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DELTA REPORT

10-Q

INSE - INSPIRED ENTERTAINMENT, I

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1460
CHANGES	207
DELETIONS	791
ADDITIONS	462

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 September 30, March 31, 2023 2024

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	**47-1025534**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
250 West 57th Street, Suite 415 New York, NY	**10107**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(646) 565-3861**

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 Date 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 ☐	Accelerated filer ☒
Non-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 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 February 22, 2024 May 7, 2024, there were 26,219,021 26,571,308 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.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2023	December 31, 2022, as restated	March 31, 2024	December 31, 2023
	(Unaudited)		*(Unaudited)*	
Assets				
Cash	$ 26.4	$ 25.0	$ 35.3	$ 40.0
Accounts receivable, net	29.2	40.4	37.5	40.6
Inventory	39.9	30.3		
Inventory, net			31.7	32.3
Prepaid expenses and other current assets	37.8	31.2	39.6	39.6
Total current assets	**133.3**	**126.9**	**144.1**	**152.5**
Property and equipment, net	52.6	45.1	63.2	62.8
Software development costs, net	21.6	18.3	21.9	21.8
Other acquired intangible assets subject to amortization, net	13.6	14.6	12.9	13.4
Goodwill	56.3	55.5	58.3	58.8
Operating lease right of use asset	14.3	16.0	15.2	14.2
Costs of obtaining and fulfilling customer contracts, net	8.5	7.0	9.7	9.4
Other assets	4.5	3.8	5.8	8.0
Total assets	**$ 304.7**	**$ 287.2**	**$ 331.1**	**$ 340.9**
Liabilities and Stockholders' Deficit				
Current liabilities				
Accounts payable and accrued expenses	$ 58.0	$ 52.7	$ 57.6	$ 60.8
Corporate tax and other current taxes payable	3.6	10.1	3.2	6.3
Deferred revenue, current	8.7	4.6	4.9	5.6
Operating lease liabilities	4.1	3.9	5.1	4.7
Current portion of long-term debt			18.9	19.1
Other current liabilities	3.4	3.6	4.4	4.2
Total current liabilities	**77.8**	**74.9**	**94.1**	**100.7**
Long-term debt	282.7	277.6	293.3	295.6
Finance lease liabilities, net of current portion	1.8	1.2	2.5	1.6
Deferred revenue, net of current portion	1.6	2.8	8.0	7.1
Operating lease liabilities	10.3	12.3	10.5	9.8
Other long-term liabilities	3.0	4.0	3.9	4.1
Total liabilities	**377.2**	**372.8**	**412.3**	**418.9**
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; 26,214,739 shares and 25,909,516 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	—	—		
Preferred stock; $0.0001 par value; 1,000,000 shares authorized, no shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively.			—	—
Common stock; $0.0001 par value; 49,000,000 shares authorized; 26,559,756 shares and 26,219,021 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			—	—
Additional paid in capital	386.3	378.2	387.3	386.1
Accumulated other comprehensive income	49.8	50.8	45.8	44.5

Accumulated deficit	(508.6)	(514.6)	(514.3)	(508.6)
Total stockholders' deficit	**(72.5)**	**(85.6)**	**(81.2)**	**(78.0)**
Total liabilities and stockholders' deficit	**$ 304.7**	**$ 287.2**	**$ 331.1**	**$ 340.9**

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

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

	2023	2022, as restated	2023	2022, as restated		
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022, as restated	2023	2022, as restated	2024	2023
Revenue:						
Service	$ 70.7	$ 68.6	$ 195.7	$ 188.7	$ 57.1	$ 57.5
Product sales	26.8	5.6	46.1	16.3	6.0	7.4
Total revenue	97.5	74.2	241.8	205.0	**63.1**	**64.9**
Cost of sales:						
Cost of service [(1)]	(21.4)	(20.3)	(56.9)	(54.9)	(15.9)	(15.0)
Cost of product sales [(1)]	(26.7)	(4.1)	(41.8)	(11.2)	(4.5)	(6.7)
Selling, general and administrative expenses	(26.9)	(25.2)	(82.7)	(74.1)	(34.2)	(29.2)
Acquisition and integration related transaction expenses	—	(0.1)	—	(0.3)		
Depreciation and amortization	(10.3)	(9.2)	(29.8)	(30.1)	(9.9)	(9.4)
Net operating income	12.2	15.3	30.6	34.4		
Net operating (loss) income					**(1.4)**	**4.6**
Other expense						
Interest expense, net	(6.9)	(6.3)	(20.5)	(18.7)	(6.6)	(6.3)
Gain on disposal of business	—	—	—	0.9		
Other finance income	0.1	0.3	0.3	0.9	0.1	0.1
Total other expense, net	(6.8)	(6.0)	(20.2)	(16.9)	**(6.5)**	**(6.2)**
Net income before income taxes	5.4	9.3	10.4	17.5		
Income tax expense	(2.0)	(0.1)	(2.8)	(0.4)		
Net income	3.4	9.2	7.6	17.1		
Loss before income taxes					**(7.9)**	**(1.6)**
Income tax benefit					2.2	0.2
Net loss					**(5.7)**	**(1.4)**
Other comprehensive (loss)/income:						
Other comprehensive income (loss):						
Foreign currency translation gain (loss)	3.6	8.0	(2.0)	20.5	1.0	(2.9)
Reclassification of loss on hedging instrument to comprehensive income	—	0.1	0.3	0.5	—	0.2
Actuarial (losses) gains on pension plan	0.2	0.1	0.7	(0.6)		
Actuarial gains on pension plan					0.3	0.2
Other comprehensive income (loss)	3.8	8.2	(1.0)	20.4	**1.3**	**(2.5)**
Comprehensive income	$ 7.2	$ 17.4	$ 6.6	$ 37.5		
Comprehensive loss					**$ (4.4)**	**$ (3.9)**
Net income per common share – basic	$ 0.12	$ 0.33	$ 0.27	$ 0.61		
Net income per common share – diluted	$ 0.12	$ 0.32	$ 0.26	$ 0.58		

Net loss per common share – basic and diluted					**$ (0.20)**	**$ (0.05)**
Weighted average number of shares outstanding during the period – basic	28,104,365	27,856,920	28,088,901	28,237,874		
Weighted average number of shares outstanding during the period – diluted	29,105,267	28,921,246	29,149,285	29,374,460		
Weighted average number of shares outstanding during the period – basic and diluted					**28,603,734**	**27,974,182**
Supplemental disclosure of stock-based compensation expense						
Stock-based compensation included in:						
Selling, general and administrative expenses	$ (3.3)	$ (2.5)	$ (9.3)	$ (7.9)	$ (2.3)	$ (2.9)

(1) Excluding depreciation and amortization

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

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE PERIOD JANUARY 1, 2023 TO SEPTEMBER 30, 2023 THREE MONTHS ENDED MARCH 31, 2024
(in millions, except share data)
(Unaudited)

	Common stock		Additional paid in	Accumulated other comprehensive	Accumulated	Total stockholders'
	Shares	Amount	capital	income	deficit	deficit
Balance as of January 1, 2023, as restated	**25,909,516**	**$ —**	**$ 378.2**	**$ 50.8**	**$ (514.6)**	**$ (85.6)**
Foreign currency translation adjustments	—	—	—	(2.9)	—	(2.9)
Actuarial gains on pension plan	—	—	—	0.2	—	0.2
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	0.2	—	0.2
Issuances under stock plans	353,554	—	—	—	—	—
Stock-based compensation expense	—	—	3.0	—	—	3.0
Net loss	—	—	—	—	(1.4)	(1.4)
Balance as of March 31, 2023, as restated	**26,263,070**	**$ —**	**$ 381.2**	**$ 48.3**	**$ (516.0)**	**$ (86.5)**
Foreign currency translation adjustments	—	—	—	(2.7)	—	(2.7)
Actuarial loss on pension plan	—	—	—	0.3	—	0.3
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	0.1	—	0.1
Repurchase of common stock	(3.931)	—	—	—	(0.1)	(0.1)
Issuances under stock plans	4,282	—	(0.2)	—	—	(0.2)
Stock-based compensation expense	—	—	3.1	—	—	3.1
Net income	—	—	—	—	5.6	5.6
Balance as of June 30, 2023, as restated	**26,263,421**	**$ —**	**$ 384.1**	**$ 46.0**	**$ (510.5)**	**$ (80.4)**
Foreign currency translation adjustments	—	—	—	3.6	—	3.6
Actuarial loss on pension plan	—	—	—	0.2	—	0.2
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	—	—	—
Repurchase of common stock	(121,847)	—	—	—	(1.5)	(1.5)
Issuances under stock plans	73,165	—	(1.1)	—	—	(1.1)
Stock-based compensation expense	—	—	3.3	—	—	3.3
Net income	—	—	—	—	3.4	3.4
Balance as of September 30, 2023	**26,214,739**	**$ —**	**$ 386.3**	**$ 49.8**	**$ (508.6)**	**$ (72.5)**

	Common stock		Additional paid in	Accumulated other comprehensive	Accumulated	Total stockholders'
	Shares	Amount	capital	income	deficit	deficit
Balance as of December 31, 2023	**26,219,021**	**—**	**386.1**	**44.5**	**(508.6)**	**(78.0)**
Foreign currency translation adjustments	—	—	—	1.0	—	1.0
Actuarial gains on pension plan	—	—	—	0.3	—	0.3
Issuances under stock plans	340,735	—	(0.8)	—	—	(0.8)
Stock-based compensation expense	—	—	2.0	—	—	2.0
Net loss	—	—	—	—	(5.7)	(5.7)
Balance as of March 31, 2024	**26,559,756**	**$ —**	**$ 387.3**	**$ 45.8**	**$ (514.3)**	**$ (81.2)**

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

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE PERIOD JANUARY 1, 2022 TO SEPTEMBER 30, 2022 THREE MONTHS ENDED MARCH 31, 2023
(in millions, except share data)
(Unaudited)

	Common stock		Additional paid in	Accumulated other comprehensive	Accumulated	Total stockholders'	Common stock		Additional paid in	Accumulated other comprehensive	Acc
	Shares	Amount	capital	income	deficit	deficit	Shares	Amount	capital	income	
Balance as of January 1, 2022, as restated	26,433,562	$ —	$ 372.3	$ 43.8	$ (524.8)	$ (108.7)					
Balance as of December 31, 2022							25,909,516	—	378.2	50.8	
Foreign currency translation adjustments	—	—	—	3.5	—	3.5	—	—	—	(2.9)	
Actuarial gains on pension plan	—	—	—	0.1	—	0.1	—	—	—	0.2	
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	0.2	—	0.2	—	—	—	0.2	
Issuances under stock plans	447,060	—	—	—	—	—	353,554	—	—	—	
Stock-based compensation expense	—	—	2.7	—	—	2.7	—	—	3.0	—	
Net income	—	—	—	—	1.5	1.5					
Balance as of March 31, 2022, as restated	26,880,622	$ —	$ 375.0	$ 47.6	$ (523.3)	$ (100.7)					
Foreign currency translation adjustments	—	—	—	9.0	—	9.0					
Actuarial loss on pension plan	—	—	—	(0.8)	—	(0.8)					
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	0.2	—	0.2					
Repurchase of common stock	(477,643)	—	—	—	(5.1)	(5.1)					
Issuances under stock plans	45,594	—	(0.2)	—	—	(0.2)					

Stock-based compensation expense	—	—	2.6	—	—	2.6					
Net income	—	—	—	—	6.4	6.4					
Balance as of June 30, 2022, as restated	26,448,573	$ —	$ 377.4	$ 56.0	$ (522.0)	$ (88.6)					
Net loss							—	—	—	—	
Balance as of March 31, 2023							26,263,070	$ —	$ 381.2	$ 48.3	$
Balance	26,448,573	$ —	$ 377.4	$ 56.0	$ (522.0)	$ (88.6)					
Foreign currency translation adjustments	—	—	—	8.0	—	8.0					
Actuarial gains on pension plan	—	—	—	0.1	—	0.1					
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	0.1	—	0.1					
Repurchase of common stock	(539,952)	—	—	—	(4.9)	(4.9)					
Issuances under stock plans	4,160	—	—	—	—	—					
Stock-based compensation expense	—	—	2.5	—	—	2.5					
Net income	—	—	—	—	9.2	9.2					
Net income (loss)	—	—	—	—	9.2	9.2					
Balance as of September 30, 2022, as restated	25,912,781	$ —	$ 379.9	$ 64.2	$ (517.7)	$ (73.6)					
Balance	25,912,781	$ —	$ 379.9	$ 64.2	$ (517.7)	$ (73.6)					

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

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

	2023	2022, as restated		
	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022, as restated	2024	2023
Cash flows from operating activities:				
Net income	$ 7.6	$ 17.1		
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Net loss			$ (5.7)	$ (1.4)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	29.8	30.1	9.9	9.4
Amortization of right of use asset	2.8	2.7	1.1	0.8
Profit on disposal of trade and assets	—	(0.9)		
Stock-based compensation expense	9.3	7.9	2.3	2.9
Contract cost expense	(7.7)	(4.7)	(2.4)	(2.6)
Reclassification of loss on hedging instrument to comprehensive income	0.5	0.5	—	0.2
Non-cash interest expense relating to senior debt	1.0	1.1	0.2	0.3
Changes in assets and liabilities:				
Accounts receivable	11.7	(1.3)	2.7	8.3
Inventory	(9.4)	(12.1)	0.4	(3.5)
Prepaid expenses and other assets	(5.0)	(3.1)	4.3	1.0
Corporate tax and other current taxes payable	(9.6)	(6.6)	(6.3)	(6.2)
Accounts payable and accrued expenses	4.6	8.8	(2.6)	3.5
Deferred revenues and customer prepayment	2.9	(2.9)	0.6	(0.2)
Operating lease liabilities	(2.8)	(2.7)	(1.0)	(0.9)
Other long-term liabilities	(0.4)	(2.1)	0.1	—
Net cash provided by operating activities	35.3	31.8	3.6	11.6
Cash flows from investing activities:				
Purchases of property and equipment	(20.1)	(16.8)	(4.4)	(5.5)
Acquisition of subsidiary company assets	—	(0.6)		
Acquisition of third-party company trade and assets	(0.6)	—	—	(0.6)
Disposal of trade and assets	—	1.3		
Purchases of capital software	(11.0)	(9.4)	(3.3)	(2.8)
Net cash used in investing activities	(31.7)	(25.5)	(7.7)	(8.9)
Cash flows from financing activities:				
Repurchase of common stock	(1.6)	(10.0)		
Repayments of finance leases	(1.0)	(0.5)	(0.2)	(0.5)
Net cash used in financing activities	(2.6)	(10.5)	(0.2)	(0.5)
Effect of exchange rate changes on cash	0.4	(6.2)	(0.4)	0.6
Net increase (decrease in) cash	1.4	(10.4)		
Net (decrease) increase in cash			(4.7)	2.8
Cash, beginning of period	25.0	47.8	40.0	25.0
Cash, end of period	$ 26.4	$ 37.4	$ 35.3	$ 27.8
Supplemental cash flow disclosures				
Cash paid during the period for interest	$ 12.1	$ 11.9	$ 0.1	$ 0.1
Cash paid (received) during the period for income taxes	$ 4.8	$ (0.2)		
Cash paid during the period for income taxes			$ —	$ 0.1

Cash paid during the period for operating leases	$ 4.9	$ 6.0	$ 2.1	$ 2.1
Supplemental disclosure of non-cash investing and financing activities				
Supplemental disclosure of noncash investing and financing activities				
Additional paid in capital from net settlement of RSUs			$ (0.8)	$ —
Lease liabilities arising from obtaining right of use assets	$ (0.4)	$ —	$ (2.2)	$ (0.1)
Property and equipment transferred to inventory	$ —	$ 0.8		
Property and equipment acquired through finance lease	$ 1.2	$ —	$ 1.3	$ —
Additional paid in capital from net settlement of RSUs	$ (1.3)	$ (0.2)		

The accompanying notes are an integral part of these unaudited 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 Discussions

As of September 30, 2023 March 31, 2024, the Company's cash on hand was $26.435.3 million, and the Company had working capital in addition to cash of $29.114.7 million. The Company recorded a net income loss of $7.65.7 million and $17.1 1.4million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Net income includes income/losses include non-cash stock-based compensation of $9.3 2.3million and $7.9 2.9million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Working capital of $55.5million includes $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 $35.33.6 million and $31.8 11.6million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

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 November 2024. May 2025.

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 applicable rules and Article 8 of Regulation S-X regulations of the United States Securities and Exchange Commission ("SEC"). 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 December 31, 2023 and 2021. 2022. The financial information as of December 31, 2022 December 31, 2023 is derived from the audited consolidated financial statements presented in the Company's Annual Report on Form 10-K/ 10-K for the year ended December 31, 2023 filed with the SEC on April 15, 2024. The financial information for the three months ended March 31, 2023 is derived from the unaudited consolidated financial statements presented in the Company's Annual Report on Form 10-Q/A for the three months ended March 31, 2023 filed with the SEC on February 27, 2024. The interim results for the nine three months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2023 December 31, 2024 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. Restatement of Previously Issued Financial Statements

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 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 below and also detailed in the tables below.

The Company 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. The Revision covers the period ended September 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 impact of the Restatement Items from the Revision.

Restatement Items

Capitalized software and Costs to fulfill a contract – The Company historically assessed and applied incorrectly the 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 three and nine months ended September 30, 2022, respectively. Refer to reference "a" below.

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.

Inventory – The Company identified an error in the amount capitalized for field inventory, repair and consumable items. Refer to reference "c" below. Note 5, "Inventory" has also been corrected.

Goodwill and intangibles – Through review of the 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 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 ("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 million for both the three and nine months ended September 30, 2022. Refer to reference "d" below.

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)	

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	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	g
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	h
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)	

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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	Accumulated other comprehensive	Accumulated	Total stockholders'	Restatement
	Shares	Amount	capital	income	deficit	deficit	References
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)	26,880,622	$ -	$ 375.0	47.6	(523.3)	(100.7)	
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)	26,448,573	$ -	$ 377.4	$ 56.0	$ (522.0)	$ (88.6)	
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)	25,912,781	$ -	$ 379.9	64.2	(517.7)	(73.6)	

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 ($1.3 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. 2. Allowance for Credit Losses

Changes in the allowance for doubtful accounts credit losses are as follows:

	September 30, 2023	December 31, 2022, as restated	March 31, 2024	December 31, 2023
	(in millions)		(in millions)	
Beginning balance	$ (1.4)	$ (1.8)	$ (1.1)	$ (1.4)
Additional provision for doubtful accounts	(0.3)	(0.2)		
Additional allowance for credit losses			—	(0.2)
Recoveries	0.2	—	—	0.2
Write offs	0.4	0.4	—	0.4
Foreign currency translation adjustments	(0.1)	0.2	—	(0.1)
Ending balance	$ (1.2)	$ (1.4)	$ (1.1)	$ (1.1)

5. 3. Inventory

Inventory consists of the following:

	September 30, 2023	December 31, 2022, as restated	March 31, 2024	December 31, 2023
	(in millions)		(in millions)	
Component parts	$ 22.8	$ 20.7	$ 22.5	$ 23.3
Work in progress	1.4	3.6	1.0	0.4
Finished goods	15.7	6.0	8.2	8.6
Total inventories	$ 39.9	$ 30.3	$ 31.7	$ 32.3

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

6. 4. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(in millions)		(in millions)	
Accounts payable	$ 34.4	$ 23.7	$ 35.2	$ 41.9
Interest payable	7.5	—	8.4	—
Payroll and related costs	5.9	10.3	5.1	5.5
Cost of sales including inventory	4.8	9.2	5.0	6.4
Other	5.4	9.5		
Other creditors			3.9	7.0
	$ 58.0	$ 52.7	$ 57.6	$ 60.8

7. 5. Contract Liabilities and Other Related Disclosures

The following table summarizes contract related balances:

	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	$ 44.6	$ 18.0	$ (7.4)	$ (2.4)

	Accounts Receivable	Unbilled Accounts Receivable	Right to recover asset	Deferred Income	Customer Prepayments and Deposits
	(in millions)				
At March 31, 2024	$ 36.7	$ 20.5	$ 0.6	$ (12.9)	$ (3.1)
At December 31, 2023	$ 42.8	$ 24.0	$ 0.6	$ (12.7)	$ (2.9)

Revenue recognized that was included in the deferred income balance at the beginning of the periods period amounted to $3.9 1.9 million and $5.8 1.2 million as restated, for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

For the periods ended September 30, 2023 March 31, 2024 and 2022 2023 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 March 31, 2024, 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 $81.3 102.6 million. Of this amount, we expect to recognize as revenue approximately 9 30% through December 31, 2023 December 31, 2024, approximately 58 50% through December 31, 2025, approximately 28% through December 31, 2027 December 31, 2026, and the remaining balance20% through December 31, 2029.

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. 6. Stock-Based Compensation

A summary of the Company's Restricted Stock Unit restricted stock unit ("RSU") activity during the nine three months ended September 30, 2023 March 31, 2024 is as follows:

	Number of Shares
Unvested Outstanding at January 1, 2023 January 1, 2024 (1)	1,647,5441,242,175
Granted (1) (2)	888,225604,709
Forfeited	(27,04429,599)
Vested	(275,42410,166)
Unvested Outstanding at September 30, 2023March 31, 2024	2,233,3011,807,119

(1) The amount shown as granted "unvested outstanding at January 1, 2024" does not include certain tranches of Adjusted EBITDA RSUs that have performance criteria for annual periods later than 2023 (an aggregate of 312,500 RSUs, including 62,500 subject to 2024 criteria), which were part of sign-on tranches approved for our Executive Chairman and our Chief Executive Officer during the years 2021 and 2023, as the applicable performance targets were not set by January 1, 2024 (and, accordingly, the accounting grant dates had not yet occurred for the tranches). Such tranches had previously been included in the table amounts shown as unvested outstanding since the initial approval date for the tranches.

(2) The amount shown as "granted" includes 219,213 245,694 performance-based target RSUs for 2024 as to which the number that ultimately vests would range from 0% to 200% of the target amount of RSUs (a maximum of 438,426 491,388 RSUs based on attainment of Adjusted EBITDA targets for 2023 and criteria previously set by the Compensation Committee) 2024). The amount shown also 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 a tranche of 250,000 62,500 Adjusted EBITDA RSUs (with targets (subject to performance criteria for 2025, 2026 and 2027) and 125,000 stock-price based RSUs) 2024) which can be earned at up to 100% of the target amount of RSUs. RSUs; such tranche was part of a sign-on award of multiple tranches approved in 2021 for our Executive Chairman with respect to which the accounting grant date for the 2024 tranche did not occur until the targets were set in February 2024.

The Company issued a total of 431,001 340,735 shares during the nine three months ended September 30, 2023 March 31, 2024, in connection with the Company's equity-based plans, which included an aggregate of 332,227 333,161 shares issued in connection with the net settlement of RSUs that vested during the prior year (on December 30, 2022 December 29, 2023).

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. 7. 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, 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, 2024	$ (78.3)	$ —	$ 33.8	$ (44.5)
Change during the period	(1.0)	—	(0.3)	(1.3)
Balance at March 31, 2024	$ (79.3)	$ —	$ 33.5	$ (45.8)

	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, 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	(75.0)	0.8	26.6	(47.6)
Change during the period	(9.0)	(0.2)	0.8	(8.4)
Balance at June 30, 2022, as restated	(84.0)	0.6	27.4	(56.0)
Change during the period	(8.0)	(0.1)	(0.1)	(8.2)
Balance at September 30, 2022, as restated	$ (92.0)	$ 0.5	$ 27.3	$ (64.2)

	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	$ (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	$ (81.3)	$ 0.1	$ 32.9	$ (48.3)

In connection with the issuance of Senior Secured Notes and the entry into an RCF a Revolving Credit Facility (“RCF”) Agreement (the “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 nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 amounted to $0.3 0.0 million and $0.5 0.2 million, respectively.

12. 8. Net Income Earnings (Loss) per Share

Basic income (loss) income/loss per share ("EPS") is computed by dividing net income (loss) income/loss attributable to common stockholders by the weighted average 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, options and RSUs, 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 Nine Months Ended September 30, 2023	Three and Nine Months Ended September 30, 2022
RSUs	$ 805,619	$ 688,854

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
RSUs	$ 1,807,119	$ 1,917,231

The following tables reconcile There were no reconciling items for the numerators and denominators of the basic and diluted EPS computations: three months ended March 31, 2024 or March 31, 2023.

Three months ended September 30, 2023	Income (Numerator) (in millions)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	$ 3.4	28,104,365	$ 0.12
Effect of Dilutive Securities			
RSUs	—	1,000,902	$ —
Diluted EPS			
Income available to common stockholders	$ 3.4	$ 29,105,267	$ 0.12

Nine months ended September 30, 2023	Income (Numerator) (in millions)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	$ 7.6	28,088,901	$ 0.27
Effect of Dilutive Securities			
RSUs	—	1,060,384	$ (0.01)
Diluted EPS			
Income available to common stockholders	$ 7.6	$ 29,149,285	$ 0.26

Three months ended September 30, 2022, as restated	Income (Numerator) (in millions)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	$ 9.2	27,856,920	$ 0.33
Effect of Dilutive Securities			
RSUs	—	1,064,326	$ (0.01)
Diluted EPS			
Income available to common stockholders	$ 9.2	$ 28,921,246	$ 0.32

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 1,790,7281,840,165 and 1,607,6381,893,136 shares for the three and nine months ended September 30 March 31, 2024 and 2023, and 2022, respectively, with respect to RSU awards that have vested but have not yet been issued.

13. 9. Other Finance Income (Expense)

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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in millions)		(in millions)		(in millions)	
Pension interest cost	$ (0.8)	$ (0.5)	$ (2.5)	$ (1.6)	$ (0.9)	$ (0.8)
Expected return on pension plan assets	0.9	0.8	2.8	2.5	1.0	0.9
	$ 0.1	$ 0.3	$ 0.3	$ 0.9	$ 0.1	$ 0.1

14. 10. Income Taxes

The effective income tax rate for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was 37.6 27.4% and 1.5 13.2%, as restated, respectively, resulting in a $2.0 2.2million and $0.1 0.2million income tax expense, benefit, respectively.

The effective income tax rate for reported in any given year will continue to be influenced by a variety of factors, including the nine months ended September 30, 2023 and 2022 was 27.6% and 2.7%, as restated, respectively, resulting in a $2.8million and $0.4 million level of pre-tax income tax expense, respectively. The Company's effective income tax rate has fluctuated primarily as a result of or loss, the income mix between jurisdictions, and increase in impact of the Global Intangible Low-Taxed Income (GILTI) due to foreign profits.

The income tax expense for the three and nine months ended September 30, 2023 and 2022 differs from the amount any discrete items that would be expected after applying the statutory U.S. federal income tax rate primarily due to changes in tax attributes in jurisdictions where realization of benefits is not expected to may occur.

The Company recorded a valuation allowance against all of our deferred tax assets as of both September 30, 2023 March 31, 2024 and 2022. 2023. 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 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.

15. 11. 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 beneficially owned approximately 11.5 11.4% of our common stock as of September 30, 2023 March 31, 2024. Macquarie UK held $2.1 million of the total $18.9 million of RCF drawn at March 31, 2024 and December 31, 2023, respectively. Macquarie UK did not hold any of the Company's aggregate senior debt at September 30, 2023 March 31, 2024 or December 31, 2022 and the Company's RCF was undrawn as of each of those periods. Macquarie UK's portion of the RCF loan commitment is $2.8 million which represents 11% of the aggregate RCF commitment. December 31, 2023. Interest expense incurred and payable to Macquarie UK relating to RCF non-utilization fees for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 amounted to $0.0 million and $0.0 million, respectively, and for the nine months ended September 30, 2023 and 2022 amounted to $0.0 0.1 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%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 Richard Weil received a success fee in the amount of $130,000for services he provided in connection with our acquisition of Sportech Lotteries, LLC. The success fee was paid during the nine months year ended September 30, 2022 December 31, 2022. Under the agreement, as extended in November 2022 and again in July 2023 and December 2023, he will provide consulting services to the Company relating to the lottery in the Dominican Republic through to December 31, 2023 December 31, 2024, 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 was $37,500 and $30,000for the three months ended September 30, 2023 March 31, 2024 and 2022 was $37,500 and $30,000, respectively and for the nine months ended September 30, 2023 and 2022 was $97,500 and $90,000, 2023, respectively.

16. 12. 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 single combined component is accounted for under ASC 606, *Revenue from Contracts with Customers* based on the consideration that the non-lease components are the predominant items in the 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.

Lease income from operating leases and from sales type leases is not material for any of the periods presented.

17. 13. 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.

18. 14. 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 latest actuarial valuation 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 nine months ended September 30, 2023 amounted to $1.1 million.

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

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022, as restated
	(in millions)	
Components of net periodic pension cost (benefit):		
Interest cost	$ 2.5	$ 1.6
Expected return on plan assets	(2.8)	(2.5)
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:

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in millions)	
Components of net periodic pension cost:		
Interest cost	$ 0.9	$ 0.8
Expected return on plan assets	(1.0)	(0.9)
Amortization of net loss	0.3	0.2
Net periodic cost	$ 0.2	$ 0.1

19. 15. 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 September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, 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 and capital expenditures right of use assets, cash, prepaid expenses and property and equipment and software development costs relating to corporate/shared functions.

Segment Information
Three Months Ended September 30, 2023 March 31, 2024

	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
			(in millions)						(in millions)			
Revenue:												
Service	$ 18.9	$ 13.4	$ 7.3	$ 31.1	$ —	$ 70.7	$ 18.6	$ 12.4	$ 8.1	$ 18.0	$ —	$ 57.1
Product sales	26.2	—	—	0.6	—	26.8	5.4	—	—	0.6	—	6.0
Total revenue	45.1	13.4	7.3	31.7	—	97.5	24.0	12.4	8.1	18.6	—	63.1
Cost of sales, excluding depreciation and amortization:												
Cost of service	(5.5)	(0.2)	(0.5)	(15.2)	—	(21.4)	(5.8)	(0.4)	(0.6)	(9.1)	—	(15.9)
Cost of product sales	(26.2)	—	—	(0.5)	—	(26.7)	(4.3)	—	—	(0.2)	—	(4.5)
Selling, general and administrative expenses	(5.1)	(1.5)	(2.1)	(7.3)	(7.6)	(23.6)	(6.6)	(1.6)	(3.1)	(7.5)	(13.1)	(31.9)
Stock-based compensation expense	(0.4)	(0.2)	(0.1)	(0.2)	(2.4)	(3.3)	(0.2)	(0.1)	(0.1)	(0.1)	(1.8)	(2.3)
Acquisition and integration related transaction expenses	—	—	—	—	—	—						
Depreciation and amortization	(5.1)	(0.7)	(0.9)	(3.0)	(0.6)	(10.3)	(4.3)	(0.9)	(1.2)	(3.0)	(0.5)	(9.9)
Segment operating income (loss)	2.8	10.8	3.7	5.5	(10.6)	12.2	2.8	9.4	3.1	(1.3)	(15.4)	(1.4)
Net operating income						$ 12.2						
Net operating loss												$ (1.4)
Total capital expenditures for the three months ended September 30, 2023	$ 12.8	$ 1.6	$ 0.7	$ 1.6	$ 0.1	$ 16.8						
Total capital expenditures for the three months ended March 31, 2024							$ 2.0	$ 1.2	$ 0.5	$ 4.9	$ 0.5	$ 9.1

Three Months Ended September 30, 2022, as restated March 31, 2023

	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
	(in millions)						(in millions)					
Revenue:												
Service	$ 19.0	$ 14.4	$ 5.3	$ 29.9	$ —	$ 68.6	$ 20.2	$ 14.8	$ 5.9	$ 16.6	$ —	$ 57.5
Product sales	5.0	—	—	0.6	—	5.6	6.9	—	—	0.5	—	7.4
Total revenue	24.0	14.4	5.3	30.5	—	74.2	27.1	14.8	5.9	17.1	—	64.9
Cost of sales, excluding depreciation and amortization:												
Cost of service	(5.3)	(0.4)	(0.5)	(14.1)	—	(20.3)	(5.9)	(0.4)	(0.3)	(8.4)	—	(15.0)
Cost of product sales	(3.6)	—	—	(0.5)	—	(4.1)	(5.8)	—	—	(0.9)	—	(6.7)
Selling, general and administrative expenses	(6.1)	(1.8)	(2.0)	(6.3)	(6.5)	(22.7)	(5.7)	(1.7)	(2.5)	(6.9)	(9.5)	(26.3)
Stock-based compensation expense	(0.4)	(0.2)	(0.1)	(0.1)	(1.7)	(2.5)	(0.3)	(0.2)	(0.2)	(0.1)	(2.1)	(2.9)
Acquisition and integration related transaction expenses	—	—	—	—	(0.1)	(0.1)	—	—	—	—	—	—
Depreciation and amortization	(4.6)	(0.8)	(0.4)	(3.1)	(0.3)	(9.2)	(4.5)	(0.8)	(0.6)	(3.1)	(0.4)	(9.4)
Segment operating income (loss)	4.0	11.2	2.3	6.4	(8.6)	15.3	4.9	11.7	2.3	(2.3)	(12.0)	4.6
Net operating income						$ 15.3						$ 4.6
Total capital expenditures for the three months ended September 30, 2022	$ 0.7	$ 0.6	$ 0.7	$ 4.2	$ 0.8	$ 7.0						
Total capital expenditures for the three months ended March 31, 2023							$ 2.4	$ 0.4	$ 1.1	$ 5.2	$ 0.5	$ 9.6

Nine Months Ended September 30, 2023

	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
	(in millions)					
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

Nine Months Ended September 30, 2022, as restated

	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:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022, as restated	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022, as restated	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in millions)		(in millions)		(in millions)	
Total revenue						
UK	**$ 79.8**	**$ 58.8**	**$ 190.6**	**$ 160.2**	**$ 47.2**	**$ 49.0**
Greece	**5.2**	**5.5**	**16.1**	**16.5**	**6.1**	**5.6**
Rest of world	**12.5**	**9.9**	**35.1**	**28.3**	**9.8**	**10.3**
Total	**$ 97.5**	**$ 74.2**	**$ 241.8**	**$ 205.0**	**$ 63.1**	**$ 64.9**

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:

	March 31, 2024	December 31, 2023
	(in millions)	
UK	$ 90.0	$ 91.9
Greece	14.7	15.3
Rest of world	24.0	22.4
Total	$ 128.7	$ 129.6

	September 30, 2023	December 31, 2022, as restated
	(in millions)	
UK	$ 81.9	$ 82.7
Greece	12.1	5.8
Rest of world	21.1	16.3
Total	$ 115.1	$ 104.8

Software development costs are included as attributable to the market in which they are utilized.

20. 16. Customer Concentration as restated

During the three months ended September 30, 2023 March 31, 2024, there was one customer that represented at least 10% of the Company’s revenues, accounting for approximately 23% of the Company’s revenues. This customer was served by the Gaming, Virtual Sports and Interactive segments.

During the three months ended September 30, 2022, one customer represented at least 10% of the Company’s revenues, accounting for 14 11% of the Company’s revenues. This customer was served by the Virtual Sports and Interactive segments.

During the nine three months ended September 30, 2023 March 31, 2023, two customers there was one customer that represented at least 10% of the Company's revenues, accounting for approximately 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 15% of the Company's revenues. This customer was served by the Virtual Sports and Interactive segments.

At September 30, 2023, March 31, 2024 no customers represented at least 10% 10% of the Company's accounts receivable. At December 31, 2022 December 31, 2023, there was one customer that represented at least 10% of the Company's accounts receivable, accounting for approximately 24% of the Company's accounts receivable.

21. 17. 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 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, "forward-looking statements", see the definitions provided in the Cautionary Note Regarding Forward-Looking Statements at the start forepart of this Quarterly Report on Form 10-Q for the period ended September 30, 2023. report.

Seasonality

Our results of operations can fluctuate due to seasonal trends and other factors. Sales of our gaming machines can vary quarter on quarter 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) (i) on a participation basis, ii) (ii) on a fixed rental fee basis, iii) (iii) through product sales, iv) managed (iv) by services provided and v) (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 nine months ended September 30, 2023, March 31, 2024 we derived approximately 82% and 79% 75% of our revenue from the UK (including customers headquartered in the UK but whose revenue is generated globally), respectively, 5% and 7% 10% from Greece, respectively, and the remaining 13% and 14% respectively 15% across the rest of the world. The UK percentage was impacted by specific Hardware sales, which generally result in a lower margin ("Low Margin sales"), this increased UK revenues for In the three-month period by 39% and for the nine month period by 16%. During the three and nine months three-months ended September 30, 2022, March 31, 2023 we derived approximately 79% and 78%, 7% and 8%, 14% and 14% 76% of our revenue from the UK (including customers headquartered in the UK but whose revenue is generated globally), 9% from Greece, and the remaining 15% across the rest of the world, respectively. world.

As of September 30, 2023 March 31, 2024, our non-current assets (excluding goodwill) were attributable as follows: 71% 70% to the UK, 11% 12% to Greece and 18% across the rest of the world. As at December 31, 2022, of March 31, 2023 our non-current assets (excluding goodwill) were attributable as follows: 79% 80% to the UK, 6% 5% 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 sterling ("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 months ended March 31, 2024 we derived approximately 25% of our revenue from sales to customers outside the UK. In the thee months ended March 31, 2023 we derived approximately 24% of our revenue from sales to customers outside the UK.

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 Cristaltec.

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.

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 three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, the average GBP:USD rates for the three-month period were periods 1.27 and 1.18, respectively, and for the nine-month period were 1.25 in both years. . 1.21, respectively.

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 nine-month periods three-month period ended September 30, 2023 March 31, 2024, compared to the same period in 2022; 2023; 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 nine-month three-month periods ended September 30, 2023 March 31, 2024, compared to the same period in 2022, 2023, 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.

Restatement Background Key Events

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").

The Restatements Items reflect adjustments to correct errors During the three-month period ended March 31, 2024 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 the Gaming segment, we completed over 240 B3 / Category C installations of these adjustments are described in footnote 2 of Inspired's new Vantage terminal into the financial statements. Gaming estate.

The Company issued a revision for capitalized software During the three-month period ended March 31, 2024 the Interactive segment went live with four new operators including Winmasters, Midnite, Favbet, and related amortization expense OLG and bet365 in New Jersey.
Key agreements signed in the quarterly report on Form 10-Q filed on August 11, 2023 three-month period ended March 31, 2024 include a new contract with Kambi Group to integrate Inspired Virtual Sports products into the Kambi sportsbook platform, a new multi-year contract with Parkdean resorts for the period ended June 30, 2023 (the "Revision").This revision related sole supply of amusement and gaming machines to certain completed software development projects that were, but should not have been, delayed their holiday park estate of 64 sites nationwide in the shift from work UK and a new multi-year contract with Away Resorts for sole supply to 19 sites nationwide in progress to completed projects. Consequently, the commencement of amortization for certain projects was delayed and UK. We also secured an early contract extension with Hydes in the reported amortization was lower than 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 impact of the Restatement Items from the Revision. pubs business.

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 Nine Months ended September 30, 2023 March 31, 2024, compared to Three and Nine Months ended September 30, 2022 March 31, 2023

(In millions)	For the Three-Month Period ended Sept 30, 2023	For the Three-Month Period ended Sept 30, 2022	Variance 2023 vs 2022: Variance Attributable to Currency Movement	Variance 2023 vs 2022: Variance on a Functional currency basis	Variance 2023 vs 2022: Total Functional Currency Variance %	Variance 2023 vs 2022: Total Reported Variance %	For the Nine-Month Period ended Sept 30, 2023	For the Nine-Month Period ended Sept 30, 2022	Variance 2023 vs 2022: Variance Attributable to Currency Movement	Variance 2023 vs 2022: Variance on a Functional currency basis	Variance 2023 vs 2022: Total Functional Currency Variance %	Variance 2023 vs 2022: Total Reported Variance %
Revenue:												
Service	$ 70.7	$ 68.6	$ 5.0	$ (2.9)	(4)%	3%	$ 195.7	$ 188.7	$ (0.7)	$ 7.7	4%	4%
Product	26.8	5.6	1.9	19.3	345%	379%	46.1	16.3	0.3	29.5	181%	183%
Total revenue	**97.5**	**74.2**	**6.9**	**16.4**	**22%**	**31%**	**241.8**	**205.0**	**(0.4)**	**37.2**	**18%**	**18%**
Cost of Sales (1)												
Cost of Service	(21.4)	(20.3)	(1.6)	0.5	(2)%	5%	(56.9)	(54.9)	(0.4)	(1.6)	3%	4%
Cost of Product	(26.7)	(4.1)	(1.8)	(20.8)	507%	551%	(41.8)	(11.2)	(0.2)	(30.4)	271%	273%
Selling, general and administrative expenses	(23.6)	(22.7)	(1.5)	0.6	3%	4%	(73.4)	(66.2)	1.0	(8.2)	12%	11%
Stock-based compensation	(3.3)	(2.5)	(0.2)	(0.6)	24%	32%	(9.3)	(7.9)	0.1	(1.5)	19%	18%
Acquisition and integration related transaction expenses	-	(0.1)	-	0.1	(100)%	(100)%	-	(0.3)	-	0.3	(100)%	(100)%
Depreciation and amortization	(10.3)	(9.2)	(1.1)	-	0%	12%	(29.8)	(30.1)	(0.3)	0.6	2%	(1)%
Net operating Income (Loss)	**12.2**	**15.3**	**0.7**	**(3.8)**	**(25)%**	**(20)%**	**30.6**	**34.4**	**(0.2)**	**(3.6)**	**(10)%**	**(11)%**
Other income (expense)												
Interest expense, net	(6.9)	(6.3)	(0.5)	(0.1)	1%	9%	(20.5)	(18.7)	0.1	(1.9)	10%	10%
Profit on disposal of trade & assets	-	-	-	-	N/A	N/A	-	0.9	(0.1)	(0.8)	(88)%	(100)%
Other finance income (expense)	0.1	0.3	-	(0.2)	(67)%	(67)%	0.3	0.9	(0.1)	(0.5)	(55)%	(67)%
Total other income (expense), net	**(6.8)**	**(6.0)**	**(0.5)**	**(0.3)**	**5%**	13%	**(20.2)**	**(16.9)**	**(0.1)**	**(3.2)**	**19%**	**20%**
Net Income (loss)	5.4	9.3	0.2	(4.1)	(44)%	(42)%	10.4	17.5	(0.3)	(6.8)	(39)%	(41)%
Income tax expense	(2.0)	(0.1)	-	(1.9)	1900%	1900%	(2.8)	(0.4)	0.1	(2.5)	625%	600%
Net Income (Loss)	**$ 3.4**	**$ 9.2**	**$ 0.2**	**$ (6.0)**	**(65)%**	**(63)%**	**$ 7.6**	**$ 17.1**	**$ (0.2)**	**$ (9.3)**	**(54)%**	**(56)%**
Exchange Rate - $ to £	*1.27*	*1.18*					*1.25*	*1.25*				

(1) Excludes depreciation, amortization and impairments.

(In millions)	For the Three-Month Period ended March 31, 2024	For the Three-Month Period ended March 31, 2023	Variance 2024 vs 2023: Variance Attributable to Currency Movement	Variance 2024 vs 2023: Variance on a Functional currency basis	Variance 2024 vs 2023: Total Functional Currency Variance %	Variance 2024 vs 2023: Total Reported Variance %
Revenue:						
Service	$ 57.1	$ 57.5	$ 2.4	$ (2.8)	(5)%	(1)%
Product	6.0	7.4	0.2	(1.6)	(22)%	(19)%
Total revenue	**63.1**	**64.9**	**2.6**	**(4.4)**	**(7)%**	**(3)%**
Cost of Sales, excluding depreciation and amortization:						
Cost of Service	(15.9)	(15.0)	(0.6)	(0.3)	2%	6%
Cost of Product	(4.5)	(6.7)	(0.3)	2.5	(37)%	(33)%
Selling, general and administrative expenses	(31.9)	(26.3)	(1.5)	(4.1)	16%	21%
Stock-based compensation	(2.3)	(2.9)	(0.1)	0.7	(24)%	(21)%
Depreciation and amortization	(9.9)	(9.4)	(0.4)	(0.1)	1%	5%
Net operating (loss) income	**(1.4)**	**4.6**	**(0.3)**	**(5.7)**	**(124)%**	**(130)%**
Other expense						
Interest expense, net	(6.6)	(6.3)	(0.3)	-	0%	5%
Other finance income	0.1	0.1	(0.0)	-	0%	0%
Total other expense, net	**(6.5)**	**(6.2)**	**(0.3)**	**-**	**0%**	**5%**
Loss before income taxes	(7.9)	(1.6)	(0.6)	(5.7)	356%	394%
Income tax expense	2.2	0.2	0.1	1.9	950%	1000%
Net loss	**$ (5.7)**	**$ (1.4)**	**$ (0.5)**	**$ (3.8)**	**271%**	**307%**
Exchange Rate - $ to £	*1.27*	*1.21*				

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.

Revenue (for the three months ended March 31, 2024, compared to the three months ended March 31, 2023)

Consolidated Reported Revenue by Segment

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

For the three and nine months ended September 30, 2023 March 31, 2024, revenue on a functional currency (at constant rate) basis increased decreased by $16.4 million and $37.2 million $4.4 million, or 7%.

For the three-month period, Gaming revenue grew declined by $17.8 million $4.1 million and Gaming service revenue declined by $2.4 million predominantly due to an increase in product sales of $19.2 million, of which $22.7 million were Low Margin sales, with differences in the timing of hardware installations impacting the underlying variance. Gaming service revenue decreased by $1.4 million predominately due to reductions in the 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 revenue decreased $2.0 million, with $2.3 million of the reduction from Online partially offset by a $0.3 million increase from Retail. Interactive revenue grew by $1.5 million with growth driven decrease in the UK and European Greek markets. Leisure Gaming Product revenue decreased by $0.9 million $1.7 million predominately driven by a reduction in the Pubs sector.
For the nine-month period, Gaming revenue grew by $29.6 million predominantly due to an increase in UK and mainland Europe product sales of $29.7 million, of which $27.1 million were Low Margin sales. Virtual Sports and declined by $3.0 million predominately due to reduced Online revenues. Interactive revenue grew by $4.1 million and $4.8 million $1.8 million, respectively, with $3.1 million of the Virtuals Sports increase from Online and $1.0 million from Retail. Interactive driven primarily by revenue growth was driven by growth in the UK, US mainland Europe and Canada. These increases were offset Latin America. Leisure grew by a reduction $0.8 million, driven primarily by the increase in Leisure service the revenue of $1.0 million predominantly due to a reduction generated per machine in the Pubs sector, partially offset by the addition of new locationsand increased revenues in Holiday Parks. Parks.

Cost of Sales, sales, excluding depreciation and amortization

Cost of sales, excluding depreciation and amortization, for the three and nine months ended September 30, 2023 March 31, 2024, increased decreased by $20.3 million and $32.0 million $2.2 million, respectively. or 10% compared to the three-month period ended March 31, 2023. The increases were decrease was mainly driven by a $20.8 million and $30.4 million increase $2.5 million in cost of product respectively, predominately driven by related to the increase reduction in product sales and by a $0.5 million reduction and $1.6 million increase, respectively, in cost of service, mainly driven by the movement in service revenues. Gaming Product sales.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses for the three and nine months ended September 30, 2023 decreased by $0.6 million and March 31, 2024 increased by $8.2 million $4.1 million, respectively. or 16% compared to the three-month period March 31,2024.
The increase in the nine-month period was driven primarily by the below EBITDA costs cost of group restructure restatement work of $3.0 million, $5.0 million (excluded from Adjusted EBITDA) as well as an increase in non-staff costs of $3.9 million $2.1 million, of which the largest increase proportion was professional fees of $1.7 million, driven by audit and an increase in staff accountancy costs of $3.3 million, driven by an increase in headcount predominantly from an investment $0.7 million that were not incurred in the technology and commercial areas of our business, as well as prior period. This was partially offset by $3.0 million for restructuring costs incurred in the increase prior year period that were not repeated in national living wage and salary increases during the period. this period (removed from Adjusted EBITDA).

Stock-based compensation

During the three and nine months ended September 30, 2023 March 31, 2024, the Company recorded expenses of $3.3 million and $9.3 million, respectively, $2.3 million compared to expenses of $2.5 million and $7.9 million $2.9 million for the three and nine months ended September 30, 2022 March 31, 2023. All expenses were related to outstanding awards but the awards. The three and nine months ended September 30, 2023, March 31, 2023 included $0.4 million related to award units that were fully vested on the date an expense of grant and therefore were expensed immediately. The nine months ended September 30, 2023 also included $0.7 million related relating to the group restructuring. restructure.

Depreciation and amortization

Depreciation and amortization decreased for the three-month period remained flat on a functional currency basis.
Depreciation by $0.1 million. This was driven by Gaming reduction of $0.4 million and amortization for the nine-month period decreased by $0.6 million driven Leisure reduction of $0.3 million due to assets being fully written down, partly offset by an increase of $0.6 million in Interactive of for increased software development offset by a reduction in Leisure and Gaming as machine assets unwind. Interactives.

Net operating income income/(loss) / Net Income net loss
Net During the three-month period ended March 31, 2024, net operating income decreased by $3.8 million for the three-months ended September 30, 2023 loss was $1.4 million, and decreased by $3.6 million for the nine-months ended September 30, 2023, as a decrease of $5.7 million compared to the same periods in the prior year. For the three-month period, the year period. The decrease was primarily driven by attributable to the decrease in gross margin of $2.2 million and stock-based compensation expenses. For the nine-month period, the decrease was primarily driven by the an increase in SG&A selling, general and stock-based compensation administrative expenses of $4.1 million, including the cost of restatement and additional audit and accountancy fees, partially offset by the increase in gross margin. lower restructuring costs.

Interest expense increased by $0.1 million and $1.9 million respectively for the three and nine-month period due to the termination of swaps, the increase from foreign exchange movements on bank accounts and foreign exchange impacts on debt retranslation
Profit on disposal of trade and assets had no change in the three-month period and a $0.9 million 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 $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 three-months ended September 30, 2023, March 31, 2024 net income loss was $3.4 million and $7.6 million $5.7 million, respectively, compared to a net income loss of $9.2 million and $17.1 million, respectively, $1.4 million in the prior year period. For the three-month period, the decrease The $3.8 million decline year-over-year was primarily driven by due to the decrease decline in net operating income as well as the of $5.7 million, partially offset by an increase in income tax expense. For the nine-month period, the decrease was primarily driven by the decrease in net operating income as well as the increases in interest expense and income tax expense and the decreases in profit on disposal benefit of trade and assets and other finance income. $1.9 million.

Deferred Tax

The effective income tax rate for the three months ended March 31, 2024 and 2023 were 27.4% and 13.2%, respectively, resulting in a $2.2 million and $0.2 million income tax benefit respectively. The effective tax rate reported in any given year will continue 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 March 31, 2024 and 2023. 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 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.

Segment Results (for the three and nine months ended September 30, 2023 March 31, 2024, compared to the three and nine months ended September 30, 2022 March 31, 2023)

Gaming

We generate revenue from our Gaming segment through the delivery of our gaming terminals preloaded with propriety proprietary gaming software, server based server-based content, as well as services such as terminal repairs, maintenance, software updates upgrades 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

	For the Three-Month Period ended		Variance		For the Nine-Month Period ended		Variance		For the Three-Month Period ended		Variance	
	Sept 30,	Sept 30,	2023 vs 2022		Sept 30,	Sept 30,	2023 vs 2022					2024 vs 2023
Gaming	2023	2022		%	2023	2022		%	March 31, 2024	March 31, 2023		%
End of period installed base (# of terminals) (2)	34,096	34,637	(541)	(1.6)%	34,096	34,637	(541)	(1.6)%	34,924	34,711	213	0.6%
Total Gaming - Average installed base (# of terminals) (2)	34,216	34,536	(320)	(0.9)%	34,570	34,601	(31)	(0.1)%	34,783	34,778	5	0.0%
Participation - Average installed base (# of terminals) (2)	30,137	31,192	(1,055)	(3.4)%	30,484	31,287	(803)	(2.6)%	29,834	30,793	(959)	(3.1)%
Fixed Rental - Average installed base (# of terminals)	4,080	3,344	736	22.0%	4,086	3,314	772	23.3%	4,949	3,985	964	24.2%
Service Only - Average installed base (# of terminals)	10,208	16,832	(6,624)	(39.4)%	12,422	17,620	(5,198)	(29.5)%	7,848	14,160	(6,312)	(44.6)%
Customer Gross Win per unit per day (1) (2)	£ 91.9	£ 90.9	£ 1.0	1.1%	£ 94.8	£ 89.5	£ 5.3	5.9%	£ 98.8	£ 98.3	£ 0.5	0.5%
Customer Net Win per unit per day (1) (2)	£ 67.2	£ 66.3	£ 0.9	1.4%	£ 69.2	£ 65.5	£ 3.7	5.6%	£ 72.2	£ 71.5	£ 0.7	1.0%

Inspired Blended Participation Rate	5.7%	5.6%	0.1%	n/a	5.7%	5.6%	0.1%	n/a	5.4%	5.8%	(0.4)%	
Inspired Fixed Rental Revenue per Gaming Machine per week	£ 53.8	£ 52.3	£ 1.5	2.8%	£ 50.6	£ 48.2	£ 2.4	5.0%	£ 41.5	£ 49.6	£ (8.1)	(16.3)%
Inspired Service Rental Revenue per Gaming Machine per week	£ 4.9	£ 4.7	£ 0.2	4.3%	£ 5.1	£ 4.6	£ 0.5	10.9%	£ 5.1	£ 5.1	£ -	0.0%
Gaming Long term license amortization (£'m)	£ 0.6	£ 1.1	(£ 0.5)	(45.5)%	£ 2.1	£ 3.4	(£ 1.3)	(38.2)%	£ 0.5	£ 0.8	£ (0.3)	(37.5)%
Number of Machine sales	5,000	783	4,217	538.6%	7,211	1,761	5,450	309.5%	589	688	(99)	(14.4)%
Average selling price per terminal	£ 4,056	£ 5,133	(£ (1,077)	(21.0)%	£ 4,764	£ 6,321	(£ (1,557)	(24.6)%	£ 7,196	£ 7,880	£ (684)	(8.7)%

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

(2) Includes circa approximately 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 key performance indicators (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 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 Our 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 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

	For the Three-Month Period ended		Variance	
	March 31,	March 31,	2023 vs 2022	
(In £ millions)	2024	2023		%
Gaming Recurring Revenue				
Total Gaming Revenue	£ 18.9	£ 22.3	£ (3.4)	(15.3)%
Gaming Participation Revenue	£ 10.5	£ 11.5	£ (1.0)	(8.7)%
Gaming Other Fixed Fee Recurring Revenue	£ 3.2	£ 3.6	£ (0.4)	(11.1)%
Gaming Project Recurring Revenue	£ 0.2	£ 0.2	£ -	0.0%
Gaming Long-term license amortization	£ 0.5	£ 0.8	£ (0.3)	(37.5)%
Total Gaming Recurring Revenue	£ 14.4	£ 16.1	£ (1.7)	(10.6)%
Gaming Recurring Revenue as a % of Total Gaming Revenue	76.2%	72.2%	4.0%	

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

	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	
(In £ millions)	2023	2022		%	2023	2022		%
Gaming Recurring Revenue								
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 nine-month period ended September 30, 2023 has no VAT-related revenue, for the three and nine-month period ended September 30, 2022, includes £0.0 million and £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 75% and 77%%, respectively of Total Gaming Revenue for such period. Total Gaming Revenue for the three-month period ended September 30, 2023 includes £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 nine-month period ended September 30, 2022 there are no Low Margin sales. Excluding Low Margin sales, Gaming Recurring Revenue was 84% of Total Gaming Revenue for the three-month period and 75% for the nine-month period.

Note – For the three and nine-months ending 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.19

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 relates specifically to a periodic revenue single customer for project work on a contracted basis. machine estate upgrades and distribution.

"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.

	For the Three-Month Period ended					For the Nine-Month Period ended									
	Sept 30,	Sept 30,	Variance			Sept 30,	Sept 30,	Variance			For the Three-Month Period ended		Variance		
(In millions)	2023	2022	2023 vs 2022		Total Functional Currency %	2023	2022	2023 vs 2022		Total Functional Currency %	March 31, 2024	March 31, 2023	2024 vs 2023		Total Functio Curren %
Service Revenue:															
UK LBO	$ 9.1	$ 9.7	$ (0.6)	(6)%	(11)%	$ 28.8	$ 29.8	$ (1.0)	(3)%	(3)%	$ 9.2	$ 9.7	$ (0.5)	(5.2)%	(
UK VAT - Related Income	-	-	-	0%	0%	-	1.0	(1.0)	(100)%	(97)%					
UK Other	3.8	3.0	0.8	27%	20%	10.5	9.1	1.4	15%	8%	3.5	3.4	0.1	2.9%	2
Italy	0.6	0.6	-	0%	0%	2.1	1.9	0.2	11%	21%	0.4	0.8	(0.4)	(50.0)%	(6
Greece	3.9	4.3	(0.4)	(9)%	(16)%	12.1	13.5	(1.4)	(10)%	(9)%	3.9	4.3	(0.4)	(9.3)%	(1
Rest of the World	0.2	0.1	0.1	100%	113%	1.4	0.5	0.9	180%	221%	0.2	0.6	(0.4)	(66.7)%	(6
Lotteries	1.3	1.3	-	0%	(10)%	4.0	3.9	0.1	3%	3%	1.4	1.4	-	0.0%	(
Total Service revenue	$ 18.9	$ 19.0	$ (0.1)	(1)%	(7)%	$ 58.9	$ 59.7	$ (0.8)	(1)%	0%	$ 18.6	$ 20.2	$ (1.6)	(7.9)%	(1
Exchange Rate - $ to £	*1.25*	*1.17*				*1.25*	*1.26*				*1.27*	*1.21*			

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.

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Gaming, Results of Operations

(In millions)	For the Three-Month Period ended		Variance				For the Nine-Month Period ended		Variance				For the Three-Month Period ended		
	Sept 30,	Sept30,	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 %	March 31, 2024	March 31, 2023	Variance Attributabl to Currenc Movemen
Revenue:															
Service	$ 18.9	$ 19.0	$ 1.3	$ (1.4)	(7)%	(1)%	$ 58.9	$ 59.7	$ (0.7)	$ (0.1)	0%	(1)%	$ 18.6	$ 20.2	$ 0
Product	26.2	5.0	2.0	19.2	384%	424%	44.4	14.5	0.2	29.7	205%	206%	5.4	6.9	0
Total revenue	45.1	24.0	3.3	17.8	74%	88%	103.3	74.2	(0.5)	29.6	40%	39%	24.0	27.1	1
Cost of Sales (1):															
Cost of Sales, excluding depreciation and amortization:															
Cost of Service	(5.5)	(5.3)	(0.6)	0.4	(8)%	(4)%	(17.9)	(17.0)	-	(0.9)	5%	5%	(5.8)	(5.9)	(0
Cost of Product	(26.2)	(3.6)	(1.7)	(20.9)	581%	628%	(40.4)	(10.0)	-	(30.4)	304%	304%	(4.3)	(5.8)	(0
Total cost of sales	(31.7)	(8.9)	(2.3)	(20.5)	230%	256%	(58.3)	(27.0)	-	(31.3)	116%	116%	(10.1)	(11.7)	(0
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)%	(6.6)	(5.7)	(0
Stock-based compensation	(0.4)	(0.4)	-	-	0%	0%	(1.1)	(1.0)	-	(0.1)	10%	10%	(0.2)	(0.3)	0
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)%	(4.3)	(4.5)	(0
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)%			
Net operating income													$ 2.8	$ 4.9	$ 0
Exchange Rate - $ to £	*1.27*	*1.18*					*1.23*	*1.25*					*1.27*	*1.21*	

(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 nine-month three-month period ended March 31, 2024, Gaming revenue increased decreased by $17.8 million and $29.6 million $4.1 million, respectively. or 15%. This was driven by increases in Product revenue of $19.2 million and $29.7 million, respectively, partially offset by decreases a $2.4 million decrease in Service revenue of $1.4 million and $0.1 million, respectively. a $1.7 million decrease in Product revenue.

For the three-month period the decrease in Gaming Service revenue was driven by lower revenue from UK LBO of $1.1 million as the prior year period included a customer bonus not available in the current year period as well as lower revenue from Greece of $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 nine-month period the The decrease in Gaming Service revenue was mainly driven by lower revenue from Greece the UK market, inclusive of $1.3 million, driven by the reduction of long-term license revenue due to the expiration of software licenses for terminals installed shop closures in 2018 UK LBO and the reduction expiry 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. historical amortized license revenues in Greece.

For the three-month period the increase in Gaming Product revenue decrease was primarily driven by higher UK Product lower product sales of $19.8 million, $0.6 million in each of which $22.7 million were Low Margin sales.
For the nine-month period the increase in Gaming Product revenue was primarily driven by higher UK Product sales of $28.1 million, of which $27.1 million were Low Margin sales.

and mainland Europe markets respectively.

Gaming Operating Income / Net Income

Net Operating income decreased for the three and nine-month periods decreased three-month period by $1.4 million and $0.6 million respectively.
The three-month decrease $2.3 million. This was primarily due to lower gross margin as the $17.8 million revenue increase was offset by a $20.5 million increase in total cost of sales (mainly driven by the increase in Low Margin sales in the current period) and higher service cost of sales predominately from higher commissions costs as well as an increase in depreciation and amortization of $0.1 million partially offset by a decrease in SG&A expenses of $1.4 million.
The nine-month decrease was primarily due to a decrease in gross margin of $1.7 million mainly due to the expiration $2.1 million and an increase of software licenses for terminals installed in 2018 in Greece and the reduction of VAT-related revenue of $1.0 million, 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 $0.7 million in SG&A expenses of $1.4 million. driven by reduced labor and overhead absorption.

Virtual Sports

We generate revenue from our Virtual Sports segment through the on premise on-premise solution and hosting of our products. We primarily receive fees 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

	For the Three-Month Period ended		Variance		For the Nine-Month Period ended		Variance		For the Three-Month Period ended		Variance	
	Sept 30,	Sept 30,	2023 vs 2022		Sept 30,	Sept 30,	2023 vs 2022		March 31,	March 31,	2024 vs 2023	
Virtuals	2023	2022		%	2023	2022		%	2024	2023		%
No. of Live Customers at the end of the period	58	64	(6)	(9.4)%	58	64	(6)	(9.4)%	55	58	(3)	(5.2)%
Average No. of Live Customers	58	63	(5)	(7.9)%	58	62	(4)	(6.5)%	54	58	(4)	(6.9)%
Total Revenue (£'m)	£ 10.6	£ 12.3	£ (1.7)	(13.8)%	£ 34.9	£ 31.7	£ 3.2	10.1%	£ 9.8	£ 12.2	£ (2.4)	(19.7)%
Total Revenue £'m - Retail	£ 2.4	£ 2.1	£ 0.3	14.3%	£ 7.6	£ 6.6	£ 1.0	15.2%	£ 2.3	£ 2.5	£ (0.2)	(8.0)%
Total Revenue £'m - Online Virtuals	£ 8.2	£ 10.2	£ (2.0)	(19.6)%	£ 27.3	£ 25.1	£ 2.2	8.8%	£ 7.5	£ 9.7	£ (2.2)	(22.7)%

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.

	For the Three-Month Period ended		Variance		For the Nine-Month Period ended		Variance		For the Three-Month Period ended		Variance	
	Sept 30,	Sept 30,	2023 vs 2022		Sept 30,	Sept 30,	2023 vs 2022		March 31,	March 31,	2024 vs 2023	
(In £ millions)	2023	2022		%	2023	2022		%	2024	2023		%
Virtual Sports Recurring Revenue												
Total Virtual Sports Revenue	£ 10.6	£ 12.3	£ (1.7)	(14)%	£ 34.9	£ 31.7	£ 3.2	10%	£ 9.8	£ 12.2	£ (2.4)	(19.7)%
Recurring Revenue - Retail Virtuals	£ 2.4	£ 2.1	£ 0.3	14%	£ 7.4	£ 6.4	£ 1.0	16%	£ 2.3	£ 2.5	£ (0.2)	(8.0)%
Recurring Revenue - Online Virtuals	£ 8.1	£ 10.1	£ (2.0)	(20)%	£ 27.1	£ 24.9	£ 2.2	9%	£ 7.3	£ 9.6	£ (2.3)	(24.0)%
Total Virtual Sports Long-term license amortization	£ -	£ -	-	0%	£ 0.1	£ -	£ 0.1	100%	£ -	£ -	£ -	0.0%
Total Virtual Sports Recurring Revenue	£ 10.5	£ 12.2	£ (1.7)	(14)%	£ 34.6	£ 31.3	£ 3.3	11%	£ 9.6	£ 12.1	£ (2.5)	(20.7)%
Virtual Sports Recurring Revenue as a Percentage of Total Virtual Sports Revenue	99%	99%	0%		99%	99%	(0)%		98.0%	99.1%	(1.1)%	

“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, Results of Operations

(In millions)	For the Three-Month Period ended Sept 30, 2023	Sept 30, 2022	Variance 2023 vs 2022: Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	For the Nine-Month Period ended Sept 30, 2023	Sept 30, 2022	Variance 2023 vs 2022: Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Tota[l] Repo[rted] Varia[nce] %
Service Revenue	$ 13.4	$ 14.4	$ 1.0	$ (2.0)	(14%)	(7)%	$ 43.3	$ 39.5	$ (0.3)	$ 4.1	10%	
Cost of Service	(0.2)	(0.4)	-	0.2	50%	50%	(1.0)	(1.3)	(0.1)	0.4	31%	
Selling, general and administrative expenses	(1.5)	(1.8)	-	0.3	(17)%	(17)%	(4.8)	(5.2)	-	0.4	(8)%	
Stock-based compensation	(0.2)	(0.2)	-	-	0%	0%	(0.6)	(0.5)	-	(0.1)	20%	
Depreciation and amortization	(0.7)	(0.8)	-	0.1	(13)%	(13)%	(2.3)	(2.2)	0.1	(0.2)	9%	
Net operating Income (Loss)	$ 10.8	$ 11.2	$ 1.0	$ (1.4)	(13)%	(4)%	$ 34.6	$ 30.3	$ (0.3)	$ 4.6	15%	
Net operating income												
Exchange Rate - $ to £	*1.26*	*1.18*					*1.24*	*1.25*				

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-month period, revenue decreased by $2.0 million mainly due to reductions in Online activity $2.9 million, or 20%. This was 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 $4.1 million driven by $2.6 million in Online Virtuals, primarily driven by the growth of our existing online customers along with expanding jurisdictions, a major customer optimizing their customer base, as well as increases decreases in Retail Virtuals. Virtuals of $0.3 million.

Virtual Sports operating income

During the three-month period net operating Operating income decreased by $1.4 million driven by $2.5 million in the three-month period. This was due to the decrease in revenue partially of $2.9 million, partly offset by reductions a decrease of $0.3 million in SG&A and depreciation and amortization expenses.
During the nine-month period net operating income increased by $4.6 million driven by the increase in gross margin and decrease in SG&A expenses, partially offset by increases in stock-based compensation, depreciation and amortization expenses. costs.

Interactive

We generate revenue from our Interactive segment through the 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 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

Interactive	For the Three-Month Period ended		Variance		For the Nine-Month Period ended		Variance		For the Three-Month Period ended		Variance	
	Sept 30, 2023	Sept 30, 2022	2023 vs 2022	%	Sept 30, 2023	Sept 30, 2022	2023 vs 2022	%	March 31, 2024	March 31, 2023	2024 vs 2023	%
No. of Live Customers at the end of the period	146	125	21	16.8%	146	125	21	16.8%	155	138	17	12.3%
Average No. of Live Customers	144	124	20	16.1%	140	117	23	19.7%	154	135	19	14.1%
No. of Games available at the end of the period	286	262	24	9.2%	286	262	24	9.2%	298	271	27	10.0%
Average No. of Games available	282	259	23	8.9%	277	249	28	11.2%	296	270	26	9.6%
No. of Live Games at the end of the period	267	262	5	1.9%	267	262	5	1.9%	283	247	36	14.6%
Average No. of Live Games	263	259	4	1.5%	255	249	6	2.4%	275	246	29	11.8%
Total Revenue (£'m)	£ 5.7	£ 4.5	£ 1.2	26.7%	£ 15.9	£ 12.1	£ 3.8	31.4%	£ 6.3	£ 4.9	£ 1.4	28.6%

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, Results of Operations

(In millions)	For the Three-Month Period ended Sept 30, 2023	For the Three-Month Period ended Sept 30, 2022	Variance 2023 vs 2022: Variance Attributable to Currency Movement	Variance 2023 vs 2022: Variance on a Functional currency basis	Variance 2023 vs 2022: Total Functional Currency Variance %	Variance 2023 vs 2022: Total Reported Variance %	For the Nine-Month Period ended Sept 30, 2023	For the Nine-Month Period ended Sept 30, 2022	Variance 2023 vs 2022: Variance Attributable to Currency Movement	Variance 2023 vs 2022: Variance on a Functional currency basis	Variance 2023 vs 2022: Total Functional Currency Variance %	Variance 2023 vs 2022: Total Reporte Varianc %
Service Revenue	$ 7.3	$ 5.3	$ 0.5	$ 1.5	28%	38%	$ 19.9	$ 15.2	$ (0.1)	$ 4.8	32%	3
Cost of Service	(0.5)	(0.5)	-	-	0%	0%	(1.2)	(1.1)	-	(0.1)	9%	
Selling, general and administrative expenses	(2.1)	(2.0)	(0.1)	-	0%	5%	(7.3)	(5.6)	0.1	(1.8)	32%	3
Stock-based compensation	(0.1)	(0.1)	-	-	0%	0%	(0.4)	(0.4)	-	-	0%	
Depreciation and amortization	(0.9)	(0.4)	-	(0.5)	125%	125%	(2.5)	(1.3)	0.1	(1.3)	100%	9
Net operating Income (Loss)	$ 3.7	$ 2.3	$ 0.4	$ 1.0	43%	61%	$ 8.5	$ 6.8	$ 0.1	$ 1.6	24%	2
Net operating income												
Exchange Rate - $ to £	*1.27*	*1.18*					*1.25*	*1.25*				

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 nine-month the three-month period ended March 31, 2024, revenue increased by $1.5 million and $4.8 million $1.8 million, respectively, or 31% as compared to the three-month period ended March 31, 2023, primarily driven by revenue growth in the UK, US Europe and Canada Latin America 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. activity.

Interactive operating income

Operating income for the three-month period ended March 31, 2024 increased by $1.0 million and the nine-month period increased by $1.6 million, respectively. The nine-month $0.4 million. This increase was driven by the increase in revenue, partially offset by increases a $0.6 million increase in SG&A expenses $1.8 million, respectively, due to an driven by increased staff and IT costs, and a $0.6 million increase in staff costs due to an investment in new technology depreciation and commercial headcount during Q4 2022 and Q1 2023. amortization expenses.

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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

	For the Three-Month Period ended		Variance		For the Nine-Month Period ended		Variance		For the Three-Month Period ended		Variance	
	Sept 30,	Sept 30,	2023 vs 2022		Sept 30,	Sept 30,	2023 vs 2022		March 31,	March 31,	2024 vs 2023	
Leisure	2023	2022		%	2023	2022		%	2024	2023		%
End of period installed base Gaming machines (# of terminals)	10,739	10,987	(248)	(2.3)%	10,739	10,987	(248)	(2.3)%	10,675	10,811	(136)	(1.3)%
Average installed base Gaming machines (# of terminals)	10,757	10,833	(76)	(0.7)%	10,763	10,977	(214)	(1.9)%	10,677	10,821	(144)	(1.3)%
End of period installed base Other (# of terminals)	4,303	4,745	(442)	(9.3)%	4,303	4,745	(442)	(9.3)%	4,072	4,546	(474)	(10.4)%
Average installed base Other (# of terminals)	4,327	4,696	(369)	(7.9)%	4,409	5,248	(839)	(16.0)%	4,101	4,519	(418)	(9.2)%
Pub Digital Gaming Machines - Average installed base (# of terminals)	6,239	6,198	41	0.7%	6,128	6,209	(81)	(1.3)%	6,308	6,028	280	4.6%
Pub Analogue Gaming Machines - Average installed base (# of terminals)	318	1,419	(1,101)	(77.6)%	413	1,479	(1,066)	(72.1)%	159	499	(340)	(68.1)%
MSA and Bingo Gaming Machines - Average installed base (# of terminals) (1)	3,037	3,216	(179)	(5.6)%	3,046	3,208	(162)	(5.0)%	3,057	3,089	(32)	(1.0)%
Inspired Leisure Revenue per Gaming Machine per week	£ 67.8	£ 63.2	£ 4.6	7.3%	£ 67.2	£ 63.5	£ 3.7	5.8%	£ 70.2	£ 66.4	£ 3.8	5.7%
Inspired Pub Digital Revenue per Gaming Machine per week	£ 68.9	£ 68.3	£ 0.6	0.9%	£ 69.9	£ 68.5	£ 1.4	2.0%	£ 73.3	£ 70.3	£ 3.0	4.3%

Inspired Pub Analogue Revenue per Gaming Machine per week	£	31.9	£	37.3	£	(5.4)	(14.5)%	£	35.7	£	37.8	£	(2.1)	(5.6)%	£	31.8	£	36.8	£ (5.0)	(13.6)%
Inspired MSA and Bingo Revenue per Gaming Machine per week	£	90.7	£	92.5	£	(1.8)	(1.9)%	£	92.8	£	92.0	£	0.8	0.9%	£	91.6	£	89.4	£ 2.2	2.5%
Inspired Other Revenue per Machine per week	£	23.7	£	19.8	£	3.9	19.7%	£	21.1	£	19.7	£	1.4	7.1%	£	23.9	£	20.1	£ 3.8	18.9%
Total Holiday Parks Revenue (Gaming and Non Gaming) (£'m)	£	13.8	£	13.6	£	0.2	1.5%	£	26.5	£	25.0	£	1.5	6.0%	£	3.2	£	2.9	£ 0.3	10.3%

(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, Results of Operations

(In millions)	For the Three-Month Period ended Sept 30, 2023	For the Three-Month Period ended Sept 30, 2022	Variance 2023 vs 2022: Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	For the Nine-Month Period ended Sept 30, 2023	For the Nine-Month Period ended Sept 30, 2022	Variance 2023 vs 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%	(6)%
Total revenue	**31.7**	**30.5**	**2.1**	**(0.9)**	**(3)%**	**4%**	**75.3**	**76.1**	**0.2**	**(1.0)**	**(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)%**
Exchange Rate - $ to £	*1.27*	*1.18*					*1.25*	*1.25*				

(1) Excludes depreciation, amortization and impairments.

(In millions)	For the Three-Month **Period ended** **March 31, 2024**	**March 31, 2023**	**Variance 2024 vs 2023** **Variance Attributable to Currency Movement**	**Variance on a Functional currency basis**	**Total Functional Currency Variance %**	**Total Reported Variance %**
Revenue:						
Service	$ 18.0	$ 16.6	$ 0.7	$ 0.7	4%	8%
Product	0.6	0.5	-	0.1	20%	20%
Total revenue	**18.6**	**17.1**	**0.7**	**0.8**	**5%**	**9%**
Cost of Sales, excluding depreciation and amortization:						
Cost of Service	(9.1)	(8.4)	(0.4)	(0.3)	4%	8%
Cost of Product	(0.2)	(0.9)	0.1	0.6	(67)%	(78)%
Total cost of sales	**(9.3)**	**(9.3)**	**(0.3)**	**0.3**	**(3)%**	**0%**
Selling, general and administrative expenses	(7.5)	(6.9)	(0.4)	(0.2)	3%	9%
Stock-based compensation	(0.1)	(0.1)	-	-	0%	0%
Depreciation and amortization	(3.0)	(3.1)	(0.2)	0.3	(10)%	(3)%
Net operating loss	**(1.3)**	**(2.3)**	**$ (0.2)**	**$ 1.2**	**(52)%**	**(44)%**
Exchange Rate - $ to £	*1.27*	*1.21*				

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 the 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 decreased increased by $0.9 million and $1.0 million $0.8 million, respectively. The decrease primarily in the three and nine-month periods was primarily Pubs due to the structured withdrawal of non-core low-margin amusement Vantage rollout 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, partially offset by increases in Holiday Parks due to the addition of new locations. increased bookings.

Leisure Operating Income/ (Loss)

Operating income loss for the three and nine-month periods decreased by $1.1 million and $3.5 million, respectively. three-month period was $1.3 million compared to a loss of $2.3 million during the prior year period. This was primarily due to the increase in SG&A expenses of $0.5 million and $2.0 million, respectively, driven by the increase in national living wage and salary increases. This was revenue, partially offset by a decrease in depreciation and amortization cost of $0.3 million and $0.9 million, respectively, due to the decrease in machine depreciation as assets become fully depreciated. product.

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, impairments, 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 Nine Months ended September 30, 2023 March 31, 2024

(In millions)	For the Three-Month Period ended September 30, 2023						For the Nine-Month Period ended September 30, 2023						
	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate	Total
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)	$ (5.7)
Items Relating to Legacy Activities:													
Pension charges (1)	0.2					0.2	0.6					0.6	0.3
Items outside the normal course of business:													
Costs of group restructure (3)	0.7					0.7	3.7					3.7	
Cost of Group Restructure (2)													0.2
Cost of Group Restatement (3)													5.0
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	2.3
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	9.9
Interest expense net (4)	6.9					6.9	20.5					20.5	6.6
Other finance expenses / (income) (4)	(0.1)					(0.1)	(0.3)					(0.3)	(0.1)
Income tax (4)	2.0					2.0	2.8					2.8	(2.2)
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)	$ 16.3
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)	£ 12.7
Exchange Rate - $ to £ (5)	*1.27*						*1.24*						*1.27*

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 Nine Months ended September 30, 2022 March 31, 2023

(In millions)	For the Three-Month Period ended September 30, 2022						For the Nine-Month Period ended September 30, 2022						For the Three-Month March 3 2023			
	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate	Total	Gaming	Virtual Sports	Intera
Net Income/ (loss)	$ 9.2	$ 4.0	$ 11.2	$ 2.3	$ 6.4	$ (14.7)	$ 17.1	$ 14.7	$ 30.3	$ 6.8	$ 9.3	$ (44.0)	$ (1.4)	$ 4.9	$ 11.7	$
Items Relating to Legacy Activities:																
Pension charges (1)	0.2					0.2	0.5					0.5	0.2			
Items outside the normal course of business:																
Acquisition and Integration related transaction expenses (2)	0.1					0.1	0.3	0.1				0.2				
Cost of Group restructure (2)													3.0			
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	2.9	0.3	0.2	
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	9.4	4.5	0.8	
Interest expense net (4)	6.3					6.3	18.7					18.7	6.3			
Profit on Disposal of business (6)	-					-	(0.9)	(0.9)								
Other finance expenses / (income) (4)	(0.3)					(0.3)	(0.9)					(0.9)	(0.1)			
Income tax (4)	0.1					0.1	0.4					0.4	(0.2)			
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)	$ 20.1	$ 9.7	$ 12.7	$
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)	£ 16.5	£ 8.0	£ 10.4	£
Exchange Rate - $ to £ (5)	*1.18*						*1.25*						*1.21*			

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 "Cost of Operations line item discussions.

(3) "Costs of group restructure" include Group Restructure".includes redundancy costs, Payments In Lieu Payment 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. executive.

(3) "Cost of Group Restatement" includes accounting advice associated with the restatement of the 2020, 2021 and 2022 annual accounts plus the refiling of the 2023 Q1 and Q2 interim accounts. To qualify as being an adjusting item, costs must be specific to the event and be neither normal nor recurring in nature.

(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.

	For the Three-Month Period ended		For the Nine-Month Period ended	
(In millions)	**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*

Liquidity and Capital Resources

Nine Three Months ended September 30, 2023 March 31, 2024, compared to Nine Three Months ended September 30, 2022 March 31, 2023

	Three Month Period ended		Variance
(in millions)	**March 31, 2024**	**March 31, 2023**	**2024 to 2023**
Net loss	$ (5.7)	$ (1.4)	$ (4.
Amortization of debt fees	0.2	0.3	(0.
Change in fair value of derivative liabilities and stock-based compensation expense	2.3	3.1	(0.
Depreciation and amortization (incl RoU assets)	11.0	10.2	0.
Contract cost additions	(2.4)	(2.6)	0.
Other net cash (utilized)/generated by operating activities	(1.8)	2.0	(3.
Net cash inflow provided by operating activities	3.6	11.6	(8.
Net cash used in investing activities	(7.7)	(8.9)	1.
Net cash used by financing activities	(0.2)	(0.5)	0.
Effect of exchange rates on cash	(0.4)	0.6	(1.
Net (decrease)/increase in cash	$ (4.7)	$ 2.8	$ (7.

	Nine Months ended		Variance
(in millions)	**Sept 30, 2023**	**Sept 30, 2022**	**2023 to 2022**
Net profit	$ 7.6	$ 17.1	$ (9.5)
Amortization of debt fees	1.0	1.1	(0.1)
Change in fair value of derivative liabilities and stock-based compensation expense	9.8	8.4	1.4
Depreciation and amortization (incl RoU assets)	32.6	32.8	(0.2)
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	35.3	31.8	3.5
Net cash used in investing activities	(31.7)	(25.5)	(6.2)
Net cash used by financing activities	(2.6)	(10.5)	7.9
Effect of exchange rates on cash	0.4	(6.2)	6.6
Net increase/(decrease) in cash and cash equivalents	$ 1.4	$ (10.4)	$ 11.8

Net cash provided by operating activities

For the nine three months ended September 30, 2023 March 31, 2024, net cash inflow provided by operating activities was $35.3 million $3.6 million, compared to a $31.8 million an $11.6 million inflow for the nine three months ended September 30, 2022 March 31, 2023, representing a $3.5 million increase $8.0 million decrease in cash generation from operating activities. This decrease was driven primarily through a higher net loss in the three months ended March 31, 2024 and the three months ended March 31, 2023 benefitted from favorable receipts due to the timing of sales.

Change in fair value of derivative liabilities and stock-based compensation expense decreased by $0.8 million to $2.3 million due to a $0.6 million reduction in the stock-based compensation expense and a $0.2 million reduction in the recycling of the terminated currency swaps which ended on September 30, 2023.

Depreciation and amortization decreased increased by $0.2 million $0.8 million, to $32.6 million $11.0 million, with a $1.9 million reduction in machine depreciation increases of $0.8 million and $0.3 million for amortization of intangible and of right of use assets offset by a $1.7 million increase $0.4 million decrease in software development amortization. machine depreciation.

Contract cost additions increased decreased by $3.0 million $0.2 million to $7.7 million $2.4 million for the nine three months ended September 30, 2023 as March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023.

Other net cash utilized generated/(utilized) by operating activities improved decreased by $14.0 million $3.8 million, to an $8.0 million a $1.8 million outflow. The relative movements between the nine three months ended September 30, 2023 March 31, 2024 and the nine three months ended September 30, 2022 March 31, 2023 resulted in a $5.6 million decrease from receivables due to a large machine sale receipt in the three months ended March 31, 2023 and a $6.1 million decrease from accounts payable and accruals relating to timing. These were offset by favorable movements in inventory $3.9 million, prepaid expenses and other current assets $3.3 million and deferred revenue $5.8 million due to invoice timing and the Low Margin Vantage machine rollout, accounts receivable $13.0 million as a result of the timing of machine hardware sales the levels of which fluctuate during the year and a $2.7 million smaller inventory increase. These are partly offset by a $7.1 million reduction in accounts payable, accruals and taxes and a $1.9 million rise in prepayments. creditors $0.8 million.

Net cash used in investing activities

Net cash utilized in investing activities increased reduced by $6.2 million $1.2 million, to $31.7 million $7.7 million during the nine three months ended September 30, 2023 March 31, 2024 as compared to the three months ended March 31, 2023. This was driven due to the prior year including $0.6 million relating to the acquisition of a third-party company trade and assets and higher spend on plant, property and equipment $1.1 million which were partly offset by a $1.7 million increase in capitalized software spend and a $3.3 million $0.5 million increase in spend on gaming machines capitalized software in Greece for which the company receives an upfront contribution benefitting cash utilized by operating activities. The nine three months ended September 30, 2022 also included $1.3 million relating to the sale of the gaming business. March 31, 2024.

Net cash used (used)/generated by financing activities

During the nine three months ended September 30, 2023, net cash used by financing activities was $2.6 million, with $1.0 million of finance lease spend and $1.6 million on share repurchases. During the nine months ended September 30, 2022 March 31, 2024, net cash utilized by financing activities was $10.5 million consisting of $0.2 million relating to finance lease spend of compared to $0.5 million and share repurchases of $10.0 million during the three months ended March 31, 2023.

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 September 30, 2023 March 31, 2024, we had liquidity consisting of $26.4 million $35.3 million in cash and cash equivalents and a further $24.4 million $6.3 million of undrawn revolver facility. This compares to $37.4 million $27.8 million of cash and cash equivalents as of September 30, 2022 March 31, 2023, with a further $22.3 million $24.7 million of revolver facilities undrawn. We had a working capital outflow of $8.0 million $1.8 million for the nine three months ended September 30, 2023 March 31, 2024, compared to a $22.0 million outflow $2.0 million inflow for the nine three months ended September 30, 2022 March 31, 2023.

The level of our working capital surplus or deficit varies with the level of machine production being undertaken we are undertaking 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 September 30, 2023 March 31, 2024, $6.0 million $6.1 million of our $26.4 million $35.3 million of cash and cash equivalents were held as operational floats within the machines. At September 30, 2022 March 31, 2023, $4.8 million $5.5 million of our $37.4 million $27.8 million of cash and cash equivalents were held as operational floats within the machines 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 November 2024. May 2025.

Long Term and Other Debt

(In millions)	September 30, 2023				September 30, 2022				March 31, 2024				March 31, 2023			
Cash held	£	21.6	$	26.4	£	33.4	$	37.4	£	28.0	$	35.3	£	22.5	$	27.8
Revolver drawn										(15.0)		(18.9)		-		-
Original principal senior debt		(235.0)		(286.9)		(235.0)		(262.5)		(235.0)		(296.9)		(235.0)		(290.6)
Cash interest accrued		(6.1)		(7.5)		(6.1)		(6.9)		(6.6)		(8.4)		(6.1)		(7.6)
Finance lease creditors		(2.0)		(2.5)		(2.0)		(2.2)		(2.7)		(3.4)		(1.4)		(1.7)
Total	£	(221.5)	$	(270.4)	£	(209.7)	$	(234.2)	£	(231.3)	$	(292.3)	£	(220.0)	$	(272.1)

Debt Covenants

Under our debt facilities in place as of September 30, 2023 March 31, 2024, 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 September 30, 2023 March 31, 2024 showed covenant compliance with a net leverage of 2.7x. 2.9x.

There were no breaches of the debt covenants in the periods ended September 30, 2023 March 31, 2024 or September 30, 2022 March 31, 2023.

Liens and Encumbrances

As of September 30, 2023 March 31, 2024, 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 There were no repurchases in the nine three months ended September 30, 2023 $1.6 million March 31, 2024. As of shares were March 31, 2024 the Company has repurchased giving an aggregate spend of 1,193,118 shares of our common stock at an aggregate cost of $12.0 million in repurchasing our shares of common stock. .

Contractual Obligations

As of September 30, 2023 March 31, 2024, our contractual obligations were as follows:

Contractual Obligations (in millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total	Less than 1 year	1-2 years	3-5 years	More than 5 years
Operating activities										
Interest on long term debt	$ 67.8	$ 22.5	$ 45.3	$ -	$ -	$ 58.4	$ 23.4	$ 23.3	$ 11.7	$ -
Purchase of Vantage machines	14.0	14.0	-	-	-					
Financing activities										
Revolver repayment						19.9	19.9	-	-	-
Senior bank debt - principal repayment	286.9	-	286.9	-	-	296.9	-	-	296.9	-
Finance lease payments	2.5	0.7	1.4	0.4	-	3.4	0.9	1.2	1.3	-
Operating lease payments	14.4	4.1	5.5	2.0	2.8	15.6	5.1	3.5	4.5	2.5
Interest on non-utilization fees	0.8	0.4	0.4	-	-	0.5	0.3	0.2	-	-
Total	$ 386.4	$ 41.7	$ 339.5	$ 2.4	$ 2.8	$ 394.7	$ 49.6	$ 28.2	$ 314.4	$ 2.5

Off-Balance Sheet Arrangements

As of September 30, 2023 March 31, 2024, 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. SEC.

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") 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 A description of other recently issued our critical accounting standards, estimates was provided in item 7. "Management's Discussion and assessments as to their impacts on the Company, see Note 1 "Nature Analysis of Operations, Management's Plans Financial Condition and Summary Results of Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in Part II, Item 8 Operations" of the Company's our 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, 10-K for the year ended December 31,2022. The Company's revenue recognition policy, which requires significant judgments and estimates, is fully described December 31, 2023. There were no changes 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, reassign 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 these estimates during the first quarter three months 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. 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 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. 2024.

ITEM 3. 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 ($286.9 296.9 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 USD trading and balance sheet amounts and recalculate the result using a 10% movement in the GBP:US Dollar USD 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 September 30, 2023 March 31, 2024.

Excluding intercompany balances, our Euro functional currency net assets total approximately $20.3 million $17.3 million, and our US Dollar USD functional currency net liabilities assets total approximately $0.7 million $6.7 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. USD. A hypothetical 10% adverse change in the value of the Euro and the US Dollar USD relative to GBP as of September 30, 2023 March 31, 2024, would result in translation adjustments of approximately $1.9 million $1.6 million favorable and $0.1 million $0.7 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 USD in the nine three months ended September 30, 2023 March 31, 2024, were €7.6 million €3.4 million and $14.9 million $8.6 million, respectively. A hypothetical 10% adverse change in the value of the Euro and the US Dollar USD relative to GBP as of September 30, 2023 March 31, 2024, would result in translation adjustments of approximately $0.7 million $0.3 million favorable and $1.4 million $0.8 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. USD. 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 USD would change the trading operational results unfavorably favorably by approximately $1.2 million $0.1 million and would result in unfavorable translation adjustments of approximately $8.9 million $9.4 million, recorded in other comprehensive loss.

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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 September 30, 2023 March 31, 2024, due to the material weaknesses described in Item 9A of the Company's restated Annual Report on Form 10-K/A 10-K for the year ended December 31, 2022 December 31, 2023, filed with the SEC on February 27, 2024 April 15, 2024. Management is redesigning and implementing existing and additional controls to remediate these material weaknesses weaknesses.

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 September 30, 2023 March 31, 2024, management believes that the interim consolidated financial statements and footnote disclosures included in this Quarterly Report on Form 10-Q/A 10-Q 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

Securities Matters Arising From the Company's Restated Financial Statements and Related Matters

On March 12, 2024, the Company received a subpoena from the SEC seeking documents concerning, among other things, the Company's recently restated financial statements. The Company intends to comply with the subpoena and is cooperating with the SEC's inquiry.

The Company cannot predict the ultimate outcome or timing of the SEC investigation, what if any actions may be taken by the SEC, or the effect that such actions may have on the business, prospects, operating results and financial condition. The resolution of the SEC investigation may result in substantial monetary penalties or settlement costs. However, at this time, Management believes that the ultimate outcome and timing of the SEC investigation remains uncertain and is not estimable given the broad range of potential outcomes.

From time to time, we may become the Company is involved in lawsuits and legal proceedings matters arising in the ordinary course of business. While we believe the Company believes that currently, we have no such matters that are currently not material, there can be no assurance that existing or new matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material an adverse effect on our its 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 Part I, Item 1A of our Annual Report on Form 10-K for our fiscal year ended December 31, 2022 December 31, 2023, filed with the SEC on April 15, 2024. 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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

The Company's share repurchase activities for the three months ended September 30, 2023 were as follows[1]: None.

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
10.1#	Letter Agreement, dated April 12, 2024, between Inspired Entertainment, Inc. and Marilyn Jentzen (incorporated herein by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 15, 2024).
10.2#	Amendment to Employment Agreement, dated March 13, 2024, by and between Inspired Gaming (UK) Limited and Carys Damon (incorporated herein by reference to Exhibit 10.28 to the Annual Report on Form 10-K of the Company for the year ended December 31, 2023, filed with the SEC on April 15, 2024).
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: February 27, 2024 May 10, 2024		*/s/ A. Lorne Weil*
	Name:	A. Lorne Weil
	Title:	Executive Chairman
		(Principal Executive Officer)
Date: February 27, 2024 May 10, 2024		*/s/ Marilyn Jentzen*
	Name:	Marilyn Jentzen
	Title:	Interim Chief Financial Officer
		(Principal Financial and Accounting Officer)

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: February 27, 2024 May 10, 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, 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: February 27, 2024 May 10, 2024

/s/ Marilyn Jentzen
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 September 30, 2023 March 31, 2024, 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: February 27, 2024 May 10, 2024

By: */s/ A. Lorne Weil*
A. Lorne Weil
Executive Chairman
(Principal Executive Officer)

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 September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, 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: February 27, 2024 May 10, 2024

By: */s/ Marilyn Jentzen*

Marilyn Jentzen
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

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.

DISCLAIMER

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