted conspicuously on the certificate representing such shares or, in the case of uncirculated shares, contained in a notice, offering circular or prospectus sent by the Corporation to the registered owner of such shares within a reasonable time prior to or after the issuance or transfer of such shares, may be enforced against the holder of such shares or any successor or transferee of the holder including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder.

(b) A restriction imposed by the Corporation on the transfer or the registration of shares of the Corporation or on the amount of shares of the Corporation that may be owned by any person or group of persons, even if otherwise lawful, is ineffective against a person without actual knowledge of such restriction unless: (i) the shares are certificated and such restriction is noted conspicuously on the certificate; or (ii) the shares are uncirculated and such restriction was contained in a notice, offering circular or prospectus sent by the Corporation to the registered owner of such shares prior to or within a reasonable time after the issuance or transfer of such shares.

Section 7.9. Regulations. The Board shall have power and authority to make such additional rules and regulations, subject to any applicable requirement of law, as the Board may deem necessary and appropriate with respect to the issue, transfer or registration of transfer of shares of stock or certificates representing shares. The Board may appoint one or more transfer agents or registrars and may require for the validity thereof that certificates representing shares bear the signature of any transfer agent or registrar so appointed.

ARTICLE VIII
INDEMNIFICATION

Section 8.1. Right to Indemnification. To the fullest extent permitted by applicable law, as the same exists or may hereafter be amended, the Corporation shall indemnify and hold harmless each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (hereinafter an "Indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent, or in any other capacity while serving as a director, officer, employee or agent, against all liability and loss suffered and expenses (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred by such Indemnitee in connection with such proceeding; provided, however, that, except as provided in [Section 8.3](#) with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify an Indemnitee in connection with a proceeding (or part thereof) initiated by such Indemnitee only if such proceeding (or part thereof) was authorized by the Board.

Section 8.2. Right to Advancement of Expenses. In addition to the right to indemnification conferred in [Section 8.1](#), an Indemnitee shall also have the right to be paid by the Corporation to the fullest extent not prohibited by applicable law the expenses (including, without limitation, attorneys' fees) incurred in defending or otherwise participating in any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the DGCL requires, an advancement of expenses incurred by an Indemnitee in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon the Corporation's receipt of an undertaking (hereinafter an "undertaking"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified under this Article VIII or otherwise.

Section 8.3. Right of Indemnitee to Bring Suit. If a claim under [Section 8.1](#) or [Section 8.2](#) is not paid in full by the Corporation within 60 days after a written claim therefor has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit. In (a) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by an Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (b) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that, the Indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including a determination by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee,

shall be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

Section 8.4. Non-Exclusivity of Rights. The rights provided to any Indemnitee pursuant to this Article VIII shall not be exclusive of any other right, which such Indemnitee may have or hereafter acquire under applicable law, the Certificate of Incorporation, these By Laws, an agreement, a vote of stockholders or disinterested directors, or otherwise.

Section 8.5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and/or any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 8.6. Indemnification of Other Persons. This Article VIII shall not limit the right of the Corporation to the extent and in the manner authorized or permitted by law to indemnify and to advance expenses to persons other than Indemnitees. Without limiting the foregoing, the Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation and to any other person who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, to the fullest extent of the provisions of this Article VIII with respect to the indemnification and advancement of expenses of Indemnitees under this Article VIII.

Section 8.7. Amendments. Any repeal or amendment of this Article VIII by the Board or the stockholders of the Corporation or by changes in applicable law, or the adoption of any other provision of these By Laws inconsistent with this Article VIII, will, to the extent permitted by applicable law, be prospective only (except to the extent such amendment or change in applicable law permits the Corporation to provide broader indemnification rights to Indemnitees on a retroactive basis than permitted prior thereto), and will not in any way diminish or adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision; provided however, that amendments or repeals of this Article VIII shall require the affirmative vote of the stockholders holding at least 66.7% of the voting power of all outstanding shares of capital stock of the Corporation.

Section 8.8. Certain Definitions. For purposes of this Article VIII, (a) references to "other enterprise" shall include any employee benefit plan; (b) references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; (c) references to "serving at the request of the Corporation" shall include any service that imposes duties on, or involves services by, a person with respect to any employee benefit plan, its participants, or beneficiaries; and (d) a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interest of the Corporation" for purposes of Section 145 of the DGCL.

Section 8.9. Contract Rights. The rights provided to Indemnitees pursuant to this Article VIII shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, agent or employee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

Section 8.10. Severability. If any provision or provisions of this Article VIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article VIII shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article VIII (including, without limitation, each such portion of this Article VIII containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

ARTICLE IX MISCELLANEOUS

Section 9.1. Place of Meetings. If the place of any meeting of stockholders, the Board or committee of the Board for which notice is required under these By Laws is not designated in the notice of such meeting, such meeting shall be held at the principal business office of the Corporation; provided, however, if the Board has, in its sole discretion, determined that a meeting shall not be held at any place, but instead shall be held by means of remote communication pursuant to Section 9.5 hereof, then such meeting shall not be held at any place.

Section 9.2. Fixing Record Dates.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the business day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 9.3. Means of Giving Notice.

(a) **Notice to Directors.** Whenever under applicable law, the Certificate of Incorporation or these By Laws notice is required to be given to any director, such notice shall be given either (i) in writing and sent by mail, or by a nationally recognized delivery service, (ii) by means of facsimile telecommunication or other form of electronic transmission, or (iii) by oral notice given personally or by telephone. A notice to a director will be deemed given as follows: (i) if given by hand delivery, orally, or by telephone, when actually received by the director, (ii) if sent through the United States mail, when deposited in the United States mail, with postage and fees thereon prepaid, addressed to the director at the director's address appearing on the records of the Corporation, (iii) if sent for next day delivery by a nationally recognized overnight delivery service, when deposited with such service, with fees thereon prepaid, addressed to the director at the director's address appearing on the records of the Corporation, (iv) if sent by facsimile telecommunication, when sent to the facsimile transmission number for such director appearing on the records of the Corporation, (v) if sent by electronic mail, when sent to the electronic mail address for such director appearing on the records of the Corporation, or (vi) if sent by any other form of electronic transmission, when sent to the address, location or number (as applicable) for such director appearing on the records of the Corporation.

(b) **Notice to Stockholders.** Whenever under applicable law, the Certificate of Incorporation or these By Laws notice is required to be given to any stockholder, such notice may be given (i) in writing and sent either by hand delivery, through the United States mail, or by a nationally recognized overnight delivery service for next day delivery, or (ii) by means of a form of electronic transmission consented to by the stockholder, to the extent permitted by, and subject to the conditions set forth in Section 232 of the DGCL. A notice to a stockholder shall be deemed given as follows: (i) if given by hand delivery, when actually received by the stockholder, (ii) if sent through the United States mail, when deposited in the United States mail, with postage and fees thereon prepaid, addressed to the stockholder at the stockholder's address appearing on the stock ledger of the Corporation, (iii) if sent for next day delivery by a nationally recognized overnight delivery service, when deposited with such service, with fees thereon prepaid, addressed to the stockholder at the stockholder's address appearing on the stock ledger of the Corporation, and (iv) if given by a form of electronic transmission consented to by the stockholder to whom the notice is given and otherwise meeting the requirements set forth above, (A) if by facsimile transmission, when directed to a number at which the stockholder has consented to receive notice, (B) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice, (C) if by a posting on an electronic network together with separate notice to the stockholder of such specified posting, upon the later of (1) such posting and (2) the giving of such separate notice, and (D) if by any other form of electronic transmission, when directed to the stockholder. A stockholder may revoke such stockholder's consent to receiving notice by means of electronic communication by giving written notice of such revocation to the Corporation. Any such consent shall be deemed revoked if (1) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (2) such inability becomes known to the Secretary or an Assistant Secretary or to the Corporation's transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

(c) **Electronic Transmission.** "Electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process, including but not limited to transmission by telex, facsimile telecommunication, electronic mail, telegram and cablegram.

(d) **Notice to Stockholders Sharing Same Address.** Without limiting the manner by which notice otherwise may be given effectively by the Corporation to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these By Laws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. A stockholder may revoke such stockholder's consent by delivering written notice of such revocation to the Corporation. Any stockholder who fails to object in writing to the Corporation within 60 days of having been given written notice by the Corporation of its intention to send such a single written notice shall be deemed to have consented to receiving such single written notice.

(e) **Exceptions to Notice Requirements.** Whenever notice is required to be given, under the DGCL, the Certificate of Incorporation or these By Laws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting that shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Corporation is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

Whenever notice is required to be given by the Corporation, under any provision of the DGCL, the Certificate of Incorporation or these By Laws, to any stockholder to whom (1) notice of two consecutive annual meetings of stockholders and all notices of stockholder meetings or of the taking of action by written consent of stockholders without a meeting to such stockholder during the period between such two consecutive annual meetings, or (2) all, and at least two payments (if sent by first-class mail) of dividends or interest on securities during a 12-month period, have been mailed addressed to such stockholder at such stockholder's address as shown on the records of the Corporation and have been returned undeliverable, the giving of such notice to such stockholder shall not be required. Any action or meeting that shall be taken or held without notice to such stockholder shall have the same force and effect as if such notice had been duly given. If any such stockholder shall deliver to the Corporation a written notice setting forth such stockholder's then current address, the requirement that notice be given to such stockholder shall be reinstated. In the event that the action taken by the Corporation is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to Section 230(b) of the DGCL. The exception in subsection (1) of the first sentence of this paragraph to the requirement that notice be given shall not be applicable to any notice returned as undeliverable if the notice was given by electronic transmission.

Section 9.4. Waiver of Notice. Whenever any notice is required to be given under applicable law, the Certificate of Incorporation, or these By Laws, a written waiver of such notice, signed before or after the date of such meeting by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to said notice, shall be deemed equivalent to such required notice. All such waivers shall be kept with the books of the Corporation. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where a person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 9.5. Meeting Attendance via Remote Communication.

(a) **Stockholder Meetings.** If authorized by the Board in its sole discretion, and subject to such guidelines and procedures as the Board may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication:

(i) participate in a meeting of stockholders; and

(ii) be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (A) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder, (B) the Corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (C) if any stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such votes or other action shall be maintained by the Corporation.

(b) **Board Meetings.** Unless otherwise restricted by applicable law, the Certificate of Incorporation or these By Laws, members of the Board or any committee thereof may participate in a meeting of the Board or any committee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 9.6. Dividends. The Board may from time to time declare, and the Corporation may pay, dividends (payable in cash, property or shares of the Corporation's capital stock) on the Corporation's outstanding shares of capital stock, subject to applicable law and the Certificate of Incorporation.

Section 9.7. Reserves. The Board may set apart out of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

Section 9.8. Contracts and Negotiable Instruments. Except as otherwise provided by applicable law, the Certificate of Incorporation or these By Laws, any contract, bond, deed, lease, mortgage or other instrument may be executed and delivered in the name and on behalf of the Corporation by such officer or officers or other employee or employees of the Corporation as the Board may from time to time authorize. Such authority may be general or confined to specific instances as the Board may determine. The Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, the Treasurer or any Vice President may execute and deliver any contract, bond, deed, lease, mortgage or other instrument in the name and on behalf of the Corporation. Subject to any restrictions imposed by the Board, the Chairman of the Board Chief Executive Officer, President, the Chief Financial Officer, the Treasurer or any Vice President may delegate powers to execute and deliver any contract, bond, deed, lease, mortgage or other instrument in the name and on behalf of the Corporation to other officers or employees of the Corporation under such person's supervision and authority, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

Section 9.9. Fiscal Year. The fiscal year of the Corporation shall be fixed from time to time by the Board.

Section 9.10. Seal. The Board may adopt a corporate seal, which shall be in such form as the Board determines. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

Section 9.11. Books and Records. The books and records of the Corporation may be kept within or outside the State of Delaware at such place or places as may from time to time be designated by the Board.

Section 9.12. Resignation. Any director, committee member or officer may resign by giving notice thereof in writing or by electronic transmission to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. The resignation shall take effect at the time specified therein, or at the time of receipt of such notice if no time is specified or the specified time is earlier than the time of such receipt. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.13. Surety Bonds. Such officers, employees and agents of the Corporation (if any) as the Chairman of the Board, Chief Executive Officer, President or the Board may direct, from time to time, shall be bonded for the faithful performance of their duties and for the restoration to the Corporation, in case of their death, resignation, retirement, disqualification or removal from office, of all books, papers, vouchers, money and other property of whatever kind in their possession or under their control belonging to the Corporation, in such amounts and by such surety companies as the Chairman of the Board, Chief Executive Officer, President or the Board may determine. The premiums on such bonds shall be paid by the Corporation and the bonds so furnished shall be in the custody of the Secretary.

Section 9.14. Securities of Other Corporations. Powers of attorney, proxies, waivers of notice of meeting, consents in writing and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chairman of the Board, Chief Executive Officer, President or any Vice President. Any such officer, may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities, or to consent in writing, in the name of the Corporation as such holder, to any action by such corporation, and at any such meeting or with respect to any such consent shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed. The Board may from time to time confer like powers upon any other person or persons.

Section 9.15. Amendments. The Board shall have the power to adopt, amend, alter or repeal the By Laws. Except with respect to Article VIII, the affirmative vote of a majority of the Board shall be required to adopt, amend, alter or repeal the By Laws. The By Laws also may be adopted, amended, altered or repealed by the stockholders; provided, however, that in addition to any vote of the holders of any class or series of capital stock of the Corporation required by applicable law or the Certificate of Incorporation, the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend, alter or repeal the By Laws.

INSPIRED ENTERTAINMENT, INC.
2023 OMNIBUS INCENTIVE PLAN

1. Purpose. The purpose of the Inspired Entertainment, Inc. 2023 Omnibus Incentive Plan is to supersede the 2021 Plan and to provide a means through which the Company and its Affiliates may attract and retain key personnel and to provide a means whereby directors, officers, managers, employees, consultants and advisors of the Company and its Affiliates can acquire and maintain an equity interest in the Company, or be paid incentive compensation, which may (but need not) be measured by reference to the value of Common Shares, thereby strengthening their commitment to the welfare of the Company and its Affiliates and aligning their interests with those of the Company's stockholders.

2. Definitions. The following definitions shall be applicable throughout this Plan:

(a) **"Affiliate"** means (i) any person or entity that directly or indirectly controls, is controlled by or is under common control with the Company and/or (ii) to the extent provided by the Committee, any person or entity in which the Company has a significant interest as determined by the Committee in its discretion. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting or other securities, by contract or otherwise.

(b) **"Award"** means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, and Stock Bonus Award granted under this Plan.

(c) **"Award Agreement"** means an agreement, or other instrument or document, including an electronic communication, delivered in accordance with Section 14(a) of this Plan evidencing the grant of an Award hereunder.

(d) **"Board"** means the Board of Directors of the Company.

(e) **"Business Day"** means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by federal law or executive order to be closed.

(f) **Cause** shall have the meaning set forth in the applicable Award Agreement or Participant Agreement, provided that if the applicable Award Agreement or Participant Agreement does not contain such a definition, **Cause** shall mean, (1) the Participant's plea of nolo contendere to, conviction of or indictment for, any crime (whether or not involving the Company or its Affiliates) (i) constituting a felony or (ii) that has, or could reasonably be expected to result in, an adverse impact on the performance of the Participant's duties to the Company or an Affiliate, or otherwise has, or could reasonably be expected to result in, an adverse impact on the business or reputation of the Company or its Affiliates, (2) conduct of the Participant, in connection with his or her employment or service, that has resulted, or could reasonably be expected to result in, material injury to the business or reputation of the Company or its Affiliates, (3) any material violation of the Award Agreement, the Participant Agreement, or any policies of the Company or an Affiliate, including, but not limited to, the Inspired Entertainment, Inc. Code of Ethics, those policies relating to sexual harassment or the disclosure or misuse of confidential information, or those policies set forth in the manuals or statements of policy of the Company or Affiliate; (4) the Participant's act(s) of gross negligence or willful misconduct in the course of his or her employment or service with the Company or Affiliate; (5) misappropriation by the Participant of any assets or business opportunities of the Company or its Affiliates; (6) embezzlement or fraud committed by the Participant, at the Participant's direction, or with the Participant's prior actual knowledge; or (7) willful neglect in the performance of the Participant's duties for the Company or Affiliate or willful or repeated failure or refusal to perform such duties. If, subsequent to the termination of a Participant for any reason other than by the Company or Affiliate for Cause, it is discovered that the Participant's employment or service could have been terminated for Cause, such Participant's employment or service shall, at the discretion of the Committee, be deemed to have been terminated by the Company or Affiliate for Cause for all purposes under the Plan, and the Participant shall be required to repay to the Company all amounts received by him or her in respect of any Award following such termination that would have been forfeited under the Plan had such termination been by the Company or Affiliate for Cause.

(g) **Change in Control** shall, in the case of a particular Award, unless the applicable Award Agreement states otherwise or contains a different definition of **Change in Control**, be deemed to occur upon:

(i) A change in ownership or control of the Company affected through a transaction or series of transactions (other than an offering of Common Shares to the general public through a registration statement filed with the Securities and Exchange Commission or similar non-U.S. regulatory agency or pursuant to a Non-Control Transaction) whereby any "person" (as defined in Section 3(a)(9) of the Exchange Act) or any two or more persons deemed to be one "person" (as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), other than the Company or any of its Affiliates, an employee benefit plan sponsored or maintained by the Company or any of its Affiliates (or its related trust), or any underwriter temporarily holding securities pursuant to an offering of such securities, directly or indirectly acquire "beneficial ownership" (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's securities eligible to vote in the election of the Board (the **Company Voting Securities**);

(ii) The date, within any consecutive twenty-four (24) month period commencing on or after the Effective Date, upon which individuals who constitute the Board as of the Effective Date (the **Incumbent Board**) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual who becomes a director subsequent to the Effective Date whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then constituting the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such individual is named as a nominee for director, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (including, but not limited to, a consent solicitation) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(iii) The consummation of a merger, consolidation, share exchange, or similar form of corporate transaction involving the Company or any of its Affiliates that requires the approval of the Company's stockholders (whether for such transaction, the issuance of securities in the transaction or otherwise) (a **Reorganization**), unless immediately following such Reorganization (1) more than fifty percent (50%) of the total voting power of (A) the corporation resulting from such Reorganization (the **Surviving Company**) or (B) if applicable, the ultimate parent corporation that has, directly or indirectly, beneficial ownership of one hundred percent (100%) of the voting securities of the Surviving Company (the **Parent Company**), is represented by Company Voting Securities that were outstanding immediately prior to such Reorganization (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Reorganization), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among holders thereof immediately prior to such Reorganization, (2) no person, other than an employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company (or its related trust), is or becomes the beneficial owner, directly or indirectly, of fifty percent (50%) or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Company, or if there is no Parent Company, the Surviving Company, and (3) at least a majority of the members of the board of directors of the Parent Company, or if there is no Parent Company, the Surviving Company, following the consummation of such Reorganization are members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization (any Reorganization which satisfies all of the criteria specified in clauses (1), (2), and (3) above shall be a **Non-Control Transaction**); or

(iv) The sale or disposition, in one transaction or a series of related transactions, of all or substantially all of the assets of the Company to any "person" (as defined in Section 3(a)(9) of the Exchange Act) or to any two or more persons deemed to be one "person" (as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) other than the Company's Affiliates. Notwithstanding the foregoing, (x) a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of fifty percent (50%) or more of the Company Voting Securities as a result of an acquisition of Company Voting Securities by the Company that reduces the number of Company Voting Securities outstanding; *provided* that if after such acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increase the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control shall then be deemed to occur, and (y) with respect to the payment of any amount that constitutes a deferral of compensation subject to Section 409A of the Code payable upon a Change in Control, a Change in Control shall not be deemed to have occurred, unless the Change in Control constitutes a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company under Section 409A(a)(2)(A)(v) of the Code.

(h) **Code** means the Internal Revenue Code of 1986, as amended, and any successor thereto. References in this Plan to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.

(i) **Committee** means a committee of at least two non-employee directors as the Board may appoint to administer this Plan or, if no such committee has been appointed by the Board, the Board. Unless altered by an action of the Board, the Committee shall be the Compensation Committee of the Board.

(j) **Common Shares** means the common stock, par value \$0.0001 per share, of the Company (and any stock or other securities into which such common shares may be converted or into which they may be exchanged).

(k) **Company** means Inspired Entertainment, Inc., and its successors and assigns.

(l) **Date of Grant** means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization.

(m) **Disability** means a "permanent and total" disability incurred by a Participant while in the employ of the Company or an Affiliate. For this purpose, a permanent and total disability shall mean that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

(n) **Effective Date** means May 9, 2023.

(o) **Eligible Director** means a person who is (i) a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, and (ii) "independent" for purposes of applicable stock exchange listing requirements.

(p) **Eligible Person** means any (i) individual employed by the Company or an Affiliate; *provided, however*, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director of the Company or an Affiliate; or (iii) consultant or advisor to the Company or an Affiliate, provided that if the Securities Act applies such persons must be eligible to be offered securities registrable on Form S-8 under the Securities Act.

(q) **Exchange Act** means the Securities Exchange Act of 1934, as amended, and any reference in this Plan to any section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(r) **Exercise Price** has the meaning given such term in Section 7(b) of this Plan.

(s) **Fair Market Value** means, as of any date when Common Shares are listed on one or more national securities exchanges, the closing price reported on the principal national securities exchange on which such Common Shares are listed and traded on the Date of Grant or, if the closing price is not reported on such date, the closing price reported on the most recent date prior to the Date of Grant. If Common shares are not listed on a national securities exchange, Fair Market Value will be determined by such other method as the Committee determines in good faith to be reasonable and in compliance with Code Section 409A.

(t) **Immediate Family Members** shall have the meaning set forth in Section 14(b) of this Plan.

(u) **Incentive Stock Option** means an Option that is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in this Plan.

(v) **Indemnifiable Person** shall have the meaning set forth in Section 4(e) of this Plan. **Nonqualified Stock Option** means an Option that is not designated by the Committee as an Incentive Stock Option.

(w) **Option** means an Award granted under Section 7 of this Plan.

(x) **Option Period** has the meaning given such term in Section 7(c) of this Plan.

(y) "Participant" means an Eligible Person who has been selected by the Committee to participate in this Plan and to receive an Award pursuant to Section 6 of this Plan.

(z) "Participant Agreement" means an employment or other services agreement between a Participant and the Company or an Affiliate that describes the terms and conditions of such Participant's employment or service with the Company or an Affiliate and is in effect as of the date the Committee approves the grant of the applicable Award to the Participant.

(aa) "Performance Criteria" means any of the following factors: (i) revenue; (ii) sales; (iii) profit (net profit, gross profit, operating profit, economic profit, profit margins or other corporate profit measures); (iv) earnings (EBIT, EBITDA, earnings per share, or other corporate earnings measures); (v) net income (before or after taxes, operating income or other income measures); (vi) cash (cash flow, cash generation or other cash measures); (vii) stock price or performance; (viii) total stockholder return (stock price appreciation plus reinvested dividends divided by beginning share price); (ix) economic value added; (x) return measures (including, but not limited to, return on assets, capital, equity, investments or sales, and cash flow return on assets, capital, equity, or sales); (xi) market share; (xii) improvements in capital structure; (xiii) expenses (expense management, expense ratio, expense efficiency ratios or other expense measures); (xiv) business expansion or consolidation (acquisitions and divestitures); (xv) internal rate of return or increase in net present value; (xvi) working capital targets relating to inventory and/or accounts receivable; (xvii) inventory management; (xviii) service or product delivery or quality; (xix) customer satisfaction; (xx) employee retention; (xxi) safety standards; (xxii) productivity measures; (xxiii) cost reduction measures; (xxiv) strategic plan development and implementation; and (xxv) any other objective or subjective measures determined by the Committee from time to time.

(bb) "Permitted Transferee" shall have the meaning set forth in Section 15(b) of this Plan.

(cc) "Person" has the meaning given such term in the definition of "Change in Control."

(dd) "Plan" means this Inspired Entertainment, Inc. 2023 Omnibus Incentive Plan, as amended from time to time.

(ee) "Prior Plan" means the Inspired Entertainment, Inc. 2018 Omnibus Incentive Plan and 2021 Omnibus Incentive Plan, as amended from time to time.

(ff) "Restricted Period" means the period of time determined by the Committee during which an Award is subject to restrictions or, as applicable, the period of time within which performance is measured for purposes of determining whether an Award has been earned.

(gg) "Restricted Stock Unit" means an unfunded and unsecured promise to deliver Common Shares, cash, other securities or other property, subject to certain restrictions (including, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of this Plan.

(hh) "Restricted Stock" means Common Shares, subject to certain specified restrictions (including, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of this Plan.

(ii) "SAR Period" has the meaning given such term in Section 8(c) of this Plan.

(jj) "Securities Act" means the Securities Act of 1933, as amended, and any successor thereto. Reference in this Plan to any section of the Securities Act shall be deemed to include any rules, regulations or other official interpretive guidance under such section, and any amendments or successor provisions to such section, rules, regulations or guidance.

(kk) "Stock Appreciation Right" or "SAR" means an Award granted under Section 8 of this Plan which meets all of the requirements of Section 1.409A-1(b)(5)(i)(B) of the Treasury Regulations.

(ll) "Stock Bonus Award" means an Award granted under Section 10 of this Plan.

(mm) "Strike Price" means, except as otherwise provided by the Committee in the case of Substitute Awards, (i) in the case of a SAR granted in tandem with an Option, the Exercise Price of the related Option, or (ii) in the case of a SAR granted independent of an Option, the Fair Market Value on the Date of Grant.

(nn) "Subsidiary" means, with respect to any specified Person:

(i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of outstanding Company Voting Securities (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership or limited liability company (or any comparable foreign entity) (a) the sole general partner or managing member (or functional equivalent thereof) or the managing general partner of which such Person or Subsidiary of such Person or (b) the only general partners or managing members (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

(oo) "Substitute Award" has the meaning given such term in Section 5(e).

(pp) "Treasury Regulations" means any regulations, whether proposed, temporary or final, promulgated by the U.S. Department of Treasury under the Code, and any successor provisions.

3. *Effective Date; Duration.* The Plan shall be effective as of the Effective Date, subject to approval by the stockholders of the Company, which approval shall be within twelve (12) months after the date this Plan is adopted by the Board. The expiration date of this Plan, on and after which date no Awards may be granted hereunder, shall be the tenth anniversary of the Effective Date; *provided, however,* that such expiration shall not affect Awards then outstanding, and the terms and conditions of this Plan shall continue to apply to such Awards. Upon effectiveness of the Plan, no further awards will granted under the Prior Plan.

4. Administration.

(a) The Committee shall administer this Plan. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if the Board is not acting as the Committee under this Plan), it is intended that each member of the Committee shall, at the time he takes any action with respect to an Award under this Plan, be an Eligible Director. However, the fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Award granted by the Committee that is otherwise validly granted under this Plan. The acts of a majority of the members present at any meeting at which a quorum is present or acts approved in writing by a majority of the Committee shall be deemed the acts of the Committee. Whether a quorum is present shall be determined based on the Committee's charter as approved by the Board.

(b) Subject to the provisions of this Plan and applicable law, the Committee shall have the sole and plenary authority, in addition to other express powers and authorizations conferred on the Committee by this Plan and its charter, to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of Common Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award, including, without limitation, vesting terms and conditions for any Award hereunder which may include the achievement of any Performance Criteria selected by the Committee; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Common Shares, other securities, other Awards or other property, or canceled, forfeited, or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, Common Shares, other securities, other Awards or other property and other amounts payable with respect to an Award shall be made; (vii) interpret, administer, reconcile any inconsistency in, settle any controversy regarding, correct any defect in and/or complete any omission in this Plan and any instrument or agreement relating to, or Award granted under, this Plan; (viii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of this Plan; (ix) accelerate the vesting or exercisability of, payment for or lapse of restrictions on, Awards; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Plan.

(c) The Committee may, by resolution, expressly delegate to a special committee, consisting of one or more directors who may but need not be officers of the Company, the authority, within specified parameters as to the number and types of Awards, to (i) designate officers and/or employees of the Company or any of its Affiliates to be recipients of Awards under this Plan, and (ii) to determine the number of such Awards to be received by any such Participants; provided, however, that such delegation of duties and responsibilities may not be made with respect to grants of Awards to persons subject to Section 16 of the Exchange Act. The acts of such delegates shall be treated as acts of the Committee, and such delegates shall report regularly to the Board and the Committee regarding the delegated duties and responsibilities and any Awards granted.

(d) Unless otherwise expressly provided in this Plan, all designations, determinations, interpretations, and other decisions under or with respect to this Plan or any Award or any documents evidencing Awards granted pursuant to this Plan shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons or entities, including, without limitation, the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, and any stockholder of the Company.

(e) No member of the Board, the Committee, delegate of the Committee or any employee, advisor or agent of the Company or the Board or the Committee (each such person, an "Indemnifiable Person") shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to this Plan or any Award hereunder. Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from (and the Company shall pay or reimburse on demand for) any loss, cost, liability, or expense (including court costs and attorneys' fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken under this Plan or any Award Agreement and against and from any and all amounts paid by such Indemnifiable Person with the Company's approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, provided, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts or omissions of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person's bad faith, fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Company's Certificate of Incorporation or Bylaws. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which any such Indemnifiable Person may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold them harmless.

(f) Notwithstanding anything to the contrary contained in this Plan, the Board may, in its sole discretion, at any time and from time to time, grant Awards and administer this Plan with respect to such Awards. In any such case, the Board shall have all the authority granted to the Committee under this Plan.

5. Grant of Awards; Shares Subject to this Plan; Limitations.

(a) The Committee may, from time to time, grant Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, and/or Stock Bonus Awards to one or more Eligible Persons. Subject to Section 5(b) and Section 11 of this Plan, the Committee is authorized to deliver under this Plan an aggregate of 2,700,000 Common Shares *plus* the number of Common Shares available for grant under the Prior Plan as of the Effective Date. Notwithstanding the foregoing, a director of the Company or an Affiliate who is not an employee of the Company or an Affiliate may not be granted Awards denominated in Common Shares, the aggregate Date of Grant Fair Market Value of which exceeds, in any calendar year, \$250,000; provided, that the foregoing limitation shall not apply to any Award made pursuant to an election by a director to receive an Award in lieu of all or a portion of the annual and/or committee retainers and annual meeting fee payable to such director.

(b) Common Shares underlying Awards under this Plan or, after the Effective Date, awards under any Prior Plan, that are forfeited, cancelled, expire unexercised, or are settled in cash shall be available again for Awards under this Plan. Notwithstanding the foregoing, the following Common Shares shall not be available again for Awards under the Plan: (i) shares tendered or held back upon the exercise of an Option or settlement of an Award to cover the Exercise Price of an Award; (ii) shares that are used or withheld to satisfy tax withholding obligations of the Participant with respect to an Award; (iii) shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the SAR upon exercise thereof; and (iv) shares purchased on the open market using cash proceeds from the exercise of Options.

(c) Awards that do not entitle the holder thereof to receive or purchase Common Shares shall not be counted against the aggregate number of Common Shares available for Awards under the Plan.

(d) Common Shares delivered by the Company in settlement of Awards may be authorized and unissued shares, shares held in the treasury of the Company, shares purchased on the open market or by private purchase, or any combination of the foregoing.

(e) Subject to compliance with Section 1.409A-3(f) of the Treasury Regulations, Awards may, in the sole discretion of the Committee, be granted under this Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity acquired by the Company or with which the Company combines ("Substitute Awards"). The number of Common Shares underlying any Substitute Awards shall be counted against the aggregate number of Common Shares available for Awards under this Plan; provided, however, that Common Shares issued under Substitute Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Company or an Affiliate shall not be counted against the aggregate number of Common Shares available for Awards under the Plan.

(f) After the Effective Date, notwithstanding any other provision of the Plan to the contrary, with respect to any Award that provides for or includes a right to dividends or dividend equivalents, if dividends are declared during the period that an equity Award is outstanding, such dividends (or dividend equivalents) shall either (i) not be paid or credited with respect to such Award or (ii) be accumulated but remain subject to vesting requirement(s) to the same extent as the applicable Award and shall only be paid at the time or times such vesting requirement(s) are satisfied. In no event shall dividends or dividend equivalents be paid with respect to Options or Stock Appreciation Rights.

6. Eligibility. Participation shall be limited to Eligible Persons who have entered into an Award Agreement or who have received written notification from the Committee, or from a person designated by the Committee, that they have been selected to participate in this Plan.

7. Options.

(a) **Generally.** Each Option granted under this Plan shall be evidenced by an Award Agreement (whether in paper or electronic medium (including email or the posting on a web site maintained by the Company or a third party under contract with the Company)). Each Option so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with this Plan as may be reflected in the applicable Award Agreement. All Options granted under this Plan shall be Nonqualified Stock Options unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. Notwithstanding any designation of an Option, to the extent that the aggregate Fair Market Value of Common Shares with respect to which Options designated as Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company or any Subsidiary) exceeds \$100,000, such excess Options shall be treated as Nonqualified Stock Options. Incentive Stock Options shall be granted only to Eligible Persons who are employees of the Company and its Affiliates, and no Incentive Stock Option shall be granted to any Eligible Person who is ineligible to receive an Incentive Stock Option under the Code. No Option shall be treated as an Incentive Stock Option unless this Plan has been approved by the stockholders of the Company in a manner intended to comply with the stockholder approval requirements of Section 422(b)(1) of the Code, provided that any Option intended to be an Incentive Stock Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonqualified Stock Option unless and until such approval is obtained. In the case of an Incentive Stock Option, the terms and conditions of such grant shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option appropriately granted under this Plan. A maximum of 2,700,000 Common Shares may be granted in the form of Incentive Stock Options.

(b) **Exercise Price.** The exercise price ("Exercise Price") per Common Share for each Option (excluding an Option that is granted as a Substitute Award) shall not be less than 100% of the Fair Market Value of such share determined as of the Date of Grant; *provided, however,* that in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns shares representing more than 10% of the voting power of all classes of shares of the Company or any Affiliate, the Exercise Price per share shall not be less than 110% of the Fair Market Value per share on the Date of Grant.

(c) **Vesting and Expiration.** Options shall vest and become exercisable in such manner and on such date or dates determined by the Committee and as set forth in the applicable Award Agreement, and shall expire after such period, not to exceed ten (10) years from the Date of Grant, as may be determined by the Committee (the "Option Period"); *provided, however,* that the Option Period shall not exceed five (5) years from the Date of Grant in the case of an Incentive Stock Option granted to a Participant who on the Date of Grant owns shares representing more than 10% of the voting power of all classes of shares of the Company or any Affiliate. Unless otherwise provided by the Committee in an Award Agreement:

(i) An Option shall vest and become exercisable with respect to one-third of the Common Shares subject to such Option on each of the first three anniversaries of the Date of Grant; *provided, however,* that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate;

(ii) the unvested portion of an Option shall expire upon termination of employment or service of the Participant granted the Option, and the vested portion of such Option shall remain exercisable for:

(A) one year following termination of employment or service by reason of such Participant's death or Disability (with the determination of Disability to be made by the Committee on a case by case basis), but not later than the expiration of the Option Period; and

(B) 90 calendar days following termination of employment or service for any reason other than such Participant's death or Disability, and other than such Participant's termination of employment or service for Cause, but not later than the expiration of the Option Period; and

(iii) both the unvested and the vested portion of an Option shall immediately expire upon the termination of the Participant's employment or service by the Company for Cause.

Notwithstanding the foregoing provisions of Section 7(c) and consistent with the requirements of applicable law, the Committee, in its sole discretion, may extend the post-termination of employment period during which a Participant may exercise vested Options.

(d) **Method of Exercise and Form of Payment.** No Common Shares shall be delivered pursuant to the exercise of an Option until payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company an amount equal to any applicable federal, state, local and/or foreign income and employment taxes withheld. Options that have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company in accordance with the terms of the Award Agreement accompanied by payment of the Exercise Price. The Exercise Price shall be payable (i) in cash, check (subject to collection), cash equivalent and/or vested Common Shares valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of Common Shares in lieu of actual delivery of such shares to the Company); *provided, however,* that such Common Shares are not subject to any pledge or other security interest; and (ii) by such other method as the Committee may permit in accordance with applicable law, in its sole discretion, including without limitation: (A) in other property having a fair market value (as determined by the Committee in its discretion) on the date of exercise equal to the Exercise Price or (B) if there is a public market for the Common Shares at such time, by means of a broker-assisted "cashless exercise" pursuant to which the Company is delivered a copy of irrevocable instructions to a stockbroker to sell the Common Shares otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price or (C) by a "net exercise" method whereby the Company withholds from the delivery of the Common Shares for which the Option was exercised that number of Common Shares having a Fair Market Value equal to the aggregate Exercise Price for the Common Shares for which the Option was exercised. Any fractional Common Shares shall be settled in cash.

(e) **Notification upon Disqualifying Disposition of an Incentive Stock Option.** Each Participant awarded an Incentive Stock Option under this Plan shall notify the Company in writing immediately after the date he makes a disqualifying disposition of any Common Shares acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Common Shares before the later of (A) two years after the Date of Grant of the Incentive Stock Option or (B) one year after the transfer of such Common Shares to the Participant pursuant to his exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession of any Common Shares acquired pursuant to the exercise of an Incentive Stock Option as agent for the applicable Participant until the end of the period described in the preceding sentence.

(f) Compliance with Laws, etc. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner that the Committee determines would violate the Sarbanes-Oxley Act of 2002, if applicable, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.

8. Stock Appreciation Rights.

(a) Generally. Each SAR granted under this Plan shall be evidenced by an Award Agreement (whether in paper or electronic medium (including email or the posting on a web site maintained by the Company or a third party under contract with the Company)). Each SAR so granted shall be subject to the conditions set forth in this Section 8, and to such other conditions not inconsistent with this Plan as may be reflected in the applicable Award Agreement. Any Option granted under this Plan may include tandem SARs (i.e., SARs granted in conjunction with an Award of Options under this Plan). The Committee also may award SARs to Eligible Persons independent of any Option.

(b) Exercise Price. The Strike Price per Common Share for each SAR (excluding a SAR that is granted as a Substitute Award) shall not be less than 100% of the applicable Fair Market Value of such share.

(c) Vesting and Expiration. A SAR granted in connection with an Option shall become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option. A SAR granted independent of an Option shall vest and become exercisable and shall expire in such manner and on such date or dates determined by the Committee and shall expire after such period, not to exceed ten years, as may be determined by the Committee (the "SAR Period"). Unless otherwise provided by the Committee in an Award Agreement:

(i) a SAR shall vest and become exercisable with respect to one-third of the Common Shares subject to such SAR on each of the first three anniversaries of the Date of Grant;

(ii) the unvested portion of a SAR shall expire upon termination of employment or service of the Participant granted the SAR, and the vested portion of such SAR shall remain exercisable for:

(A) one year following termination of employment or service by reason of such Participant's death or Disability (with the determination of Disability to be made by the Committee on a case by case basis), but not later than the expiration of the SAR Period; and

(B) 90 calendar days following termination of employment or service for any reason other than such Participant's death or Disability, and other than such Participant's termination of employment or service for Cause, but not later than the expiration of the SAR Period; and

(iii) both the unvested and the vested portion of a SAR shall expire immediately upon the termination of the Participant's employment or service by the Company for Cause.

(d) Method of Exercise. SARs that have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company in accordance with the terms of the Award, specifying the number of SARs to be exercised and the date on which such SARs were awarded. Notwithstanding the foregoing, if on the last day of the Option Period (or in the case of a SAR independent of an Option, the SAR Period), the Fair Market Value exceeds the Strike Price, the Participant has not exercised the SAR or the corresponding Option (if applicable), and neither the SAR nor the corresponding Option (if applicable) has expired, such SAR shall be deemed to have been exercised by the Participant on such last day and the Company shall make the appropriate payment therefor.

(e) Payment. Upon the exercise of a SAR, the Company shall pay to the Participant an amount equal to the number of Common Shares subject to the SAR that are being exercised multiplied by the excess, if any, of the Fair Market Value of one Common Share on the exercise date over the Strike Price, less an amount equal to any applicable federal, state, local and non-U.S. income and employment taxes withheld. The Company shall pay such amount in cash, in Common Shares valued at Fair Market Value, or any combination thereof, as determined by the Committee. Any fractional Common Share shall be settled in cash.

9. Restricted Stock and Restricted Stock Units.

(a) Generally. Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement (whether in paper or electronic medium (including email or the posting on a web site maintained by the Company or a third party under contract with the Company)). Each such grant shall be subject to the conditions set forth in this Section 9, and to such other conditions not inconsistent with this Plan as may be reflected in the applicable Award Agreement. Restricted Stock and Restricted Stock Units shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, for example, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, under such circumstances, in such installments, upon the satisfaction of performance goals or otherwise, as the Committee determines at the time of the grant of an Award or thereafter. Except as otherwise provided in an Award Agreement, a Participant shall have none of the rights of a stockholder with respect to Restricted Stock Units until such time as Common Shares are paid in settlement of such Awards.

(b) Restricted Accounts; Escrow or Similar Arrangement. Unless otherwise determined by the Committee, upon the grant of Restricted Stock, a book entry in a restricted account shall be established in the Participant's name at the Company's transfer agent and, if the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than held in such restricted account pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee, if applicable, and (ii) the appropriate share power (endorsed in blank) with respect to the Restricted Stock covered by such agreement. If a Participant shall fail to execute an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and blank share power within the amount of time specified by the Committee, the Award shall be null and void *ab initio*. Subject to the restrictions set forth in this Section 9 and the applicable Award Agreement, the Participant generally shall have the rights and privileges of a stockholder as to such Restricted Stock, including without limitation the right to vote such Restricted Stock and the right to receive dividends, if applicable. To the extent shares of Restricted Stock are forfeited, any share certificates issued to the Participant evidencing such shares shall be returned to the Company, and all rights of the Participant to such shares and as a stockholder with respect thereto shall terminate without further obligation on the part of the Company.

(c) Vesting; Acceleration of Lapse of Restrictions. Unless otherwise provided by the Committee in an Award Agreement: (i) the Restricted Period shall lapse with respect to one-third of the Restricted Stock and Restricted Stock Units on each of the first three anniversaries of the Date of Grant; and (ii) the unvested portion of Restricted Stock and Restricted Stock Units shall terminate and be forfeited upon the termination of employment or service of the Participant granted the applicable Award.

(d) Delivery of Restricted Stock and Settlement of Restricted Stock Units.

(i) Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall deliver to the Participant, or his beneficiary, without charge, the share certificate evidencing the shares of Restricted Stock that have not then been forfeited and with respect to which the Restricted Period has expired (rounded down to the nearest full share). Dividends, if any, that may have been withheld by the Committee and attributable to any particular share of Restricted Stock shall be distributed to the Participant in cash or, at the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends, upon the release of restrictions on such shares of Restricted Stock and, if such shares of Restricted Stock are forfeited, the Participant shall have no right to such dividends.

(ii) Unless otherwise provided by the Committee in an Award Agreement, following the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall deliver to the Participant, or his beneficiary, without charge, one Common Share for each such outstanding Restricted Stock Unit on the earliest to occur of (A) the Participant's termination of service for any reason, provided that such termination constitutes a "separation from service" under Section 409A of the Code, (B) the Participant's death, (C) the Participant's termination of service on account of Disability, and (D) a Change in Control; *provided, however,* that the Committee may (i) elect, as set forth in an Award Agreement, to pay cash or part cash and part Common Shares in lieu of delivering only Common Shares in respect of such Restricted Stock Units or (ii) defer the delivery of Common Shares (or cash or part Common Shares and part cash, as the case may be) beyond the 75th day of the calendar year following the calendar year in which settlement is required if such delivery would result in a violation of applicable law until such time as is no longer the case. If a cash payment is made in lieu of delivering Common Shares, the amount of such payment shall be equal to the Fair Market Value of the Common Shares as of the applicable payment date, less an amount equal to any applicable federal, state, local and non-U.S. income and employment taxes withheld. Notwithstanding anything contained herein to the contrary, the Committee in an Award Agreement may, in a manner consistent with the applicable requirements of Section 409A of the Code, enable a Participant to elect to defer the date on which settlement of the Restricted Stock Units shall occur.

10. Stock Bonus Awards. The Committee may issue unrestricted Common Shares, or other Awards denominated in Common Shares, under this Plan to Eligible Persons, either alone or in tandem with other awards, in such amounts as the Committee shall from time to time in its sole discretion determine. Each Stock Bonus Award granted under this Plan shall be evidenced by an Award Agreement (whether in paper or electronic medium (including email or the posting on a web site maintained by the Company or a third party under contract with the Company)). Each Stock Bonus Award so granted shall be subject to such conditions not inconsistent with this Plan as may be reflected in the applicable Award Agreement.

11. Changes in Capital Structure and Similar Events. In the event of (a) any extraordinary dividend or other distribution (whether in the form of cash, Common Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, amalgamation, consolidation, spin-off, split-up, split-off, combination, repurchase or exchange of Common Shares or other securities of the Company, issuance of warrants or other rights to acquire Common Shares or other securities of the Company, or other similar corporate transaction or event (including, without limitation, a Change in Control) that affects the Common Shares, or (b) unusual or nonrecurring events (including, without limitation, a Change in Control) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, such that in either case an adjustment is determined by the Committee to be necessary or appropriate in order to prevent dilution or enlargement of rights, then the Committee shall make any such adjustments that are equitable, including without limitation any or all of the following:

(i) adjusting any or all of (A) the number of Common Shares or other securities of the Company (or number and kind of other securities or other property) that may be delivered in respect of Awards or with respect to which Awards may be granted under this Plan (including, without limitation, adjusting any or all of the limitations under Section 5 of this Plan) and (B) the terms of any outstanding Award, including, without limitation, (1) the number of Common Shares or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate, (2) the Exercise Price or Strike Price with respect to any Award or (3) any applicable performance measures;

(ii) subject to the requirements of Section 409A of the Code, providing for a substitution or assumption of Awards, accelerating the exercisability of, lapse of restrictions on, or termination of, Awards or providing for a period of time for exercise prior to the occurrence of such event; and

(iii) subject to the requirements of Section 409A of the Code, canceling any one or more outstanding Awards and causing to be paid to the holders thereof, in cash, Common Shares, other securities or other property, or any combination thereof, the value of such Awards, if any, as determined by the Committee (which if applicable may be based upon the price per Common Share received or to be received by other stockholders of the Company in such event), including without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the Common Shares subject to such Option or SAR over the aggregate Exercise Price or Strike Price of such Option or SAR, respectively (it being understood that, in such event, any Option or SAR having a per share Exercise Price or Strike Price equal to, or in excess of, the Fair Market Value of a Common Share subject thereto may be canceled and terminated without any payment or consideration therefor); *provided, however, that in the case of any "equity restructuring" (within the meaning of the FASB Statement of Financial Accounting Standards No. 123 (revised 2004) or ASC Topic 718, or any successor thereto), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring. Any adjustment in Incentive Stock Options under this Section 11 (other than any cancellation of Incentive Stock Options) shall be made only to the extent not constituting a "modification" within the meaning of Section 424(d)(3) of the Code, and any adjustments under this Section 11 shall be made in a manner that does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.*

12. Change in Control Provisions. Except to the extent provided in an Award Agreement or otherwise by the Committee in accordance with its authority under Section 4, in the event of a Participant's termination of employment or service without Cause by the Company or an Affiliate within the twelve (12) month period immediately following a Change in Control (such that the Participant's Awards would otherwise be cancelled (e.g., not be retained in accordance with Section 14(g)), notwithstanding any provision of this Plan to the contrary, with respect to all or any portion of the Participant's particular outstanding Award or Awards, the following shall apply:

(a) any unvested Options and SARs held by the Participant shall become vested and exercisable on the effective date of such termination; and

(b) the Restricted Period applicable to any unvested Restricted Stock, Restricted Stock Units or other Awards held by the Participant shall expire (including without limitation any applicable performance conditions) and such Awards shall be deemed vested on the effective date of such termination.

The Committee shall also have discretion, in the event of a Change in Control, and subject to the terms of any applicable Award Agreement and compliance with the requirements of Section 409A of the Code, to accelerate the vesting, payment or right to exercise of any Award effective immediately upon the occurrence of the Change in Control and cause the restrictions and forfeiture conditions applicable to any Award to lapse and deem such Awards fully vested and any performance conditions imposed with respect to Awards to be fully achieved.

13. Amendments and Termination.

(a) *Amendment and Termination of this Plan.* The Board may amend, alter, suspend, discontinue, or terminate this Plan or any portion thereof at any time; *provided, that no such amendment, alteration, suspension, discontinuation or termination shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to this Plan (including, without limitation, as necessary to comply with any rules or requirements of any national securities exchange or inter-dealer quotation system on which the Common Shares may be listed or quoted); and, provided, further, that any such amendment, alteration, suspension, discontinuation or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the prior written consent of the affected Participant, holder or beneficiary.*

(b) *Amendment of Award Agreements.* The Committee may, to the extent consistent with the terms of any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively; *provided, however, that any such waiver, amendment, alteration, suspension, discontinuation, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant.*

(c) *Repricing Prohibition.* Other than pursuant to Section 11, the Committee shall not without the approval of the Company's stockholders (a) lower the exercise price of an Option or Stock Appreciation Right, (b) cancel an Option or Stock Appreciation Right when the option price per share exceeds the Fair Market Value of one share in exchange for cash or another Award (other than in connection with a Change in Control), or (c) take any other action with respect to an Option or Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Shares are listed.

14. General.

(a) *Award Agreements.* Each Award under this Plan shall be evidenced by an Award Agreement setting forth the terms and conditions applicable to the Award, which shall be delivered to the Participant (whether in paper or electronic medium (including email or the posting on a web site maintained by the Company or a third party under contract with the Company)).

(b) *Nontransférability; Trading Restrictions.*

(i) Each Award shall be exercisable only by a Participant during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or an Affiliate; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than Incentive Stock Options) to be transferred by a Participant subject to such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the purposes of this Plan, to: (A) any person who is a "family member" of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Participant and his Immediate Family Members; (C) a partnership or limited liability company whose only partners or stockholders are the Participant and his Immediate Family Members; or (D) any other transferee as may be approved either (I) by the Board or the Committee in its sole discretion, or (II) as provided in the applicable Award Agreement (each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a "Permitted Transferee"); *provided, that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of this Plan. For the avoidance of doubt, Awards may not be transferred to an unrelated third party for consideration.*

(iii) The terms of any Award transferred in accordance with subparagraph (ii) above shall apply to the Permitted Transferee and any reference in this Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the Common Shares to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under this Plan or otherwise; and (D) the consequences of the termination of the Participant's employment by, or services to, the Company or an Affiliate under the terms of this Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in this Plan and the applicable Award Agreement.

(iv) The Committee shall have the right, either on an Award-by-Award basis or as a matter of policy for all Awards or one or more classes of Awards, to condition the delivery of vested Common Shares received in connection with such Award on the Participant's agreement to such restrictions as the Committee may determine.

(c) *Tax Withholding.*

(i) A Participant shall be required to pay to the Company or any Affiliate, or the Company or any Affiliate shall have the right and is hereby authorized to withhold, from any cash, Common Shares, other securities or other property deliverable under any Award or from any compensation or other amounts owing to a Participant, the amount (in cash, Common Shares, other securities or other property) of any required withholding taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under this Plan and to take such other action as may be necessary in the opinion of the Committee or the Company to satisfy all obligations for the payment of such withholding and taxes. In addition, the Committee, in its discretion, may make arrangements mutually agreeable with a Participant who is not an employee of the Company or an Affiliate to facilitate the payment of applicable income and self-employment taxes.

(ii) Without limiting the generality of clause (i) above, the Committee may, in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability by (A) the delivery of Common Shares (which are not subject to any pledge or other security interest) owned by the Participant having a fair market value equal to such withholding liability or (B) having the Company withhold from the number of Common Shares otherwise issuable or deliverable pursuant to the exercise or settlement of the Award a number of shares with a fair market value equal to such withholding liability (but no more than the maximum individual statutory rate for the applicable tax jurisdiction).

(d) *No Claim to Awards; No Rights to Continued Employment; Waiver.* No employee of the Company or an Affiliate, or other person, shall have any claim or right to be granted an Award under this Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated. Neither this Plan nor any action taken hereunder shall be construed as giving any Participant any

right to be retained in the employ or service of the Company or an Affiliate, nor shall it be construed as giving any Participant any rights to continued service on the Board. The Company or any of its Affiliates may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under this Plan, unless otherwise expressly provided in this Plan or any Award Agreement. By accepting an Award under this Plan, a Participant shall thereby be deemed to have waived any claim to continued exercise or vesting of an Award or to damages or severance entitlement related to non-continuation of the Award beyond the period provided under this Plan or any Award Agreement, notwithstanding any provision to the contrary in any written employment contract or other agreement between the Company and its Affiliates and the Participant, whether any such agreement is executed before, on or after the Date of Grant.

(e) ***International Participants.*** With respect to Participants who reside or work outside of the United States of America, the Committee may in its sole discretion amend the terms of this Plan or outstanding Awards (or establish a sub-plan) with respect to such Participants in order to conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for such Participants, the Company or its Affiliates.

(f) ***Designation and Change of Beneficiary.*** Unless otherwise provided by the Committee in an Award Agreement, each Participant may file with the Committee a written designation of one or more persons as the beneficiary(ies) who shall be entitled to receive the amounts payable with respect to an Award, if any, due under this Plan upon his death. A Participant may, from time to time, revoke or change his beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation filed with the Committee shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be his spouse or, if the Participant is unmarried at the time of death, his estate. Upon the occurrence of a Participant's divorce (as evidenced by a final order or decree of divorce), any spousal designation previously given by such Participant shall automatically terminate.

(g) ***Termination of Employment/Service.*** Unless determined otherwise by the Committee at any point including following such event: (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence nor a transfer from employment or service with the Company to employment or service with an Affiliate (or vice-versa) nor ceasing to serve in any office or capacity for the Company or its Affiliates while continuing to serve in one or more other offices or capacities for the Company or its Affiliates shall be considered a termination of employment or service with the Company or an Affiliate; and (ii) if a Participant's employment with the Company and its Affiliates terminates, but such Participant continues to provide services to the Company and its Affiliates in a non-employee capacity (or vice-versa), such change in status shall not be considered a termination of employment with the Company or an Affiliate for purposes of this Plan unless the Committee, in its discretion, determines otherwise.

(h) ***No Rights as a Stockholder.*** Except as otherwise specifically provided in this Plan or any Award Agreement, no person shall be entitled to the privileges of ownership in respect of Common Shares that are subject to Awards hereunder until such shares have been issued or delivered to that person.

(i) ***Government and Other Regulations.***

(i) The obligation of the Company to settle Awards in Common Shares or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any Common Shares pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the Common Shares to be offered or sold under this Plan. The Committee shall have the authority to provide that all certificates for Common Shares or other securities of the Company or any Affiliate delivered under this Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under this Plan, the applicable Award Agreement, the federal securities laws, or the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or inter-dealer quotation system upon which such shares or other securities are then listed or quoted and any other applicable federal, state, local or non-U.S. laws, and, without limiting the generality of Section 9 of this Plan, the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. Notwithstanding any provision in this Plan to the contrary, the Committee reserves the right to add any additional terms or provisions to any Award granted under this Plan that it in its sole discretion deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

(ii) The Committee may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company's acquisition of Common Shares from the public markets, the Company's issuance of Common Shares to the Participant, the Participant's acquisition of Common Shares from the Company and/or the Participant's sale of Common Shares to the public markets, illegal, impracticable or inadvisable. If the Committee determines to cancel all or any portion of an Award in accordance with the foregoing, unless doing so would violate Section 409A of the Code, the Company shall pay to the Participant an amount equal to the excess of (A) the aggregate Fair Market Value of the Common Shares subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or delivered, as applicable), over (B) the aggregate Exercise Price or Strike Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of delivery of Common Shares (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof. The Committee shall have the discretion to consider and take action to mitigate the tax consequence to the Participant in cancelling an Award in accordance with this clause.

(j) ***Payments to Persons Other Than Participants.*** If the Committee shall find that any person to whom any amount is payable under this Plan is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his spouse, child, relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(k) ***Nonexclusivity of this Plan.*** Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options or other equity-based awards otherwise than under this Plan, and such arrangements may be either applicable generally or only in specific cases.

(l) ***No Trust or Fund Created.*** Neither this Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate, on the one hand, and a Participant or other person or entity, on the other hand. No provision of this Plan or any Award shall require the Company, for the purpose of satisfying any obligations under this Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under this Plan other than as general unsecured creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees under general law.

(m) ***Reliance on Reports.*** Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent public accountant of the Company and/or its Affiliates and/or any other information furnished in connection with this Plan by any agent of the Company or the Committee or the Board, other than himself.

(n) ***Relationship to Other Benefits.*** No payment under this Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan.

(o) ***Governing Law.*** The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to the conflict of laws provisions.

(p) ***Severability.*** If any provision of this Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or entity or Award, or would disqualify this Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws in the manner that most closely reflects the original intent of the Award or the Plan, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, person or entity or Award and the remainder of this Plan and any such Award shall remain in full force and effect.

(q) ***Obligations Binding on Successors.*** The obligations of the Company under this Plan shall be binding upon any successor corporation or organization resulting from the merger, amalgamation, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

(r) ***Expenses; Gender; Titles and Headings.*** The expenses of administering this Plan shall be borne by the Company and its Affiliates. Masculine pronouns and other words of masculine gender shall refer to both men and women. The titles and headings of the sections in this Plan are for convenience of reference only, and in the event of any conflict, the text of this Plan, rather than such titles or headings shall control.

(s) ***Other Agreements.*** Notwithstanding the above, the Committee may require, as a condition to the grant of and/or the receipt of Common Shares under an Award, that the Participant execute lock-up, stockholder or other agreements, as it may determine in its sole and absolute discretion.

(t) ***Section 409A.*** The Plan and all Awards granted hereunder are intended to comply with, or otherwise be exempt from, the requirements of Section 409A of the Code. The Plan and all Awards granted under this Plan shall be administered, interpreted, and construed in a manner consistent with Section 409A of the Code to the extent necessary to avoid the imposition of additional taxes under Section 409A(a)(1)(B) of the Code. Notwithstanding anything in this Plan to the contrary, in no event shall the Committee exercise its discretion to accelerate the payment or settlement of an Award where such payment or settlement constitutes deferred compensation within the meaning of Section 409A of the Code unless, and solely to the extent that, such accelerated payment or settlement is permissible under Section 1.409A-3(j)(4) of the Treasury Regulations. If a Participant is a "specified employee" (within the meaning of Section 1.409A-1(i) of the Treasury Regulations)

at any time during the twelve (12)-month period ending on the date of his termination of employment, and any Award hereunder subject to the requirements of Section 409A of the Code is to be satisfied on account of the Participant's termination of employment, satisfaction of such Award shall be suspended until the date that is six (6) months after the date of such termination of employment. In no event shall the Company or any of its Affiliates be liable for any taxes, penalties, interest, or other expenses that may be incurred by a Participant under Section 409A of the Code.

(u) **Clawback and Repayment.** All Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or Committee and as in effect from time to time; and (ii) applicable law. Further, to the extent that the Participant receives any amount in excess of the amount that the Participant should otherwise have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant shall be required to repay any such excess amount to the Company.

(v) **Payments.** Participants shall be required to pay, to the extent required by applicable law, any amounts required to receive Common Shares under any Award made under this Plan.

INSPIRED ENTERTAINMENT, INC.
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY
(Updated as of May 09, 2023)

The following policy outlines the key terms of Inspired Entertainment's Non-Employee Director compensation program:

ANNUAL RETAINERS

BOARD MEMBER ANNUAL RETAINER

	AMOUNT
Board Member Cash	\$ 50,000
Board Member Restricted Stock Units ("RSUs")	\$ 100,000

**ADDITIONAL LEADERSHIP POSITION ANNUAL RETAINERS
(PAID 50% IN CASH AND 50% IN RSUs)**

	AMOUNT
Audit Committee Chair	\$ 20,000
Compensation Committee Chair	\$ 20,000
Nominating & Corporate Governance Committee Chair	\$ 20,000
Lead Independent Director	\$ 20,000

CASH RETAINERS

All cash retainers will be provided in equal quarterly installments in arrears on January 1st, April 1st, July 1st, and October 1st of each year ("Payment Dates") provided that the Non-Employee Director is in service in the applicable role to such retainer on the applicable Payment Date. Payment is provided in arrears on the first day of each calendar quarter for service during the prior calendar quarter.

Non-Employee Directors appointed to the Board or to a Leadership Position after January 1st will receive a pro-rated portion of the quarterly installment of the applicable retainer for the calendar quarter of their appointment (based on the number of days remaining in such calendar quarter and paid on the first day of the following calendar quarter), and the full portion of the remaining quarterly installments for the year, provided that the Non-Employee Director remains on the Board on such Payment Date (and in the Leadership Position on such Payment Date, if applicable).

RSU RETAINERS

Annual RSU retainers will be granted on the first trading day in January. The number of RSUs subject to each annual RSU retainer will be equal to (i) the dollar value of the award as shown in the table above, divided by the greater of (x) the twenty trading day average closing price of the immediately preceding year's high closing price of the Company's Common Stock and (y) the twenty trading day average closing price of the Common Stock before the date of grant, but in any event at a price no lower than 80% of the price at which restricted stock units were granted for the immediately preceding year's annual LTIP awards.

Each annual RSU retainer will vest in substantially equal quarterly installments on the grant date and on April 1st, July 1st, and October 1st of each year ("Quarterly Vesting Dates") provided that the Non-Employee Director is in service in the applicable role to such retainer on the applicable Quarterly Vesting Dates.

Non-Employee Directors appointed to the Board or to a Leadership Position after the first trading day in January will receive a pro-rated portion of the applicable annual RSU retainer (based on the number of days remaining in such calendar year) on the effective date of the appointment. The first installment will vest on the effective date of the appointment, with the number of RSUs vesting in such first installment equal to (x) the pro-rated number of RSUs awarded for the partial year of service, less (y) an amount equal to $\frac{1}{4}$ of the full (non-pro-rated) number of RSUs that would have been awarded for a full (non-prorated) year of service (determined as if the full award had been granted on the effective date of the appointment), multiplied by the number of Quarterly Vesting Dates remaining in the calendar year. The remaining installments (if any) will vest in substantially equal installments on the remaining Quarterly Vesting Dates, provided that the Non-Employee Director is in service in the applicable role to such retainer on the applicable Quarterly Vesting Dates. For example, if a Non-Employee Director is appointed to the Board on May 1st and the stock price on the date of appointment is \$10, he or she would receive the following:

1. Pro-rated Board Member RSU retainer = 6,712 RSUs (\$100,000/\$10 times 245/365)
2. First installment vesting on the date of appointment = 1,712 RSUs (determined as shown below):
 - a. the pro-rated RSU retainer = 6,712 RSUs, less
 - b. the full (non-pro-rated) RSU retainer amount divided by four (4), multiplied by the number of Quarterly Vesting Dates remaining in the calendar year = 10,000 RSUs / 4 x 2 remaining Quarterly Vesting Dates = 5,000 RSUs
 - c. First installment amount that vests = 1,712 RSUs (6,712 RSUs - 5,000 RSUs)
3. Remaining installments vest in equal installments of 2,500 RSUs on the remaining Quarterly Vesting Dates (i.e., July 1st and October 1st)

RSUs are settled in shares of stock and delivered to Non-Employee Directors as soon as practicable following the applicable vesting date, unless subject to a deferral election by a Non-Employee Director. Non-Employee Directors may irrevocably elect to defer the receipt of 100% of RSUs for a given service year until termination of Board service. Such deferral elections must be submitted in a written deferral election notice by the Non-Employee Director to the Company (which notice shall be in a form prescribed by the Company) by December 31st of the year preceding the service year. Newly appointed directors may elect to defer settlement of RSU awards granted in the year of appointment, provided that the deferral election is made prior to commencement of service.

Upon a Change-in-Control, all unvested RSUs will vest in full and all unsettled RSUs will immediately be settled.

If a Non-Employee Director's service as a member of the Board (or an applicable Leadership Position) terminates for any reason, unvested RSUs held on the date of termination will be forfeited; provided, that if the termination of service is for "Cause" (as defined in the Non-Employee Director's applicable award agreement), the full number of RSUs that were granted to the Non-Employee Director (whether or not vested or settled) in the year in which the termination for Cause occurs shall immediately terminate and be forfeited for no consideration as of such termination.

EXPENSES

Each Non-Employee Director will be eligible for reimbursement from the Company for all reasonable out-of-pocket expenses incurred in connection with his or her duties as a Non-Employee Director, always subject to any reimbursement policies then in place.

Exhibit 10.3

Performance-Based RSU Award Agreement

INSPIRED ENTERTAINMENT, INC.

2023 OMNIBUS INCENTIVE PLAN

Performance Unit Award Agreement

This PERFORMANCE UNIT AWARD AGREEMENT (this "Agreement") is entered into effective as of May 9, 2023 (the "Grant Date"), and is between Inspired Entertainment, Inc., a Delaware corporation (the "Company"), and Brooks H. Pierce (the "Participant"), pursuant to the terms of Mr. Pierce's Employment Agreement with the Company dated February 17, 2020, as subsequently amended on January 13, 2023 (the "Employment Agreement"). Any term capitalized but not defined in this Agreement shall have the meaning set forth in the Inspired Entertainment, Inc. 2023 Omnibus Incentive Plan (the "Plan").

1. **Grant of Performance Units.** In accordance with the terms of the Plan and subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants to the Participant 62,500 Performance Units (each a "Unit" and collectively, the "Units") for the 2025 calendar year and an additional 62,500 Performance Units for the 2026 calendar year (each, a "Performance Period"). The final number of Units that ultimately may become eligible to vest shall be determined by the Compensation Committee of the Company's Board of Directors (the "Committee") in accordance with the threshold performance criteria for the Performance Period as set forth in Appendix A hereto (the "Performance Condition"), and may range from 0% to 100% of the Units.

2. **Vesting of Units.** The vesting of Units is contingent on attainment of the Performance Condition for the Performance Period applicable to those Units and the Participant's continuous employment through the last day of the Performance Period (i.e., December 31, 2025 for the Units applicable to the 2025 calendar year and December 31, 2026 for the Units applicable to the 2026 calendar year), except as otherwise provided in Section 5 of this Agreement. The Committee shall make its determinations with respect to attainment of the Performance Condition following the Performance Period (the "Determination Date"), which shall be as soon as reasonably practicable but no later than thirty (30) days following the Company's filing of its Annual Report on Form 10-K for the applicable year.

- (a) If the Committee determines that the Performance Condition applicable to the Units has not been met, then all such Units shall be immediately forfeited and terminated.
- (b) If the Committee determines that the Performance Condition applicable to all or a portion of the Units for the applicable Performance Period has been met, the Participant shall be entitled to receive, in accordance with the settlement provisions described in Section 3 of this Agreement, such amount of Stock corresponding to the number of Units determined by the Committee in accordance with Appendix A.

For the avoidance of doubt, except as expressly provided under Section 5 of this Agreement (e.g., the Participant's death or the Participant's termination in connection with a Change in Control), the Units will only be eligible to vest IF: 1) the Committee determines that the Performance Condition for a Performance Period has been met AND 2) the Participant remains employed throughout such Performance Period.

3. *Settlement of Vested Units.* The Company will issue in certificated or uncertificated form to the Participant a number of shares of the Company's common stock (the "Stock") corresponding to the number of Units that vested, less the number, if any, withheld in satisfaction of applicable withholding taxes as discussed in Section 4 within thirty (30) days of the earliest to occur of: (A) the Participant's termination of employment (for any reason), provided that such termination constitutes a "separation from service" under Section 409A of the Code, (B) the Participant's death, (C) the Participant's termination of service on account of Disability, and (D) a Change in Control of the Company, in each case as defined in the Plan (provided, however, to the extent required to comply with Section 409A of the Code, the issuance of such Stock shall be subject to delayed payment in accordance with the provisions of Section 18 of this Agreement).

4. *Taxes; Withholding Obligation.*

(a) The Participant shall be ultimately liable and responsible for all federal, state, local or foreign income or employment taxes owed in connection with the Units and/or required to be withheld, regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Units. The Company makes no representation or undertaking regarding the domestic or foreign tax treatment of the Participant in connection with the grant or vesting of the Units, the issuance of shares of Stock upon settlement of the Units or the subsequent sale of such shares of Stock. The Company is not committed and is not under any obligation to structure the Units to reduce or eliminate the Participant's tax liability.

(b) As a condition to the Company's delivery of shares of Stock pursuant to Section 3, the Participant shall be required to make appropriate arrangements for the satisfaction of any applicable domestic or foreign tax or employment or social insurance withholding obligation which may include tendering to the Company a cash payment equal to the withholding amount due in accordance with procedures adopted from time to time by the Company. If withholding of taxes and/or social insurance is required at the time of vesting and the Participant has not made other arrangements satisfactory to the Company, the Company will withhold from any shares deliverable upon the vesting of Units a number having a Fair Market Value equal to the withholding taxes due.

5. *Effect of Termination of Employment/Service.* If the Participant ceases to provide employment services to the Company or a subsidiary of the Company for any reason prior to the last day of a Performance Period, the Units allocable to that Performance Period shall be automatically and immediately forfeited and terminated, except as follows:

- In the event of the Participant's death during an applicable Performance Period (prior to the last day of such Performance Period), the estate of the Participant shall be entitled to receive a pro-rated number of Units corresponding to that Performance Period (at the 100% target level of performance) based on the number of days the Participant was employed during such Performance Period divided by 365; and

- In the event of Change in Control Termination Event (as defined in the Employment Agreement) during an applicable Performance Period (prior to the last day of such Performance Period), the Participant shall be entitled to receive [a pro-rated number of Units corresponding to that Performance Period (at the 100% target level of performance) based on the number of days the Participant was employed during such Performance Period divided by 365].

For avoidance of doubt, no amount shall be eligible for vesting under this Section 5 if the Participant's termination of employment (for any reason) occurs before the beginning of a Performance Period.

To the extent the Participant's employment terminates following the end of a Performance Period (for any reason) but prior to the Determination Date for the applicable Units, the Participant shall be entitled to receive such number of Units, if any, that the Committee determines met the Performance Condition for the Performance Period in accordance with Appendix A of this Agreement (with any such Stock being issuable in accordance with the settlement provisions in Section 3 of this Agreement within thirty (30) days of the Determination Date).

6. *Clawback.* By accepting the award of Units, the Participant agrees that the Company may recover some or all of the shares of Stock delivered with respect to such award or recoup some or all of the value thereof via offset from other amounts owed by the Participant to the Company or any of its Affiliates, at any time in the three calendar years following delivery thereof, if and to the extent that the Committee concludes that (i) U.S. federal or state law, the laws of any other jurisdiction in which the Participant has been employed by or providing services to the Company during the term of the award, or the listing requirements of any exchange on which the Company's stock is listed for trading so require, (ii) the performance criteria required for the vesting were not met, or not met to the extent necessary to support the amount of Units that vested, or (iii) as required by Section 304 of the U.S. Sarbanes-Oxley Act of 2002, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise after a restatement of the Company's financial results as reported to the U.S. Securities and Exchange Commission. By accepting an award hereunder, and by accepting any delivery of shares of Stock hereunder the Participant agrees to promptly comply with any Company demand for recovery or recoupment hereunder.

7. *Transferability of Units.* Except as otherwise provided herein, the Participant may not sell, transfer, pledge, assign or otherwise alienate or hypothecate Units other than by will or the laws of descent and distribution or equivalent laws in the jurisdiction of the Participant's employment. Any attempt to transfer Units in contravention of this Section 7 is null and void ab initio.

8. Compliance with Securities Laws and other Requirements. Notwithstanding anything herein to the contrary, if at any time the Company determines that issuing or distributing shares of Stock would violate applicable securities laws or other legal or regulatory requirements, the Company will not issue or distribute such shares until such time as distribution of the shares would not violate applicable securities laws and other requirements. The Committee may declare any provision of this Agreement or action of its own null and void, if it determines the provision or action fails to comply with the applicable short-swing trading rules under the securities laws. As a condition to issuing or distributing shares of Stock to the Participant, until such time as such shares have been registered pursuant to an effective registration statement under the securities laws, or an exemption from such requirements is available, the Company may require the Participant to make such written representations as it deems necessary or desirable to comply with applicable securities laws.

9. No Limitation on Rights of the Company. The grant of Units does not and will not in any way affect the right or power of the Company to make adjustments, reclassifications or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

10. Plan and Agreement Not a Contract of Employment or Service. Neither the Plan nor this Agreement is a contract of employment or services, and no terms of the Participant's employment or services agreement shall be affected in any way by the Plan, this Agreement or related instruments, except to the extent specifically expressed therein. Neither the Plan nor this Agreement shall be construed as conferring any legal rights on the Participant to continue to be employed or remain in service with the Company or any of its Affiliates, nor will it interfere with the Company's or any of its Affiliates' right to discharge the Participant with or without Cause or to otherwise deal with the Participant regardless of the existence of the Plan, this Agreement or Units.

11. Participant to Have No Rights as a Stockholder. Before the date as of which the shares of Stock are issued to the Participant, the Participant will have no rights as a shareholder with respect to those shares.

12. Notice. Any notice or other communication required or permitted under this Agreement must be in writing and must be delivered personally, sent by certified, registered or express mail, or sent by overnight courier, at the sender's expense. Notice shall be deemed given when delivered personally or, if mailed, three days after the date of deposit in the United States mail or, if sent by overnight courier, on the regular business day following the date sent. Notice to the Company should be sent to Inspired Entertainment, Inc., 250 West 57th Street, Suite 415, New York, NY 10107, Attention: General Counsel. Notice to the Participant should be sent to the address the Participant has on file with the Company. Either party may change the person and/or address to whom or which the other party must give notice under this Section 12 by giving such other party written notice of such change, in accordance with the procedures described above.

13. Successors. All obligations of the Company under this Agreement will be binding on any successor to the Company, whether the existence of the successor results from a direct or indirect purchase of all or substantially all of the business of the Company, or a merger, consolidation, or otherwise.

14. Governing Law. To the extent not preempted by federal law, this Agreement will be construed and enforced in accordance with, and governed by, the laws of the State of New York, without giving effect to any conflicts of law principles that would require the application of the law of any other jurisdiction. The Company and the Participant hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with the Units and this Agreement shall be brought only in the courts in the State of New York, County of New York, including the federal courts located therein should federal jurisdiction requirements exist, and (ii) consent to submit to the exclusive jurisdiction of the such courts for purposes of any action or proceeding arising out of or in connection with the Units or this Agreement.

15. **Plan Document Controls.** The rights granted under this Agreement are in all respects subject to the provisions set forth in the Plan to the same extent and with the same effect as if set forth fully in this Agreement. If the terms of this Agreement conflict with the terms of the Plan document, the Plan document will control.

16. **Amendment of the Agreement.** The Company and the Participant may amend this Agreement only by a written instrument signed by both parties.

17. **Counterparts.** The parties may execute this Agreement in one or more counterparts, all of which together shall constitute but one Agreement.

18. **Code Section 409A.** The issuance of shares of Stock under this Agreement shall be provided in a manner that complies with Code Section 409A and any ambiguity herein shall be interpreted so as to be consistent with the intent of this paragraph. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Participant by Code Section 409A or damages for failing to comply with Code Section 409A. Notwithstanding anything herein to the contrary, if the Participant is a "specified employee" as such term is defined under Code Section 409A at the time of a separation from service and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such separation from service is necessary in order to prevent any accelerated recognition of income or additional tax under Code Section 409A, then the Company will defer the issuance of shares of Stock hereunder (without any reduction therein) until the date that is at least six (6) months following the Participant's separation from service with the Company or the earliest date permitted under Code Section 409A (e.g., immediately upon the Participant's death), whereupon the Company will promptly issue to the Participant the shares of Stock that would have otherwise been previously issued to the Participant under this Agreement during the period in which such issuance was deferred.

19. **Data Privacy.** The Participant explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of personal data as described in this Section 19 by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering, and managing the Plan and this Agreement. In furtherance of such implementation, administration, and management, the Company and its Affiliates may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address, telephone number(s), date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), information regarding any securities of the Company or any of its Affiliates, and details of this Agreement (the "Data"). In addition to transferring the Data amongst themselves as necessary for the purpose of implementation, administration, and management of the Plan and this Agreement, the Company and its Affiliates may each transfer the Data to any third parties assisting the Company in the implementation, administration, and management of the Plan and this Agreement. Recipients of the Data may be located in the Participant's country or elsewhere, and the Participant's country may have different data privacy laws and protections. The Participant authorizes such recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of assisting the Company in the implementation, administration, and management of the Plan and this Agreement, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of Stock. The Data related to the Participant will be held as long as is necessary to implement, administer, and manage the Plan and this Agreement. The Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting the Participant's local human resources representative. The Company may cancel the Participant's eligibility to participate in the Plan, and in the Committee's discretion, the Participant may forfeit any the Units if the Participant refuses or withdraws the consents described herein.

20. **Entire Agreement.** This Agreement and any other documents to be executed to implement its provisions together constitute the entire agreement between the parties pertaining to the subject matter hereof, superseding all prior and contemporaneous agreements, representations and understandings of the parties with respect to the subject matter hereof. **By signing this Agreement, the Participant agrees and acknowledges that the acceptance of this Award satisfies in full the Company's obligation to issue him the "Special Equity Grant" as required under the Second Addendum to the Employment Agreement.**

IN WITNESS WHEREOF, the Company and the Participant have duly executed this Agreement as of the date first written above.
INSPIRED ENTERTAINMENT, INC.
By: /s/ Steve Saferin
Name: Steve Saferin
Title: Chair of Compensation Committee
/s/ Brooks H. Pierce
Brooks Pierce

Appendix A
Performance Condition Vesting Criteria

A. Performance Period

2025 Calendar Year – 62,500 Units

2026 Calendar Year – 62,500 Units

B. Performance Condition

Adjusted EBITDA Targets (as defined and consistent with the short-term incentive bonus program of the Company) and threshold performance levels set each year by the Compensation Committee for the Performance Period.

Payout percentage between points will be pro-rated. No amount is paid below threshold. The maximum amount is 100% of the Units.

Units will be rounded down to the nearest whole share.

C. Committee Determinations

Determinations as to achievement of threshold performance criteria and Unit calculations shall be made by the Committee in its sole discretion following the Performance Period. The Committee shall adjust awards and metrics based on extraordinary or unforeseen events and its good faith determinations shall be binding and conclusive.

EXHIBIT 31.1

CERTIFICATION OF THE
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
RULE 13a-14(a) AND RULE 15d-14(a)
UNDER THE
SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, A. Lorne Weil, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Inspired Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: **August 11, 2023** February 27, 2024

/s/ A. Lorne Weil

A. Lorne Weil
Executive Chairman
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF THE
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
RULE 13a-14(a) AND RULE 15d-14(a)
UNDER THE
SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **Stewart F.B. Baker**, **Marilyn Jentzen**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Inspired Entertainment, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 11, 2023 February 27, 2024

/s/ Stewart F.B. Baker Marilyn Jentzen

Stewart F.B. Baker Marilyn Jentzen

Interim Chief Financial Officer

(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Inspired Entertainment, Inc. (the "Company") on Form 10-Q for the fiscal period ended June 30, 2023 September 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, A. Lorne Weil, Executive Chairman of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Dated: August 11, 2023 February 27, 2024

By: /s/ A. Lorne Weil

A. Lorne Weil

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Inspired Entertainment, Inc. (the "Company") on Form 10-Q for the fiscal period ended June 30, 2023 September 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Stewart F.B. Baker, Marilyn Jentzen, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 11, 2023 February 27, 2024

By: /s/ Stewart F.B. Baker Marilyn Jentzen

Stewart F.B. Baker Marilyn Jentzen

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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