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DELTA REPORT

10-K

INSE - INSPIRED ENTERTAINMENT, I

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 4399

█ **CHANGES** 633

█ **DELETIONS** 1903

█ **ADDITIONS** 1863

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022 2023

or

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

For the transition period from ____ to ____

COMMISSION FILE NUMBER: 001-36689

INSPIRED ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

47-1025534

(I.R.S. Employer Identification Number)

250 West 57th Street, Suite 415
New York, New York 10107
(646) 565-3861

(Address, including zip code, of principal executive offices and telephone number, including area code)

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

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

Securities registered under Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of the 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 the 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the act). Yes No

The aggregate market value of the registrant's common stock, other than shares held by persons who may be deemed to be affiliates of the registrant, computed by reference to the closing sales price for the registrant's common stock on **June 30, 2022** **June 30, 2023**, the last business day of the registrant's most recently completed second fiscal quarter, as reported on the Nasdaq Capital Market, was approximately **\$187.3** **\$315.6** million. For the purpose of this disclosure, executive officers, directors and holders of 10% or more of the registrant's common stock are considered to be affiliates of the registrant.

Although on December 31, 2023, the Company was a smaller reporting company, as defined in Rule 12b-2 promulgated under the Exchange Act, the Company ceased to be a smaller reporting company for periods on and after January 1, 2024.

As of **March 13, 2023** April 11, 2024, there were **26,246,021** 26,563,252 shares of the registrant's common stock, par value \$0.0001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement relating to the **2023** registrant's **2024** annual meeting of stockholders are incorporated by reference in Part **III** of this Annual Report on Form 10-K. The proxy statement will be filed with the Securities and Exchange Commission no later than 120 days after the conclusion of the registrant's fiscal year ended **December 31, 2022** December 31, 2023. If such proxy statement is not filed on or before such date, the information called for by Part III will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

TABLE OF CONTENTS

	<u>Page</u>
PART I	
ITEM 1. Business	1
ITEM 1A. Risk Factors	16 15
ITEM 1B. Unresolved Staff Comments	34 36
ITEM 1C. Cybersecurity	36
ITEM 2. Properties	35 37
ITEM 3. Legal Proceedings	35 37
ITEM 4. Mine Safety Disclosures	35 37
PART II	
ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	36 37
ITEM 6. Reserved	36 38
ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	36 38
ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk	58 64
ITEM 8. Financial Statements and Supplementary Data	59 F-1
ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	59 65
ITEM 9A. Controls and Procedures	59 65
ITEM 9B. Other Information	63 68
ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	63 68
PART III	
ITEM 10. Directors, Executive Officers and Corporate Governance	64 69
ITEM 11. Executive Compensation	64 69
ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	64 69
ITEM 13. Certain Relationships and Related Transactions, and Director Independence	64 69
ITEM 14. Principal Accounting Accountant Fees and Services	64 69
PART IV	
ITEM 15. Exhibits, Exhibit and Financial Statement Schedules	64 69
ITEM 16. Form 10-K Summary	65 73
SIGNATURES	
	69 74

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and other information set forth in this report, Annual Report on Form 10-K (this "Report"), including in Item 7, "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", "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 :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, regulatory and political conditions; and
- other factors.

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 U.S. Securities and Exchange Commission (the "SEC").

PART I

ITEM 1. BUSINESS.

Overview

Inspired Entertainment, Inc. (the “Company”, “Inspired”, “we” or “us”) is a global gaming technology company, supplying content, platform 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.

Our customer base includes regulated operators of lotteries, licensed sports bookmakers, gaming and bingo halls, casinos and regulated online operators, adult gaming centers, pubs, holiday parks, and motorway service areas. Some of our key customers include William Hill, SNAI, Sisal, Lottomatica, Betfred, Paddy Power, Betfair, Genting, bet365, Sky Bet, Fortuna, the Greek Organisation of Football Prognostics S.A. (OPAP), Entain, the Pennsylvania Lottery, Bourne Leisure, Greentube, Stonegate, Mitchells & Butler, Marstons, Greene King, JD Wetherspoon, Parkdean Resort, Centre Parcs Resorts and Novomatic. Geographically, ~~73%~~^{78%} of our revenues (excluding VAT-related revenue) revenue for the year ended ~~December 31, 2022~~ December 31, 2023 were generated from our ~~UK~~ United Kingdom (“UK”) operations, with the remainder generated from Greece and the rest of the world. Our products are designed to operate within applicable gaming and lottery regulations and our customers are regulated gaming or lottery operators or are otherwise licensed to operate our products. regulations.

We conduct business across different jurisdictions of which Great Britain, Italy and Greece have historically contributed the most significant recurring revenues. revenue. Recently we have begun to conduct a meaningful amount of business in North America as well. We are licensed or certified (as applicable) by the Gambling Commission in the ~~United Kingdom, UK~~, (the “UK Gambling Commission” or the “Gambling Commission”), and by the Hellenic Gaming Commission in Greece, and registered with L’Agenzia delle dogane e dei Monopoli (“ADM”) in Italy. We are licensed by regulators in other jurisdictions such as the Malta Gaming Authority (~~Malta~~), Licensing Authority of Gibraltar (~~Gibraltar~~), the Alderney Gambling Control Commission (~~Chennel Islands~~), the Belgian Commission (Belgium), Autorité Des Marchés Financiers (Quebec), the Romanian National Gambling Office, Oficiul Național pentru Jocuri de Noroc, Spelinspektionen (Romania), the Swedish Gaming Authority (Sweden) and we hold licenses with the US States of Connecticut, Illinois, Michigan, New Jersey, Oregon, Pennsylvania, West Virginia and the Canadian provinces of Alberta, Nova Scotia, Ontario and Saskatchewan.

We are headquartered in the United States, with principal operating facilities located in the United Kingdom, UK, India and Italy. As of December 31, 2022 December 31, 2023, we had approximately 1,600 1,700 employees, approximately 1,500 1,620 of which were full-time. We generated total revenue of \$285.4 million \$323.0 million and Adjusted EBITDA earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") of \$99.6 million \$100.5 million for the year ended December 31, 2022 December 31, 2023.

The Company's common stock is publicly listed on the NASDAQ and under the symbol INSE. The Company had an equity market capitalization of approximately \$328.27 million \$259.0 million as of December 31, 2022 December 31, 2023 (based upon a closing stock price of \$12.67 \$9.88 on December 30, 2022 December 29, 2023).

Certain product and company names referred to herein are trademarks™ or registered® trademarks of their respective holders.

Our Products

We operate in four business segments: Gaming, Virtual Sports, Interactive and Leisure, as further described below.

1

Gaming Segment

Our Gaming segment supplies gaming terminals as well as gaming software and games for the terminals provided to betting offices, casinos, gaming halls and high street adult gaming centers. It supplies products and utilizes our Server Based Gaming ("SBG") technology to supply products gaming content to our customers' global land-based gaming venues. SBG products offer an extensive portfolio of games through digital terminals. Our games are currently deployed through more than 35,000 34,000 digital terminals. Because our SBG products are fully digital, they interact with a central server and are provided on a "distributed" basis, which allows us to access a wide geographic footprint through internet and Inspired and third-party proprietary networks.

Our SBG game portfolio includes a broad selection of popular omni-channel slots titles including the Centurion™ game family and Super Hot Fruits® (featuring the Sizzling Hot Spins™ Spins™ game family). These games offer customers users a wide range of volatilities, return-to-player and other special features, which we collectively refer to as "game math." We also offer a range of more traditional casino games through our SBG network, such as roulette, blackjack and numbers games.

We distribute games to devices through different game management systems ("GMS"), each tailored to a specific operator or sector. Our CORE™ CORE™ GMS is designed for distributed street-gaming sectors and uses Inspired cabinets in combination with gaming content from Inspired, as well as a wide portfolio of content from independent game developers. CORE-CONNECT is our American Gaming Association G2S standard-based VLT video lottery terminal ("VLT") GMS, currently deployed in the Greek VLT sector and North America. Our SBG products comply with all requirements in the UK (B2/B3), Italy (6B), Greece (G2S) and Illinois (G2S).

Our SBG terminals in the United Kingdom UK account for a material portion of all SBG terminal placements, and we offer over 100 games for play across this portfolio. We are also a material supplier to customers in Greece and Italy. Over the past two years, we have grown our business in North America where we have sold products in Illinois and to the Western Canada Lottery Corporation. We offer SBG terminals such as the Flex4k curved screen, Vantage®, Eclipse™ Eclipse™, Valor™ Valor™, Prismatic™ Prismatic™ and Sabre Hydra™ Hydra™, each offering a different size terminal, graphics, technology and price proposition.

As of December 31, 2022 December 31, 2023, we had a total installed base of 35,003 units, 34,500 gaming terminals, which were operated primarily under participation-based contracts. We generate revenue by participating, typically as a function of gross revenue from each machine, in a percentage of the revenue generated by these machines. Because we participate in our customers' revenues revenue under such contracts, we are aligned with and our customers in benefitting benefit from the introduction of our new content, which can drive growth of the win per unit per day of our installed base. Additionally, we earn revenue through the sale of units, as well as receiving a fixed daily fee for some of our installed units. During 2022, 2023, we sold 2,927 9,475 units, 53% 91% of these in the UK including the installation of 6,000 new Vantage terminals and 47% 9% internationally. With our participation-driven business model, approximately 96% 94% of service revenue for our Gaming segment was recurring in nature in 2022 (excluding \$2.0 million of performance bonus revenue and \$1.0 million of VAT-related revenue) 2023 and derived under long-term contracts. We have successfully renewed contracts with our three largest customers in the UK LBO market.

For the year ended December 31, 2022 December 31, 2023, our Gaming segment generated revenue and Adjusted EBITDA of \$111.7 million \$142.6 million and \$41.6 million \$44.5 million, respectively, (excluding VAT related income), as compared to the year ended December 31, 2021 December 31, 2022, during which we generated \$81.4 million \$111.3 million and \$26.1 million \$43.7 million in revenue and Adjusted EBITDA, respectively (excluding VAT related income), respectively.

Virtual Sports Segment

Our Virtual Sports business designs, develops, markets and distributes **ultra-high-definition** games that create an always-on sports wagering experience in betting shops **and** other locations and online. Our Virtual Sports product comprises a complex software and networking package that provides fixed odds wagering on an ultra-high definition computer rendering of a simulated sporting event, such as soccer, football or basketball. Players can bet on the simulated sporting event, **overcoming** without being bound by the **relative infrequency** schedules of live sporting events. We have developed this product using **an award-winning** **a** TV and film graphics team with advanced motion capture techniques.

We believe we are one of the most innovative suppliers of Virtual Sports gaming products in the world. We offer a wide range of sports and numbers games to approximately 32,000 retail venues as well as through various online websites. Our products are installed in over 20 gaming jurisdictions worldwide, including the UK, Italy, Greece, Turkey, Morocco, and the U.S.

Our Virtual Sports game portfolio includes titles such as V-Play Soccer™ Soccer™, V-Play Women's Soccer™ Soccer™, V-Play Football™ Football™, V-Play Basketball™ Basketball™, V-Play Baseball™ Baseball™, and V-Play NFLA™ NFLA™, as well as greyhounds, other horse racing products, tennis, motor racing, cycling, cricket, speedway, golf and darts. We have also licensed the use of images of certain sports brands in our games, including with the NFL National Football League ("NFL") Alumni. In 2021, 2023 we entered into an exclusive licensing agreement signed a license with the Major League Baseball Players Alumni National Basketball Association (NBA) to create and license develop a new V-Play Home Run Shoot-out Legends™ virtual baseball product. Virtual Sports game centered around the world's premier professional basketball league's archive footage.

Our customers are many of the largest operators in lottery, gaming and betting worldwide. We are contracted to supply Virtual Sports to mobile and online operators in the United Kingdom; UK; the U.S. states of Nevada, Pennsylvania, D.C. and New Jersey; Gibraltar and other regulated EU sectors, including Italy, Greece and Poland; and other jurisdictions such as Ontario, Turkey and Morocco. Virtual Sports can be adapted to function in sports betting, lottery, or gaming environments and is therefore available to a wide range of customers in both public and private implementations.

The Virtual Sports events are capable of being offered to millions of customers, through retail, online and mobile platforms, many of them available 24 hours per day, 7 days per week, and often concurrently within the same location or interactive platform. We have multiple hosting solutions capable of fulfilling the product delivery needs of our customers including our proprietary Virtual Plug and Play ("VPP") end to end online and mobile turnkey solutions. In addition, a cloud-based solution is available to customers who require an XML sportsbook integration that is fully hosted and operated by Inspired.

Our Virtual Sports products are typically offered to operators on a participation basis, whereby we receive a portion of the gaming revenues revenue generated, plus an upfront software license fee. With our participation-driven business model, our Virtual Sports segment produces approximately 99% of total revenue on a recurring basis under long-term contracts for which our standard term is three years in duration.

For the year ended December 31, 2022 December 31, 2023, our Virtual Sports segment generated revenue and Adjusted EBITDA of \$55.1 million \$56.2 million and \$46.3 million \$47.7 million, respectively, as compared to the year ended December 31 2021, 2022, during which we generated \$36.0 million \$54.2 million and \$28.4 million \$44.9 million in revenue and Adjusted EBITDA, respectively. Virtual Sports revenue generated through online and mobile channels has increased from \$26.1 million in 2021 to \$43.4 million in 2022.

Interactive Segment

Our Interactive business uses unique interactive-only content as well as offerings from our Gaming and Virtual Sports segments to create games that are hosted on remote gaming servers to allow servers. This allows online gaming operators to use our games and content online and on mobile devices worldwide. Our interactive content includes a wide range of premium random number generated casino content from feature-rich bonus games to European-style casino free spins and table games incorporating well-known first and third-party brands including Space Invaders®, 20p Roulette™, Roulette™, Jagr's Super Slot™, Slot™, Super Hot Fruits® and Reel King Megaways™, Megaways™. Inspired releases several new titles per month and new games can be seamlessly deployed to the full estate of operators and aggregators through its proprietary Virgo RGSTM. Games are available on over 300 websites across much of regulated Europe including the UK, Gibraltar, Malta, Spain, Sweden, Italy, Germany, the Netherlands, Romania, Greece and Belgium as well as in New Jersey, Michigan, Pennsylvania, Connecticut, Alberta, Ontario and Quebec. We expect to next go live in West Virginia and Alberta during 2023.

Inspired's Virgo Remote Gaming System ("RGSTM") is integrated with a number of best known casino brands, including William Hill, Entain, bet365, Flutter, 888, Kindred, Gamesys, BetFred, Rank, Leo Vegas, OPAP and Stoiximan. We are also now live with thirteen a number of notable North American operators: Bet MGM, Draft Kings, Caesars, Resorts/Mohegan, Rush Street Interactive, Wynn, Unibet, Ballys, Tipico, Ocean, 888 and Golden Nugget and with Loto Quebec in Canada.

In 2023 we launched our Hybrid Dealer® product with Caesars Digital. The product is a new product category for the segment which offers players branded casino and gameshow content without the challenges associated with live-dealer products.

Our Interactive products are typically offered to operators on a participation basis, whereby we receive a percentage of total amount of stakes wagered or a percentage of net gaming revenue. For the year ended **December 31, 2022** **December 31, 2023**, our Interactive segment generated revenue and Adjusted EBITDA of **\$23.1 million** **\$27.9 million** and **\$12.3 million** **\$15.4 million**, respectively. With our participation-driven business model, approximately 100% of revenue for our Interactive segment is recurring in nature and derived under long-term contracts for which our standard term is three years in duration. We have successfully renewed all of our key Interactive contracts expiring over the last three years. **We believe the COVID-19 global pandemic accelerated the market adoption of interactive gaming by end-users, and that our EBITDA margins in this segment will expand as our revenue grows due to the low variable costs we expect to incur on incremental revenue, versus our existing base of revenue.**

Leisure Segment

We are a supplier of gaming terminals and amusement machines to the Leisure and Hospitality sectors and are one of the largest operators of “pay to play” gaming terminals and amusement machines in the UK. As of December 31, 2022 December 31, 2023, we supplied and operated over 11,000 gaming terminals and 4,500 pool tables, prize vending and jukeboxes located in pubs, bingo halls, and adult gaming centers. We also service approximately 2,800 gaming terminals under maintenance only contracts. The increasing majority of gaming terminals we operate are server based, allowing us to distribute content supplied by our “in house” design studios as well as some of the most popular content titles from our strategic partners.

In addition, we also supply and operate approximately 9,500 amusement machines and 2,200 gaming terminals in family entertainment centers and adult gaming centers located in holiday parks, bowling centers and other entertainment venues. These include virtual reality simulators and arcade games, redemption and skill with prize games, basketball, air hockey and cue sports. Commercial arrangements are typically structured as either revenue participations or rental agreements.

Our customers in this segment include the vast majority of recognizable brands that participate in the geographies and sectors in which we operate. These customers include large pub operators JD Wetherspoons, Stonegate Pub Company, Greene King, Mitchells and Butler, Whitbread Marstons and Admiral Taverns. In the Bingo sector, we supply gaming terminals and services to Buzz Bingo and Mecca. We supply gaming terminals and services to transport hub operators, Moto and Welcome Break and major airports, including Heathrow. We also operate our own adult gaming centers under the Quicksilver™ Quicksilver™ brand in Extra Motorway Services. We have joint venture agreements with holiday park operators including Parkdean Resorts, Bourne Leisure and Butlins, where we supply machines and trained staff to manage and operate family entertainment centers.

Overall, our Leisure segment had, as of December 31, 2022 December 31, 2023, an installed base of over 16,000 11,000 gaming terminals, which were operated primarily under participation-based contracts. We generate revenue by participating, typically as a function of gross revenue from each machine, in a percentage of volumes generated by these machines. Because we participate in our customers' revenues revenue under such contracts, we are aligned with our customers in benefiting from the introduction of our new content, which can drive growth in the win per unit per day of our installed base. Additionally, we earn revenue through the sale of units, as well as a fixed daily fee for certain of our installed units. With our participation-driven business model, approximately 96% 98% of revenue for our Leisure segment is recurring in nature and derived under long-term contracts. Notably, We installed over one thousand Vantage Cat C cabinets to our Pubs estate during the year and we have successfully renewed or extended contracts with pub operators Greene King, Marstons PLC, Mitchells & Butlers, Admiral Taverns, JD Wetherspoon, Stonegate and Whitbread. We have also secured new contracts with Bourne Leisure and Butlins. Center Parcs.

For the year ended December 31, 2022 December 31, 2023, our Leisure segment generated revenue and Adjusted EBITDA of \$95.5 million \$96.3 million and \$24.4 million \$19.4 million, respectively.

Our Strengths

We believe key factors that give us an advantage in the gaming technology space include:

Established presence across multiple Product Verticals

We have a substantial installed base, across each of our product verticals, including over 31,800 32,000 digital terminals in the Gaming segment located across key jurisdictions in the United Kingdom, UK, Greece, Italy and South America, with approximately 13,700 12,800 terminals installed in UK Licensed Betting Offices and approximately 8,700 installed in Greek video lottery terminals (“VLTs”). In our Leisure segment, we supply and operate an installed base of approximately 16,000 11,000 gaming terminals (including approximately 2,200 2,800 gaming terminals under maintenance only contracts) and 7,000 4,500 pool tables, prize vending and jukeboxes to pubs, bingo halls and adult gaming centers. In addition, we also supply and operate approximately 9,300 9,500 amusement machines and 2,200 gaming terminals in family entertainment centers located in holiday parks, bowling centers and other entertainment venues. We have award winning content and products in our Virtual Sports segment, which offers a wide range of sports and numbers games through approximately 32,000 retail venues as well as through various online channels. Our Virtual Sports gaming products are installed in approximately 35 32 gaming jurisdictions worldwide, including the United Kingdom, UK, Italy, Greece, Morocco and the United States, our customers being many of the largest operators of lottery, gaming, and betting operations worldwide. Additionally, our Interactive segment provides a wide range of premium iGaming content to large operators primarily located in the United Kingdom, UK, Italy, Greece and North America, as well as several other countries across Europe through over 170 approximately 250 websites.

Highly Diversified Business Underpinned by Longstanding Customer Relationships

We operate in several business segments and geographic locations that provide us a diversified revenue and cash flow stream that has proven to be resilient under various economic environments. While our Gaming segment has represented the largest proportion of our revenue in each of the last three years, our Virtual Sports and Interactive segments represent substantial growth opportunities as demonstrated by recent trends including during the COVID-19 global pandemic, where Virtual Sports and Interactive trading has been seen to be increasing, which are expected to continue to diversify our business. Additionally, we continue to expand in high growth markets, such as North America, which are expected to drive further geographic diversification across business segments. We have over 600 customers, including major lottery, sports betting and gaming operators (both interactive and location-based) within regulated sectors worldwide. Many of our customer relationships in the UK and European sectors are long-standing and in excess of 10 years. We expect that our diverse customer base will afford us opportunities to sell incremental products to certain of these customers in the future.

Substantial Recurring Revenue Supported by Long-Term Participation-Based Contracts

We believe our robust recurring revenue business model will drive our performance and free cash flow generation. For the year ended December 31, 2022 December 31, 2023, our recurring revenue, which included revenue generated from participation-based contracts and licensing arrangements, represented 86% 79% of total revenue, (87% excluding VAT-related revenue and \$2.0 million of performance bonus), as compared to approximately 86% of total revenue (87% excluding VAT-related revenue) for the year ended December 31, 2021 December 31, 2022. Our content and products, which are provided primarily pursuant to long-term contracts, are essential to generating revenue for our customers and satisfying the demand of our end users. Our long-term contracts typically have an initial duration of three to five years depending on the business segment and the customer and, over the last three years, we have successfully renewed the significant majority of expiring contracts with key customers in our Gaming, Virtual Sports, Interactive and Interactive segments, and have successfully renewed all expiring contracts with key customers in our Leisure segment since the Company's acquisition of the Gaming Technology Group of Novomatic UK Ltd., a division of Novomatic Group, an international supplier of gaming equipment and solutions in October 2019 (the “NTG Acquisition”), segments.

Proprietary Technology and Track-Record of Strong Content Development

We are dedicated to being at the forefront of our industry in terms of technology and innovation. We combine complementary expertise in technology and operations, positioning us as a provider of superior technical solutions. As of **December 31, 2022** December 31, 2023, we held approximately 15 patents and approximately 200 trademarks worldwide. We focus our product development efforts on emerging technology trends, utilizing a combination of customer research, design experience and engineering excellence. We are committed to developing innovative products for our customers and are focused on improving player entertainment and customer profitability.

We believe convergence trends in the gaming industry emphasize the importance of proprietary content, including licensed content. Such content is needed to successfully promote a compelling game offering across multiple platforms and to develop distinctive products for operator-clients. Our proprietary content drives engagement across gaming platforms. Our full suite of high-quality gaming products, services and multichannel distribution capabilities, extensive traditional content library, sizeable installed gaming machine base and deep relationships with operator-customers help make us an attractive partner for potential licensors of branded content.

Our Interactive business has expanded rapidly, with revenue growing at an approximate compound annual growth rate of **103%^{57%}** on a functional currency at constant rate basis between 2019 and **2022, 2023**. We believe this growth has been driven, in part, by our content library of over 100 slot games. Many of our recent game launches, including Gold Cash Free SpinsTM SpinsTM, Big Fishing FortuneTM FortuneTM, and the Reel King® family of games, have been omni-channel, offering a premium player experience across multiple platforms – though, unlike our older games, they originated online and, once proved successful, were migrated to retail platforms.

Inspired's award-winning Virtual Sports products offer a wide range of betting markets and what we consider to be superior graphics. Our Virtual Sports revenue has been growing fast and has achieved high Adjusted EBITDA margins, while providing an attractive recurring-revenue base.

Positioned To Benefit From Key Market Trends

With our proprietary digital gaming platform and content comprising an end-to-end product offering and our multi-channel capabilities and robust relationships across the client spectrum, we believe we are well-positioned to benefit from emerging gaming sector trends, including growth stimulated by liberalization of government gaming regulations, the emergence of multi-channel offerings and the increasing importance of proprietary content.

Our multi-channel offerings are well-positioned to benefit from the **increased** prevalence of smart phones and tablets and the legalization of online gaming in certain parts of the United States, Canada and other jurisdictions. Such jurisdictions have provided new growth opportunities for gaming and lottery operators through the introduction of new channels and portals for delivering games to customers. This supplements the existing broad-based online gambling market across Europe. Our multi-channel solutions and customer relationship management capabilities position us to take advantage of new opportunities to extend our gaming solutions across different channels for our customers to reach new players, expand the player demographic base and access players wherever they are whenever they want to play. Our technology extends play for existing players and has the capability to reach new player segments. This and other technology help position us for future online real-money gaming opportunities by offering play-for-fun online gaming options in jurisdictions where online real-money gaming may be legalized in the future.

Government initiatives, such as the legalization of casino operations in new jurisdictions, increases in the number of casinos allowed to operate in a given jurisdiction and the legalization of new products, have helped stimulate growth in the gaming market. In the United States, legislative change has led to an increase in the legalization of sports betting. As of **December 31, 2022** **December 31, 2023**, **21** **30** U.S. states and the District of Columbia have legalized sports betting.

Experienced Management Team

Our seasoned management team is led by our Executive Chairman, Lorne Weil, who is known as a gaming industry innovator and whose past leadership includes growing a diversified global gaming technology company both organically and through extensive acquisitions and joint ventures further bolstering the business. Other members of the Company's Office of the Executive Chairman (the "OEC") are our President and Chief Executive Officer, Brooks H. Pierce; our **Executive Vice President and Interim Chief Financial Officer, Stewart F.B. Baker**; **Marilyn Jentzen**; and our Executive Vice President and General Counsel, Carys **Damon** (to be succeeded by Simona Camilleri effective July 1, 2024). The OEC executes the day-to-day management of the Company. Our management team has broad and deep experience in the gaming industry, working with lotteries, casino operators, betting platforms, and online operators. The members of the OEC have, on average, decades of experience in the gaming industry, including relationships with customers around the world, helping them build and sustain revenue growth. In addition, the members of the OEC have centered their careers on identifying, acquiring and integrating, through the implementation of value creation initiatives, complementary businesses.

Our Strategy

We seek to deliver innovative and differentiated products that provide value to our customers and exciting experiences to their players in multiple jurisdictions throughout the world while achieving long-term growth in revenues, revenue, profit and cash flow. We place great emphasis on developing creative solutions, in terms of game content and play that deliver and sustain superior performance through operators across interactive and location-based channels. Our technology often allows us to update our games and operating software remotely, keeping pace with evolving requirements in game play, security, technology and regulations. We seek to achieve these goals as we:

Extend our positions in each of the sectors in which we operate by developing new content and products which can often be utilized across multiple distribution channels.

We continually invest in new content and product development in each of the business segments in which we operate. We believe these investments can benefit our existing and prospective customers by making new content and products available to them and bringing exciting entertainment experiences to their players. Our approach, which seeks to distribute our content across a wide range of channels, protocols and regulatory standards, allows us to distribute our content across multiple sectors in which we operate on a cost-efficient basis. We have continued to focus on channels where we believe there is considerable growth available – especially in our digital businesses. We believe our technological approach allows us to quickly adapt to changes in player preferences.

Continue to invest in content and technology in order to grow our existing customers' revenues revenue and penetrate new customers in our existing markets.

Over the last three years, a substantial portion of our annual revenue has been recurring and based on long-term contracts with customers, where our revenues revenue typically grow grows in line with the growth of our customers' gaming revenues revenue from our content and products. We seek to work closely with our customers to assist in the optimization of their operations so they can achieve growth in their revenues revenue generated by our content and products, which we believe is to our benefit. Accordingly, we continually invest in new content and technology offerings that we believe will enable our customers to keep their offerings fresh and allow them to offer their players new forms of entertainment. As our content demonstrates successful commercial results, we seek to place it with additional customers who recognize its performance. We believe content development is a key aspect of our strategy and we intend to continue this strategic priority for each of the businesses in which we operate.

Add new customers by expanding into underpenetrated markets.

We believe our historical growth has been driven by our entry into new geographies and supplemented by increasing our share in existing markets. We expect to continue to focus on North American markets in the Gaming, Virtual Sports and Interactive segments for such expansion. We believe North America is a major gaming market in which we currently have limited participation, but where our products are well positioned, or can be positioned, for future success. For example, in 2021 and 2022, we placed 399 and 1,006 VLT terminals, respectively, in North America. We also believe there are likely to be growth opportunities in Latin America which will be available to us in the future.

Pursue targeted mergers and acquisitions to expand our product portfolio and distribution footprint.

In addition to growing our business organically, we have pursued, and continue to pursue, merger and acquisition opportunities that we believe will help strengthen and scale our operations and take further advantage of our competitive position. Our management team shares a combination of operating, investing, financial and transactional experience that we believe will serve the Company well as it seeks to identify opportunities for value-adding acquisitions and negotiate and close on beneficial acquisition transactions. In December 2021, we completed the acquisition of Sportech Lotteries, LLC (currently Inspired Entertainment Lotteries LLC), which is our first lottery-focused acquisition, further diversifying our business model on a product, customer, and geographic level.

Industry Overview

We operate within the global gaming and lottery industry. Global gaming and lottery growth has been resilient in the face of economic cycles over the last decade. According to the H2 Database, the global gaming and lottery industry has grown at a 2% compounded annual growth rate from 2012 to 2022, which has been driven by increased consumer spend and the introduction of new regulated sectors but declined dramatically in 2020 due to land-based venues being closed due to COVID-19 mandated shutdowns and restrictions.

During this period, the digital online and mobile gaming and lottery sectors have grown at a faster pace than the industry as a whole. According to the H2 Database, these industry sectors have grown at a 15% compounded annual growth rate from 2012 to 2022, driven by rapid growth in the deployment of digital games and technologies, including many of our products, into land-based venues in the primary sectors in which we operate, where regulators have supported the transition to digital, online and retail channels. According to the H2 Database, the total global gaming and lottery industry is projected to grow an average of 6% per year from 2022 to 2027 driven by the projected growth in mobile and online gaming.

We believe the global gaming and lottery industry will return to a growth trajectory, with more robust growth in the digital gaming and lottery sectors, as further described below. We believe the industry is content driven and, much like music, videogames and motion pictures, will continue to be transformed by the propagation of digitally-networked technologies.

As a gaming and lottery business-to-business supplier focused on digital products and technologies, we believe we are well-positioned to benefit from these trends.

Influencers of Digital Adoption

We believe the digital segment of the global gaming and lottery industry will continue to grow, including as a result of the following factors:

Governments: Opening of new gaming territories. Many national and state governments operating in developed economies in Europe and the United States are suffering from structural funding deficits. The regulation and liberalization of gaming and lottery is frequently relied upon to raise new sources of revenue for these governments. In most cases, we believe such liberalization does not favor buildouts of large new destination resort casinos, but rather focuses on smaller distributed gaming ("EDGE") venues with lottery, gaming and sports betting, combined with online or mobile gaming.

Digital Multi-Channel Offerings: Replacement of legacy analog machines with larger volume of smart digital devices, both interactive and location based. In many established sectors, as existing gaming sectors mature, governments and regulatory authorities have implemented regulations to upgrade the established terminal base to digital operation.

Smartphones and Mobile Devices: Rapid adoption of gaming and lottery applications on growing volume. In certain sectors, mobile play on sports betting and gaming now exceeds such play on personal computers. According to the H2 Database, mobile gaming revenues **revenue** in such sectors exhibited a 27.0% compound annual growth rate between 2010 and 2021. Mobile gaming and lottery **is are** now expanding in other sectors, and mobile play has recently been approved in other sectors for gaming or lottery.

In addition to the foregoing, we believe there are significant benefits for our customers in adopting digitally networked gaming and lottery technologies. We believe our digitally-enabled products allow operators to remotely manage their operations with minimal disruption to their businesses. The system centralization enabled by digital operations offers flexibility to rotate or change games, tailor game availability to time-of-day, target specific player demographics and take advantage of seasonal and themed marketing opportunities. New games often can be phased in without the interim revenue declines often associated with replacing games on traditional slot machines. In addition, digital operations permit more games per terminal, enabling operators to test new games and new suppliers, seek to appeal to a broader base of players with minimal cost or risk, commission games from third-party suppliers on an open game interface and reduce procurement risk. Moreover, digital operations can significantly reduce the need for on-site repairs, improve terminal up-time and should extend terminal life cycles as well as the time period over which capital costs can be depreciated.

Regulatory Framework

We conduct business in a number of different jurisdictions, of which Great Britain, Italy and Greece have historically contributed the most significant recurring revenues, revenue. The gaming regulator responsible for our activities in Great Britain is the Gambling Commission of Great Britain (the "UK Gambling Commission" or the "Gambling Commission"), Commission. In Italy, the operation of gaming machines and remote gaming is regulated by L'Agenzia delle dogane e dei Monopoli ("ADM"). In Greece, the operation of gaming machines and remote gaming is regulated by the Hellenic Gaming Commission. In addition, we are licensed or certified (as applicable) in a number of other jurisdictions by regulators such as the Malta Gaming Authority, Licensing Authority of Gibraltar, the Alderney Gambling Control Commission, the Belgian Commission, Autorité Des Marchés Financiers (Quebec) and state regulators in various jurisdictions in North America.

Great Britain

In the British sector, we supply and distribute Category B3 gaming machines (with maximum betting stakes for players of £2) and ETG machines to third parties who are licensed to operate such machines in bricks-and-mortar premises. In addition, we operate a number of Adult Entertainment Centers. We also supply virtual racing software to local retail venues and to online operators who are licensed to target the British sector. We also supply our Interactive product to remote operators who are licensed to target the British sector. The provision of our products and services in relation to the British sector is authorized by a series of licenses issued by the UK Gambling Commission, namely remote and non-remote Gaming Machine Technical (Full) operating licenses, a remote casino operating license, a remote and non-remote gambling software license and a remote general betting standard (virtual events) license gaming machine general adult gaming center license and a gaming machine general family entertainment center license.

British Betting and Gaming Laws and Regulations. The Gambling Act 2005 (the "GA05") is the principal legislation in Great Britain governing gambling (other than in relation to the National Lottery, which is governed by separate legislation). The GA05 applies to both land-based gambling (referred to as "non-remote" gambling) and online and mobile gambling (referred to as "remote" gambling).

The GA05 provides that it is an offense to make a gaming machine available for use without an appropriate operating license. There are a number of different categories of licensable gaming machines (the GA05 provides for category A to D machines, although no category A machines are currently in operation); each category is subject to different levels of maximum stakes and prize limits. In addition, there are limits on the numbers and types of gaming machines that can be operated from licensed premises: for example, a licensed betting office is permitted to house up to four category B3 to D machines, while a large casino may house up to 150 category B to D machines (subject to satisfying certain ratios of machines to gaming tables).

Gaming machine suppliers are required to hold an operating license in order to manufacture, supply, install, adapt, maintain or repair a gaming machine or part of a gaming machine. Gaming machine suppliers must also comply with the Gaming Machine Technical Standards published by the Gambling Commission in relation to each category of machine, and such machines must meet the appropriate testing requirements.

In relation to remote gambling, the GA05 (as amended by the Gambling (Licensing and Advertising) Act 2014 provides that it is an offense to "provide facilities" for remote gambling either (a) using "remote gambling equipment" situated in Great Britain, or (b) which are used by players situated in Great Britain, in each case without a remote gambling operating license. It is also an offense to manufacture, supply, install or adapt gambling software in Great Britain without an appropriate gambling software license.

A remote gambling operating license holder providing facilities for remote gambling to British players is required to use gambling software manufactured and supplied by the holder of a gambling software license (and failure to do so is an offence). Where gambling software is used or supplied for use in relation to the British sector, it must satisfy the Remote Gambling and Software Technical Standards published by the Gambling Commission.

The holder of a British gambling operating license is subject to a variety of ongoing regulatory requirements, including, but not limited to, the following:

- Shareholder disclosure: An entity holding a gambling license must notify the Gambling Commission of the identity of any shareholder holding 3% or more of the equity or voting rights in the entity (whether held or controlled either directly or indirectly).
- Change of corporate control: Whenever a new person becomes a “controller” (as defined in section 422 of the Financial Services and Markets Act 2000) of a company limited by shares that holds a gambling operating license, the licensed entity must apply to the Gambling Commission for permission to continue to rely on its operating license in light of the new controller. A new controller includes any person who holds or controls (directly or indirectly, including ultimate beneficial owners who hold their interest through a chain of ownership) 10% or more of the equity or voting rights in the licensed entity (or who is otherwise able to exercise “significant influence” over it). The Gambling Commission must be supplied with specified information regarding the new controller (which, in the case of an individual, includes detailed personal disclosure) and this information will be reviewed by the Gambling Commission to assess the suitability of the new controller to be associated with a licensed entity. If the Gambling Commission concludes that it would not have issued the operating license to the licensed entity had the new controller been a controller when the application for the operating license was made, the Gambling Commission is required to revoke the operating license. It is possible to apply for approval in advance from the Gambling Commission prior to becoming a new controller of a licensed entity.
- Compliance with the License Conditions and Codes of Practice (LCCP): The LCCP is a suite of license conditions and code provisions which attach to operating licenses issued by the Gambling Commission. The provision of gambling facilities in breach of a license condition is an offense under the GA05. Certain specified “Social Responsibility” code provisions are accorded the same weight as license conditions in this regard (whereas breach of an “ordinary” code provision is not an offense in itself, but may be evidence of unsuitability to continue to hold a gambling license). The LCCP imposes numerous operational requirements on licensees, including compliance with the Gambling Commission’s Remote Gambling and Software Technical Standards, segregation of customer funds, the implementation of a variety of social responsibility tools (such as self-exclusion), anti-money laundering measures, age verification of customers and a host of consumer protection measures. The Gambling Commission regularly reviews and revises the LCCP.
- Regulatory returns and reporting of key events: The LCCP requires licensees to submit quarterly returns to the Gambling Commission detailing prescribed operational data. Licensees are also required to notify the Gambling Commission as soon as practicable and in any event within 5 working days of becoming aware of the occurrence of certain specified “key events” which, in summary, are events which could have a significant impact on the nature or structure of the licensee’s business. Licensees are also required to notify suspicion of offenses and suspicious gambling activity.
- Personal licenses: Key management personnel are required to maintain personal licenses authorizing them to discharge certain responsibilities on behalf of the operator. These personal licenses are subject to renewal every five years. Personal licenses are subject to compliance with certain license conditions.

Italy

We operate two different gaming businesses in Italy. We provide platform and games for video lottery terminals (“VLTs”), and we also supply platforms for bets on Virtual Sports events to betting shops and online platforms. Our businesses are operated through the Italian branches of certain of our UK subsidiaries. These branches hold police licenses and are enrolled in the ADM Register of Gestori, as further described below. We supply our platform and games and Virtual Sports products only to operators licensed under Italian gaming laws and regulations.

Our VLT and Virtual Sports platforms must be connected over the internet to servers operated by the ADM. Information regarding gaming sessions and the amounts wagered and won is provided in real time through the ADM servers, in order to enable the ADM to monitor the operation of machines and games and to verify the amount of taxes due.

Italian Betting and Gaming Laws and Regulations. Operators of betting premises offering VLTs (including the entities managing the networks connecting such VLTs to ADM servers), and operators of betting premises or online platforms offering Virtual Sports products, must hold an Italian gaming license. No gaming license is required in order to supply VLTs or Virtual Sports products to such operators. Such VLT platforms, machines and games, and Virtual Sports platforms and games, must be certified and approved by either SOGEI, an entity controlled by the Italian Ministry of Finance and authorized to conduct such certifications or testing labs accredited with ADM. Such certifications and approvals must be obtained by such operators, rather than the suppliers of such VLT platforms, machines and games, and Virtual Sports platforms and games.

Suppliers of gaming machines, including VLTs, must hold a police license (as prescribed by article 86, paragraph 3, of the Italian United Text of Public Security Law (TULPS) provided by the Royal Decree 18 June 1931, No. 773) and be enrolled in a registry prescribed by article 1, paragraph 82 of Law No. 220/2010 and managed by ADM (known as the “ADM Register of Gestori”). If a supplier of gaming machines is not enrolled in the ADM Register of Gestori, any agreement it enters into regarding the supply of gaming machines is null and void. In addition, if the enrollment is not renewed, existing agreements regarding the supply of gaming machines become null and void. Enrollment in the ADM Register of Gestori is subject to, among other things, a review of the suitability of the applicant business entity and its directors. In the event of a change of control of the entity enrolled in the ADM Register of Gestori (but not of such entity’s direct or indirect parent entities), the details of such change must be notified to the ADM and suitability must be reconfirmed.

Suppliers of Virtual Sports products are not required to hold a police license, be enrolled in the Register of Gestori or otherwise be licensed or registered.

Greece

In Greece, we supply VLTs, including the terminal machines themselves, the related online platforms and the games available on the machines, to brick-and-mortar gaming locations operated by OPAP, the country’s sole licensed operator of gaming machines. We supply such VLTs under a certification provided by the Hellenic Gaming Commission (the “HGC”). We also supply Virtual Sports products within retail venues operated by OPAP and via self-service betting terminals within OPAP venues and supply interactive games and Virtual Sports to online operators in Greece including Stoiximan, OPAP and Novibet.

Greek Betting and Gaming Laws and Regulations: According to Article 44 par. 2 of Law 4002/2011, as well as according to HGC’s Decision No 225/2/25.10.2016 as well as Ministerial Decision 79314/23.07.2020 (GG B’ 3263/5 August 2020) as amended with Decision 13530 /02.02.2022 (GG B’ 356 03.02.2022) and again with Decision 187634/27.12.2022 (GG B’ 6716/2712.2022) and 79305/05.08.2020 (GG B’ 3262/5 August 2020), all suppliers of gaming machines in Greece must be certified by the HGC in order to legally supply, sell, lease, offer or distribute any VLT or virtual game or any other game of chance (i.e. games including wagers or bets and the result of which games depends, even partly, on the influence of luck). Moreover, for Manufacturers which are defined under the aforesaid Decision 79305 as “the person or entity which manufactures (indicatively, studies, designs, assembles, produces, programs) and in any way makes available to an Operator and/or Importer any Technical Means and Hardware, and has received a Suitability License by the HGC to this end, as well as the person that holds a license for a Studio”, Decision 79305, provides in Article 9 for a Suitability License provided a Manufacturers (type A.1 **licence** license) and in Article 10 to Importers/Distributors (type E1 and E2) Accordingly, manufacturers need to obtain a Suitability License Type A1, while importers/distributors need to obtain a Suitability License Type E1 or E2.

12

As regards online gaming, Articles 45 -52 of Law 4002/2011 (GG A' 180/22.8.2011), which was recently amended by Law 4635/2019 (GG A' 167/30.10.2019), introduces several new provisions such as the two exclusive types of online licenses for online gaming operators: a) Online Betting License; and b) a license for Other Online Games (it covers online casino games and online poker games and variants thereof). Furthermore, Article 14 of the HGC's Decision No 79835/05.08.2020 (GG B' 3265/5.8.2020) states that all Manufacturers have to submit an application to the HGC, accompanied by the required compliance certificates, for the following elements: i. the Gaming Platform (Betting Platform); ii. the Random Number Generator (RNG) per type/group of Games that the Manufacturer offer to each License Holder; and iii. each individual game or multigame. Lastly, Suitability Licenses for suppliers are also divided into two types: a) Manufacturers Suitability License and b) Importers/Distributors Suitability License (according to articles 9 and 10 of Decision No 79305/05.08.2020). Accordingly, manufacturers need to obtain a Suitability License Type A1 or A2 (depending on whether the manufacturer provides management services to the operator or not), while importers/distributors need to obtain a Suitability License Type E1 or E2.

Gaming Regulation and Changes in Ownership

In all of the jurisdictions in which we are subject to gaming regulations, regulators require us to keep them informed as to our ownership structure and composition and, to varying extents and in various circumstances, require us to disclose certain information regarding the persons who directly or indirectly hold our shares. Depending on the regulator, we may need to provide such information not only when we first seek licenses or certifications, but also when material changes (measured at different levels) occur in the ownership of our shares. As a result, material changes in our shareholdings may be subject to special procedures in order to ensure the continuation of our gaming licenses and certifications.

Content Development

We continually invest in new product development in each of our Gaming, Virtual Sports, Interactive and Leisure business segments. Inspired has a full stack game development structure, combining its proprietary technology frameworks together with some of the industry's best math, art, creative and production personnel spread across 3 game studios (Inspired, Astra and Bell Fruit). We release over 100 games each year onto our own priority gaming system, Interactive **RGS** Remote Gaming Server ("RGS") and to our G2S clients around the world in markets such as North America, UK, Greece, Spain, Belgium, Italy, Sweden and more. Whilst many of our game launches are omni-channel, we have a focus on building the right game for the right market and take pride in tweaking and modifying the math and themes for the target player. In Virtual Sports, we combine graphical assets and software that controls those assets to schedule events and generate results via a random number generator, as well as supplying on demand versions of our content. In 2020, we launched the **Virtual Plug and Play (VPP) VPP** product range. Using our award winning Virtuals assets, with our Interactive RGS and the addition of a Virtuals Bet Management System, VPP gives our operators a Virtuals Sportsbook in a box, with ease of integrations and operation. We account for our development costs as software development costs, and these are typically amortized over a two-year period.

Suppliers

Our principal supply arrangements concern the supply of our terminal components, content provision and outsourced labor. We work closely with our key suppliers to ensure a high level of quality of goods and services is obtained and have worked with many of these suppliers for many years. We have achieved significant cost savings through centralization of purchases.

Customers

Our customer base includes regulated operators of lotteries, licensed sports bookmakers, gaming and bingo halls, casinos, pubs, adult gaming centers, holiday parks and regulated online operators. We typically implement design and content variations to customize their terminals and player experiences. Our license agreements with customers for the provision of machines, content and Virtual Sports products include provisions to protect our intellectual property rights in our games and other content.

Customer Contracts – Gaming

Our contracts in the Gaming segment involve supplying gaming terminals and licensing gaming software and games for the terminals. We supply the terminals on an exclusive or non-exclusive basis for all terminals of a customer or for specific locations. Under these contracts, we have general obligations to deliver, install, upgrade and service the terminals and software. The contracts may be terminated early in various circumstances such as if we fail to meet performance targets in servicing the machines.

Under some contracts, we receive an upfront fee for the provision of the terminals but more typically generate revenue as a percentage of income generated on terminals. With our participation-driven business model, approximately 94% of service revenue (excluding VAT related income) for our Gaming segment is recurring in nature and derived under long-term contracts that are typically between three and five years (although may be shorter for contract extensions). Over the last three years, we have renewed a significant majority of contracts that were expiring.

13

Customer Contracts – Virtual Sports

Our contracts in the Virtual Sports segment typically involve the supply of licenses to operators to make available, either via online or retail channels, virtual sporting events such as darts, cricket, or basketball, and to enable end-users to place bets on these events. These are typically one-time non-exclusive licenses specific to the virtual sporting event. We may agree to customize and brand the virtual sporting events for the operator or to provide language variations of the event. The contracts may be terminated early in various circumstances, including, for example, if the operator fails to pay an invoice within 60 days of receipt.

Our Virtual Sports products are typically offered to operators on a participation basis, whereby we receive a portion of the gaming **revenues** revenue generated, plus an upfront software license fee. With our participation-driven business model, our Virtual Sports segment produces approximately 99% of total revenue on a recurring basis under long-term contracts that average four years when entered into and we have historically had a 100% renewal rate over the last three years for contracts that expired.

Customer Contracts – Interactive

Our contracts in the Interactive segment vary but generally involve the provision of a limited, non-exclusive, non-transferable, revocable license to operators to display certain slot and casino content on which online bets are placed or to make our games available for play by end-users of an operator's online gaming business operations. The contracts may be terminated early in various circumstances, including material breach or inability to operate due to a change in regulatory status.

Our Interactive products are typically offered to operators on a participation basis, whereby we receive a percentage of total amount of stakes wagered or a percentage of net gaming revenue. With our participation-driven business model, approximately 100% of revenue for our Interactive segment is recurring in nature and derived under long-term contracts that averaged three years from when we entered into these contracts. Over the last three years, we have renewed approximately 100% of these contracts for those customers that have continued to trade.

Customer Contracts – Leisure

Our contracts in the Leisure segment vary but generally involve (i) agreement whereby the operator or proprietor of certain leisure resorts contributes premises and we provide, on an exclusive basis, gaming and amusement terminals as well as gaming software and games for the machines provided, (ii) contracts to supply gaming terminals as well as gaming software and games for the terminals provided to leisure operators on a non-exclusive basis, and (iii) rental agreements, which we enter into with certain motorway services providers, whereby we rent unit space in motorway service areas and populate this space with our gaming terminals.

Depending on the contract type, we have general obligations to deliver, install, upgrade and service the terminals and software provided, to acquire licensing for the various prizes and toys, which may be used in the terminals, to keep the premises open for minimum operating hours and not to use the premises for certain business. These contracts may be terminated early in various circumstances, including for material breach or insolvency events.

Under our leisure contracts, we typically generate revenue on a participation-basis by participating, typically as a function of gross revenue from each terminal, in a percentage of volumes generated by these terminals. With our participation-driven or fixed weekly fee business model, approximately 100% of service revenue for our Leisure segment is recurring in nature and derived under long-term contracts that are usually between three and five years. **Since Over the NTG Acquisition, last three years**, within the Leisure segment we have successfully renewed or extended the **significant** majority of major contracts that have expired.

Operations and Employees

Our operations include game production, platform and hardware design, production, testing, and distribution; the maintenance, management, and extension of our centralized network for product distribution and product monitoring; the delivery and, in certain circumstances, maintenance of SBG terminals; gaming machine engineering, assembly, repair and storage; parts supply; change and release management; remote operational services; problem management; business development; market account management; and general administration and management, including Finance, Legal, People (Human Resources), Investor Relations, Marketing and Communications, Quality, Compliance and Information Security.

As of December 31, 2022 December 31, 2023, we had approximately 1,600 1,700 employees, approximately 1,500 1,620 of which were full-time. Of those employees, over 600 were dedicated to delivering our digital gaming platforms, content and manufacturing. Approximately 85 70 of our employees were assigned to the ongoing operation of our network, through which we supply and maintain our products. Approximately 600 550 of our employees were involved in UK field operations. Our management, sales and administration teams accounted for approximately 200 employees.

Intellectual Property

Our intellectual property consists principally of the propriety software we develop to operate our network and in the design and distribution of our games. We depend upon agreements relating to trade secrets and proprietary know-how to protect our rights in this intellectual property. We require all our employees, contractors and other collaborators to enter into agreements that prohibit the disclosure of our confidential information to other parties. In addition, it is our policy to require our employees, contractors and other collaborators who have access to proprietary and trade secret material to enter into agreements that require them to assign any and all intellectual property rights to us that arise as a result of their work on our behalf. We also require our employees to review and acknowledge our intellectual property policies regarding how we handle intellectual property. These agreements, acknowledgements and policies may not provide adequate protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure in violation of these agreements, and may not be sufficient to secure for us the value in such developments that they are designed to secure.

We also hold certain patents, trademarks, design rights and other intellectual property rights in respect of our products, systems, web domains, and other intellectual property. We also rely on certain products and technologies that we license from third parties. Proprietary licenses typically limit our use of intellectual property to specific uses and for specific time periods.

The terms of our intellectual property registrations vary based on the type of registration and the date and jurisdiction of filing or grant. European and **U.K UK** trademark registration lasts for 10 years but can be renewed indefinitely. European and **U.K UK** design registration lasts for five years but it can be renewed four times (giving a maximum total of 25 years of protection). European and **U.K UK** patents can only be renewed for up to 20 years. U.S. design patents expire 15 years from the date of grant, and the term of utility patents generally expires 20 years from the date of filing of the first non-provisional patent application in a family of patents. The actual protection afforded by a patent depends upon the type of patent, the scope of its coverage and the availability of legal remedies in the applicable country.

Competition

We operate in a highly competitive industry, and in highly competitive business segments. We face competition from a number of worldwide businesses, many of which have substantially greater financial resources and operating scale than we do. Such competition could adversely affect our ability to win new contracts and sales and renew existing contracts. We operate in a period of intense price-based competition in some key sectors, which could affect the profitability of the contracts and sales we do win. In certain sectors, our businesses also face competition from suppliers, operators or licensees who offer products for internet gaming in illegal or unregulated sectors, but are still able or permitted to supply products and compete with us in regulated sectors. These competitors often have substantially greater financial resources and operating scale than we do. Some larger competitors hold long term contracts which control access points for some of our products and this may mean we must contract with those competitors rather than directly with the customer to provide our products. Our principal competitors include, among others, certain businesses that have vertically integrated gaming machine and retail betting operations and businesses that operate in both regulated and unregulated sectors and thereby effectively subsidize their regulated operations with unregulated operations.

Corporate Information

We maintain a website at www.inseinc.com. Our **annual report** **Annual Report** on Form 10-K, **quarterly reports** **Quarterly Reports** on Form 10-Q, **current reports** **Current Reports** on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act are available free of charge through the Investors link on our website as soon as reasonably practical after they are electronically filed with or furnished to the SEC. Also available on our website are our Code of Ethics, as well as the charters of the audit, compensation and nominating and corporate governance committees of the Board of Directors. Information on our website is not incorporated into this report. The SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC's website at www.sec.gov.

ITEM 1A. RISK FACTORS.

Our business is subject to a high degree of risk. You should carefully read and assess our discussion of the risk factors facing our business, below. 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.

Summary of Risk Factors

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully below and include, but are not limited to, risks related to the following:

- We rely on a relatively small number of customers for a significant portion of our sales, and the loss of, or material reduction in, sales to any of our top customers could have an adverse effect on our business, results of operations, financial condition and prospects.
- We have identified material weaknesses in our disclosure controls and procedures and internal control over financial reporting. Failure to remediate the material weaknesses or any other material weaknesses that we identify in the future could result in material misstatements in our financial statements.
- We are dependent on our relationships with key suppliers to obtain equipment and other supplies for our business on acceptable terms.
- The UK Government's impending review of the Gambling Act, together with other rules that may be considered in the UK in response to recent consultations, could have a material negative impact on our business.
- Data privacy and security laws and regulations in the jurisdictions in which we do business could increase the cost of our operations and subject us to possible sanctions and other penalties.
- Our results of operations fluctuate due to seasonality and other factors and, therefore, our periodic operating results are not guarantees of future performance.
- Our industry is subject to strict government regulations that could limit our existing operations and have a negative impact on our ability to grow.
- Our industry is subject to regulations that set parameters for levels of gaming or wagering duty, tax, stake, prize and return to player.
- We may be adversely affected by disruptions to our transaction gaming and lottery systems, as well as disruptions to our internal enterprise and information technology systems.

- Our directors and key personnel are subject to the approval of certain regulatory authorities, which, if withheld, would require us to sever our relationship with non-approved individuals, which could adversely impact our operations.
- Licensing and gaming authorities have significant control over our operations and ownership and could cause us to redeem certain stockholders on potentially disadvantageous terms.
- Certain of our executive officers and directors ~~are~~ could be affiliated with entities engaged in business activities similar to those conducted by us ~~(or may enter into similar business activities in the future)~~ future and, accordingly, may have conflicts of interest in determining whether a particular business opportunity should be presented to us or to another entity.
- We have operations in a variety of countries, which subjects us to additional risks.
- We may have future capital needs and may not be able to obtain additional financing on acceptable terms.
- Because tax laws and regulations are subject to interpretation and uncertainty, tax payments may ultimately differ from amounts currently recorded by the Company.

16

- We may be unable to develop sufficient new products and product lines and integrate them into our existing business, which may adversely affect our ability to compete; our expansion into new sectors may present competitive and regulatory challenges that differ from current ones.
- We may be required to recognize impairment charges related to goodwill, identified intangible assets and property and equipment or to take write-downs or write-offs, restructuring or other charges that could have a significant negative effect on our financial condition, results of operations and stock price, which could have an adverse effect on your investment.
- Volatility or disruption in the financial markets could materially adversely affect our business and the trading price of our common stock.
- Global economic conditions could have an adverse effect on our business, operating results and financial condition.

- We face risks and uncertainty arising from the United Kingdom's withdrawal from the European Union.

Risks Relating to Our Business and Industry

We have identified material weaknesses in our disclosure controls and procedures and internal control over financial reporting. Failure to remediate the material weaknesses or any other material weaknesses that we identify in the future could result in material misstatements in our financial statements.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, our management is required to report on, and our independent registered public accounting firm is required to attest to, the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Annually, we perform activities that include reviewing, documenting and testing our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. If we fail to achieve and maintain an effective internal control environment, we could suffer misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. Our management may be unable to conclude in future periods that our disclosure controls and procedures are effective due to the effects of various factors, which may, in part, include unremediated material weaknesses in internal control over financial reporting. For further discussion of the material weaknesses, see Item 4, Controls and Procedures.

Management is committed to maintaining a strong internal control environment and is working towards achieving effective controls. Management anticipates that the new controls, as implemented and when tested for a sufficient period of time, will remediate the material weaknesses. We may not be successful in promptly remediating the material weaknesses identified by management, or be able to identify and remediate additional control deficiencies, including material weaknesses, in the future. If not remediated, our failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in material misstatements in our financial statements and a failure to meet our reporting and financial obligations, each of which could have a material adverse effect on our financial condition and as a result, our stockholders could lose confidence in our financial results, which could harm our business and the value of our shares.

Disruption of our supply chain or distribution capabilities have an adverse effect on our business, financial condition, and results of operations.

Our ability to manufacture and ship machines is critical to our success. We are subject to damage or disruption to supplies of parts or our manufacturing or distribution capabilities (in particular, to the extent that our parts are sourced globally) due to weather, including any potential effects of climate change, natural disaster, fire, terrorism, adverse changes in political conditions or political unrest, pandemic, strikes, labor shortages, freight transportation availability, disruption in logistics, import restrictions, or other factors that impair our ability to manufacture or sell our machines. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, adversely affect our business, financial condition, and results of operations, as well as require additional resources to restore our supply chain.

Our results of operations could be adversely affected by labor shortages, turnover, and labor cost increases.

Inflationary pressures, shortages in the labor market, and increased competition within and outside our industry for talented employees have increased our labor costs, which could negatively impact our profitability. Labor shortages or lack of skilled labor have led to increases in costs to meet demand as we roll out incremental programs to attract and retain talent. Labor shortages may also negatively impact us from servicing all demand that exists for our products or operating our service operations and manufacturing facilities efficiently. Further, we distribute our machines and receive parts through the freight transportation market, and reduced trucking capacity due to shortages of drivers has led to increased costs and reduced service levels due to lack of freight transportation availability.

We operate in a highly competitive industry and our success depends upon our ability to effectively compete with numerous worldwide businesses.

We face competition from a number of businesses, including worldwide businesses, many of which have substantially greater financial resources and operating scale than we do. Such competition could adversely affect our ability to win new contracts and sales and renew existing contracts. We operate in a period of intense price-based competition in some key sectors, which could affect the profitability of the contracts and sales we do win.

In certain sectors, our businesses also face competition from suppliers, operators or licensees who offer products for internet gaming in illegal or unregulated sectors, but are still able or permitted to supply products and compete with us in regulated sectors. These competitors often have substantially greater financial resources and operating scale than we do.

If we cannot successfully compete in our industry and business segments, our business, results, financial condition and prospects could suffer.

We are heavily dependent on our ability to renew our long-term contracts with our customers and we could lose substantial revenue if we are unable to renew certain of these contracts.

Generally, customer contracts in our Gaming, Virtual Sports and Interactive business segments are for initial terms of three to five years, but longer in certain territories, with renewals at the customer's option. Generally, our customer contracts within the Leisure business segment are for terms of four to six years (although in certain cases they are longer), but certain customers have options for early termination under certain circumstances or to reduce machines volumes in certain circumstances, and we may face pressure to renew or upgrade terminals during the lives of these contracts, which could adversely affect **revenues** **revenue** or our return on capital and leave us with surplus terminals. At any given time, we have multiple substantial customer contracts that have years to run and others that may be nearing expiration or renewal, which we may lose if we cannot compete effectively to retain their business.

There can be no assurance that current contracts will be extended or that we will be awarded contract extensions or new contracts as a result of competitive bidding processes or otherwise. The termination, expiration or failure to renew one or more of our contracts could cause us to lose substantial revenue.

Changes in applicable gambling regulations or taxation regimes may affect the **revenues** **revenue** or profits generated by the contracts we enter into with our customers. Many of the contracts we have with our customers are on revenue-sharing (net of gaming taxes) terms, and therefore changes which adversely affect our customers may also adversely affect us. In addition, any such changes may cause our customers to seek to renegotiate their contracts, may alter the terms on which such customers are prepared to renew their contracts and may affect their ability or willingness to renew their contracts.

We rely on a relatively small number of customers for a significant portion of our sales, and the loss of, or material reduction in, sales to any of our top customers could have an adverse effect on our business, results of operations, financial condition and prospects.

Certain key customers, including certain UK, Italian and Greek gaming terminal customers and certain Virtual Sports customers, make a significant contribution to our revenues revenue and profitability. Our top ten customers generated approximately 56% 57% of total revenues revenue and one customer two customers generated more than 10% of total revenues revenue in the year ended December 31, 2022 December 31, 2023. We expect that these customers will continue to represent a significant portion of our sales in the future. However, the loss of any of our top customers, whether through contract expiry and non-renewal, breach of contract or other adverse factors could materially adversely affect our revenues revenue or return on capital and leave us with surplus terminals. Moreover, if any of these customers experience reduced revenue, such reduction could adversely affect any revenue-sharing arrangements we have with those customers, reduce our own revenues revenue and adversely affect our financial results.

We are dependent on our relationships with key suppliers to obtain equipment and other supplies for our business on acceptable terms.

We have achieved significant cost savings through our centralization of equipment and non-equipment purchases. However, as a result, we are exposed to the credit and other risks of a group of key suppliers. While we make every effort to evaluate our counterparties prior to entering into long-term and other significant procurement contracts, we cannot predict the impact on our suppliers of the current economic environment and other developments in their respective businesses. Insolvency, financial difficulties, supply chain delays or other factors may result in our suppliers not being able to fulfill the terms of their agreements with us. Further, such factors may render suppliers unwilling to extend contracts that provide favorable terms to us, or may force them to seek to renegotiate existing contracts with us. In addition, our business has signed a number of significant contracts whose performance depends upon third party suppliers delivering equipment on schedule for us to meet its contract commitments. Failure of the suppliers to meet their delivery commitments could result in us being in breach of and subsequently losing those contracts. Although we believe we have alternative sources of supply for the equipment and other supplies used in our business, concentration in the number of our suppliers could lead to delays in the delivery of products or components, and possible resultant breaches of contracts that we have entered into with our customers; increases in the prices we must pay for products or components; problems with product quality or components coming to the end of their life; and other concerns.

Our ability to bid on new contracts may be dependent upon our ability to fund any required up-front capital expenditures through our cash from operations, the incurrence of indebtedness or the raising of additional equity capital.

Our Gaming and Leisure terminal contracts in the UK, Italy and Greece often require significant up-front capital expenditures for terminal assembly, software customization and implementation, systems and equipment installation and telecommunications configuration. Historically, we have funded these up-front costs through cash flows generated from operations and external borrowings. Our ability to continue to procure new contracts, including in new jurisdictions, will depend upon, among other things, our liquidity levels at the time or our ability to obtain additional debt or equity funding at commercially acceptable terms to finance the initial up-front costs. If we do not have adequate liquidity or are unable to obtain other funding for these up-front costs on favorable terms or at all, we may not be able to bid on certain contracts, which could restrict our ability to grow and have an adverse effect on our ability to retain existing contracts and therefore on future profitability. Certain contracts within the Leisure business segment also require injections of capital expenditure during the term for new or replacement hardware.

The UK Government's impending review of the Gambling Act, together with other rules that may be considered in the UK in response to recent consultations, could have a material negative impact on our business.

In December 2020, DCMS announced that it is reviewing the Gambling Act, the consultation period for which closed on March 31, 2021 with the objective of (i) examining whether changes are needed to the system of gambling regulation in Great Britain to reflect changes to the gambling landscape since 2005, particularly due to technological advances (ii) ensuring there is an appropriate balance between consumer freedoms and choice on the one hand, and prevention of harm to vulnerable groups and wider communities on the other and (iii) making sure customers are suitably protected whenever and wherever they are gambling, and that there is an equitable approach to the regulation of the online and the land based industries. There have been a number of similar consultations launched, including a DCMS consultation in relation to fees which closed on March 25, 2021 and a Gambling Commission consultation in relation to Remote Customer Interaction which closed on February 9, 2021. The potential outcomes of such reviews are not currently known but new legislation or regulations could adversely affect our business. A recent example of legislative change implemented by the UK Government which adversely affected our business was the reduction of maximum permitted bets from £100 to £2 on B2 Gaming Machines which became effective as of April 1, 2019. As a result of this change, a number of land-based operators commenced a rationalization of their retail operations, which among other measures led to the closure of certain land-based operator shops.

Our business depends on our ability to prevent or mitigate the effects of a cybersecurity attack.

Our information technology may be subject to cyber-attacks, security breaches or computer hacking, including a widespread ransomware attack encrypting corporate IT equipment, a directed motivated attack against us or a data breach or cyber incident happening to a third-party network and affecting us. Regardless of our efforts, there may still be a breach and the costs to eliminate, mitigate or address the aforementioned threats and vulnerabilities before or after a cyber incident could be significant. Any such breaches or attacks could result in interruptions, delays or cessation of service, and loss of existing or potential suppliers or customers. In addition, breaches of our security measures and the unauthorized dissemination of sensitive personal, proprietary or confidential information about the Company, our business partners or other third parties could expose us to significant potential liability and reputational harm. We could also be negatively impacted by existing and proposed laws and regulations, and government policies and practices related to cybersecurity, data privacy, data localization and data protection. The risk of cyber attacks may also increase owing to the current war in Ukraine.

Although the company continuously takes significant steps to mitigate cybersecurity risk across a range of functions, such measures can never eliminate the risk entirely or provide absolute security, and the Company has experienced and expects to continue to experience cyberattacks on its information systems. While there have not been cybersecurity incidents or vulnerabilities that have had a material adverse effect on the company, there is no assurance that there will not be cybersecurity incidents or vulnerabilities that will have a material adverse effect in the future.

Our business depends upon the protection of our intellectual property and proprietary information.

We believe that our success depends, in part, on protecting our intellectual property in the UK and in other countries. Our intellectual property includes certain trademarks relating to our systems, as well as certain patents and proprietary or confidential information that is not subject to patent or similar protection. Our intellectual property protects the integrity of our games, systems, products and services, which is a core value of the industries in which we operate. Protecting our intellectual property can be expensive and time-consuming, may not always be successful depending on local laws or other circumstances, and we also may choose not to pursue registrations in certain countries. Competitors may independently develop similar or superior products, software, systems or business models. In cases where our intellectual property is not protected by an enforceable patent, or other intellectual property protection, such independent development may result in a significant diminution in the value of our intellectual property.

There can be no assurance that we will be able to protect our intellectual property. We enter into confidentiality or license agreements with our employees, vendors, consultants and, to the extent legally permissible, our customers, and generally control access to, and the distribution of, our game designs, systems and other software documentation and other proprietary information, as well as the designs, systems and other software documentation and other information we license from others. Despite our effort to protect these proprietary rights, parties may try to copy our gaming products, business models or systems, use certain of our confidential information to develop competing products, or independently develop or otherwise obtain and use our gaming products or technology, any of which could have an adverse effect on our business. Policing unauthorized use of our technology is difficult and expensive, particularly because of the global nature of our operations. The laws of some countries may not adequately protect our intellectual property.

There can be no assurance that our business activities, games, products and systems will not infringe upon, misappropriate or otherwise violate the proprietary rights of others, or that other parties will not assert infringement or misappropriation claims against us. Any such claim and any resulting litigation, should it occur, could subject us to significant liability for costs and damages and could result in invalidation of our proprietary rights, distract management, and/or require us to enter into costly and burdensome royalty and licensing agreements. Such royalty and licensing agreements, if required, may not be available on terms acceptable to us, or may not be available at all. In the future, we may also need to file lawsuits to defend the validity of our intellectual property rights and trade secrets, or to determine the validity and scope of the proprietary rights of others. Such litigation, whether successful or unsuccessful, could result in substantial costs and diversion of resources.

We also rely on certain products and technologies that we license from third parties. Proprietary licenses typically limit our use of intellectual property to specific uses and for specific time periods. There can be no assurance that these third-party licenses, or the support for such licenses, will continue to be available to us on commercially reasonable terms. In the event that we cannot renew and/or expand existing licenses, we may be required to discontinue or limit our use of the products that include, incorporate, or rely on licensed intellectual property.

Data privacy and security laws and regulations in the jurisdictions in which we do business could increase the cost of our operations and subject us to possible sanctions and other penalties.

Our business is subject to a number of federal, state, local and foreign laws and regulations governing data privacy and security, including with respect to the collection, storage, use, transmission and protection of personal information. In particular, we are subject to the EU General Data Protection Regulation (the “EU GDPR”) where we are established in the EEA or where we are not established in the EEA but process personal data of individuals in the EEA in relation to the offering of goods or services to, or the monitoring of the behavior of, individuals in the EEA.

Following the end of the Brexit Transition Period on December 31, 2020, the EU GDPR has been implemented in the UK as the “UK GDPR”. The requirements of the UK GDPR are (for the time being) virtually identical to those of the EU GDPR.

The EU GDPR and the UK GDPR (collectively the “GDPR”) set out a number of requirements that must be complied with when handling personal data including (amongst others): (i) accountability and transparency requirements, and enhanced requirements for obtaining valid consent; (ii) obligations to consider data protection as any new products or services are developed and to limit the amount of personal data processed; (iii) obligations to comply with data protection rights of data subjects; and (iv) reporting of personal data breaches to the supervisory authority without undue delay (and no later than 72 hours where feasible).

The GDPR also prohibits the international transfer of personal data from the EEA/UK to countries outside of the EEA/UK unless made to a country deemed to have adequate data privacy laws by the European Commission or UK Government or a data transfer mechanism has been put in place. In July 2020, the Court of Justice of the European Union (“CJEU”) in its Schrems II ruling invalidated the EU-US Privacy Shield framework, a self-certification mechanism that facilitated the lawful transfer of personal data from the EEA/UK to the United States, with immediate effect. The CJEU upheld the validity of standard contractual clauses (“SCCs”) as a legal mechanism to transfer personal data but companies relying on SCCs will need to carry out a transfer privacy impact assessment, which among other things, assesses laws governing access to personal data in the recipient country and considers whether supplementary measures that provide privacy protections additional to those provided under SCCs will need to be implemented to ensure an essentially equivalent level of data protection to that afforded in the EU. This may have implications for our cross-border data flows and may result in compliance costs.

In addition, Brexit has implications for transfers of personal data between the UK and the EU and vice versa. Transfers of personal data from the UK to the EU are unrestricted and do not require additional safeguards as the UK has approved the adequacy of the EU and all 12 nations deemed adequate by the EU. As regards transfers of personal data from the EEA to the UK, under the terms of the Trade and Cooperation Agreement agreed between the EU and UK on December 24, 2020, such data flows remain unrestricted as the European Commission granted the UK an “adequacy decision” meaning transfers of personal data from the EEA to the UK may continue unrestricted and would not require any additional safeguards.

Compliance with the GDPR will incur compliance and operational costs. In addition, a data supervisory authority may find our data processing practices and compliance steps to be inconsistent with the GDPR’s application in their respective jurisdiction. Data supervisory authorities also have the power to issue fines for non-compliance of the GDPR of up to 4% of an organization’s annual worldwide turnover or €20m (£17.5 million under the UK GDPR), whichever is higher. Data subjects also have a right to compensation as a result of an organization’s breach of the GDPR that has affected them, for financial or non-financial losses (e.g., distress).

Our results of operations fluctuate due to seasonality and other factors and, therefore, our periodic operating results are not guarantees of future performance.

Our revenues are revenue is subject to a number of variations. Equipment sales and software license revenues revenue usually reflect a limited number of large transactions, which may not recur on an annual basis. Consequently, revenues revenue and operating results can vary substantially from period to period as a result of the timing of equipment sales and software licensing. In addition, revenues revenue may vary depending on the timing of contract awards and renewals, changes in customer budgets and general economic conditions. A proportion of our revenues are revenue is subject to regular seasonal variations of the sort often related to seasonal consumer behavior, income from the Leisure business segment is generally strongest in the spring and summer, predominantly in Leisure parks, and in Italy and Greece we experience reductions in revenue in the summer.

Our industry is subject to strict government regulations that could limit our existing operations and have a negative impact on our ability to grow.

In certain jurisdictions, forms of wagering, betting and lottery may be expressly authorized and governed by law and in other jurisdictions forms of wagering, betting and lottery may be expressly prohibited by law. If expressly authorized, such activities are typically subject to extensive and evolving governmental regulation. Gaming regulatory requirements vary from jurisdiction to jurisdiction. Therefore, we are subject to a wide range of complex gaming laws, rules and regulations in the jurisdictions in which we are licensed or may seek to be licensed. Most jurisdictions require that we are licensed or authorized, that our key personnel and certain of our security holders are found to be suitable or are licensed, and that our products are reviewed, tested and certified or approved before placement. If a license, approval, certification or finding of suitability is required by a regulatory or national authority and we fail to seek or do not receive the necessary approval, license, certification or finding of suitability, or if it is revoked, then we may be prohibited from distributing our products for use in the respective jurisdiction. Additionally, such prohibition could trigger reviews of our Company by regulatory bodies in other jurisdictions and adversely affect our ability to obtain or retain the required licenses and approvals in those jurisdictions.

The regulatory environment in any particular jurisdiction may change in the future, and any such change could have an adverse effect on our results of operations or business in general. Moreover, there can be no assurance that the operation of **Server Based Gaming SBG** terminals, Video Lottery Terminals or other Terminals, Virtual Sports betting, betting online, lottery or other forms of wagering systems will be approved, certified or found suitable by additional jurisdictions or that those jurisdictions in which these activities are currently permitted will continue to permit such activities in their existing forms (stricter regulations, including regulation relating to age verification, could come into force which could have adverse impacts on the Company) or at all. While we believe that we have the means to continue to develop procedures and policies designed to comply with and monitor the requirements of evolving laws, there can be no assurance that law enforcement agencies, governmental agencies or gaming regulatory authorities, whether in existing or new jurisdictions, will not seek to restrict our business or otherwise institute enforcement proceedings or other legal claims against the Company. Moreover, in addition to the risk of such enforcement actions or claims, we are also at risk from loss of business reputation in the event of any potential legal or regulatory investigation whether or not we are ultimately accused of or found to have committed any violations.

We supply our products to operators of gaming venues, platforms and websites who typically must themselves be licensed by gaming regulators. If any one of these operators fails to maintain its gaming licenses, or violates gaming laws or regulations, our business may suffer, due to our loss of a viable customer and, in instances where we have a revenue-sharing arrangement with the operator, due to our loss of our shares of the revenue generated by that operator's business.

We supply certain of our products to operators who operate gaming websites. Some of those operators may take bets from customers in sectors where no gaming laws or regulations exist and where the provision of online gaming is effectively unregulated. Although the Company seeks to ensure that its customers only take bets in sectors where online gaming is legal, if any of those operators is subjected to investigatory or enforcement action for acting otherwise, this could result in the operator suffering interventions ranging from special conditions being applied to its licenses, license suspension or license loss, or the operator otherwise withdrawing from or curtailing its activities in its sector. Any such developments could adversely affect such operator's revenues revenue and in turn adversely affect our earnings from such operator. The Company may itself be subject to investigatory or enforcement action (if and to the extent that local laws or the laws of other jurisdictions in which the Company operates impose liability on suppliers for the activities of the customers that they supply or for receiving funds that are deemed to be illegal because of such activities). We seek to protect ourselves against any such liability for the activities of the operators that we supply, including by contractually requiring those operators not to operate in certain territories and only supplying operators who we have reviewed to determine whether they uphold the requisite standards of regulatory and legal compliance. Nonetheless, there is a risk that we may fail to undertake sufficient due diligence, fail to receive accurate information on which to conduct due diligence, or become subject to investigatory or enforcement action should we or any of our customers be accused of breaching any regulations or laws. Any such action may adversely affect our standing with gaming regulators and our ability to obtain and retain required licenses and other approvals in other jurisdictions.

21

We may be required to obtain and maintain licenses and certifications from various state and local jurisdictions in order to operate certain aspects of our business and we and our key personnel and certain security holders may be subject to extensive background investigations and suitability standards. We may also become subject to regulation in any other jurisdiction where our customers are permitted to operate in the future. Licenses and ongoing regulatory compliance can be costly. There can be no assurance that we will be able to obtain new licenses or renew any of our existing licenses, and the loss, denial or non-renewal of any of our licenses could have an adverse effect on our business. Generally, regulatory authorities have broad discretion when granting, renewing or revoking approvals and licenses. Our failure, or the failure of any of our key personnel, systems or machines, in obtaining or retaining a required license or approval in one jurisdiction could have a negative impact on our ability (or the ability of any of our key personnel, systems or gaming machines) to obtain or retain required licenses and approvals in other jurisdictions. The failure to obtain or retain a required license or approval in any jurisdiction would decrease the geographic area where we may operate and generate **revenues**, **revenue**, decrease our share in the gaming marketplace and put us at a disadvantage compared with our competitors. In addition, the levy of substantial fines or forfeiture of assets could significantly harm our business, financial condition and results of operations.

Some jurisdictions also require extensive personal and financial disclosure and background checks from persons and entities beneficially owning a specified percentage of equity securities of licensed or regulated businesses. The failure of beneficial owners of our common stock to submit to such background checks and provide required disclosure could jeopardize our business. In light of these regulations and the potential impact on our business, our second amended and restated certificate of incorporation provides for the prohibition of stock ownership by persons or entities who fail to comply with informational or other regulatory requirements under applicable gaming law, who are found unsuitable to hold our stock by gaming authorities or whose stock ownership adversely affects our ability to obtain, maintain, renew or qualify for a license, contract, franchise or other regulatory approval from a gaming authority. The licensing procedures and background investigations of the authorities that regulate our businesses and the proposed amendment may inhibit potential investors from becoming significant stockholders or inhibit existing stockholders from retaining or increasing their ownership.

Our businesses are subject to a number of federal, state, local and foreign laws and regulations governing data privacy and security, including with respect to the collection, storage, use, transmission and protection of personal information and other consumer data. In particular, the EU has adopted strict data privacy regulations. Following recent developments such as the European Court of Justice's 2015 ruling that the transfer of personal data from the EU to the U.S. under the EU/U.S. Safe Harbor was an invalid mechanism of personal data transfer, the adoption of the EU-U.S. Privacy Shield as a replacement for the Safe Harbor (which has since been declared invalid by Schrems II), and coming into effect of the EU's General Data Protection Regulation, data privacy and security compliance in the EU are increasingly complex and challenging. The scope of data privacy and security regulations continues to evolve, and we believe that the adoption of increasingly restrictive regulations in this area is likely within the U.S. and other jurisdictions. Compliance with data privacy and security restrictions could increase the cost of our operations and failure to comply with such restrictions could subject us to criminal and civil sanctions as well as other penalties.

We are subject to the provisions of the UK Bribery Act 2010, the U.S. Foreign Corrupt Practices Act and other anti-corruption laws. The UK Bribery Act generally prohibits giving a financial or other advantage to another person with the intention of inducing that person to improperly perform a relevant function or activity. The U.S. Foreign Corrupt Practices Act generally prohibits U.S. persons and companies and their agents from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business. Certain of these anti-corruption laws also contain provisions that require accurate record keeping and further require companies to devise and maintain an adequate system of internal accounting controls. Because a significant percentage of our revenue derives from foreign sources, and our business activities involve continuing relationships with governmental regulators, there exists a risk that certain provisions of these anti-corruption laws may be breached. We are also subject to anti-money laundering and anti-terrorist financing laws and regulations, and to economic and trade sanctions programs administered by the Office of Foreign Assets Control (OFAC) in the United States relating to our ability to engage in transactions with entities that are domiciled in countries or territories subject to comprehensive OFAC trade sanctions (currently, Cuba, Iran, North Korea, Syria, and Crimea), or that are included on OFAC's list of Specially Designated Nationals and Blocked Persons. Although we have policies and controls in place that are designed to ensure compliance with these laws, if those controls are ineffective or an employee or intermediary fails to comply with the applicable regulations, we may be subject to criminal and civil sanctions as well as other penalties. Any such violation could disrupt our business and adversely affect our reputation, results of operations, cash flows and financial condition.

We review and develop our internal compliance programs in an effort to ensure that we comply with legal requirements imposed in connection with our business activities. The compliance program is run on a day-to-day basis by our in-house legal department with compliance and technical advice provided by our compliance manager and outside professionals. There can be no assurance that such steps will prevent the violation of one or more laws or regulations, or that a violation by us or an employee will not result in the imposition of administrative, civil and even criminal sanctions, monetary fines or suspension or revocation of one or more of our licenses.

Our industry is subject to regulations that set parameters for levels of gaming or wagering duty, tax, stake, prize and return to player.

In most jurisdictions in which we operate or expect to seek to operate, the level of duty or taxation, the stake, prize and return to player of wagering, betting and lottery games and the speed at which players can participate in gaming are defined in government regulations which are subject to change. Those regulations may also affect the premises in which gaming activities may take place (i.e., by limiting the number of gaming machines which may be housed in a licensed gaming location, or by restricting the locations in which licensed gaming premises may be situated). Once authorized, such parameters are subject to extensive and evolving governmental regulation. Moreover, such gaming regulatory requirements vary from jurisdiction to jurisdiction. Therefore, we are subject to a wide range of complex gaming parameters in the jurisdictions in which we are licensed. If a key parameter is changed, such as the level of taxation or duty or the maximum stake or prize or return to player of a game, then it may be to the detriment of our business, financial condition, results and prospects or we may be unable to distribute our products profitably.

Our business is subject to evolving technology.

The sectors for our products are affected by changing technology, new regulations and evolving industry standards. Our ability to anticipate or respond to such changes and to develop and introduce new and enhanced products and services on a timely basis will be a significant factor in our ability to expand, remain competitive, attract new customers and retain existing contracts. For example, some of our contracts with customers require that the technology being licensed by the customer remain compliant with applicable regulations. Because regulatory changes cannot always be foreseen, such contractual requirements can from time-to-time result in us having to incur unforeseen costs to adapt our technology to changes in regulation.

Generally, there can be no assurance that we will achieve the necessary technological advances, have the financial resources, introduce new products or services on a timely basis or otherwise have the ability to compete effectively on a technological basis in the sectors we serve.

Our business competes on the basis of the stability, security and integrity of our software, networks, systems, games and products.

We believe that our success depends, in significant part, on providing secure products and systems to our vendors and customers with high levels of uptime, quality and availability. Attempts to penetrate security measures may come from various combinations of customers, retailers, vendors, players, employees and others. Our ability to monitor and ensure quality of our products is continually reviewed and enhanced. There can be no assurance that our business might not be affected by a security breach, virus, Denial of Service attack, or technical error, failure or lapse which could have an adverse impact on our business.

Additionally, we maintain a large number of games and terminals and jackpot systems, which rely on algorithms and software designed to pay out winnings to players at certain ratios. Our systems, testing and processes to monitor and ensure the payout of games are continually reviewed and enhanced, and are additionally reviewed and tested by third-party expert test houses. There can be no assurance that our business might not be affected by a malicious or unintentional breach or technical error, failure or lapse which could have an adverse impact on payout ratios which would consequently have an adverse effect on our business in the form of lost revenues revenue or penalty payments to players or customers. Gaming regulators may take enforcement action against us (including the imposition of significant fines) where the payout ratios fall below the ratios advertised to customers, or our software, networks, systems, games and/or products otherwise suffer from technical error, failure or lapse.

We may be adversely affected by disruptions to our transaction gaming and lottery systems, as well as disruptions to our internal enterprise and information technology systems.

Our operations are dependent upon our transactional gaming, lottery and information technology systems. We rely upon such systems to manage customer systems on a timely basis, to coordinate our sales and installation activities across all of our locations and to manage invoicing. A substantial disruption in our transactional gaming, lottery and information technology systems for any prolonged time period (arising from, for example, system capacity limits from unexpected increases in our volume of business, outages, computer viruses, unauthorized access or delays in its service) could result in delays in serving our customers, which could adversely affect our reputation and customer relationships and could result in monetary penalties pursuant to the terms of customer contracts. Our systems might be damaged or interrupted by natural or man-made events or by computer viruses, physical or electronic break-ins, or similar disruptions affecting the Internet and our disaster recovery plan may be ineffective at mitigating the effects of these risks. Such delays, problems or costs could have an adverse effect on our financial condition, results of operations and cash flows.

Because tax laws and regulations are subject to interpretation and uncertainty, tax payments may ultimately differ from amounts currently recorded by the Company.

We are subject to income taxes as well as non-income based taxes, in both the United States and numerous foreign jurisdictions. The determination of the Company's worldwide provision for income taxes and other tax liabilities requires judgment and is based on diverse legislative and regulatory structures that exist in the various jurisdictions where the company operates. The ultimate tax outcome may differ from the amounts recorded in the Company's financial statements and may adversely affect the Company's financial results for the period when such determination is made. Tax authorities may disagree with certain positions we have taken and assess additional taxes via tax audit. We work with local tax experts to support our tax provisions in line with our tax strategy. However, there can be no assurance that we will not be subject to challenge and the future outcome of any potential audits could adversely affect our results of operations, financial condition and cash flows.

Gaming opponents persist in their efforts to curtail legalized gaming, which, if successful, could limit our existing operations.

Legalized gaming is subject to opposition from gaming opponents, including in the UK, Italy and other sectors where we are active. There can be no assurance that this opposition will not succeed in either preventing the legalization of gaming in jurisdictions where these activities are presently prohibited or prohibiting or limiting the expansion or continuance of gaming where it is currently permitted, in either case to the detriment of our business, financial condition, results and prospects.

Our directors and key personnel are subject to the approval of certain regulatory authorities, which, if withheld, would require us to sever our relationship with non-approved individuals, which could adversely impact our operations.

Our members, managers, directors, officers and key employees must be approved by certain government and state regulatory authorities. If such regulatory authorities were to find a person occupying any such position unsuitable, we would be required to sever our relationship with that person. We may thereby lose key personnel which would have a negative effect on our operations. Certain public and private issuances of securities and certain other transactions by us also require the approval of certain state regulatory authorities. Further, our gaming regulators can require us to disassociate ourselves from suppliers or business partners found unsuitable by the regulators. The regulatory environment in any particular jurisdiction may change in the future and any such change could have an adverse effect on our results of operations. In addition, we are subject to various gaming taxes, which are subject to increase at any time.

Licensing and gaming authorities have significant control over our operations and ownership, and could cause us to redeem certain stockholders on potentially disadvantageous terms.

Regulatory authorities have broad powers to request detailed financial and other information, to limit, condition, suspend or revoke a registration, gaming license or related approval and to approve changes in our operations. Some jurisdictions also require extensive personal and financial disclosure and background checks from persons and entities beneficially owning a specified percentage of equity securities of licensed or regulated businesses. For example, in the UK, an entity holding a gambling license must notify the Gambling Commission of the identity of any stockholder holding, directly or indirectly, 3% or more of its equity or voting rights, and must apply for permission to continue to rely on its operating license whenever a new person acquires, directly or indirectly, 10% or more of its equity or voting rights. The failure of beneficial owners of our common stock to submit to such background checks and provide required disclosure could jeopardize our business. Our second amended and restated certificate of incorporation provides that, to the extent required by the gaming authority making the determination of unsuitability or to the extent the **board** **Board** of **directors** **Directors** determines, in its sole discretion, that a person is likely to jeopardize the Company's or any affiliate's application for, receipt of, approval for, right to the use of, or entitlement to, any gaming license, shares of our capital stock that are owned or controlled by an unsuitable person or its affiliates are subject to mandatory redemption by us. The redemption price may be paid in cash, by promissory note, or both, as required, and pursuant to the terms established by, the applicable gaming authority and, if not, as we elect. Such a redemption could occur on terms or at a time that a stockholder believes to be disadvantageous.

Changes in laws or regulations, or a failure to comply with, or liabilities under, any laws and regulations, may adversely affect our business, investments and results of operations.

We are subject to laws and regulations enacted by national, regional, state and local governments, including non-U.S. governments. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have an adverse effect on our business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, or liabilities thereunder, could have an adverse effect on our business and results of operations.

Certain of our executive officers and directors may become affiliated with entities engaged in business activities similar to those conducted by us (or may enter into similar business activities in the future) and, accordingly, may have conflicts of interest in determining whether a particular business opportunity should be presented to us or to another entity.

Certain of our executive officers and directors may become affiliated with entities that are engaged in businesses similar to the ones we operate (or may enter into similar business activities in the future). As a result, any of them may become aware of business opportunities which may be appropriate for presentation to us and to other entities to which they owe certain fiduciary or contractual duties. Accordingly, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented — to us or to another entity. These conflicts may not be resolved in our favor and a potential business opportunity may be presented to another entity prior to its presentation to us. Our second amended and restated certificate of incorporation provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our Company and such opportunity is one that we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue.

We are a holding company and conduct all of our operations through our subsidiaries.

We are a holding company and derive all of our operating income from our subsidiaries. Other than any cash we retain, all of our assets are held by our direct and indirect subsidiaries. We rely on the earnings and cash flows of our subsidiaries, which are paid to us by our subsidiaries, if and only to the extent available, in the form of dividends and other payments or distributions, to meet our debt service obligations. The ability of our subsidiaries to pay dividends or make other payments or distributions to us will depend upon their respective operating results and may be restricted by, among other things, the laws of their jurisdiction of organization (which may limit the amount of funds available for the payment of dividends and other distributions to us), the terms of existing and future indebtedness and other agreements of our subsidiaries and the covenants of any future outstanding indebtedness we or our subsidiaries incur.

Our inability to complete future acquisitions of gaming and related businesses we acquire in the future could limit our future growth, if any.

We continue to pursue expansion and acquisition opportunities in gaming and related businesses. There can be no assurance that acquisition opportunities will be available on acceptable terms or at all or that we will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. Our ability to succeed in implementing our strategy will depend upon the ability of our management to identify, complete and successfully integrate commercially viable acquisitions. Acquisition transactions may disrupt our ongoing business and distract management from other responsibilities. Any future acquisition transactions involving the use of company stock would dilute our existing stockholders and earnings per share.

Our business may be affected by changes in general and local economic and political conditions.

The demand for our services is sensitive to general and local economic conditions over which we have no control, including changes in the levels of consumer disposable income and geographic exposure to macro-economic trends and taxation. In addition, the economic stability of certain Eurozone countries where we conduct or intend to conduct business may become affected by sovereign debt crises or other general and local economic and political conditions. Adverse changes in economic conditions may affect our business generally or may be more prevalent or concentrated in particular sectors in which we operate. Any deterioration in economic conditions or the continuation of uncertain economic conditions could have an adverse effect on our business, financial condition, results of operations and prospects. Other economic risks which may adversely affect our performance include high interest rates, inflation and volatile foreign exchange markets, and effects arising from Great Britain's exit from the European Union ("Brexit").

The performance of our business may also be subject to political risks in certain jurisdictions where we operate, including change of government, political unrest, war or terrorism.

Our revenues revenue can vary substantially from period to period and you should not rely upon our periodic operating results as indications of future performance.

Our revenues are subject to variations. Wagering equipment sales and software license revenues revenue usually reflect a limited number of large transactions, which may not recur on an annual basis. Consequently, revenues revenue and operating results can vary substantially from period to period as a result of the timing of major equipment sales and software license revenue. In addition, revenues revenue may vary depending on the timing of contract awards and renewals, changes in customer budgets and general economic conditions. Revenues Revenue may also vary based on adverse sequences of payouts of prizes, unusual jackpot wins, and other variations in game margin.

Our business could also be affected by natural or man-made disasters such as floods, storms or terrorist attacks. We have taken steps to have disaster recovery plans in place but there can be no assurance that such an event would not have a significant adverse impact on our business.

We have operations in a variety of countries, which subjects us to additional risks.

We are a global business and derived substantially all of our revenue outside the United States during the year ended December 31, 2022. In the year ended December 31, 2022 December 31, 2023, we earned approximately 73% 78% of our revenue from our operations in the UK, 8% of our revenue from our operations in Greece, and 19% 14% of our revenue from our operations in the rest of the world. Our business in foreign markets subjects us to risks customarily associated with such operations, including:

- foreign withholding taxes on, or bank regulatory restrictions on expatriating, our subsidiaries' earnings that could reduce cash flow available to meet our required debt service and other obligations;
- the complexity of foreign laws, regulations and markets;

- the impact of foreign labor laws and disputes;
- potential risks relating to our ability to manage our foreign operations, monitor our customers' activities or our partners' activities which may subject us to risks involving such other entities' financial condition or to inconsistent interests or goals;
- recent gaming tax increases in Italy;

- other economic, tax and regulatory policies of foreign governments; and
- the ability to attract and retain key personnel in foreign jurisdictions.

Our consolidated financial results are significantly affected by foreign currency exchange rate fluctuations. Foreign currency exchange rate exposures arise from current transactions and anticipated transactions denominated in currencies other than U.S. Dollars, and from the translation of foreign currency balance sheet accounts into GBP-denominated or USD-denominated balance sheet accounts. Exposure to currency exchange rate fluctuations exists and will continue because a significant portion of our revenues are revenue is denominated in currencies other than the USD, particularly GBP the British pound ("GBP") and the Euro. Exchange rate fluctuations have in the past adversely affected operating results and cash flows and may continue to adversely affect our results of operations and cash flows and the value of assets.

As a result of the geographic concentration of our operations in the UK, Italy and Greece, our operating results and cash flow depend significantly on economic conditions and the other factors listed above in these sector areas. There can be no assurance that we will be able to operate on a continuing successful basis in these sectors or in any combination of different geographical sectors.

Our business could be negatively affected by ownership changes and consolidation in the gaming industry.

Because a substantial part of our revenue is recurring in nature, our medium to long term results of operations, cash flows and financial condition could be negatively affected if any of our customers were sold to or merged with other customers, or if consolidation in the gaming industry were otherwise effected, affected. Consolidation among gaming operators could result in our customers using more products and services of our competitors or reducing their spending on our products, or could otherwise cause downward pricing pressures, any of which outcomes could negatively affect our business.

We may not be able to capitalize on the expansion of interactive gaming or other trends and changes in the gaming and lottery industries, including due to laws and regulations governing these industries, and other factors.

We participate in new and evolving aspects of the interactive gaming and lottery industries. Part of our strategy is to take advantage of the liberalization of regulations covering these industries on a global basis. These industries involve significant risks and uncertainties, including legal, business and financial risks. The fast-changing environment in these industries can make it difficult to plan strategically and can provide opportunities for competitors to grow their businesses at our expense. Consequently, our future results of operations, cash flows and financial condition are difficult to predict and may not grow at the rates we expect.

Laws relating to interactive gaming are evolving. To varying degrees, governments have taken steps to change the regulation of interactive wagering through the implementation of new or revised licensing and taxation regimes, including the possible imposition of sanctions on unlicensed providers. We cannot predict the timing, scope or terms of the implementation or revision of any such state, federal or foreign laws or regulations, or the extent to which any such laws and regulations may facilitate or hinder our strategy.

In jurisdictions that authorize interactive gaming, we cannot assure that we will be successful in offering our technology, content and services to interactive gaming operators, because we expect to face intense competition from our traditional competitors in the gaming and lottery industries as well as a number of other domestic and foreign competitors (and, in some cases, the operators themselves), many of which have substantially greater financial resources or experience in this area than we do.

Know-your-customer and geo-location programs and technologies supplied by third parties are an important aspect of certain interactive gaming products and services, because they can confirm certain information with respect to players and prospective players, such as age, identity and location. Payment processing programs and technologies, typically provided by third parties, are also a necessary feature of interactive wagering products and services. These programs and technologies are costly, and our use of them may have an adverse impact on our results of operations, cash flows and financial condition. Additionally, we cannot assure that products or services containing these programs and technologies will be available to us on commercially reasonable terms, if at all, or that they will perform accurately or otherwise in accordance with required specifications.

Our business is capital intensive and our ability to retain customers may be influenced by our ability to deploy additional capital.

Customers of our **server based gaming** **SBG** products may request us to incur capital expenditures to provide gaming terminals to support their land-based operations. While we seek to obtain what we believe to be satisfactory rates of return on such investments, these capital expenditures can be meaningful and may be concentrated within short periods of time. To the extent that we have insufficient access to capital or liquidity at the time that a customer, or prospective customer, makes such a request, we may be at a competitive disadvantage in retaining or attracting such customer. Such a circumstance could have an adverse effect on our business, financial condition, results of operations or prospects.

We may be subject to claims arising from the operations of our various businesses for periods prior to the dates we acquired them.

We may be subject to claims or liabilities arising from the ownership or operation businesses we have acquired for the periods prior to our acquisition of them, including environmental, employee-related and other liabilities and claims not covered by insurance.

Our success depends upon our key personnel.

Our business results depend largely upon the continued contributions of various members of our management team, as well as certain key technical specialists, game designers, operational experts and other developers and operators of key intellectual property and processes. If we lose the services of one or more members of our management team or key employees, our business, financial condition and results of operations, as well as the market price of our securities, could be adversely affected.

The long-term performance of our business relies on our ability to attract, develop and retain talented personnel and our labor force while controlling our labor costs.

To be successful, we must attract, develop and retain highly qualified and talented personnel who have the experience, knowledge and expertise to successfully implement our key business strategies. We also must attract, develop and retain our labor force while maintaining labor costs. We compete for employees, including sales people, regional management, executive officers and others, with a broad range of employers in many different industries, including large multinational firms, and we invest significant resources in recruiting, developing, motivating and retaining them. The failure to attract and retain key employees, or to develop effective succession planning to assure smooth transitions of those employees and the knowledge, customer relationships and expertise they possess, could negatively affect our competitive position and our operating results. Further, if we are unable to cost-effectively recruit, train and retain sufficient skilled personnel, we may not be able to adequately satisfy increased demand for our products and services, which could adversely affect our operating results.

Restrictions in our existing borrowings, including covenants set forth in our existing debt facilities, or any other indebtedness we may incur in the future, could adversely affect our business, financial condition, or results of operations, and our ability to make distributions to stockholders and the value of our common stock.

Our existing borrowings, and any other indebtedness we may enter into, may limit our ability to, among other things:

- incur or guarantee additional debt;
- make distributions or dividends on or redeem or repurchase shares of common stock;
- make certain investments and acquisitions;
- make capital expenditures;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- acquire, merge or consolidate with another company; and
- transfer, sell or otherwise dispose of all or substantially all of our assets.

The provisions of our existing borrowings may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions.

As of **December 31, 2022** **December 31, 2023**, our senior debt consisted of an aggregate of £235.0 million (\$282.9 299.6 million) of Senior Secured Notes (carrying an interest rate of 7.875% per annum, and maturing on June 1, 2026), and we had £20.0 million (\$24.1 25.5 million) of credit facility borrowings available under the RCF Agreement, with £15.0 million (\$19.1 million) drawn as of December 31, 2023 (see Note 13).

The Indenture governing the Senior Secured Notes contains incurrence covenants that limit the ability of the Company and the Company's restricted subsidiaries to, among other things, (i) incur or guarantee additional debt and issue certain preferred stock of restricted subsidiaries; (ii) create or incur certain liens; (iii) make restricted payments, including dividends or distributions to the Company's stockholders or repurchase the Company's stock; (iv) prepay or redeem subordinated debt; (v) make certain investments, including participating joint ventures; (vi) create encumbrances or restrictions on the payment of dividends or other distributions by restricted subsidiaries; (vii) sell assets, or consolidate or merge with or into other companies; (viii) sell or transfer all or substantially all of the Company's assets or those of the Company's subsidiaries on a consolidated basis; (ix) engage in certain transactions with affiliates; and (x) create unrestricted subsidiaries. Certain of these covenants will be suspended if and for so long as the Senior Secured Notes have investment grade ratings from any two of Moody's Investors Service, Inc., Standard & Poor's Investors Ratings Services and Fitch Ratings, Inc. These covenants are subject to exceptions and qualifications as set forth in the Indenture.

The RCF Agreement governing credit facility borrowings contains various covenants (which include restrictions regarding the incurrence of liens, the incurrence of indebtedness by the Company's subsidiaries and fundamental changes, subject in each case to certain exceptions), representations, warranties, limitations and events of default (which include non-payment, breach of obligations under the financing documents, cross-default, insolvency and litigation) customary for similar facilities for similarly rated borrowers and subject to customary carve-outs and grace periods. Following the occurrence of an event of default which has not been waived or remedied, the Lenders who represent more than 66.67% of total commitments under the RCF may, subject to the terms of an intercreditor agreement (which governs the relationship between the Lenders and the holders of the Senior Secured Notes), instruct the agent to (i) accelerate the RCF Loans, (ii) instruct the security agent to enforce the transaction security and/or (iii) exercise any other remedies available to the Lenders.

The RCF Agreement requires that the Company maintain a maximum consolidated senior secured net leverage ratio of 6.25x on the test date for the relevant period ending June 30, 2022, stepping down to 6.0x on March 31, 2022, 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 Agreement does not include a minimum interest coverage ratio or other financial covenants.

We may have future capital needs and may not be able to obtain additional financing on acceptable terms.

Economic and credit market conditions, the performance of the gaming industry and our financial performance, as well as other factors, may constrain our financing abilities. Our ability to secure additional financing, if available, and to satisfy our financial obligations under indebtedness outstanding from time to time will depend upon our future operating performance, the availability of credit, economic conditions and financial, business and other factors, many of which are beyond our control.

We may require additional financing to fund our operations and growth. The failure to secure additional financing could have an adverse effect on our continued development or growth. None of our officers, directors or stockholders is required to provide any financing to us.

We may be unable to identify and develop sufficient new products and product lines and integrate them into our existing business, which may adversely affect our ability to compete; our expansion into new sectors may present competitive and regulatory challenges that differ from current ones.

Our business depends in part on our ability to identify and develop future products and product lines that complement existing products and product lines and that respond to our customers' and players' needs. We may not be able to compete effectively unless our product selection keeps up with trends in the sectors in which it competes or trends in new products. If our new products and product lines do not meet our customers' and players' expectations, or if they are not brought to market in a timely and effective manner, our revenue (especially our revenue under revenue participation-based contracts) and financial performance will be negatively affected. In addition to market factors, our ability to develop new products and their ability to achieve commercial success will depend on a number of factors, including our ability to:

- effectively market our games to our customers and to existing and new players;
- adapt to changing customer needs and player preferences;
- adapt to new technologies;
- adapt game features and contents for an increasingly diverse set of devices and specifications;
- minimize launch delays and cost overruns on the development of new products and features;
- expand and enhance games and content after their initial release;
- attract, retain and motivate talented and experienced game designers, product managers and engineers;
- achieve and maintain player engagement;
- develop games that can build upon or become franchise games;
- maintain quality content and game experience;
- compete successfully against a large and growing number of market participants;
- integrate new products and product lines into our existing business; and
- minimize and quickly resolve bugs or outages.

In addition, if new technologies are protected by the intellectual property rights of others, including our competitors, we may be prevented from introducing new products and product lines based on these technologies or expanding into sectors created by these technologies. Even if we are able to develop new products and product lines that achieve success, it is possible that these products and product lines could divert players of our other games without growing our overall user base, which could harm our operating results. Furthermore, the success of new products and product lines will depend upon market demand and there is a risk that new products and product lines will not deliver expected results, which could adversely affect our future sales and results of operations. It is difficult to know whether we will succeed in continuing to develop successful new products and product lines.

Our expansion into new sectors may present competitive, distribution and regulatory challenges that differ from current ones. We may be less familiar with new product categories and may face different or additional risks, as well as increased or unexpected costs, compared to existing operations.

Changes in customer and player preferences could adversely affect our results of operations.

Competition in the gaming industry is intense and subject to rapid change, including changes from evolving customer and player preferences. Accordingly, our success in the gaming industry is dependent on our ability to offer attractive products to our customers and players. In the markets in which we operate, we compete with various other gaming vendors and our customers and players now have access to many other forms of recreational and leisure activities. Our participation-based revenue will depend on the appeal of our gaming offerings to our customers and players relative to our competitors. If we are not able to anticipate and react to changes in customer and player preferences, our competitive and financial position may be adversely affected.

In addition, our future success will also depend on the success of the gaming industry as a whole in attracting and retaining players. Gaming may lose popularity as new leisure activities arise or as other leisure activities become more popular. Alternatively, changes in social mores and demographics could result in reduced acceptance of gaming as a leisure activity. If the popularity of gaming declines for any reason, our business, financial condition and results of operations may be adversely affected.

Our financial success is dependent on our customers' ability to attract and maintain players.

We have a participation-driven business model, whereby a significant amount of our **revenues are revenue is** generated from the gaming revenue of our customers, typically as a percentage of gross revenue. Accordingly, our results of operation and financial condition have been and are expected to continue to be influenced by the ability of our customers to attract and maintain players. The ability of our customers to attract and maintain players depends on a number of factors, including player gaming preferences, marketing of our products and player perceptions of our customers. If we are unable to provide our customers with products that players find engaging or fail to perform our obligations in maintaining the products we provide to our customers, players may reduce the amount they spend with our customers, which in turn may have an adverse effect on our results of operations (see “—*We may be unable to identify and develop sufficient new products and product lines and integrate them into our existing business, which may adversely affect our ability to compete; our expansion into new sectors may present competitive and regulatory challenges that differ from current ones.*”). Under most of our contracts, our customers are under no obligation to market our products and therefore we are dependent on our customers in promoting our products to maintain and attract players. Failure by our customers to effectively market our products may result in decreased gaming revenue for our customers from our products, which may have an adverse effect on our results of operations. Player perception of our customers may also impact the willingness of players to engage with our customers, which in turn may have an adverse effect on our results of operation.

Risks Relating to Our Status as a Public Company and Ownership of Our Common Stock

We may be required to recognize impairment charges related to goodwill, identified intangible assets and property and equipment or to take write-downs or write-offs, restructuring or other charges that could have a significant negative effect on our financial condition, results of operations and stock price, which could have an adverse effect on our common stock and your investment.

We are required to test goodwill and any other intangible asset with an indefinite life for possible impairment on the same date each year and on an interim basis if there are indicators of a possible impairment. We are also required to evaluate amortizable intangible assets and property and equipment for impairment if there are indicators of a possible impairment. There is significant judgment required in the analysis of a potential impairment of goodwill, identified intangible assets and property and equipment. If, as a result of a general economic slowdown, deterioration in one or more of the sectors in which we operate or impairment in our financial performance and/or future outlook, the estimated fair value of our long-lived assets decreases, we may determine that one or more of our long-lived assets is impaired. An impairment charge would be determined based on the estimated fair value of the assets and any such impairment charge could have an adverse effect on our financial condition and results of operations.

Even though these charges may be non-cash items and would not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about the Company or our securities. In addition, charges of this nature may cause us to be unable to obtain future financing on favorable terms or at all.

The liquidity of the trading markets for our securities and other factors may adversely affect the price of our securities.

The price of our securities may be affected by the light volume of the trading markets for our securities as well as a variety of other factors including due to general economic conditions and forecasts, our general business condition and the release of our financial reports. If our results do not meet the expectations of investors or securities analysts, the market price of our securities may decline. In addition, fluctuations in the price of our securities could contribute to the loss of all or part of your investment. Any of the factors listed below could have an adverse effect on the price of our securities, and our securities may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of the Company's securities may include:

- market conditions affecting the gaming industry;
- quarterly variations in our results of operations;
- changes in government regulations;
- the announcement of acquisitions by us or our competitors;
- changes in general economic and political conditions;
- volatility in the financial markets;
- results of our operations and the operations of others in our industry;
- changes in interest rates;
- threatened or actual litigation and government investigations;
- the addition or departure of key personnel;
- actions taken by our stockholders, including the sale or disposition of their shares of our common stock; and
- differences between our actual financial and operating results and those expected by investors and analysts and changes in analysts' recommendations or projections.

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general, and NASDAQ in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to the Company could depress our stock price regardless of our business, prospects, financial condition or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Depending on the number of shares you hold and other factors, you may not be able to sell your shares at the times you prefer at desirable market prices.

We do not currently intend to pay dividends on our common stock.

We do not currently expect to pay cash dividends on our common stock and have not paid cash dividends on our common stock to date. Any future dividend payments are within the absolute discretion of our ~~board~~ ~~Board~~ ~~of~~ ~~directors~~ ~~Directors~~ and will depend upon, among other things, our results of operations, working capital requirements, capital expenditure requirements, financial condition, level of indebtedness, contractual restrictions with respect to payment of dividends, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our ~~board~~ ~~Board~~ ~~of~~ ~~directors~~ ~~Directors~~ may deem relevant.

Our business and stock price may suffer if securities or industry analysts do not publish or cease publishing research or reports about the Company, our business, or our sector, or if they change their recommendations regarding our common stock adversely, the price and trading volume of our common stock could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our sector, or our competitors. If securities or industry analysts do not continue to cover the Company, our stock price and trading volume would likely be negatively affected. If any of the analysts who may cover the Company change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our common stock would likely decline. If any analyst who may cover the Company were to cease coverage of the Company or fail to regularly publish reports on the Company, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

We may issue a significant number of shares of our common stock or other securities from time to time.

We may issue shares of our common stock or other securities from time to time as consideration for, or to finance, future acquisitions and investments or for other capital needs. We cannot predict the size of future issuances of our shares or the effect, if any, that future sales and issuances of shares would have on the market price of our common stock. If any such acquisition or investment is significant, the number of shares of common stock or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial and may result in additional dilution to our stockholders. We may also grant registration rights covering shares of our common stock or other securities that we may issue in connection with any such acquisitions and investments. On February 16, 2022, the Company filed a registration statement pursuant to which the Company may offer and sell from time to time, in one or more series, any one of the following securities of our company, for total gross proceeds up to \$300,000,000:

- common stock;
- preferred stock;
- secured or unsecured debt securities consisting of notes, debentures or other evidences of indebtedness which may be senior debt securities, senior subordinated debt securities or subordinated debt securities, each of which may be convertible into equity securities;
- warrants to purchase our securities;

33

- rights to purchase any of the foregoing securities; or
- units comprised of, or other combinations of, the foregoing securities.

Anti-takeover provisions contained in our second amended and restated certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our second amended and restated certificate of incorporation and bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our **board** **Board of directors**, **Directors**. These provisions include:

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our **board** **Board of directors**, **Directors** to elect a director to fill a vacancy created by the expansion of the **board** **Board of directors**, **Directors** or the resignation, death, or removal of a director with or without cause by stockholders, which prevents stockholders from being able to fill vacancies on our **board** **Board of directors**, **Directors**;
- the ability of our **board** **Board of directors**, **Directors** to determine whether to issue shares of our preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- limiting the liability of, and providing indemnification to, our directors and officers;
- designating the Court of Chancery of the State of Delaware as the exclusive forum for adjudication of disputes;
- controlling the procedures for the conduct and scheduling of stockholder meetings; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our **board** **Board of directors**, **Directors** or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

These provisions, alone or together, could delay hostile takeovers and changes in control of the Company or changes in our **board** **Board of directors**, **Directors** and management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock. Any provision of our second amended and restated certificate of incorporation or bylaws, or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Risks Relating to Economic and Political Conditions

Volatility or disruption in the financial markets could materially adversely affect our business and the trading price of our common stock.

Our business relies on stable and efficient financial markets. Any disruption in the credit and capital markets could adversely impact our ability to obtain financing on acceptable terms. Volatility in the financial markets could also result in difficulties for financial institutions and other parties that we do business with, which could potentially affect the ability to access financing under existing arrangements. We are exposed to the impact of any global or domestic economic disruption, including any potential impact of the decision by the **United Kingdom** **UK** to exit the EU and the sovereign debt crises in certain Eurozone countries where we do business. Our ability to continue to fund operating expenses, capital expenditures and other cash requirements over the long term may require access to additional sources of funds, including equity and debt capital markets, and market volatility and general economic conditions may adversely affect our ability to access capital markets. In addition, the inability of our vendors to access capital and liquidity with which to maintain their inventory, production levels and product quality and to operate their businesses, or the insolvency of our vendors, could lead to their failure to deliver merchandise. If we are unable to purchase products when needed, our sales could be materially adversely affected. Accordingly, volatility or disruption in the financial markets could impair our ability to execute our growth strategy and could have an adverse effect on the trading price of our common stock.

Currency exchange rate fluctuations could result in lower revenues, revenue, higher costs and decreased margins and earnings.

We conduct purchase and sale transactions in various currencies, which increases our exposure to fluctuations in foreign currency exchange rates globally. Additionally, there has been, and may continue to be, volatility in currency exchange rates as a result of the United Kingdom's UK's June 23, 2016 referendum in which voters approved Brexit and subsequent entry into and ratification of a withdrawal agreement as of January 29, 2021 followed by an agreement of the terms of a trade and cooperation agreement effective as of December 31, 2021. It is possible that sovereign debt crises in certain Eurozone countries could lead to the abandonment of the Euro and the reintroduction of national currencies in those countries. International revenues revenue and expenses generally are derived from sales and operations in various foreign currencies, and this revenue and these revenues and expenses could be affected by currency fluctuations, specifically amounts recorded in foreign currencies and translated into USD for consolidated financial reporting, as weakening of foreign currencies relative to the USD will adversely affect the USD value of the Company's foreign currency-denominated sales and earnings. Currency exchange rate fluctuations could also disrupt the business of the independent manufacturers that produce our products by making their purchases of raw materials more expensive and more difficult to finance. Foreign currency fluctuations could have an adverse effect on our results of operations and financial condition.

We may hedge other foreign currency exposures to lessen and delay, but not to completely eliminate, the effects of foreign currency fluctuations on our financial results. Since the hedging activities are designed to lessen volatility, they not only reduce the negative impact of a stronger USD or other trading currency, but they also reduce the positive impact of a weaker USD or other trading currency. Our future financial results could be significantly affected by the value of the USD in relation to the foreign currencies in which we conduct business. The degree to which our financial results are affected for any given time period will depend in part upon our hedging activities, and there can be no assurance that our hedging activities will be effective.

Global economic conditions could have an adverse effect on our business, operating results and financial condition.

The uncertain state of the global economy continues to affect businesses around the world, most acutely in emerging markets and developing economies. If global economic and financial market conditions do not improve or deteriorate, the following factors could have an adverse effect on our business, operating results and financial condition:

- Slower consumer spending may result in reduced demand for our products, reduced orders from retailers for our products, order cancellations, lower revenues, revenue, higher discounts, increased inventories and lower gross margins;
- In the future, we may be unable to access financing in the credit and capital markets at reasonable rates in the event we find it desirable to do so;
- We conduct transactions in various currencies, which increases our exposure to fluctuations in foreign currency exchange rates relative to the USD. Continued volatility in the markets and exchange rates for foreign currencies and contracts in foreign currencies could have a significant impact on our reported operating results and financial condition;

- Continued volatility in the availability and prices for commodities and raw materials we use in our products and in our supply chain could have an adverse effect on our costs, gross margins and profitability;
- If operators or distributors of our products experience declining ~~revenues~~ revenue or experience difficulty obtaining financing in the capital and credit markets to purchase our products, this could result in reduced orders for our products, order cancellations, late retailer payments, extended payment terms, higher accounts receivable, reduced cash flows, greater expense associated with collection efforts and increased bad debt expense;
- If operators or distributors of our products experience severe financial difficulty, some may become insolvent and cease business operations, which could negatively affect the sale of our products to consumers; and
- If contract manufacturers of our products or other participants in our supply chain experience difficulty obtaining financing in the capital and credit markets to purchase raw materials or to finance capital equipment and other general working capital needs, it may result in delays or non-delivery of shipments of our products.

33

International hostilities, terrorist or cyber-terrorist activities, natural disasters, pandemics, and infrastructure disruptions could prevent us from effectively serving our customers and thus adversely affect our results of operations.

Acts of terrorist violence, cyber-terrorism, political unrest, armed regional and international hostilities and international responses to these hostilities, natural disasters, including hurricanes or floods, global health risks or pandemics (such as COVID-19) or the threat of or perceived potential for these events could have a negative impact on us. These events could adversely affect our customers' levels of business activity (or involve government mandated shutdowns of our venues) and precipitate sudden significant changes in regional and global economic conditions and cycles. These events also pose significant risks to our employees and our physical facilities and operations around the world, whether the facilities are ours or those of our third-party service providers or customers. By disrupting communications and travel and increasing the difficulty of obtaining and retaining highly skilled and qualified personnel, these events could make it difficult or impossible for us to deliver products and services to our customers. Extended disruptions of electricity, other public utilities or network services at our facilities, as well as system failures at our facilities or otherwise, could also adversely affect our ability to serve our customers. We may be unable to protect our employees, facilities and systems against all such occurrences. We generally do not have insurance for losses and interruptions caused by terrorist attacks, conflicts and wars. If these disruptions prevent us from effectively serving our customers, our results of operations could be adversely affected.

We face risks and uncertainty arising from the United Kingdom's withdrawal from the European Union.

Following from the United Kingdom's public referendum vote to exit from the European Union in June 2016, a withdrawal agreement was signed by both the United Kingdom and European Union and formally ratified as of January 29, 2021. In accordance with the terms of the agreement, the terms of a trade and cooperation agreement were agreed between officials from the European Union and United Kingdom on December 31, 2021. As with other businesses operating in the UK and Europe, the measures could potentially have corporate structural consequences, adversely affect manufacturing and other costs, adversely change tax benefits or liabilities in these or other jurisdictions and could disrupt some of the markets and jurisdictions in which we operate. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. In addition, the announcement of Brexit has caused significant volatility in global stock markets and currency exchange rate fluctuations, including the strengthening of the USD against some foreign currencies, and the Brexit negotiations may continue to cause significant volatility. The outcomes of these provisional and further trade deal negotiations also may create global economic uncertainty, which may cause customers and potential customers to monitor their costs and reduce their budgets for products and services. Any of these effects of Brexit, among others, could materially adversely affect the business, business opportunities, results of operations, financial condition and cash flows of our Company.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY.

The Company maintains a governance structure to address cybersecurity risk, which involves a dedicated Information Security Team (the "Information Security Team"), an Information Security Governance Board (the "Information Security Governance Board"), the Audit Committee of the Board and the Board.

The Company's Information Security Team, led by our Director of Information Security, is responsible for identifying, assessing, mitigating, and reporting on material cybersecurity risks to the Company's Information Security Governance Board. The Company's Director of Information Security holds high-level licenses and certifications relating to information security, including being a Certified Chief Information Security Officer and holding a BCS Foundation Certificate in Formation Security Management Principles. The Company's Information Security Governance Board, chaired by the Company's Director of Information Security and comprised of the General Counsel, the President & Chief Executive Officer, the Interim Chief Financial Officer, and the Chief Technology Officer - Product, drives awareness and alignment across broad stakeholder groups for cybersecurity governance and risk management and reporting. The Information Security Governance Board receives quarterly reports from the Company's Director of Information Security. The Audit Committee receives at least quarterly reports from the Company's Director of Information Security. The Audit Committee periodically reports to the Board.

We have implemented a risk-based approach to identify and assess the cybersecurity threats that could affect our business and information systems. Our cybersecurity program is aligned with industry standards and best practices, such as ISO 27001. We conduct periodic risk assessments to identify the potential impact and likelihood of various cyber scenarios, including those involving third-party service providers, and to determine the appropriate mitigation strategies and controls. We use various tools and methodologies to manage cybersecurity risk, including implementation of a business continuity process that includes a comprehensive Incident Response Plan and Procedure that is reviewed on a regular cadence. We also monitor and evaluate our cybersecurity posture and performance on an ongoing basis through regular vulnerability scans, penetration tests, threat intelligence feeds, and external audits by an independent third party. The Company maintains the ISO 27001 accreditation. We maintain a vendor onboarding program pursuant to which third-party service providers with access to personal, confidential or proprietary information to implement and maintain comprehensive cybersecurity practices consistent with applicable legal standards and industry best practices. The Company's assessment of risks associated with use of third-party providers is part of the Company's overall cybersecurity risk management program.

34 36

The Company also maintains a training program (“Training Program”), which is designed, implemented, and maintained by the Company’s Director of Information Security. This Training Program reinforces the Company’s information technology risk and security management policies, standards and practices, as well as the expectation that employees comply with these policies and engages personnel through training on how to identify potential cybersecurity risks and protect the Company’s resources and information, as well as how to respond to unauthorized access to or use of Company information. The Training Program training is mandatory for all employees at least annually, and it is supplemented by Company-wide assessment initiatives, including periodic phishing campaigns.

Although we have designed our cybersecurity program and governance procedures above to mitigate cybersecurity risks, we face unknown cybersecurity risks, threats and attacks. To date, these risks, threats or attacks have not had a material impact on our operations, business strategy or financial results, but we cannot provide assurance that they will not have a material impact in the future. See the section entitled “Risk Factors” included elsewhere in this Annual Report for further information. We continuously work to enhance our cybersecurity risk management program.

ITEM 2. PROPERTIES.

As of ~~December 31, 2022~~ December 31, 2023, the Company occupied approximately 240,000 square feet of leased space in the ~~United Kingdom, 3,000~~ UK, 1,000 square feet of leased space elsewhere in Europe, 3,200 square feet in New York and 17,000 square feet in Kochi, India. The primary locations were as follows:

- Approximately 40,000 square feet of office space on one floor in Burton-on-Trent, East Midlands, UK.
- Approximately 2,250 square feet of flexible office space in Manchester, UK.
- Approximately 80,000 square feet of administrative offices, workshop and warehousing in Bridgend, South Wales, UK.
- Approximately ~~2,000~~ square feet of offices on one floor in Rome, Italy.
- ~~Approximately~~ 17,000 square feet of office space on one floor in Kochi, India.
- Approximately 3,200 square feet of office space on one floor in New York.

ITEM 3. 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, the Company is involved in legal matters arising in the ordinary course of business. While the Company believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have an adverse effect on its business, financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock is listed and traded on the Nasdaq Capital Market under the symbol "INSE".

Holders

As of **March 13, 2023** **April 11, 2024**, there were **35** **33** holders of record of our common stock. This does not include the number of stockholders who hold shares of our common stock through banks, brokers or other financial institutions.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Company's There were no share repurchase activities for the three months ended December 31, 2022 were as follows⁽¹⁾:

Period	Number of shares purchased	Average price paid per share ⁽²⁾	Total number of shares purchased as part of publicly announced plans or programs	Maximum dollar value of shares that may yet be purchased under the plans or programs
October 1, 2022 to October 31, 2022	39,469	\$ 8.91	39,469	\$ 14,555,517
November 1, 2022 to November 30, 2022	–	\$ –	–	\$ –
December 1, 2022 to December 31, 2022	–	\$ –	–	\$ –
	39,469	\$ 8.91	39,469	\$ 14,555,517

(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 December 31, 2023.

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

Dividends

We do not currently expect to pay cash dividends on our common stock and have not paid cash dividends on our common stock to date. Any future dividend payments are within the absolute discretion of our board Board of directors Directors and will depend upon, among other things, our results of operations, working capital requirements, capital expenditure requirements, financial condition, level of indebtedness, contractual restrictions with respect to payment of dividends, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our board Board of directors Directors may deem relevant.

ITEM 6. [Reserved] Reserved

ITEM 7. 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 discussed in the section titled "Risk Factors" included elsewhere in this report.

Forward-Looking Statements

We make forward-looking statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations. For definitions of the term Forward-Looking Statements, see the definitions provided in the Cautionary Note Regarding Forward-Looking Statements at the start of this Annual Report on Form 10-K for the year twelve month period ended December 31, 2022 December 31, 2023.

Seasonality

Our results of operations can fluctuate due to seasonal trends and other factors. Sales of our gaming machines can vary quarter on quarter due to both supply and demand factors. Player activity for our holiday parks is generally higher in the second and third quarters of the year, particularly during the summer months and slower during the first and fourth quarters of the year. Historical seasonality has been impacted by COVID-19 business disruptions and could continue to be impacted in future periods.

COVID-19 Update

During the twelve-month period ended December 31, 2021, all land-based operations were either subject to lockdown or had social distancing restriction in place. These social distancing measures continued throughout Greece and Italy until the second quarter of 2022, however, were no longer in place in the United Kingdom from July 2021, and therefore year on year comparisons may not be meaningful due to the COVID-19 impacts.

Revenue

We generate revenue in **four** principal ways: i) on a participation basis, ii) on a fixed rental fee basis, iii) through product sales, and iv) 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 twelve months ended December 31, 2022 December 31, 2023, we derived approximately 73% 78% of our revenue from the UK (including customers headquartered in the UK but whose revenue is generated globally), 8% from Greece, and the remaining 19% 14% 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 revenue for the twelve-month period by 13%. During the twelve months ended December 31, 2021 December 31, 2022, we derived approximately 71% 74%, 9% 8% and 20% 18% of our revenue from those regions, respectively.

As of December 31, 2023, our non-current assets (excluding goodwill) were attributable as follows: 71% to the UK, 12% to Greece and 17% across the rest of the world. As of as of December 31, 2022, our non-current assets (excluding goodwill) were attributable as follows: 78% 79% to the UK, 6% to Greece and 16% 15% across the rest of the world.

Foreign Exchange

Our results are affected by changes in foreign currency exchange rates as a result because of the translation of foreign functional currencies into our reporting currency and the re-measurement of foreign currency transactions and balances. The impact of foreign currency exchange rate fluctuations represents the difference between current rates and prior-period rates applied to current activity. The geographic region in which the largest portion of our business is operated is the UK and the British pound ("GBP") 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 twelve months ended December 31, 2022 December 31, 2023, we derived approximately 27% 22% of our revenue from sales to customers outside the UK, compared to 29% 26% during the twelve months ended December 31, 2021 December 31, 2022.

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 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 measure used in generally accepted accounting principles in the United States ("U.S. GAAP measure, GAAP" or "GAAP"), 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

During the twelve-month period in the Gaming segment, we completed the full rollout of 6,300 "Vantage" terminals into two major customers, the majority of which are "Low Margin sales" resulting in \$30.6m of revenue in the year, in addition to refreshing the Greek estate with the delivery of 2,000 new "Valor" and 500 new "Vantage" terminals. Inspired announced the launch of a new VLT system for Codere in partnership with Cristaltec and went live with a third North American territory with the commencement of a six-month trial of "Valor" terminals.

The Virtual Sports segment announced a new partnership with Aristocrat Gaming™ to bring a new virtual sports experience to football fans worldwide through their global licensing agreement with the NFL.

The Interactive segment went live with thirty new operators including 32Red, AGLC, the Score, PlanetWin 365 (Italy), ATG (Sweden), Crowd Entertainment, Hard Rock, Holland Casino and ESPN. The Leisure segment commenced operations at a new Holiday Park location with operator Butlins and successfully concluded the technical trial of our new "Vantage" Category C cabinet with the commercial trial commencing in the final quarter.

Agreements signed in the year include a new four-year agreement with BoyleSports (Gaming Segment). Long-term contract extensions with SNAITech and bet365 and a new contract, which resulted in the live launch with Mozzartbet for V-Play Plug & Play™ in three new African territories (Virtual Sports segment). A new four-year agreement with Stonegate Group, one of the largest UK operators of Pubs in the managed, leased and tenanted sectors, a three-year agreement with Whitbread and a five-year contract renewal with JD Wetherspoon for the supply of over 2,000 Category C gaming machines (for use in Pubs and other Alcohol licensed venues, plus Bingo halls) strengthening our position in the Pubs sector with a new agreement signed with Verdant and a contract extension with Center Parcs (Leisure 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 ended **December 31, 2022** December 31, 2023 and **December 31, 2021** December 31, 2022, the average GBP:USD rates were for the twelve-month period **1.23** 1.25 and **1.37** 1.23, 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 twelve-month period ended **December 31, 2022** December 31, 2023, compared to the same period in **2021**; 2022;
- a discussion and analysis of the results of operations for each of the Company's segments (Gaming, Virtual Sports, Interactive and Leisure) for the twelve-month periods ended **December 31, 2022** December 31, 2023, compared to the same period in **2021**, 2022, including KPI analysis.

A discussion and analysis of the Company's consolidated results of operation and results of operations for each of the Company's segments for the twelve-month period ended December 31, 2022, compared to the same period in 2021, can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Form 10-K/A for the fiscal year ended December 31, 2022 filed with the SEC on February 27, 2024. There were no significant changes in the trends, discussions and analyses included therein. Refer to Note 2, "Restatement of Previously Issued Consolidated Financial Statements," of the accompanying audited financial statements for further details related to the Restatement and correction of errors and the impact on our consolidated financial statements and underlying financial data.

In the discussion and analysis below, certain data may vary from the amounts presented in our consolidated financial statements due to rounding. Year-on-year comparisons may not be meaningful due to COVID-19 impacts in prior period, as noted above.

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.

40

Overall Company Results

Twelve Months ended **December 31, 2022** December 31, 2023, compared to Twelve Months ended **December 31, 2021** December 31, 2022

(In millions)	For the Twelve-Month Period ended		Variance 2022 vs 2021			
	Dec 31, 2022	Dec 31, 2021	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %
Revenue:						
Service	\$ 251.8	\$ 183.3	\$ (29.1)	\$ 97.5	53.2 %	37.3 %
Product	33.6	25.6	(4.2)	12.3	48.0 %	31.4 %
Total revenue	285.4	208.9	(33.3)	109.8	52.6 %	36.6 %
Cost of Sales, excluding depreciation and amortization:						
Cost of Service	(49.3)	(34.3)	5.9	(21.0)	61.3 %	43.9 %
Cost of Product	(22.7)	(16.4)	2.9	(9.2)	55.7 %	38.2 %
Selling, general and administrative expenses	(115.6)	(97.2)	13.6	(32.0)	33.0 %	18.9 %
Stock-based compensation	(10.8)	(13.0)	1.2	1.0	(7.8) %	(17.2) %
Acquisition and integration related transaction expenses	(0.5)	(1.6)	0.1	1.0	(63.4) %	(67.6) %
Depreciation and amortization	(37.6)	(47.0)	4.2	5.2	(11.1) %	(20.0) %
Net operating Income (Loss)	48.9	(0.6)	(5.4)	54.9	(30632.3) %	(8714.8) %
Other income (expense)						
Interest expense, net	(25.4)	(44.3)	3.2	15.7	(35.7) %	(42.7) %
Change in fair value of warrant liability	-	0.9	-	(0.9)	(100.0) %	(100.0) %
Profit on disposal of trade & assets	0.9	-	(0.0)	0.9	N/A	N/A
Other finance income (expense)	1.1	5.7	(0.1)	(4.5)	(78.0) %	(80.2) %
Total other income (expense), net	(23.4)	(37.7)	3.1	11.2	(29.2) %	(38.0) %
Net Income (loss) from continuing operations before income taxes	25.5	(38.3)	(2.3)	66.1	(177.4) %	(166.6) %
Income tax expense	(3.2)	1.6	0.4	(5.3)	(329.4) %	(303.3) %
Net Income (Loss)	\$ 22.3	\$ (36.7)	\$ (1.9)	\$ 60.9	(170.5) %	(160.7) %
Exchange Rate - \$ to £	1.23	1.37				
For the Twelve-Month Period ended						
December 31, 2023 vs December 31, 2022						
(In millions)	December 31, 2023	December 31, 2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %
Revenue:						
Service	\$ 261.2	\$ 248.4	\$ 3.0	\$ 9.8	4 %	5 %
Product	61.8	33.2	1.5	27.1	82 %	86 %
Total revenue	323.0	281.6	4.5	36.9	13 %	15 %
Cost of Sales, excluding depreciation and amortization:						
Cost of Service	(75.1)	(71.4)	(1.3)	(2.4)	3 %	5 %
Cost of Product	(52.6)	(21.9)	(1.0)	(29.7)	136 %	140 %
Selling, general and administrative expenses	(104.3)	(91.1)	(0.7)	(12.5)	14 %	14 %
Stock-based compensation	(11.2)	(10.8)	(0.1)	(0.3)	3 %	4 %
Acquisition and integration related transaction expenses	-	(0.5)	-	0.5	(100) %	(100) %
Depreciation and amortization	(39.9)	(39.9)	(0.5)	0.5	(1) %	0 %
Net operating Income (Loss)	39.9	46.0	0.9	(7.0)	(15) %	(13) %
Other income (expense)						
Interest expense, net	(27.7)	(25.3)	(0.4)	(2.0)	8 %	9 %
Profit on disposal of trade & assets	-	0.9	(0.1)	(0.8)	(89) %	(100) %
Other finance income (expense)	0.4	1.1	-	(0.7)	(64) %	(64) %
Total other income (expense), net	(27.3)	(23.3)	(0.5)	(3.5)	15 %	17 %
Income (loss) before income taxes	12.6	22.7	0.3	(10.4)	(46) %	(44) %
Income tax expense	(5.0)	(2.1)	(0.1)	(2.8)	133 %	138 %
Net Income (Loss)	\$ 7.6	\$ 20.6	\$ 0.2	\$ (13.2)	(64) %	(63) %
Exchange Rate - \$ to £	1.24	1.23				

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

Consolidated Reported Revenue by Segment

- VAT-related revenue There were no Low Margin sales for the twelve-months twelve-month period ended December 31, 2022. For the twelve-month period ended December 31, 2023 Low margin-related revenue was \$1.0 million, and for the twelve-months ended December 31, 2021 was \$3.1 million \$30.6 million.

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

For the twelve months month period ended December 31, 2022, revenue on a functional currency (at constant rate) basis increased by \$109.8 million \$36.9 million, or 53% 13.1%.

For the twelve-month period ended December 31, 2023 Leisure and revenue reduced by \$0.5 million, Gaming service revenue grew by \$38.4 million and \$30.4 million \$2.0 million, respectively, predominately Virtual Sports grew by \$1.5 million mainly due to COVID-19 related closures and restrictions in the first six months of the prior year. Virtual Sports Retail and Interactive grew by \$25.7 million and \$3.0 million, respectively, with \$22.6 million of the Virtuals Sports increase from Online and \$3.1 million from Retail, \$1.5 million.

3841

Cost of Sales, excluding depreciation and amortization

Cost of sales, excluding depreciation and amortization, for the twelve months twelve-month period ended December 31, 2022 December 31, 2023, increased by \$30.2 million \$32.1 million, or 60% 34% over the twelve-month period ended December 31, 2022. The increase was driven by Cost of Service of \$21.0 million due to COVID-19 related closures in the prior period, \$2.4 million and a \$9.2 million \$29.7 million increase in Cost of Product. Product inclusive of Low Margin sales activity.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses for the twelve months twelve-month period ended December 31, 2022 December 31, 2023 increased by \$32.0 million \$12.5 million, or 33% 13.7% over the twelve-month period ended December 31, 2022.

The increase in the twelve-month period ended December 31, 2023 was mainly driven primarily by the increase below Adjusted EBITDA costs inclusive of group restructure costs \$3.1 million and restatement of previously issued financial statements \$5.0 million in staff cost 2023 partially offset by group simplification activity in 2022 of \$29.2 million, \$0.7 million with the remaining \$5.1 million relating to Non-Staff costs of which the largest increases were for Professional fees due to the return of furloughed staff change in Audit provider during the year \$1.7 million and return to full pay for the current period as well as wage inflation particularly increases. Exhibition costs \$1.2 million not incurred in the 'UK's national living wage' of 6.6% (The National Living Wage is an obligatory minimum wage payable to workers in the United Kingdom) previous year.

Stock-based compensation

During the twelve months twelve-month period ended December 31, 2022 December 31, 2023, the Company recorded expenses of \$10.8 million \$11.2 million, compared to expenses of \$13.0 million \$10.8 million, for the twelve months month period ended December 31, 2021 December 31, 2022. All expenses related to outstanding awards, but the twelve months ended December 31, 2021 December 31, 2023, included \$1.4 million \$0.4 million of shares that fully vested on the date of grant.

Acquisition and integration related transaction expenses

During the twelve months ended December 31, 2023 there were no cost was recorded for acquisition and integration whereas during the twelve months ended December 31, 2022, the Company recorded an expense of \$0.5 million, compared to an expense of \$1.6 million, for the twelve months ended December 31, 2021. Expenses in both years related to integration costs for the Company's acquisition of both Gaming Technology Group of Novomatic UK Ltd., and acquisition costs of Sportech Lotteries, LLC as well as costs relating to potential acquisitions.

Depreciation and amortization

Depreciation On a reported basis depreciation and amortization decreased were flat for the twelve-month period by \$5.2 million. This was mostly driven by Gaming and Leisure ended December 31, 2023 with reductions of \$4.0 million and \$1.0 million. The decrease in Gaming was due to a decrease in software amortization as software becomes fully amortized and machine depreciation as machines in Greece become fully depreciated, on a functional currency basis of \$0.5 million.

Net operating income/(loss) income / Net Income

During the twelve-month period ended December 31, 2023 net operating income was \$48.9 million \$39.9 million, an increase a decrease of \$54.9 million \$7.0 million over the twelve-month period ended December 31, 2022. These increases were This decrease was attributable primarily to the increases increase in revenue SG&A cost of \$12.5 million which was predominantly driven by the COVID-19 closures below Adjusted EBITDA costs inclusive of group restructure costs \$3.1 million and restrictions restatement of previously issued financial statements \$5.0 million in 2021, as well as growth in online revenue and the decrease in depreciation, partly 2023 partially offset by an increase group simplification activity in Cost 2022 of sales and SG&A expenses.

Interest expense, net \$0.7 million partially offset by the gain in gross margin of \$4.8 million.

Interest expense net decreased increased by \$15.7 million in the twelve-month period ended December 31, 2022, which was \$2.0 million mainly due to the refinancing increase in foreign exchange movements on bank accounts, plus the previous year with savings due to lower debt interest termination of \$0.6 million, lower debt fee amortization of \$0.9 million swaps and the \$14.1 million write-off of debt fees relating to draw on the previous debt, revolver in 2023.

Change in fair value of warrant liability

With the expiration of the warrants on December 23, 2021, the liability and the requirement to restate to fair value ceased to exist. For the twelve months ended December 31, 2021, the change in fair value of the warrant liability resulted in a gain of \$0.9 million.

Gain Profit on disposal of business

For trade and assets had a decrease of \$0.9 million as the twelve-months ended December 31, 2022, gain on disposal of business was \$0.9 million due to prior-year included the sale of part of our Italian Gaming operations (see Gaming key events for more information).

Other finance incommertading assets.

Other finance income for the twelve months ended December 31, 2022, was a \$1.1 million gain. This compares decreased by \$0.7 million to a \$5.7 million gain for the twelve months ended December 31, 2021 \$0.4 million. The year-on-year movements relate solely to the retranslation of the principal balance of our senior debt facilities in place in the previous year.

Income tax expense increased by \$2.9 million relating to the impact of US losses brought forward not being sufficient to offset the 2023 taxable profits.

Income tax expense

42

Our effective For deferred tax rate for the twelve months ended December 31, 2022 was (12.9%), compared to 4.2% for the twelve months ended December 31, 2021.

Deferred Tax

We recorded a valuation allowance against all of our deferred tax assets as of both December 31, 2022 December 31, 2023, and December 31, 2021 December 31, 2022. We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. However, given our current earnings and anticipated future earnings, we believe that there is a reasonable possibility that within the next 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.

Net Income/ (loss)

During the twelve-month period ended December 31, 2023 net income was \$22.3 million \$7.6 million, an increase decrease of \$60.9 million \$13.2 million year-over-year, primarily due to an increase in net operating income \$54.9 million \$7.0 million, an increase in interest expense, net \$2.0 million, a decrease in interest expense, net \$15.7 million profit on disposal \$0.9 million, a decrease in other finance income (\$4.5 million) \$0.7 million and an increase in income tax expense of (\$5.3 million) \$2.8 million.

Segment Results (for the twelve months ended December 31, 2022 December 31, 2023, compared to the twelve months ended December 31, 2021 December 31, 2022)

Gaming

We generate revenue from our Gaming segment through the sales and rentals delivery of our gaming machines. We receive rental fees for machines, typically in conjunction with terminals preloaded with long-term contracts, proprietary gaming software, server-based content, as well as services such as terminal repairs, maintenance, software updates and upgrades on both a participation when and fixed fee basis, if available basis and content development. 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

Gaming	For the Twelve-Month Period ended		Variance 2022 vs 2021	
	Dec 31, 2022	Dec 31, 2021		
			%	
End of period installed base (# of terminals) ⁽³⁾	35,003	31,891	3,112	9.8%
Total Gaming - Average installed base (# of terminals) ⁽³⁾	34,781	31,894	2,886	9.0%
Participation - Average installed base (# of terminals) ⁽³⁾	31,268	29,189	2,079	7.1%
Fixed Rental - Average installed base (# of terminals)	3,512	2,705	807	29.8%
Service Only - Average installed base (# of terminals)	16,854	21,563	(4,709)	(21.8)%
Customer Gross Win per unit per day ^{(1) (2) (3)}	£ 91.0	£ 50.7	£ 40.4	79.7%
Customer Net Win per unit per day ^{(1) (2) (3)}	£ 66.5	£ 37.7	£ 28.7	76.2%
Inspired Blended Participation Rate	5.7%	6.4%	(0.7)%	(10.9)%
Inspired Fixed Rental Revenue per Gaming Machine per week ⁽²⁾	£ 47.8	£ 26.3	£ 21.4	81.4%
Inspired Service Rental Revenue per Gaming Machine per week ⁽²⁾	£ 4.7	£ 3.4	£ 1.3	36.9%
Gaming Long term license amortization (£'m)	£ 4.3	£ 5.0	£ (0.7)	(13.9)%
Number of Machine sales	2,927	3,372	(545)	(16.2)%
Average selling price per terminal	£ 7,918	£ 4,436	£ 3,482	78.85%
Gaming	For the Twelve-Month Period ended		Variance December 31, 2023 vs December 31, 2022	
	December 31, 2023	December 31, 2022		
			%	
End of period installed base (# of terminals) ⁽²⁾	34,500	34,903	(403)	(1.2)%
Total Gaming - Average installed base (# of terminals) ⁽²⁾	34,563	34,681	(118)	(0.3)%
Participation - Average installed base (# of terminals) ⁽²⁾	30,305	31,268	(963)	(3.1)%
Fixed Rental - Average installed base (# of terminals)	4,258	3,412	846	24.8%
Service Only - Average installed base (# of terminals)	11,688	16,584	(4,896)	(29.5)%
Customer Gross Win per unit per day ^{(1) (2)}	£ 96.5	£ 91.0	£ 5.5	6.0%
Customer Net Win per unit per day ^{(1) (2)}	£ 70.5	£ 66.5	£ 4.0	6.0%
Inspired Blended Participation Rate	5.6%	5.7%	(0.1)%	
Inspired Fixed Rental Revenue per Gaming Machine per week	£ 47.5	£ 48.5	£ (1.0)	(2.1)%
Inspired Service Rental Revenue per Gaming Machine per week	£ 5.1	£ 4.7	£ 0.4	8.5%
Gaming Long term license amortization (£'m)	£ 2.6	£ 4.3	£ (1.7)	(39.5)%
Number of Machine sales	9,475	3,027	6,448	213.0%
Average selling price per terminal	£ 4,890	£ 7,843	£ (2,953)	(37.7)%

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

(2) Includes all days of the year, including the days during which the Gaming terminals were not operating due to COVID-19 closures.

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

In the table above:

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

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

40 43

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

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

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

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

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

“Customer Gross Win per unit per day” is a KPI used by our management to (i) assess impact on the Company’s revenue, (ii) determine changes in the performance of the overall market and (iii) evaluate the **impacts** **impact** 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.

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 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”.

41 44

Gaming, Recurring Revenue

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

(In £ millions)	For the Twelve-Month Period ended		Variance 2022 vs 2021	
	Dec 31, 2022	Dec 31, 2021		%
Gaming Recurring Revenue				
Total Gaming Revenue	£ 90.8	£ 59.4	£ 31.5	53.0%
Gaming Participation Revenue	£ 43.0	£ 27.7	£ 15.3	55.3%
Gaming Other Fixed Fee Recurring Revenue	£ 12.8	£ 6.9	£ 5.9	85.6%
Gaming Long-term license amortization	£ 4.3	£ 5.2	£ (0.8)	(16.1)%
Total Gaming Recurring Revenue *	£ 60.2	£ 39.8	£ 20.4	51.3%
Gaming Recurring Revenue as a % of Total Gaming Revenue †	66.3%	67.0%	(0.8)%	
Total Gaming excluding VAT-related revenue	£ 90.0	£ 57.1		
Gaming Recurring Revenue as a % of Total Gaming Revenue (excluding VAT-related revenue)	66.9%	69.7%		
(In £ millions)	For the Twelve-Month Period ended		Variance December 31, 2023 vs December 31, 2022	
	December 31, 2023	December 31, 2022		%
Gaming Recurring Revenue				
Total Gaming Revenue	£ 114.1	£ 90.4	£ 23.7	26.2%
Gaming Participation Revenue	£ 44.3	£ 43.5	£ 0.8	1.8%
Gaming Project Recurring Revenue	£ 0.9	£ 0.4	£ 0.5	125.0 %
Gaming Other Fixed Fee Recurring Revenue	£ 13.7	£ 12.6	£ 1.1	8.7%
Gaming Long-term license amortization	£ 2.7	£ 4.3	£ (1.6)	(37.2)%
Total Gaming Recurring Revenue *	£ 61.6	£ 60.8	£ 0.8	1.3%
Gaming Recurring Revenue as a % of Total Gaming Revenue †	54.0%	67.3%	(13.3)%	
Total Gaming excluding VAT-related revenue	£ 114.1	£ 89.6		
Gaming Recurring Revenue as a % of Total Gaming Revenue (excluding VAT-related revenue)	54.0%	67.8%		
Gaming Recurring Revenue as a % of Total Gaming Revenue (excluding Low Margin Sales) †	68.6%	67.3%		

* Does not reflect VAT-related Low Margin-related revenue.

† Total Gaming Revenue for the twelve-month period ended December 31, 2023 has no VAT-related revenue, the twelve-month period ended December 31, 2022 and 2021, includes £0.8 million and £2.3 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 67% 53% and 70% 67%, respectively of Total Gaming Revenue for such period.

Note - Total Gaming Revenue for the twelve-month period ended December 31, 2023 includes £24.8 million of Low Margin sales. For the twelve-months ending twelve-month period ended December 31, 2022, there has been some recharacterization between are no Low Margin sales. Excluding Low Margin sales, Gaming Participation Recurring Revenue and Other Fixed fee revenue to ensure consistency with similar items across the Group. No changes to prior year, was 68% of Total Gaming Revenue.

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 Project Recurring Revenue” relates specifically to a single customer for machine estate upgrades and distribution.

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

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

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

Gaming, Service Revenue by Region

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

4245

(In millions)	For the Twelve-Month Period ended				Variance		Total Functional Currency %
	Dec 31, 2022	Dec 31, 2021	2022 vs 2021				
Service Revenue:							
UK LBO	\$ 40.7	\$ 30.3	\$ 10.4	34.2 %			49.4 %
UK VAT - Related Income	1.0	3.1	(2.1)	(66.9) %			(65.5) %
UK Other	12.1	7.9	4.2	52.6 %			69.0 %
Italy	2.7	2.2	0.5	24.4 %			37.7 %
Greece	18.1	14.9	3.2	21.6 %			35.1 %
Rest of the World	0.7	0.4	0.4	96.1 %			114.0 %
Lotteries	5.1	-	5.1	NA			NA
Total Service revenue	\$ 80.4	\$ 58.8	\$ 21.6	36.8 %			51.8 %
<i>Exchange Rate - \$ to £</i>	<i>1.24</i>	<i>1.37</i>					
For the Twelve-Month Period ended							
(In millions)	December 31, 2023	December 31, 2022	December 31, 2023 vs December 31, 2022	Variance	Total Functional Currency %		
	December 31, 2023	December 31, 2022	December 31, 2023 vs December 31, 2022	Variance			
Service Revenue:							
UK LBO	\$ 40.4	\$ 40.7	\$ (0.3)	(0.1) %			1.0 %
UK VAT - Related Income	0.0	1.0	(1.0)	(100.0) %			(100) %
UK Other	13.9	12.1	1.8	14.9 %			7.4 %
Italy	2.7	2.7	0.0	0.0 %			0.0 %
Greece	18.7	18.1	0.6	3.3 %			2.2 %
Rest of the World	2.1	0.7	1.4	200.0 %			200 %
Lotteries	5.2	5.1	0.1	2.0 %			2.0 %
Total Service revenue	\$ 83.0	\$ 80.4	\$ 2.6	3.2 %			2.9 %
<i>Exchange Rate - \$ to £</i>	<i>1.25</i>	<i>1.23</i>					

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

Gaming, key events

Total Gaming Customer Gross Win per unit per day (in our functional currency, GBP) for the twelve-months ended December 31, 2022, increased by £40.4, or 80%, to £91.0. Much of the increase is driven by retail venues being closed during the first quarter of 2021 and part of the second quarter as a result of COVID-19 restrictions. Another factor was our first year recognizing the newly acquired Lottery business, which includes just under 2,500 lottery terminals (zero in the prior year) where the share is on handle instead of net win and achieves Gross Win per unit per day figures above the average of the remaining Gaming sector.

The overall participation rate for our installed base decreased from 6.4% for the twelve months ended December 31, 2021, to 5.7% in 2022. The decrease was due mainly to the new Lottery business, which delivers high gross win values at lower participation terms than the average of the remaining Gaming sector. The Lottery business operates close to 2,500 terminals in various locations in the Dominican Republic and has an agreement for the supply of these terminals until March 9, 2035. The twelve months of trading delivered \$5.1 million of participation revenue.

Inspired rolled out new content across the UK LBO estate during the months of April and May 2022, which resulted in Gaming Customer Gross Win per unit per day increasing by 4.8% from the second half of 2021 to the second half of 2022 (This comparison is used rather than full year to help separate the impact of Covid closure in the first half of 2021).

During the twelve-months ended December 31, 2022, Inspired recognized contractual performance bonuses of \$2.0 million within UK LBO segment. The bonus payments were triggered by strong year-on-year growth in Gaming Customer Gross Win per shop.

At the end of the second quarter of 2022, Inspired secured a five-year contract extension for service and content fees with one of its largest UK LBO customers. Over 400 "Vantage" terminals will go on trial during the first quarter of 2023 with the full roll out plan expected to commence in the fourth quarter of 2023, expecting to be complete by the end of first quarter of 2024.

During the fourth quarter of 2022, Inspired's two other major UK LBO customers signed up for new five-year and four-year contracts respectively. Both customers will refresh their estate with the new "Vantage" terminal on their own capital expenditure, all installations are expected to be complete by the end of 2023.

During the twelve-month period, Inspired upgraded its Non-LBO UK gaming estate with the installation of 460 "Flex" and 700 "Prismatic" terminals through a combination of outright sales and lease agreements. In the Dutch gaming market, Inspired continued its strong relationship with a major customer, delivering outright sales of over 360 digital terminals, which included 100 in the third quarter and 160 in the fourth quarter.

In the UK Casino market, Inspired installed 183 "Sabre Hydra" terminals into venues which completed the full machine order of over 200 machines with a major customer.

In the North America market, Inspired sold 186 "Valor" terminals across a number of customers in Illinois. The total sales since launch in December 2019 are now over 880 terminals.

Inspired delivered its second machine order to Western Canada Lottery Corporation (WCLC), our second jurisdiction in North America. Inspired completed the outright sale of 820 "Valor Clamshell" terminals in the fourth quarter 2022 which represents the highest single machine order. As part of the agreement, Inspired will take back the original 100 "Valor" terminals in the second quarter of 2023, these terminals will either redeployed in North America or converted for another market.

During 2022, Inspired delivered the final 308 "Valor" terminals of a total 500-terminal award to OPAP (Greece) which include an upfront license fee, this takes Inspired's contracted volumes to 9,440. Inspired rolled out new content during the third quarter, which has resulted in double-digit growth in Gaming Customer Gross Win per unit per day when compared to the second quarter.

In the Italian market, Inspired has transitioned to a content and platform supplier only model beginning January 1, 2022, driving significant operating expense savings. Inspired sold a large portion of its business to a major machine operator, including customer contracts and "in country" staff.

Gaming, Results of Operations

(In millions)	For the Twelve-Month Period ended						For the Twelve-Month Period ended					
	Variance 2022 vs 2021						Variance December 31, 2023 vs December 31, 2022					
	Dec 31, 2022	Dec 31, 2021	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	December 31, 2023	December 31, 2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %
Revenue:												
Service	\$ 80.4	\$ 58.8	\$ (8.8)	\$ 30.4	51.8%	36.8%	\$ 83.0	\$ 80.4	\$ 0.6	\$ 2.0	2.5%	
Product	31.3	22.6	\$ (4.0)	12.7	56.0%	38.4%	59.6	30.9	1.5	27.2	88.0%	
Total revenue	111.7	81.4	(12.8)	43.1	53.0%	37.2%	142.6	111.3	2.1	29.2	26.2%	
Cost of Sales, excluding depreciation and amortization:												
Cost of Service	(19.3)	(12.8)	\$ 2.3	(8.8)	69.2%	51.3%	(24.6)	(23.7)	(0.4)	(0.5)	2.1%	
Cost of Product	(21.0)	(14.4)	\$ 2.7	(9.3)	64.5%	45.8%	(51.5)	(20.4)	(0.9)	(30.2)	148.0%	
Total cost of sales	(40.3)	(27.2)	5.0	(18.1)	66.7%	48.4%	(76.1)	(44.1)	(1.3)	(30.7)	69.6%	
Selling, general and administrative expenses	(30.1)	(28.1)	\$ 3.6	(5.6)	19.7%	7.2%	(22.5)	(23.8)	(0.2)	1.5	(6.3)%	
Stock-based compensation	(1.6)	(1.8)	\$ 0.2	0.0	(0.9)%	(11.1)%	(1.5)	(1.6)	0.0	0.1	(6.3)%	
Depreciation and amortization	(16.6)	(22.5)	\$ 2.0	4.0	(17.8)%	(26.3)%	(19.0)	(19.6)	(0.1)	0.7	(3.6)%	
Net operating Income (Loss)	\$ 23.1	\$ 1.8	\$ (2.1)	\$ 23.4	1227.4 %	1156.3 %	\$ 23.5	\$ 22.2	\$ 0.5	\$ 0.8	3.6%	
Profit on disposal of trade & assets	0.9	-	-	0.9	N/A	N/A	0.0	0.9	(0.1)	(0.8)	(88.9)%	
Net Income (Loss)	\$ 24.0	\$ 1.8	\$ (2.1)	\$ 24.3	1280.2 %	1205.7 %	\$ 23.5	\$ 23.1	\$ 0.4	\$ 0.0	0 %	
Exchange Rate - \$ to £	1.23	1.37					1.25	1.23				

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 twelve-month period, Gaming revenue increased by **\$43.1 million** \$29.2 million, or **53% 26.2%**, this was driven by a **\$30.4 million** \$2.0 million increase in Service revenue and **\$12.7 million** \$27.2 million increase in Product revenue.

The increase in Gaming Service revenue was driven by **\$20.4 million** from **\$1.4 million** for North America, **\$1.1 million** in the UK, **\$5.2 million** from the Greek market **\$0.3 million** in Greece and **\$0.9 million** from the Italian market, as all venues were open **\$0.1 million** for the entire period compared to the prior period when the majority of the UK estate, all Greece retail venues and all Italy retail venues were shut for some of the period and had restrictions for the remaining. **\$5.6 million** of the increase was due to the addition of the new Lotteries market and **\$0.4 million** from the rest of the world. This was offset by lower **no** VAT-related revenue in 2023 of **\$2.1 million** \$1.0 million.

Product revenue increase was primarily driven by higher Product sales of **\$9.3 million** \$38.2 million in the UK inclusive of **\$30.0 million** relating to Low Margin activity and **\$2.2 million** higher sales in Europe offset by **\$13.8 million** lower sales in North America **\$3.3 million** of UK sales and **\$2.0 million** of higher spare sales, partly offset by lower sales of **\$2.1 million** in Italy, compared to prior year.

Gaming Operating Income

Operating income increased for the twelve-month period by **\$23.4 million**. This increase was primarily due to the increase in revenues of **\$43.1 million** and decrease in depreciation of **\$4.0 million**, primarily due to the decrease in software amortization as software became fully amortized and due to a decrease in machine depreciation, as machines in Greece become fully depreciated. This was partially offset by an increase of Cost of sales of **\$18.1 million** and increase of **\$5.6 million** in SG&A, as staff returned from furlough or to full salary.

Gaming / Net Income

For the twelve-month period, Net income increased by **\$24.3 million**, from an income was flat year-on-year on a functional currency basis with a decrease in gross margin of **\$1.8 million** to an income of **\$24.0 million**. This was **\$1.5 million** (mainly due to the increase expiration of software licenses for terminals installed in **Greece** in 2018 and the reduction in VAT-related revenue of **\$1.0 million**) offsetting against the favorable SG&A, depreciation and amortization movements to arrive at a net operating income and a **\$0.9 million** of **\$0.8 million** offset by the decrease in profit from the disposal of trade and assets from the sale of part of the Italian VLT operations (see Gaming key events for more information) **\$0.8 million**.

Virtual Sports

We generate revenue from our Virtual Sports segment through the **on premise** licensing solution and hosting of our products. We **primarily** receive fees **in exchange for the licensing of our products, typically on a long-term contract basis**, on a participation basis. Our participation contracts are typically structured to pay us a percentage of net win (defined as net revenue to our operator customers, after deducting player winnings, free bets or plays and other promotional costs and any relevant regulatory levies) from Virtual Sports content placed on our customers' websites or in our customers' facilities. Typically, we recognize revenue from these arrangements on a daily basis over the term of the contract.

45 47

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

Virtuals	For the Twelve-Month Period ended						Variance December 31, 2023 vs December 31, 2022	
	For the Twelve-Month Period ended		Variance 2022 vs 2021		For the Twelve-Month Period ended		December 31, 2023	December 31, 2022
	Dec 31, 2022	Dec 31, 2021						
No. of Live Customers at the end of the period	66	61	5	8.2%	56	66	(10)	(15.2)%
Average No. of Live Customers	65	60	5	8.9%	57	65	(8)	(12.3)%
Total Revenue (£'m)	£ 44.9	£ 26.2	£ 18.7	71.4%	£ 45.3	£ 44.1	£ 1.2	2.7%
Total Revenue £'m - Retail	£ 9.5	£ 7.2	£ 2.2	31.2%	£ 10.2	£ 9.0	£ 1.2	13.3%
Total Revenue £'m - Online Virtuals	£ 35.4	£ 19.0	£ 16.5	86.7%	£ 35.2	£ 35.2	£ -	0%

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. During 2023 a number of smaller customers were turned off driving the reduction.

“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.

(In £ millions)	For the Twelve-Month Period ended						Variance December 31, 2023 vs December 31, 2022		
	For the Twelve-Month Period ended		Variance 2022 vs 2021		For the Twelve-Month Period ended		December 31, 2023	December 31, 2021	%
	Dec 31, 2022	Dec 31, 2021							
Virtual Sports Recurring Revenue									
Total Virtual Sports Revenue	£ 44.9	£ 26.2	£ 18.7	71.2%	£ 45.3	£ 44.1	£ 1.2	2.7%	
Recurring Revenue - Retail Virtuals	£ 9.2	£ 6.8	£ 2.4	34.8%	£ 9.9	£ 8.7	£ 1.2	13.8%	
Recurring Revenue - Online Virtuals	£ 35.1	£ 18.1	£ 17.0	93.6%	£ 34.6	£ 35.1	£ (0.5)	(1.4)%	
Total Virtual Sports Long-term license amortization	£ 0.5	£ 0.8	£ (0.3)	(34.6)%	£ 0.2	£ -	£ 0.2	100%	
Total Virtual Sports Recurring Revenue	£ 44.8	£ 25.7	£ 19.0	73.9%	£ 44.7	£ 43.8	£ 0.9	2.1%	
Virtual Sports Recurring Revenue as a Percentage of Total Virtual Sports Revenue	99.7%	98.1%	1.6%		98.7%	99.3%	(0.6)%		

4648

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

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

Virtual Sports, key events

During the period, we launched Virtual Horse racing with the DC Lottery into their lottery locations.

New contracts were signed with Scientific Games for Virtual Sports content to be sold to Netherlands Lottery (NLO), Goldbet covering the provision of Virtual Sports into both their retail and online channels in Italy and a contract for Class 4 VLT games in Ladbrokes Belgium retail.

We signed a long-term extension to our contract with Betfred covering the provision of Virtual Sports into their retail LBO estate in the UK. In addition, we signed contract term extensions with Bet Victor, Sisal (Italy), Niké, spol. s.r.o (Slovakia) and additional territories were added to our contract with Kaizen Gaming.

A new Virtuals Plug and Play contract was signed with Morocco Lottery and launched, plus an extension to the retail contract.

We launched Virtuals Women's Soccer to coincide with UEFA Women's Euro 2022. We also launched Matchday multi-stream with one of our biggest online customers and Matchday Ultra 2 and Soccer Ultra 2 with SNAI (Italy) retail and online, and optimized OPAP retail schedule increasing the frequency of events and added product enhancements.

We also signed a long-term extension to our contract with 49's.

Virtual Sports, Results of Operations

(In millions)	For the Twelve-Month Period ended							For the Twelve-Month Period ended							Variance December 31, 2023 vs December 31, 2022			
	Dec 31, 2022		Dec 31, 2021		Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	December 31, 2023		December 31, 2022		Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %		
	____	____	____	____	____	____	____	____	____	____	____	____	____	____	____			
Service Revenue	\$ 55.1	\$ 36.0	\$ (6.6)	\$ 25.7	71.4%	53.2%	\$ 56.2	\$ 54.2	\$ 0.5	\$ 1.5	2.8%	\$ 3.1						
Cost of Service	(2.4)	(1.9)	0.3	(0.8)	(44.5)%	29.4%	(1.4)	(1.8)	0.0	0.4	(22.2)%	(22.2)						
Selling, general and administrative expenses	(6.9)	(7.1)	0.8	(0.6)	8.9%	(2.6)%	(7.1)	(8.0)	(0.1)	1.0	(12.5)%	(11.3)						
Stock-based compensation	(0.7)	(0.8)	0.1	0.0	(2.1)%	(12.5)%	(0.4)	(0.7)	0.0	0.3	(42.9)%	(42.9)						
Depreciation and amortization	(2.6)	(3.4)	0.3	0.5	(14.4)%	(23.5)%	(3.3)	(2.7)	0.1	(0.7)	25.9%	22.2						
Net operating Income (Loss)	\$ 42.5	\$ 22.8	\$ (5.1)	\$ 24.7	108.4%	86.1%	\$ 44.0	\$ 41.0	\$ 0.5	\$ 2.5	6.1%	7.3						
Exchange Rate - \$ to £	1.23	1.37					1.25	1.23										

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 twelve-month period ended December 31, 2023 revenue increased by \$25.7 million \$1.5 million, or 71%. This increase was 2.8% driven by \$22.6 million increase in Online Virtuals, primarily driven by the growth from our existing online customers along with expanding jurisdictions, as well as increases in Retail Virtuals of \$3.1 million, due to retail venues being open Virtual Sports mainly for the whole of the period compared to the prior period. Greece where we have increased content and game scheduling frequency.

Virtual Sports operating income

Operating income increased by \$25.3 million \$2.5 million in the twelve-month period period ended December 31, 2023. This increase was primarily due to the increase in revenue gross margin of \$25.7 million \$1.9 million, a decrease in SG&A expenses of \$1.0 million and a decrease in Stock-based compensation of \$0.3 million offset by an increase in depreciation and amortization of \$0.5 million, partly offset by an increase of \$0.8 million of cost of sales, \$0.7 million.

Interactive

We generate revenue from our Interactive segment through various games content made available via third party aggregation platforms integrated with Inspired's remote gaming server or directly on the licensing of our products. Company's remote gaming servers platform, and services such as customer support, platform maintenance, updates and upgrades. Typically, we receive fees in exchange for the licensing of our products, on a long-term contract basis, on a participation basis.

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

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

Interactive, Key Performance Indicators

Interactive	For the Twelve-Month Period ended		Variance 2022 vs 2021		For the Twelve-Month Period ended		Variance December 31, 2023 vs December 31, 2022	
	Dec 31, 2022	Dec 31, 2021		%	December 31, 2023	December 31, 2022		%
No. of Live Customers at the end of the period	130	109	21	19.3%	149	130	19	14.6%
Average No. of Live Customers	125	100	25	24.5%	142	125	17	13.6%
No. of Live Games at the end of the period	270	232	38	16.4%	290	270	20	7.4%
Average No. of Live Games	254	216	38	17.6%	259	254	5	2.0%
Total Revenue (£'m)	£ 18.8	£ 16.6	£ 2.2	13.0%	£ 22.4	£ 16.7	£ 5.7	34.1%

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 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, Recurring Revenue

All Interactive revenue in both years was recurring.

Interactive, key events

During the period ended December 31, 2022, we undertook 49 new brand launches, 24 during the first half of 2022 and 25 during the second half of 2022. We expanded territories with Bet365, BetMGM and Gamesys in Ontario, along with DraftKings in New Jersey, Connecticut and Pennsylvania and Rush Street Interactive in Michigan and Pennsylvania. We also expanded into Pennsylvania with BetMGM.

We deployed 34 new games in the year, 20 new games in the first half of the year, including Big Egyptian Fortune™ and Big Wheel Bonus™ and 14 new games in the second half, including Cops N Robbers Big Money™ and Santa Linking™.

Loto-Quebec launched our first iLottery title with Pharaon Reaction™ in the first half of 2022 and followed up with a second title in the second half of 2022.

4850

Interactive, Results of Operations

(In millions)	For the Twelve- Month Period ended		Variance 2022 vs 2021				For the Twelve-Month Period ended		Variance December 31, 2023 vs December 31, 2022			
	Dec 31, 2022	Dec 31, 2021	Variance Attributable to Currency Movement	Variance on a Functional Currency basis	Total Functional Currency Variance %	Total Reported Variance %	December 31, 2023	December 31, 2022	Variance Attributable to Currency Movement	Variance on a Functional Currency basis	Total Functional Currency Variance %	Total Reported Variance %
	—	—	—	—	—	—	—	—	—	—	—	—
Service Revenue	\$ 23.1	\$ 22.8	\$ (2.7)	\$ 3.0	13.0 %	1.2 %	\$ 27.9	\$ 20.6	\$ 0.4	\$ 6.9	33.5 %	35.4 %
Cost of Service	(3.7)	(3.7)	0.4	(0.4)	10.0 %	(1.3) %	(1.7)	(1.3)	0.0	(0.4)	30.8 %	30.8 %
Selling, general and administrative expenses	(7.1)	(6.1)	0.8	(1.9)	30.9 %	17.1 %	(10.8)	(8.0)	0.0	(2.8)	35.0 %	35.0 %
Stock-based compensation	(0.7)	(0.6)	0.1	(0.2)	30.2 %	16.7 %	(0.6)	(0.7)	0.0	0.1	(14.3) %	(14.3) %
Depreciation and amortization	(2.9)	(3.2)	0.3	(0.0)	1.2 %	(9.4) %	(3.6)	(2.0)	0.0	(1.6)	80.0 %	80.0 %
Net operating income (Loss)	\$ 8.7	\$ 9.2	\$ (1.0)	\$ 0.5	5.3 %	(5.5) %	\$ 11.2	\$ 8.6	\$ 0.4	\$ 2.2	25.6 %	30.2 %
Exchange Rate - \$ to £	1.23	1.37					1.25	1.23				

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 twelve-month period ended December 31, 2023 revenue increased by \$3.0 million \$6.9 million, primarily driven by recurring revenue growth due to the consistent launch of new content across the estate, growth in the customer base in new, emerging and core markets and increased promotional activity through exclusive deals with tier-one customers.

Interactive operating income

Operating income for the twelve-month period ended December 31, 2023 increased by \$0.5 million \$2.2 million. This increase was driven by the increase in revenue, gross margin of \$6.5 million, partially offset by a \$1.9 million \$2.8 million increase in SG&A expenses driven by the investment in staff and IT in the segment to help drive revenues revenue and for staff returning from furlough higher depreciation and to full pay, amortization reflecting the heightened investment in this segment.

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.

4951

Leisure, Key Performance Indicators

Leisure	For the Twelve-Month Period ended				Variance 2022 vs 2021	For the Twelve-Month Period ended		Variance December 31, 2023 vs December 31, 2022		
	Dec 31, 2022	Dec 31, 2021	%			December 31, 2023	December 31, 2022	%		
End of period installed base Gaming machines (# of terminals)	11,008	11,418	(410)	(3.6)%	10,741	11,008	(267)	(2.4)%		
Average installed base Gaming machines (# of terminals)	10,960	11,576	(616)	(5.3)%	10,761	10,960	(199)	(1.8)%		
End of period installed base Other (# of terminals)	4,646	6,838	(2,192)	(32.1)%	4,209	4,646	(437)	(9.4)%		
Average installed base Other (# of terminals)	5,306	7,080	(1,774)	(25.1)%	4,371	5,306	(935)	(17.6)%		
Pub Digital Gaming Machines - Average installed base (# of terminals)	6,102	6,087	15	0.2%	6,175	6,102	73	1.2%		
Pub Analogue Gaming Machines - Average installed base (# of terminals)	1,334	2,092	(759)	(36.3)%	367	1,334	(967)	(72.5)%		
MSA and Bingo Gaming Machines - Average installed base (# of terminals) ⁽¹⁾	3,216	3,204	11	0.4%	3,048	3,216	(168)	(5.2)%		
Inspired Leisure Revenue per Gaming Machine per week	£ 64.3	£ 36.9	£ 27.4	74.3%	£ 67.7	£ 64.3	£ 3.4	5.3%		
Inspired Pub Digital Revenue per Gaming Machine per week	£ 68.6	£ 36.2	£ 32.4	89.5%	£ 70.0	£ 68.6	£ 1.4	2.0%		
Inspired Pub Analogue Revenue per Gaming Machine per week	£ 38.3	£ 22.5	£ 15.9	70.7%	£ 34.7	£ 38.3	£ (3.6)	(9.4)%		
Inspired MSA and Bingo Revenue per Gaming Machine per week	£ 91.0	£ 50.3	£ 40.7	81.0%	£ 93.5	£ 91.0	£ 2.5	2.7%		
Inspired Other Revenue per Machine per week	£ 19.7	£ 11.0	£ 8.7	78.7%	£ 21.4	£ 19.7	£ 1.7	8.6%		
Total Holiday Parks Revenue (Gaming and Non Gaming) (£'m)	£ 30.0	£ 21.1	£ 8.9	42%	£ 32.2	£ 30.0	£ 2.2	7.3%		

(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, Recurring Revenue

Set forth below is a breakdown of our Leisure recurring revenue which consists principally of Leisure participation revenue and Leisure other fixed fee revenue. See “Leisure Segment Revenue” below for a discussion of leisure service revenue between the periods under review.

(In £ millions)	For the Twelve-Month Period ended				Variance 2022 vs 2021	For the Twelve-Month Period ended		Variance December 31, 2023 vs December 31, 2022		
	Dec 31, 2022	Dec 31, 2021	%			December 31, 2023	December 31, 2022	%		
Leisure Recurring Revenue										
Total Leisure Revenue	£ 77.7	£ 50.0	£ 27.7	55.3%	£ 77.2	£ 77.7	£ (0.5)	(0.6)%		
Total Leisure Recurring Revenue	£ 75.4	£ 47.9	£ 27.6	57.6%	£ 75.4	£ 75.4	£ 0.0	0.0%		
Leisure Recurring Revenue as a Percentage of Total Leisure Revenue	97.1%	95.7%	1.4%		97.7%	97.0%	0.7			

5052

Leisure, key events

During the twelve-month period ended December 31, 2022 the holiday parks business delivered record sales and we successfully contracted another Butlins site, which started earning income in January 2023 making Inspired the sole supplier of amusement and gaming machines for Butlins for the next seven years, and we secured a new five-year deal with Haven. In the Pubs sector we successfully renewed our contract with Greene King for a further three years and increased our share of the estate from 36% to 42%. We signed a three-year extension with Mitchells and Butler and were reappointed as a supplier to Marstons for a further four years. We also divested our prize vend assets in the estate to allow focus on core gaming products with increased margins, which is the reason for the decline in Other installed base year on year. During the year we have deployed several new titles across the pubs estate, including 'Cops n Robbers Bank Buster', Space Invaders, 'Centurion' 'Gold Cash Freespins' and "Party Time Pub Addition" demonstrating our commitment to leveraging Inspired's successful game portfolio for the pub sector.

Leisure, Results of Operations

(In millions)	For the Twelve-Month Period ended						For the Twelve-Month Period ended					
	Variance 2022 vs 2021						Variance December 31, 2023 vs December 31, 2022					
	Dec 31, 2022	Dec 31, 2021	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	Total Reported Variance %	December 31, 2023	December 31, 2022	Variance Attributable to Currency Movement	Variance on a Functional currency basis	Total Functional Currency Variance %	
Revenue:												
Service	\$ 93.2	\$ 65.7	\$ (10.9)	\$ 38.4	58.4%	41.8%	\$ 94.1	\$ 93.2	\$ 1.4	\$ (0.5)	(0.5)%	
Product	2.3	3.0	(0.3)	(0.4)	(14.0)%	(23.1)%	2.2	2.3	(0.1)	-	0	
Total revenue	95.5	68.7	(11.2)	38.0	55.3%	39.0%	96.3	95.5	1.3	(0.5)	(0.5)%	
Cost of Sales, excluding depreciation and amortization:												
Cost of Service	(23.9)	(15.9)	2.9	(10.9)	69.0%	50.6%	(47.4)	(44.6)	(1.0)	(1.8)	4	
Cost of Product	(1.7)	(2.0)	0.2	0.1	(6.2)%	(14.3)%	(1.1)	(1.5)	0.1	0.3	(20)	
Total cost of sales	(25.6)	(17.9)	3.1	(10.8)	60.5%	43.3%	(48.5)	(46.1)	(0.9)	(1.5)	3	
Selling, general and administrative expenses												
	(45.8)	(35.1)	5.2	(15.9)	45.1%	30.3%	(28.4)	(25.4)	(0.1)	(2.9)	11	
Stock-based compensation												
	(0.6)	(0.6)	0.1	(0.1)	11.7%	0.0%	(1.0)	(0.6)	-	(0.4)	66	
Depreciation and amortization												
	(13.5)	(16.1)	1.6	1.0	(6.3)%	(16.1)%	(11.6)	(13.5)	-	1.9	(14)	
Net operating Income (Loss)												
	10.0	(1.0)	\$ (1.3)	\$ 12.3	N/A	N/A	6.8	9.9	\$ 0.3	\$ (3.4)	(34)	
Exchange Rate - \$ to £	1.23	1.37					1.25	1.23				

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

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

Leisure Revenue

For the twelve-month period ended December 31, 2023 revenue increased decreased by \$38.0 million \$0.5 million, or 55%, respectively, as our business benefitted from no COVID-19 closures and fewer social distancing restrictions and growth in Service revenue. 0.8%.

Service revenue increased decreased by \$38.4 million \$0.5 million, driven the increase in Holiday Parks of \$2.0 million due to new locations and higher bookings was offset by all markets being open for decrease in Pubs \$1.9 million due to the whole reduction in the estate size and sale of the period, particularly Pubs (\$14.1 million), Holiday parks (\$12.3 million), Motorway service areas (\$8.1 million) prize vend assets in 2022, decrease in Bingo \$0.2 million and Bingo Halls (\$2.3 million) decrease in other Leisure activities of \$0.4 million.

Leisure Operating Income/ (Loss)

Operating income for the twelve-month period improved ended December 31, 2023 reduced by \$12.3 million \$3.4 million, from a loss income of \$1.0 million \$9.9 million to income of \$10.0 million \$6.8 million. This was primarily due to the increase decrease in revenue as venues reopened and COVID-19 restrictions were removed, as well as a reduction in depreciation and amortization of \$1.0 million. This was partially offset by \$0.5 million with increases in Cost of sales (\$10.8 million) and SG&A expenses (\$15.9 million), of \$1.5 million mainly due to seasonal staff returning from furlough and to full pay and increases inclusive of additional heads in the later months from the increase in the new locations plus higher UK national living wage. wage and salary increases and increased SG&A cost \$2.9 million which mainly relates to staff cost driven by the investment in staff to help to drive revenue and improve processes.

51 53

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. This does not include any adjustments related to COVID-19.

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 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 Twelve Months ended December 31, 2022 December 31, 2023

(In millions)	For the Twelve-Month Period ended Dec 31, 2022						For the Twelve-Month Period ended December 31, 2023							
	Statutory Heading	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate	Statutory Heading	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate
Net Income/ (loss)	Net Income	\$ 22.3	\$ 24.0	\$ 42.5	\$ 8.7	\$ 10.0	\$ (62.9)	Net Income	\$ 7.6	\$ 23.5	\$ 44.0	\$ 11.2	\$ 6.8	\$ (6.0)
Items Relating to Legacy Activities:														
Pension charges (1)	SG&A	\$ 0.7				0.7	SG&A	\$ 0.9						
Items outside the normal course of business:														
Acquisition and integration related transaction expenses (2)	SG&A	\$ 0.5		-		0.5								
Acquisition and integration related transaction expenses (2)	Cost of Sale	\$ 0.6	0.3		0.3	-								
Litigation Settlement (3)	SG&A	\$ 0.5		0.5		-								
Cost of Group Restructure (2)														
Cost of Group Restatement (3)														
Stock-based compensation expense (4)	Stock-based compensation expense	\$ 10.8	1.6	0.7	0.7	0.6	7.2	Stock-based compensation expense	\$ 11.2	1.5	0.4	0.6	1.0	
Depreciation and amortization (4)	Depreciation and amortization	\$ 37.6	16.6	2.6	2.9	13.5	2.0	Depreciation and amortization	\$ 39.9	19.0	3.3	3.6	11.6	
Interest expense net (4)	Interest expense net	\$ 25.4					25.4	Interest expense net	\$ 27.7					
Profit on disposal of trade & assets (5)	Profit on disposal of trade & assets	\$ (0.9)	(0.9)				-							
Other finance expenses / (income) (4)	Other finance expenses / (income)	\$ (1.1)				(1.1)	Other finance expenses / (income)	\$ (0.4)						
Income tax (4)	Income tax	\$ 3.2				3.2	Income Tax	\$ 5.0						
Income Tax (4)														
Adjusted EBITDA		\$ 99.6	\$ 41.6	\$ 46.3	\$ 12.3	\$ 24.4	\$ (25.0)		\$ 100.5	\$ 44.0	\$ 47.7	\$ 15.4	\$ 19.4	
Adjusted EBITDA		£ 80.8	£ 33.6	£ 37.7	£ 10.0	£ 19.9	£ (20.4)		£ 80.6	£ 35.6	£ 38.3	£ 12.4	£ 15.4	
Exchange Rate - \$ to £ (6)		1.23						1.25						

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 Twelve Months ended December 31, 2021 December 31, 2022

(In millions)	For the Twelve-Month Period ended Dec 31,2021						For the Twelve-Month Period ended December 31, 2022							
	Statutory Heading	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate	Statutory Heading	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate
Net Income/ (loss)		\$ (36.7)	\$ 1.8	\$ 22.8	\$ 9.2	\$ (1.0)	\$ (69.5)		\$ 20.6	\$ 23.1	\$ 41.0	\$ 8.6	\$ 9.9	\$
Items Relating to Legacy Activities:														
Pension charges (1)	SG&A	0.8					0.8	SG&A	\$ 0.7					
Items outside the normal course of business:														
Acquisition and integration related transaction expenses (2)	SG&A	1.6					1.6							
Refinancing of Company Debt (7)	SG&A	0.8					0.8							
Italian tax related costs relating to prior years (8)	SG&A	1.4	1.4				-							
Acquisition and integration related transaction expenses (7)														
Acquisition and integration related transaction expenses (7)								SG&A	\$ 0.5					
Litigation Settlement(8)														
Stock-based compensation expense (4)								SG&A	\$ 0.5					
Depreciation and amortization (4)								Stock-based compensation expense	\$ 10.8	1.6	0.7	0.7	0.6	
Stock-based compensation expense (4)	Stock-based compensation expense	13.0	1.8	0.8	0.6	0.6	9.2							
Depreciation and amortization (4)	Depreciation and amortization	47.0	22.5	3.4	3.2	16.1	1.8							
Interest expense net (4)	Interest expense net	44.3					44.3	Interest expense net	\$ 25.3					
Change in fair value of warrant liability (4)	Change in fair value of warrant liability	(0.9)					(0.9)							
Profit on disposal of trade & assets (5)														
								Profit on disposal of trade & assets	\$ (0.9)	(0.9)				

Other finance expenses / (income) (4)	Other finance expenses / (income) (5.7)	(5.7)	Other finance expenses / (income) Income tax	\$ (1.1)
Income tax (4)	Income tax (1.6)	(1.6)	Income tax	\$ 2.1
Adjusted EBITDA	\$ 64.0	\$ 26.1	\$ 28.4	\$ 13.0
				\$ 15.7
				\$ (19.2)
Adjusted EBITDA	£ 46.7	£ 19.2	£ 20.6	£ 9.5
				£ 11.4
				£ (14.0)
				£ 80.3
				£ 35.3
				£ 36.5
				£ 9.1
				£ 19.7
<i>Exchange Rate - \$ to £ (6)</i>	<i>1.37</i>			1.23

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 "Cost of Group Restructure" include redundancy costs, payment in lieu of notice costs and integration related transaction expenses, are any associated employer taxes. To qualify as described above being an adjusting item, costs must be part of a large restructuring project, which will net save ongoing future costs or be in the Results of Operations line item discussions. For 2022 this includes a write-off of inventory items related to the integration exit of Gaming Technology Group of Novomatic UK Ltd. an Executive.
- (3) "Litigation Settlement" refers Cost of Group Restatement" includes accounting advice associated with the restatement of the 2020, 2021 and 2022 annual accounts and the 2023 Q1 and Q2 interim accounts. To qualify as being an adjusting item, costs must be specific to full the event and final settlement of a contractual dispute relating to a Development Services and Management Agreement 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) "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.

(6) 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.

(7) In May 2021, the Company refinanced its debt. These Acquisition and integration related transaction expenses, are outside of the write off of old debt fees recognized as described above in the interest line. Results of Operations line item discussions. For 2022 this includes a write-off of inventory items related to the integration of Gaming Technology Group of Novomatic UK Ltd

(8) "Italian tax related costs Litigation Settlement" refers to full and final settlement of a contractual dispute relating to prior years invoicing" relate to a settlement with the Italian Tax Authorities in respect of an audit for the period 2015-2017 in respect of the historic VAT treatment of supplies, Development Services and Management Agreement.

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 Twelve-Month Period ended	
	December 31, 2023	December 31 2022
<i>(In millions)</i>		
Net revenue	\$ 323.0	\$ 281.6
Less Low Margin Gaming Sales	(30.6)	-
Adjusted Revenue	\$ 292.4	\$ 281.6
Adjusted Revenue	£ 234.7	£ 229.0
<i>Exchange Rate - \$ to £</i>	1.25	1.23

Liquidity and Capital Resources

Twelve Months ended December 31, 2022 December 31, 2023, compared to Twelve Months ended December 31, 2021 December 31, 2022

Cash Flow Summary - A Two Year Comparative

(in millions)	Twelve Months ended		Variance
	Dec 31, 2023	Dec 31, 2022	
Net profit	\$ 7.6	\$ 20.6	\$ (13.0)
Non-cash interest expense relating to senior debt	2.0	1.8	0.2
Change in fair value of derivative liabilities and stock-based compensation expense	11.5	11.5	-
Profit on sale of Gaming business	-	(0.9)	0.9
Contract cost additions	(10.3)	(7.2)	(3.1)
Depreciation and amortization (incl RoU assets)	43.7	43.4	0.3
Other net cash utilized by operating activities	(9.0)	(44.5)	35.5
Net cash provided by operating activities	45.5	24.7	20.8
Net cash used in investing activities	(48.4)	(32.6)	(15.8)
Net cash generated/(used) by financing activities	16.2	(11.0)	27.2
Effect of exchange rates on cash	1.7	(3.9)	5.6
Net increase/(decrease) in cash and cash equivalents	\$ 15.0	\$ (22.8)	\$ 37.8
(in millions)	Twelve Months ended		Variance
	Dec 31, 2022	Dec 31, 2021	
Net profit/(loss)	\$ 22.3	\$ (36.7)	\$ 59.0
Amortization of debt fees	1.8	17.2	(15.4)
Change in fair value of derivative and warrant liabilities and stock-based compensation expense	11.5	13.6	(2.1)
Foreign currency translation on senior bank debt and cross currency swaps	0.0	(4.6)	4.6
Depreciation and amortization (incl RoU assets)	40.0	50.3	(10.3)
Other net cash utilized by operating activities	(40.9)	(33.6)	(7.3)
Net cash provided by operating activities	34.7	6.2	28.5
Net cash used in investing activities	(40.4)	(37.9)	(2.5)
Net cash used/(generated) by financing activities	(11.0)	31.2	(42.2)
Effect of exchange rates on cash	(6.1)	1.2	(7.3)
Net decrease in cash and cash equivalents	\$ (22.8)	\$ 0.7	\$ (23.5)

Net cash provided by operating activities

For the twelve months ended December 31, 2022 December 31, 2023, net cash inflow provided by operating activities was \$34.7 million \$45.5 million, compared to a \$6.2 million \$24.7 million inflow for the twelve months ended December 31, 2021 December 31, 2022, representing a \$28.5 million \$20.8 million increase in cash generation. This increase was driven primarily by trading levels through increases an improved working capital position with favorable movements in our online businesses and the worldwide trading restrictions inventory which was expanded in the previous year resulting from twelve months ended December 31, 2022 to safeguard future supply for production after the COVID-19 pandemic. Favorable movements were also seen in accounts receivable and accounts payable due to timing and varying levels of production activity including the installation of 2,500 machines into Greece during the last few months of 2023.

Amortization of debt fees decreased increased by \$15.4 million \$0.2 million, to \$1.8 million \$2.0 million, due to the reduction in marking to market for short term currency contracts held at the level end of capitalized debt fees after May 2021 following the Company's refinancing of its debt and the \$14.4 million write off of the remaining debt fees from the previous financing arrangement, 2023.

Change in the fair value of derivative and warrant liabilities and stock-based compensation expense decreased by \$2.1 million, from \$13.6 million to was unchanged at \$11.5 million. A lower higher stock-based compensation expense (\$2.0 million) and was partly offset by a lower gain relating to terminated cross currency swaps (\$0.8 0.2 million) was partly offset by movements in as these terminated at the fair value end of warrant liabilities in the prior year (\$0.9 million). September 2023.

Following The twelve-months ended December 31, 2022, included a \$0.9 million gain on disposal of business due to the refinancing in May 2021, there has been no foreign currency translation on senior bank debt and cross currency swaps. In sale of part of our Italian Gaming operations.

Contract cost additions increased by \$3.1 million to \$10.3 million for the twelve months ended December 31, 2021, December 31, 2023 as compared to the foreign currency translation on senior bank debt and cross currency swaps resulted in a loss of \$4.6 million as a result of the movement in exchange rates during the period, twelve months ended December 31, 2022.

Depreciation and amortization decreased increased by \$10.3 million \$0.3 million, to \$40.0 million \$43.7 million, with reductions increases of \$4.4 million in machine depreciation, \$5.0 million \$2.0 million in amortization of intangible assets and \$1.0 million \$0.3 million in amortization of right of use assets, assets offset by a \$2.0 million decrease in machine depreciation.

Other net cash utilized by operating activities increased improved by \$7.3 million \$35.5 million, to a \$40.9 million outflow, an outflow of \$9.0 million. The relative movements between the twelve months ended December 31, 2022 December 31, 2023 and the twelve months ended December 31, 2021 December 31, 2022 resulted in a \$17.6 million outflow through increased \$16.3 million inventory holding as improvement following Inspired made making the strategic decision to secure components and to protect future sales resulting in inventory levels increasing during the prior year. Accounts receivable saw a \$13.8 million improvement due to the timing of machine sales resulting in a challenging global supply chain market and a \$7.0 million increase in receivables due to timing high balance at the end of sales. These were offset by relative favorable movements between the twelve months ended December 31, 2022 and. Another area that showed improvement in cash utilization for the twelve months ended December 31, 2021 for December 31, 2023 was deferred revenue creditors, \$9.1 million. These were partly offset by a relative outflow in prepayments and accrued income, of \$10.2 million due to lower trading levels at the start of the previous year, interest accruals of \$5.0 million following the debt refinancing in May 2021 and trade payables and accruals of \$1.9 million \$4.3 million.

Net cash used in investing activities

Net cash utilized in investing activities increased by **\$2.5 million** **\$15.8 million**, to **\$40.4 million** **\$48.4 million** in the twelve months ended **December 31, 2022** **December 31, 2023**. This was driven by higher spend on plant, property and equipment (an **\$9.6 million** **\$10.6 million** increase compared to **2021** **2022** driven by the updating of machines in Greece with 2,500 terminals installed) and capitalized software (a **\$4.8 million** **\$3.9 million** increase compared to **2021**) due to spending in the previous year being low as a result of the pandemic. These were largely offset by the **\$12.5 million** acquisition of Sportech Lotteries, LLC on December 31, 2021 for which the **2022**). The twelve months ended December 31, 2022 included a **\$1.3 million** disposal relating to assets sold as part of the final payment sale of **\$0.6 million**, our Italina Gaming operations.

Net cash (used)/generated by financing activities

During the twelve months ended **December 31, 2022** **December 31, 2023**, net cash utilized generated by financing activities was **\$11.0 million** **\$16.2 million** due to the draw down of £15.0 million (\$18.9 million) of the Company's revolving facility. This was offset by the Company's repurchase of its common shares under the Share Repurchase Program, **\$1.6 million**, **\$10.4 million** and finance lease spend of **which related** **\$1.1 million**. During the twelve months ended December 31, 2022, financing activities utilized **\$11.0 million** of cash due to the Company's repurchase of its common shares under the Share Repurchase Program, **\$10.4 million**, and **\$0.6 million** of which related to finance lease spend. During the twelve months ended December 31, 2021, financing activities generated **\$31.2 million** of cash following the receipt of **\$30.5 million** proceeds from the warrant exercise and a net **\$1.3 million** from the refinancing in May 2021 after payment of associated fees less a spend of **\$0.6 million** on finance leases.

Funding Needs and Sources

To fund our obligations, historically we have relied on a combination of cash flows provided by operations and the incurrence of additional debt or the refinancing of existing debt. As of **December 31, 2022** **December 31, 2023**, we had liquidity consisting of **\$25.0 million** **\$40.0 million** in cash and **cash equivalents** and a further **\$24.1 million** **\$6.4 million** of undrawn revolver facility. This compares to **\$47.8 million** **\$25.0 million** of cash and **cash equivalents** as of **December 31, 2021** **December 31, 2022**, with a further **\$27.0 million** **\$24.1 million** of revolver facilities undrawn. We had a working capital outflow of **\$40.9 million** **\$9.0 million** for the twelve months ended **December 31, 2022** **December 31, 2023**, compared to a **\$33.6 million** **\$44.5 million** outflow for the twelve months ended **December 31, 2021** **December 31, 2022**.

The level of our working capital surplus or deficit varies with the level of machine production 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 which were seen** during 2021 following the COVID-19 closures, 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 **December 31, 2022** **December 31, 2023**, **\$2.5 million** **\$3.1 million** of our **\$25.0 million** **\$40.0 million** of cash and **cash equivalents** were held as operational floats within the machines. At **December 31, 2021** **December 31, 2022**, **\$2.7 million** **\$2.5 million** of our **\$47.8 million** **\$25.0 million** of cash and **cash equivalents** were held as operational floats within the machines.

Management currently believes that the Company's cash balances on hand, cash flows expected to be generated from operations, and the ability to control and defer capital projects will be sufficient to fund the Company's net cash requirements through **March 2024**, **April 2025**.

Long Term and Other Debt

(In millions)	December 31, 2023		December 31, 2022	
	£	\$	£	\$
Cash held	31.4	40.0	20.8	25.0
Revolver drawn	(15.0)	(19.1)	-	-
Original principal senior debt	(235.0)	(299.6)	(235.0)	(282.9)
Cash interest accrued	(1.6)	(2.0)	(1.5)	(1.8)
Finance lease creditors	(1.9)	(2.4)	(1.8)	(2.2)
Total	£ (222.1)	\$ (283.1)	£ (217.6)	\$ (261.9)
(In millions)	December 31, 2022		December 31, 2021	
	£	\$	£	\$
Cash held	20.8	25.0	35.4	47.8
Original principal senior debt	(235.0)	(282.9)	(235.0)	(316.7)
Cash interest accrued	(1.5)	(1.8)	(1.6)	(2.1)
Finance lease creditors	(1.8)	(2.2)	(2.1)	(2.8)
Total	£ (217.6)	\$ (261.9)	£ (203.3)	\$ (273.8)

Debt Covenants

Under our debt facilities in place as of December 31, 2022 December 31, 2023, we are not subject to covenant testing on the Senior Secured Notes. We are, however, subject to covenant testing at the level of Inspired Entertainment Inc., the ultimate holding company, on our Super Senior Revolving Credit Facility which requires the Company to maintain a maximum consolidated senior secured net leverage ratio of 6.25x on the test date for the relevant period ending June 30, 2021, stepping down to 6.0x on March 31, 2022, 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 December 31, 2022 December 31, 2023 showed covenant compliance.

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 as of September 30, 2023 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 was received and concurrent with the filing of the September 30, 2023 10Q with the SEC on February 27, 2024, the reporting requirement was met.

There were no other breaches of the debt covenants in the periods ended December 31, 2022 December 31, 2023 or December 31, 2021 December 31, 2022.

Liens and Encumbrances

As of December 31, 2022 December 31, 2023, our senior bank debt was secured notes were 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 and as of December 31, 2022 December 31, 2023, an aggregate of \$10.5 million \$12.0 million of our shares of common stock had been repurchased.

Contractual Obligations

As of December 31, 2022 December 31, 2023, our contractual obligations were as follows:

Contractual Obligations (in millions)	Less than					More than					Less than					More than									
	Total		1 yr		1-2 years		3-5 years		5 yrs		Total		1 year		1-2 years		3-5 years		5 years						
	Interest on long term debt	\$ 77.9	\$ 22.2	\$ 44.6	\$ 11.1	\$ -	\$ 59.0	\$ 23.6	\$ 23.5	\$ 11.9	\$ -	Senior bank debt - principal repayment	282.9	-	-	282.9	-	20.1	20.1	-	-	-			
Purchase of Vantage machines																					12.6	12.6	-	-	-
Financing activities																					282.9	-	-	-	-
Revolver repayment																					20.1	20.1	-	-	-
Senior secured notes - principal repayment																					299.6	-	-	299.6	-
Finance lease payments																					2.4	0.7	0.9	0.8	-
Operating lease payments																					14.5	4.7	3.0	4.2	2.6
Interest on non-utilization fees																					0.6	0.2	0.4	-	-
Total																					\$ 408.8	\$ 61.9	\$ 27.8	\$ 316.5	\$ 2.6
Off-Balance Sheet Arrangements																									

As of December 31, 2022 December 31, 2023, there were no off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, promulgated by the U.S. Securities and Exchange Commission.

Critical Accounting Policies and Accounting Estimates

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

For a discussion of other recently issued accounting standards, and assessments as to their impacts on the Company, see [Nature Note 1 "Nature of Operations, Management's Plans and Summary of Significant Accounting Policies, Note 1 Policies"](#) in the Notes to the consolidated financial statements Consolidated Financial Statements included elsewhere in Part II, Item 8 of this report.

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 revenue of \$261.2 million and \$61.8 million, respectively, for the year ended December 31, 2023. The Company's revenue recognition policy, which requires significant judgments and estimates, is fully described in [Note 1 "Nature of Operations, Management's Plans and Summary of Significant Accounting Policies"](#) in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

5761

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, 2023, total goodwill with the Virtual Sports, Interactive, and two Gaming reporting units is \$44.8 million, \$1.8 million, \$9.3 million, and \$2.9 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, 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, 2023 using a qualitative assessment for all of our 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.

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.

Management determined that there were no new indicators of impairment for the years ended December 31, 2023 and 2022 and the Company concluded that there was no impairment of the Company's intangible and long-lived assets as of December 31, 2023 and 2022.

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.

ITEM 7A. 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 (\$282.9 299.6 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 December 31, 2022 December 31, 2023.

Excluding intercompany balances, our Euro functional currency net assets total approximately \$0.4 million \$18.3 million, and our US Dollar USD functional currency net assets liabilities total approximately \$4.6 million \$7.4 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 December 31, 2022 December 31, 2023, would result in favorable translation adjustments of approximately \$0.0 million \$1.7 million favorable and \$0.5 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 twelve months ended December 31, 2022 December 31, 2023, were €13.4 million €10.8 million and \$12.3 million \$23.7 million, respectively. A hypothetical 10% adverse change in the value of the Euro and the US Dollar USD relative to GBP as of December 31, 2022 December 31, 2023, would result in translation adjustments of approximately \$1.3 million \$1.1 million favorable and \$1.1 million \$2.2 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 by approximately \$2.2 million \$1.6 million and would result in unfavorable translation adjustments of approximately \$7.4 million \$8.6 million, recorded in other comprehensive loss.

For further information regarding the new external borrowings, see Note 13 to the Consolidated Financial Statements, "Long Term and Other Debt".

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our financial statements are set forth in Item 15 below.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.**Evaluation of Disclosure Controls and Procedures.**

Disclosure controls and procedures are 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 Executive Chairman and our Chief Financial Officer (together, the "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 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 this evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures at December 31, 2022 were not effective, due to the material weaknesses described below.

In light of these material weaknesses, we performed additional analyses as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles. **Accordingly, management believes that the financial statements included in this Annual Report on Form 10-K present fairly in all material respects our financial position, results of operations, and cash flows for the periods presented.**

Management's Report on Internal Control Over Financial Reporting as Part of Section 404 of the Sarbanes-Oxley Act 2002 ("SOX")

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Insofar as the Company is subject to Section 404(b) of SOX, this Annual Report on Form 10-K includes an opinion by our external auditors on the effectiveness of our internal control over financial reporting at December 31, 2022 in addition to management's assessment of the effectiveness of internal control over financial reporting under the requirements of Section 404(a) of SOX. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our Company;
(2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(3) provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting may not prevent or detect errors or misstatements in our consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 based on the criteria set forth in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on that assessment, our internal control over financial reporting at December 31, 2022 was not effective, based upon the material weaknesses discussed below.

A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected and corrected on a timely basis.

Remediation of Previously Reported Material Weakness

As previously disclosed in Item 9A of our Annual Report on Form10-K for the year ended December 31, 2021, management identified a material weakness in internal control over financial reporting relating to an ineffective risk assessment and response process (the "Risk Assessment and Response Material Weakness"). Namely, the Company had not established an effective control environment due to the ineffective design and implementation of certain process controls, including management review controls. These controls pertain to accounting estimates, account reconciliations, and approval processes of some of the Company's significant accounts. These deficiencies represented material weaknesses in the Company's internal control over financial reporting as there was a reasonable possibility that a material misstatement with respect to certain of the Company's significant accounts and disclosures would not be prevented or detected on a timely basis. Factors contributing to the Risk Assessment and Response Material Weakness included the fact that during 2021, the Company centralized all its finance functions into one location and implemented a new Enterprise Resource Planning ("ERP") system which went live much later in the year than initially planned, as it had to be put on hold due to the impact that the COVID-19 pandemic had on the Company. As a result, there was insufficient time prior to year-end to implement or operate certain controls which were newly designed or re-designed as a result of the impact of the ERP implementation. The Company had also been without its Chief Financial Officer for a period of time due to illness, which required a redistribution of roles and responsibilities, including those related to controls.

We have remediated this previously reported Risk Assessment and Response Material Weakness by (1) establishing an executive steering committee to monitor the remediation of the underlying control deficiencies, (2) hiring an additional SOX specialist in June 2022 to support the Chief Financial Officer and Director of Finance, (3) increasing the use of our outsourced SOX service provider to assist in all aspects of our SOX program, (4) providing one-on-one training to control owners who are part of our broader accounting and operations teams on control execution and related documentation and evidence, (5) re-mapping internal control over financial reporting to risks and financial statement assertions, (6) remediating previously identified control gaps or deficient controls by implementing newly designed controls and/or enhancing the operation and/or underlying evidence of existing controls, (7) expanding business process narratives with enhanced details of process flows and controls, and (8) enhancing the documentation of the execution of management review controls. The Company completed its testing of the effectiveness of the remediated, newly designed, and re-designed controls and, other than those relating to the material weaknesses identified below, noted no material control deficiencies. As a result, management concluded that the Risk Assessment and Response Material Weakness was remediated as of December 31, 2022.

Identified Material Weaknesses and Remediation

Segregation of Duties

Management has identified internal control deficiencies due to IT program and data changes affecting the Company's financial IT applications and underlying accounting records, not being identified, tested, authorized, and implemented appropriately to validate that data produced by its relevant IT system(s) was complete and accurate. Automated process-level controls and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective as a result of such deficiency and there was not appropriate segregation of duties that would adequately restrict user and privileged access to the financially relevant systems and data to the appropriate Company personnel. Management has concluded that the likelihood that these deficient controls would fail to prevent or detect a material misstatement is a reasonable possibility and rise to a material weakness in the aggregate.

Management is planning to remediate the design of segregation of duties incompatibilities during 2023 by changing access levels, and review, and updating policies. Despite this deficiency, Management is not aware of any resulting financial statement misstatements and, additionally, management has undertaken a retrospective analysis of 2022 transactions of individuals with such incompatibilities and our analysis indicates that none of the changes made was incorrect or inappropriate.

Holiday Park Cash Collections

Management has identified a deficiency in one aspect of our cash collection process related to the completeness and accuracy (risk of understatement) of our recording of cash collection amounts relating to our holiday park business in that the process for reviewing and approving cash receipts was not consistently documented or implemented.

Despite this deficiency, management is not aware of any resulting financial statement misstatements or cash count discrepancies and management is planning to remediate the material weakness during 2023 by implementing new or enhanced controls around cash collections at holiday parks.

Contract Approvals

Management has identified a deficiency related to the design and operation of the Company's contract review and approval process in relation to certain contract amendments.

Despite this deficiency, Management is not aware of any resulting financial statement misstatements or inappropriate contract terms and management is planning to remediate the material weakness during 2023 by implementing new or enhanced controls around contracting with customers, specifically as it relates to contract amendments.

With respect to each of the above, management has begun the remediation process, however the material weaknesses cannot be considered fully remediated until it is demonstrated that the new or enhanced controls and other impacted or dependent controls have operated effectively for a sufficient period of time.

Changes in Internal Control Over Financial Reporting

Except for the changes noted above in connection with the initiatives to remediate material weaknesses, there have been no other 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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Shareholders and Board of Directors of
Inspired Entertainment, Inc. and Subsidiaries

Adverse Opinion on Internal Control over Financial Reporting

We have audited Inspired Entertainment, Inc. and Subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness described in the following paragraph on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in "Management's Annual Report on Internal Control Over Financial Reporting".

The Company did not design and/or implement program change management and user access controls to ensure:

IT program and data changes affecting the Company's financial IT applications & underlying accounting records, are identified, tested, authorized and implemented appropriately to validate that data produced by its relevant IT system(s) were complete and accurate. Automated process-level controls and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective as a result of such deficiency and appropriate segregation of duties that would adequately restrict user and privileged access to the financially relevant systems and data to the appropriate Company personnel.

The Company has not designed an effective control related to the completeness and accuracy of cash collection amounts input to the Company's records in the Leisure Segment.

The Company has not designed effective controls over the contract approval process relating to revenue contracts, including contracts involving royalty rates.

These deficiencies represent material weaknesses in the Company's internal control over financial reporting as there is a reasonable possibility that a material misstatement with respect to the Company's significant accounts and disclosures will not be prevented or detected on a timely basis.

This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the fiscal December 31, 2022 consolidated financial statements, and this report does not affect our report dated March 16, 2023 on those financial statements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets as of December 31, 2022 and 2022 and the related consolidated statements of operations and comprehensive (loss) income, stockholders' deficit and cash flows for each of the three years in the period ended December 31, 2022 of the Company and our report dated March 16, 2023 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management Annual Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that degree of compliance with the policies or procedures may deteriorate.

Marcum LLP

New York, NY

March 16, 2023

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2023 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before May 1, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 11. EXECUTIVE COMPENSATION.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2023 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before May 1, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2023 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before May 1, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2023 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before May 1, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2023 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before May 1, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

PART IV

(a) The following documents are filed as part of this report:

- (1) Financial Statements. The required consolidated financial statements and notes thereto are presented starting on page F-1 of this report.
- (2) Financial Statement Schedules. All financial statement schedules are omitted because they are not applicable or the amounts are immaterial and not required, or the required information is presented in the consolidated financial statements and notes thereto presented starting on page F-1 of this report.

(b) Exhibits listed on page 63.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021 2022

	<u>Page</u>
Report of Independent Registered Public Accounting Firm PCAOB ID #688	F-2
Consolidated Balance Sheets	F-4
Consolidated Balance Sheets Statements of Operations and Comprehensive Income (Loss)	F-5
Consolidated Statements of Operations and Comprehensive Income (Loss) Stockholders' Deficit	F-6
Consolidated Statements of Stockholders' Deficit Cash Flows	F-7
Consolidated Statements of Cash Flows	F-8
Notes to the Consolidated Financial Statements	F-9 F-8

F-1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Inspired Entertainment, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Inspired Entertainment, Inc. and Subsidiaries (the "Company") as of **December 31, 2022** **December 31, 2023** and **2021**, **2022**, the related consolidated statements of operations and comprehensive loss (income), stockholders' equity and cash flows for each of the three years in the period ended **December 31, 2022** **December 31, 2023**, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2022** **December 31, 2023** and **2021**, **2022**, and the results of its operations and its cash flows for each of the three years in the period ended **December 31, 2022** **December 31, 2023**, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of **March 16, 2023** **December 31, 2023**, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, and our report dated **April 15, 2024** expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting because of the existence of material weaknesses.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

F-2

Revenue Recognition – Use of IT Systems to track and invoice revenue and the determination of the various promises in the arrangement

Certain of the Company's revenue contracts with customers include multiple promises (such as hardware, software and maintenance, among others). The Company is required to evaluate whether each promise represents a performance obligation. The evaluation of whether promises are both capable of being distinct in the context of a contract (and thus constitute performance obligations) can require significant judgment and could change the amount of revenue recognized in a given period.

We identified the determination of performance obligations for contracts with higher contract values as a critical audit matter because of the judgments and estimates management makes to evaluate such contracts and the impact of such judgments on the amount of revenue recognized in a given period. This required a high degree of auditor judgment and an increased extent of testing.

F-2

Addressing the matter involved performing procedures and evaluation of audit evidence that included, among others others:

We involved IT professionals with specialized skills and knowledge, who assisted in evaluating the sufficiency of the audit evidence obtained related to:

- General IT controls and IT application controls for the relevant IT systems used to gather and process data,
- The transfer of information among the different systems used to gather the data, and
- The configuration and change management controls for the reports that were used from the various systems to determine the amount of revenue recognized.

We also performed the following procedures:

- Evaluating contract terms and conditions,
- Reviewing and assessing the methodology applied and testing the reliability and mathematical accuracy of the underlying data and calculations,
- Testing management's identification of performance obligations by evaluating whether the promises were both capable of being distinct and distinct within the context of the contract, including reading the selected contracts and inquiring of certain of the Company's accounting and operations personnel to understand the nature of the promises and how they are delivered to the customer and,
- Evaluating and concluding on the reasonableness of management's judgments and estimates.

F-3

We involved IT professionals with specialized skills and knowledge, who assisted in evaluating the sufficiency of the audit evidence obtained related to:

- General IT controls and IT application controls for Reviewed specific contracts with third party customers to evaluate the relevant IT systems used to gather and process data, contract terms associated with ASC 606 Revenue from Contracts with Customers, Agent vs. Principal literature.
 - The transfer of information among the different systems used to gather the data, and
 - The configuration and change management controls for the reports that were used from the various systems to determine the amount of revenue recognized.

Capitalization of Internally and Externally Developed Software for Internal or External Use

The Company classifies software development costs as either internal use software or external use software, whereby any costs incurred during preliminary project stages are expensed as incurred; for external use software, direct costs incurred during the application development stages are capitalized; and costs incurred during the post-implementation/operation stages are expensed. Once the software is placed in operation, the Company amortizes the capitalized cost of the software over its economic useful life, which ranges from two to five years. During the year ended December 31, 2022 December 31, 2023, the Company capitalized approximately \$18,438,000 \$9,663,295 of software development costs.

We identified the evaluation of the Company's capitalization of internal direct labor costs as a critical audit matter. There were inherent challenges in obtaining an understanding of the structure of systems and processes used to capture the large volumes of internal direct labor data. Furthermore, subjective judgement was required to evaluate the relevant data that was captured and aggregated, and to assess the sufficiency of the audit evidence obtained.

The primary procedures we performed to address this critical audit matter included the following:

We involved IT professionals with specialized skills and knowledge, who assisted in evaluating the sufficiency of the audit evidence obtained related to:

- General IT controls and IT application controls for the relevant IT systems used to gather and process data,
- The transfer of information among the different systems used to gather the data, and
- The configuration and change management controls for the reports that were used from the various systems to determine the amount of internal direct labor costs to capitalize.

In addition, we evaluated, on a sample basis, the Company's manual aggregation of information from various IT systems, to determine the sufficiency of the audit evidence obtained, by:

- Inspecting the capital project codes to assess that the nature of the activity is capitalized in accordance with U.S. generally accepted accounting principles,
- Comparing salary and wage information for capitalized internal direct labor costs to employee human resource documents and system profiles,
- Comparing the hours of capitalized internal direct labor to the hours recorded to capital activities on the employees' timesheets,
- Inquiring of employees and project managers as to the accuracy of the hours reflected as capital activities on the employee timesheets, and
- Evaluating the methodology used to determine the labor rates and comparing the cost types, dates incurred, and amounts of labor costs used to derive the labor rates to data from the source systems.
- Obtained underlying verification over the timing a project was placed in service,
- Interviewed executives with day-to-day job responsibilities that impact the development of software costs,
- Corroborated with human resource personal regarding employee job descriptions and day-to-day job responsibilities, and
- Judgmentally selected large projects at random to verify if any restatement adjustment should or should not apply.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2016

New York, NY

March 16, 2023 April 15, 2024

F-4 F-3

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

	December 31,		December 31,		December 31, 2023	December 31, 2022
	2022	2021	2021	2022		
Assets						
Cash	\$ 25.0	\$ 47.8	\$ 40.0	\$ 25.0		
Accounts receivable, net	40.5	31.7	40.6	40.4		
Inventory, net	31.0	16.9	32.3	30.3		
Prepaid expenses and other current assets	32.1	30.0	39.6	31.2		
Total current assets	128.6	126.4	152.5	126.9		
Property and equipment, net	44.7	50.9	62.8	45.1		
Software development costs, net	35.8	35.6	21.8	18.3		
Other acquired intangible assets subject to amortization, net	14.7	18.9	13.4	14.6		
Goodwill	73.9	82.7	58.8	55.5		
Operating lease right of use asset	8.3	10.1	14.2	16.0		
Costs of obtaining and fulfilling customer contracts, net			9.4	7.0		
Other assets	3.4	7.1	8.0	3.8		
Total assets	\$ 309.4	\$ 331.7	\$ 340.9	\$ 287.2		
Liabilities and Stockholders' Deficit						
Current liabilities						
Accounts payable	\$ 25.7	\$ 20.8				
Accrued expenses	28.5	32.6				
Accounts payable and accrued expenses			\$ 60.8	\$ 52.7		
Corporate tax and other current taxes payable	9.3	12.3	6.3	10.1		
Deferred revenue, current	4.8	7.7	5.6	4.6		
Operating lease liabilities	2.8	3.3	4.7	3.9		
Current portion of long-term debt			19.1	—		
Other current liabilities	2.6	3.9	4.2	3.6		
Current portion of finance lease liabilities	1.0	0.9				
Total current liabilities	74.7	81.5	100.7	74.9		
Long-term debt	277.6	309.0	295.6	277.6		
Finance lease liabilities, net of current portion	1.2	1.9	1.6	1.2		
Deferred revenue, net of current portion	3.7	6.8	7.1	2.8		
Operating lease liabilities	5.9	7.4	9.8	12.3		
Other long-term liabilities	4.0	3.1	4.1	4.0		
Total liabilities	367.1	409.7	418.9	372.8		
Commitments and contingencies						
Stockholders' deficit						
Preferred stock; \$0.0001 par value; 1,000,000 shares authorized	—	—				
Common stock; \$0.0001 par value; 49,000,000 shares authorized; 25,909,516 shares and 26,433,562 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively	—	—				
Preferred stock; \$0.0001 par value; 1,000,000 shares authorized, no shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively			—	—		
Common stock; \$0.0001 par value; 49,000,000 shares authorized; 26,219,021 shares and 25,909,516 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively			—	—		
Additional paid in capital	378.2	372.3	386.1	378.2		
Accumulated other comprehensive income	46.3	43.8	44.5	50.8		
Accumulated deficit	(482.2)	(494.1)	(508.6)	(514.6)		
Total stockholders' deficit	(57.7)	(78.0)	(78.0)	(85.6)		
Total liabilities and stockholders' deficit	\$ 309.4	\$ 331.7	\$ 340.9	\$ 287.2		

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

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

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Revenue:			
Service	\$ 261.2	\$ 248.4	\$ 180.2
Product sales	61.8	33.2	25.6
Total revenue	323.0	281.6	205.8
 Cost of sales:			
Cost of service ⁽¹⁾	(75.1)	(71.4)	(51.8)
Cost of product sales	(52.6)	(21.9)	(17.8)
Selling, general and administrative expenses	(115.5)	(101.9)	(90.3)
Acquisition and integration related transaction expenses	—	(0.5)	(1.6)
Depreciation and amortization	(39.9)	(39.9)	(48.8)
Net operating income (loss)	39.9	46.0	(4.5)
 Other expense			
Interest expense, net	(27.7)	(25.3)	(44.3)
Change in fair value of warrant liability	—	—	0.9
Gain on disposal of business	—	0.9	—
Other finance income	0.4	1.1	5.7
Total other expense, net	(27.3)	(23.3)	(37.7)
 Income (loss) before income taxes	12.6	22.7	(42.2)
Income tax (expense) benefit	(5.0)	(2.1)	1.6
Net income (loss)	7.6	20.6	(40.6)
 Other comprehensive (loss) income:			
Foreign currency translation (loss) gain	(5.9)	12.7	0.7
Change in fair value of hedging instrument	—	—	0.3
Reclassification of loss on hedging instrument to comprehensive income	0.3	0.7	1.5
Actuarial (losses) gains on pension plan	(0.7)	(6.4)	10.5
Other comprehensive (loss) income	(6.3)	7.0	13.0
 Comprehensive income (loss)	\$ 1.3	\$ 27.6	\$ (27.6)
 Net income (loss) per common share – basic	\$ 0.27	\$ 0.73	\$ (1.66)
Net income (loss) per common share – diluted	\$ 0.26	\$ 0.71	\$ (1.66)
 Weighted average number of shares outstanding during the year – basic	28,073,408	28,049,918	24,402,461
Weighted average number of shares outstanding during the year – diluted	29,214,583	29,092,855	24,402,461
 Supplemental disclosure of stock-based compensation expense			
Stock-based compensation included in:			
Selling, general and administrative expenses	\$ (11.2)	\$ (10.8)	\$ (13.0)

(1) Excluding depreciation and amortization

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

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

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenue:			
Service	\$ 251.8	\$ 183.3	\$ 178.7
Product sales	33.6	25.6	21.1
Total revenue	285.4	208.9	199.8
 Cost of sales:			
Cost of service ⁽¹⁾	(49.3)	(34.3)	(30.1)
Cost of product sales	(22.7)	(16.4)	(14.4)
Selling, general and administrative expenses	(126.4)	(110.2)	(89.6)
Acquisition and integration related transaction expenses	(0.5)	(1.6)	(7.0)
Depreciation and amortization	(37.6)	(47.0)	(52.3)
Net operating income (loss)	48.9	(0.6)	6.4
 Other expense			
Interest expense, net	(25.4)	(44.3)	(30.0)
Change in fair value of warrant liability	—	0.9	(3.2)
Gain on disposal of business	0.9	—	—
Loss from equity method investee	—	—	(0.5)
Other finance income (expense)	1.1	5.7	(4.7)
Total other expense, net	(23.4)	(37.7)	(38.4)
 Income (loss) before income taxes	25.5	(38.3)	(32.0)
Income tax (expense) benefit	(3.2)	1.6	(0.4)
Net income (loss)	22.3	(36.7)	(32.4)
 Other comprehensive income (loss):			
Foreign currency translation gain (loss)	8.2	0.4	(5.4)
Change in fair value of hedging instrument	—	0.3	(2.9)
Reclassification of loss (gain) on hedging instrument to comprehensive income	0.7	1.5	1.5
Actuarial (losses) gains on pension plan	(6.4)	10.5	(7.2)
Other comprehensive income (loss)	2.5	12.7	(14.0)
 Comprehensive income (loss)	\$ 24.8	\$ (24.0)	\$ (46.4)
 Net income (loss) per common share – basic	\$ 0.84	\$ (1.60)	\$ (1.45)
Net income (loss) per common share – diluted	\$ 0.77	\$ (1.60)	\$ (1.45)
 Weighted average number of shares outstanding during the year – basic	26,446,374	22,897,997	22,399,333
Weighted average number of shares outstanding during the year – diluted	29,035,785	22,897,997	22,399,333
 Supplemental disclosure of stock-based compensation expense			
Stock-based compensation included in:			
Selling, general and administrative expenses	\$ (10.8)	\$ (13.0)	\$ (4.8)

	Common stock		Additional paid in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' deficit
	Shares	Amount				
Balance as of January 1, 2021	22,430,475	\$ —	\$ 324.6	\$ 30.8	\$ (484.2)	\$ (128.8)
Foreign currency translation adjustments	—	—	—	0.7	—	0.7
Actuarial gains on pension plan	—	—	—	10.5	—	10.5
Change in fair value of hedging instrument	—	—	—	0.3	—	0.3
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	1.5	—	1.5
Shares issued in settlement of RSUs	324,122	—	(6.4)	—	—	(6.4)
Shares issued upon exercise of warrants	3,678,965	—	42.4	—	—	42.4
Stock-based compensation expense	—	—	11.7	—	—	11.7
Net loss	—	—	—	—	(40.6)	(40.6)

Balance as of December 31, 2021	26,433,562	—	372.3	43.8	(524.8)	(108.7)
Foreign currency translation adjustments	—	—	—	12.7	—	12.7
Actuarial losses on pension plan	—	—	—	(6.4)	—	(6.4)
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	0.7	—	0.7
Shares issued in settlement of RSUs	543,294	—	(4.1)	—	—	(4.1)
Repurchases of common stock	(1,067,340)	—	—	—	(10.4)	(10.4)
Stock-based compensation expense	—	—	10.0	—	—	10.0
Net income	—	—	—	—	20.6	20.6
Balance as of December 31, 2022	25,909,516	—	378.2	50.8	(514.6)	(85.6)
Foreign currency translation adjustments	—	—	—	(5.9)	—	(5.9)
Actuarial losses on pension plan	—	—	—	(0.7)	—	(0.7)
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	0.3	—	0.3
Shares issued in settlement of RSUs	435,283	—	(2.9)	—	—	(2.9)
Repurchases of common stock	(125,778)	—	—	—	(1.6)	(1.6)
Stock-based compensation expense	—	—	10.8	—	—	10.8
Net income	—	—	—	—	7.6	7.6
Balance as of December 31, 2023	26,219,021	\$ —	\$ 386.1	\$ 44.5	\$ (508.6)	\$ (78.0)

(1) Excluding depreciation and amortization

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

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT CASH FLOWS
(in millions, except share data) millions)

	Common stock		Additional paid in capital	Accumulated other comprehensive income		Accumulated deficit	Total stockholders' deficit
				\$	45.1		
			\$	(425.0)	\$	(59.3)	
Balance as of January 1, 2020	22,230,768	\$ —	\$ 320.6	\$ 45.1	\$ (425.0)	\$ (59.3)	
Foreign currency translation adjustments	—	—	—	(5.4)	—	—	(5.4)
Actuarial losses on pension plan	—	—	—	(7.2)	—	—	(7.2)
Change in fair value of hedging instrument	—	—	—	(2.9)	—	—	(2.9)
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	1.5	—	—	1.5
Shares issued in settlement of RSUs	192,058	—	(0.7)	—	—	—	(0.7)
Shares issued under ESPP	7,649	—	—	—	—	—	—
Stock-based compensation expense	—	—	4.7	—	—	—	4.7
Net loss	—	—	—	—	(32.4)	—	(32.4)
Balance as of December 31, 2020	22,430,475	\$ —	\$ 324.6	\$ 31.1	\$ (457.4)	\$ (101.7)	
Foreign currency translation adjustments	—	—	—	0.4	—	—	0.4
Actuarial gains on pension plan	—	—	—	10.5	—	—	10.5
Change in fair value of hedging instrument	—	—	—	0.3	—	—	0.3
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	1.5	—	—	1.5
Shares issued in settlement of RSUs	324,122	—	(6.4)	—	—	—	(6.4)
Shares issued upon exercise of warrants	3,678,965	—	42.4	—	—	—	42.4
Stock-based compensation expense	—	—	11.7	—	—	—	11.7
Net loss	—	—	—	—	(36.7)	—	(36.7)
Balance as of December 31, 2021	26,433,562	\$ —	\$ 372.3	\$ 43.8	\$ (494.1)	\$ (78.0)	
Foreign currency translation adjustments	—	—	—	8.2	—	—	8.2
Actuarial losses on pension plan	—	—	—	(6.4)	—	—	(6.4)
Reclassification of loss on hedging instrument to comprehensive income	—	—	—	0.7	—	—	0.7
Shares issued in settlement of RSUs	543,294	—	(4.1)	—	—	—	(4.1)
Repurchases of common stock	(1,067,340)	—	—	—	—	(10.4)	(10.4)
Stock-based compensation expense	—	—	10.0	—	—	—	10.0
Net income	—	—	—	—	22.3	—	22.3
Balance as of December 31, 2022	25,909,516	\$ —	\$ 378.2	\$ 46.3	\$ (482.2)	\$ (57.7)	

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash flows from operating activities:			
Net income (loss)	\$ 7.6	\$ 20.6	\$ (40.6)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	39.9	39.9	48.8
Amortization of right of use asset	3.8	3.5	4.5
Profit on disposal of trade and assets		(0.9)	—
Stock-based compensation expense	11.2	10.8	13.0
Unrealized transactional currency gain/loss on senior secured notes	—	—	(4.7)
Change in fair value of warrant liability	—	—	(0.9)
Reclassification of loss on hedging instrument to comprehensive income	0.3	0.7	1.5
Non-cash interest expense relating to senior debt	2.0	1.8	17.2
Contract cost expense	(10.3)	(7.2)	(6.3)
Changes in assets and liabilities:			
Accounts receivable	1.7	(12.1)	(4.7)
Inventory	(0.4)	(16.7)	3.2
Prepaid expenses and other assets	(8.5)	(4.3)	(12.4)
Corporate tax and other current taxes payable	(6.4)	(6.1)	(9.7)
Accounts payable and accrued expenses	4.5	5.8	3.8
Deferred revenue and customer prepayment	4.8	(4.4)	(5.9)
Operating lease liabilities	(3.9)	(3.7)	(4.0)
Other long-term liabilities	(0.8)	(3.0)	(0.4)
Net cash provided by operating activities	45.5	24.7	2.4
Cash flows from investing activities:			
Purchases of property and equipment	(32.8)	(22.2)	(11.3)
Acquisition of subsidiary company assets	—	(0.6)	(12.4)
Acquisition of third-party company trade and assets	(0.6)	—	—
Disposal of trade and assets	—	1.3	—

Purchases of capital software	(15.0)	(11.1)	(8.7)
Net cash used in investing activities	(48.4)	(32.6)	(32.4)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	—	—	333.1
Proceeds from issuance of revolver	18.9	—	—
Repurchase of common stock	(1.6)	(10.4)	—
Proceeds from exercise of warrants	—	—	30.5
Repayments of revolver and long-term debt, including exit premium	—	—	(320.6)
Payment of debt issuance costs	—	—	(9.1)
Cash paid in connection with terminated interest rate swaps	—	—	(2.1)
Repayments of finance leases	(1.1)	(0.6)	(0.6)
Net cash (used in) provided by financing activities	16.2	(11.0)	31.2
Effect of exchange rate changes on cash	1.7	(3.9)	(0.5)
Net increase (decrease) in cash	15.0	(22.8)	0.7
Cash, beginning of period	25.0	47.8	47.1
Cash, end of period	\$ 40.0	\$ 25.0	\$ 47.8
Supplemental cash flow disclosures			
Cash paid during the period for interest	\$ 24.0	\$ 23.0	\$ 30.8
Cash paid during the period for income taxes	\$ 5.0	—	\$ 1.2
Cash paid during the period for operating leases	\$ 6.6	\$ 7.8	\$ 6.6
Supplemental disclosure of noncash investing and financing activities			
Additional paid in capital from net settlement of RSUs	\$ (2.9)	\$ (4.1)	\$ (6.4)
Lease liabilities arising from obtaining right of use assets	\$ (0.9)	\$ (1.8)	—
Adjustment to customer relationships intangible asset arising from adjustment to fair value of assets acquired	—	\$ (0.9)	—
Property and equipment acquired through finance lease	\$ 1.2	—	\$ 2.6
Property and equipment transferred to inventory	—	\$ 0.8	\$ 1.3

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

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash flows from operating activities:			
Net income (loss)	\$ 22.3	\$ (36.7)	\$ (32.4)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	37.6	47.0	52.3
Amortization of right of use asset	2.4	3.3	3.6
Stock-based compensation expense	10.8	13.0	4.8
Impairment of investment in equity method investee	—	—	0.7
Unrealized transactional currency gain/loss on senior bank debt	—	(4.6)	5.6
Change in fair value of warrant liability	—	(0.9)	3.2
Reclassification of loss on hedging instrument to comprehensive income	0.7	1.5	0.9
Non-cash interest expense relating to senior debt	1.8	17.2	3.4
Changes in assets and liabilities:			
Accounts receivable	(12.0)	(4.9)	(2.9)
Inventory	(16.0)	1.6	1.3
Prepaid expenses and other assets	(3.8)	(13.9)	8.8
Corporate tax and other current taxes payable	(6.7)	(9.9)	6.6
Accounts payable	7.5	2.8	(4.8)
Deferred revenues and customer prepayment	(5.2)	(6.7)	(5.7)
Accrued expenses	0.8	0.7	10.9
Operating lease liabilities	(2.6)	(2.9)	(2.8)
Other long-term liabilities	(2.9)	(0.4)	(0.6)
Net cash provided by operating activities	34.7	6.2	52.9
Cash flows from investing activities:			
Purchases of property and equipment	(21.2)	(11.6)	(15.4)
Acquisition of subsidiary company assets	(0.6)	(12.5)	—
Purchases of capital software	(18.6)	(13.8)	(14.5)
Net cash used in investing activities	(40.4)	(37.9)	(29.9)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	—	333.1	—
Repurchase of common stock	(10.4)	—	—
Proceeds from exercise of warrants	—	30.5	—
Repayments of revolver and long-term debt, including exit premium	—	(320.6)	(4.2)
Payment of debt issuance costs	—	(9.1)	(3.1)
Cash paid in connection with terminated interest rate swaps	—	(2.1)	—
Repayments of finance leases	(0.6)	(0.6)	(0.9)
Net cash (used in) provided by financing activities	(11.0)	31.2	(8.2)
Effect of exchange rate changes on cash	(6.1)	1.2	3.2
Net increase in cash	(22.8)	0.7	18.0
Cash, beginning of period	47.8	47.1	29.1
Cash, end of period	\$ 25.0	\$ 47.8	\$ 47.1
Supplemental cash flow disclosures			
Cash paid during the period for interest	\$ 23.0	\$ 30.8	\$ 13.3
Cash paid during the period for income taxes	\$ —	\$ 1.2	\$ 0.2
Cash paid during the period for operating leases	\$ 4.3	\$ 4.4	\$ 3.3
Supplemental disclosure of noncash investing and financing activities			
Additional paid in capital from net settlement of RSUs	\$ (4.1)	\$ (6.4)	\$ (0.7)
Lease liabilities arising from obtaining right of use assets	\$ (1.8)	\$ —	\$ (6.8)
Adjustment to customer relationships intangible asset arising from adjustment to fair value of assets acquired	\$ (0.9)	\$ —	\$ —
Adjustment to goodwill arising from adjustment to fair value of assets acquired	\$ —	\$ —	\$ (0.2)
Property and equipment acquired through finance lease	\$ —	\$ 2.6	\$ 1.5
Property and equipment transferred to inventory	\$ 0.8	\$ 1.3	\$ —
Capitalized interest payments	\$ —	\$ —	\$ 10.6
Assets arising from asset retirement obligations	\$ —	\$ —	\$ 1.0

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

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

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

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

Company Description and Nature of Operations

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

Management Liquidity Plans

As of December 31, 2022 December 31, 2023, the Company's cash on hand was \$25.0 40.0 million, and the Company had working capital in addition to cash of \$28.9 11.8 million. The Company recorded net income of \$22.3 7.6 million and \$20.6 million and net losses of \$36.7 million and \$32.4 40.6 million for the year ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. Net income/losses include excess capital expenditure, excluding the acquisition of subsidiary assets, over depreciation and amortization, of \$2.2 7.9 million and \$6.6 million for the years ended December 31, 2022, December 31, 2023 and 2022, respectively, and excess depreciation and amortization over capital expenditure, excluding the acquisition of subsidiary assets, of \$21.4 million and \$22.4 28.8 million for the year ended December 31, 2021 and 2020, respectively, non-cash stock-based compensation of \$10.8 11.2 million, \$13.0 10.8 million and \$4.8 13.0 million for the year ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively, and non-cash changes in fair value of warrant liability of \$0.0 million, \$0.9 million gain and \$3.2 million losses for the year ended December 31, 2022, 2021, and 2020, respectively. December 31, 2021. 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 \$34.7 45.5 million, \$6.2 24.7 million and \$52.9 2.4 million for the year ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021 respectively, with the change changes year on year due primarily to land based operations being subject an improved working capital position with favorable movements in inventory which was expanded in the twelve months ended December 31, 2022 to lockdown restrictions safeguard future supply for part production after the COVID-19 pandemic. Favorable movements were also seen in accounts receivable and accounts payable due to timing and varying levels of production activity including the year ended December 31, 2021, installation of 2,500 machines into Greece during the last few months of 2023. Working capital of \$53.9 51.8 million includes a non-cash settled item of \$4.8 5.6 million of deferred income. Management currently believes that absent any long-term coronavirus ("COVID-19") impact (see below), 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 March 2024.

There have been no COVID-19 restrictions in the United Kingdom since July 2021 and social distancing measures throughout Greece and Italy are no longer in force as of the second quarter of 2022, April 2025.

F-9 F-8

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of Consolidation

All monetary values set forth in these consolidated financial statements are in US Dollars ("USD") unless otherwise stated herein. The accompanying consolidated financial statements include the results of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Foreign Currency Translation

For most of our operations, the British pound ("GBP") is our functional currency. Our reporting currency is the USD. We also have operations where the local currency is the functional currency, including our operations in mainland Europe and North America. Assets and liabilities of foreign operations are translated at period-end rates of exchange, equity is translated at historical rates of exchange and results of operations are translated at the average rates of exchange for the period. Gains or losses resulting from translating the foreign currency financial statements are recorded as a separate component of accumulated other comprehensive income in stockholders' deficit. Gains or losses resulting from foreign currency transactions are included in Selling, general and administrative expenses, Interest expense, net and Other finance (expense) income in the Consolidated Statement of Operations and Comprehensive Income (Loss). Aggregate foreign currency losses (gains) included in net income amounted to \$1.1 million, \$0.1 million and (\$4.6) million for the years ended December 31, 2023, December 31, 2022 and December 31, 2021, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, and cash flows during the reporting period. On an ongoing basis, management evaluates these estimates, including those related to the revenue recognition for contracts involving software and non-software elements, allowance for doubtful accounts, credit losses, inventory reserve for net realizable value, currency swaps, valuation of hedging activities, goodwill and intangible assets, useful lives of long-lived assets, stock-based compensation, valuation allowances on deferred taxes, warrant liability, pension liability, commitments and contingencies and litigation, among others. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. We regularly evaluate these significant factors and make adjustments when facts and circumstances dictate. Actual results may differ from these estimates.

F-10 F-9

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Cash

We deposit cash with financial institutions that management believes are of high credit quality. Substantially all of the Company's cash is held outside of the U.S. Included within the cash balance of \$25.0 40.0 million at December 31, 2023 is \$2.5 3.1 million of cash floats held on site at holiday parks.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. Our standard credit terms are net 30 to 60 days. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. Changes in circumstances relating to the collectability of accounts receivable may result in the need to increase or decrease our allowance for doubtful accounts in the future. We determine the allowance using an aging method for credit losses by which receivable balances are grouped based on an aging category. The grouping is then adjusted to take account of the specific receivables and an appropriate default rate then applied to receivables remaining that are overdue in excess of 90 days. We also consider customer specific information based on historical experience, current market trends, and our customers' financial condition. We continually review our allowance and provide for doubtful accounts. Past due balances and other higher risk amounts are reviewed individually for collectability, expected credit losses on an individual debtor basis where appropriate. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Under certain contracts, the timing of our invoices does not coincide with revenue recognized under the contract. We have unbilled accounts receivable which represent revenue recorded in excess of amounts invoiced under the contract and generally become billable at contractually specified dates. These amounts consist primarily of revenue from our share of net winnings earned on a daily basis where the billing period does not fall on the last day of the period. We had \$18.2 24.0 million and \$17.4 18.0 million of unbilled accounts receivable as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively.

Inventories

Inventories consist primarily of component parts and related parts used in gaming terminals. Inventories are stated at the lower of cost or net realizable value, using the first-in-first-out method. We determine the lower of cost or net realizable value of our inventory based on estimates of potentially excess and obsolete inventories after considering historical and forecasted demand and average selling prices. Demand for gaming terminals and parts inventory is also subject to technological obsolescence. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Property and Equipment

Property and equipment are recorded at cost, and when placed into service, depreciated and amortized to their residual values using the straight-line method over the estimated useful lives of the related assets as follows:

Leasehold property	Shorter of the useful life or the life of the lease
Server based gaming Gaming and amusement terminals	2 – 7 years
Plant and machinery and fixtures and fittings	3 – 10 years
Computer equipment	3 – 5 years

Our policy is to periodically review the estimated useful lives of our fixed assets. We also assess the recoverability of long-lived assets (or asset groups) whenever events or changes in circumstances indicate that the carrying amount of such an asset (or asset groups) may not be recoverable.

Repairs and maintenance costs are expensed as incurred. Upon retirement or sale, the cost of assets disposed and the related accumulated depreciation are written off and any resulting gain or loss is credited or charged to income.

F-11 F-10

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Software Development Costs

We classify software Research and development costs, which primarily consist of employee compensation costs and exclude costs relating to non-project time, leave and absence, are expensed as either internal incurred, except for software product development costs that are eligible for capitalization, as described below. Total research and development costs amounted to \$20.3 million, \$18.3 million and \$13.8 million in the years ended December 31, 2023, 2022 and 2021, respectively. Software development costs amounting to \$7.5 million, \$6.9 million and \$5.9 million were capitalized during the year ended December 31, 2023, 2022 and 2021, respectively. In addition, amounts relating to Costs of obtaining and fulfilling customer contracts, net of \$3.9 million, \$2.9 million and \$1.7 million were capitalized during the year ended December 31, 2023, 2022 and 2021, respectively. We expensed \$8.9 million, \$8.5 million and \$6.2 million during the year ended December 31, 2023, 2022 and 2021, respectively as they related to maintenance, research or support costs. Employee related costs associated with these activities are included in Selling, general and administrative expenses in the Consolidated Statement of Operations and Comprehensive Income (Loss).

We capitalize certain eligible costs incurred to develop internal-use software as well as external use software to be used in the products we sell, lease or external use software, market to customers. We account for costs incurred to develop internal use software, including software developed to deliver our cloud-based offerings to customers, in accordance with Accounting Standards Codification ("ASC") 350-40, Internal Use Software. Consequently, any costs incurred during preliminary project stages are expensed; certain direct costs incurred during the application development stages are capitalized; and capitalized while all other related costs incurred during the post-implementation/operation stages are expensed. Once the software is placed in operation, substantially complete and ready for its intended use, we amortize the capitalized internal use software cost costs over its their estimated economic useful life, which range ranges from two to five years. Amortization of such costs is included in Depreciation and amortization in the Consolidated Statement of Operations and Comprehensive Income (Loss).

We purchase, license and incur costs to develop external use software to be used in the products we sell, lease or provide license to customers. Such costs are capitalized under ASC 985-20, Costs of Software to Be Sold, Leased, or Marketed. Costs incurred in creating developing such software are expensed when incurred as Selling, General research and Administrative Expenses development costs until technological feasibility has been established, after which costs are capitalized up to the date the software is available for general release to customers. We capitalize the payments made for software that we purchase or license for use in our products that has previously met the technological feasibility criteria prior to our purchase or license. Annual amortization of Once available for general release, capitalized external use software development costs is recorded are amortized over the estimated economic life, which is ranges from two to five years.

Research and development Amortization of such costs are expensed as incurred, with the exception of research and development related primarily to software product development costs, which is expensed until technological feasibility has been established. Total research and development costs amounted to \$16.1 million, \$13.8 million and \$15.0 million in the years ended December 31, 2022, 2021 and 2020, respectively. Research and development costs amounting to \$1.5 million, \$3.1 million and \$3.9 million were expensed to Selling, general and administrative expenses during the year ended December 31, 2022, 2021 and 2020, respectively. Research and development costs amounting to \$14.6 million, \$10.7 million and \$11.1 million were capitalized during the year ended December 31, 2022, 2021 and 2020, respectively. Employee related costs associated with related product development are included in Selling, general Depreciation and administrative expenses amortization in the Consolidated Statement of Operations and Comprehensive Income (Loss).

Goodwill and Other Acquired Intangible Assets

Our principal acquired intangible assets relate to goodwill, trademarks and customer relationships. Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Trademarks and customer relationships were originally recorded at their fair values in connection with business combinations, and increased in 2021 due to the acquisition of 100% of the membership interests of Sporetch Lotteries, LLC (see Note 2).

Goodwill and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized on a straight-line basis over three to thirteen years to their estimated residual values and reviewed for impairment. Factors considered when assigning useful lives include legal, regulatory and contractual provisions, product obsolescence, demand, competition and other economic factors.

Impairment of Goodwill and Long-Lived Assets

We test for goodwill impairment at least annually on the last day of our fiscal period, and whenever other facts and circumstances indicate that the carrying value may not be recoverable. For goodwill impairment evaluations, we first make a qualitative assessment to determine if goodwill is likely to be impaired. If it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. Goodwill is carried, and therefore tested, at the reporting unit level. We As of December 31, 2023 we have four segments which are considered to represent five reporting units, Gaming, Virtual Sports, Interactive, Leisure, and Leisure, as detailed in Note 27, two reporting units within our Gaming segment. If the fair value of the reporting unit is less than its carrying amount, the amount of the impairment loss, if any, will be measured by comparing the implied fair value of goodwill to its carrying amount and would be charged to operations as an impairment loss. A mixture As of qualitative and quantitative tests were carried out as of December 31, 2022 December 31, 2023, 2022, and 2021 management determined there were no indicators of impairment and concluded that no impairment was required at any of these dates.

We assess the recoverability of long-lived assets and intangible assets with finite useful lives whenever events arise or circumstances change that indicate the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets (or asset groups) to be held and used is measured by a comparison of the carrying amount of the asset (or asset group) to the expected net future undiscounted cash flows to be generated by that asset (or asset group) or, for identifiable intangibles with finite useful lives, by determining whether the amortization of the intangible asset balance over its remaining life can be recovered through expected net future undiscounted cash flows. The amount of impairment of other long-lived assets and intangible assets with finite lives is measured by the amount by which the carrying amount of the asset exceeds the fair market value of the asset. As of December 31, 2023, 2022, and 2021 management determined there were no indicators of impairment and concluded that no impairment was required at any of these dates. Refer to Note 8, "Intangible Assets and Goodwill" for more information.

F-12 F-11

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Equity Method Investment

For investments in entities over which the Company exercises significant influence, but which do not meet the requirements for consolidation, the Company uses the equity method of accounting. On October 1, 2019, the Company acquired a 40% noncontrolling interest in Innov8 Gaming Limited in connection with the Acquisition (see Note 2), and in April 2020 this interest was disposed of. The value of the Company's equity method investment was \$0.7 million as of December 31, 2019, and was impaired to \$Nil in March 2020 prior to disposal. The Company's share of earnings from its equity method investee, including the impairment, is presented in Loss from equity method investee in the Consolidated Statement of Operations and Comprehensive Income (Loss).

The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investment may not be recoverable. The difference between the carrying value of the equity method investment and its estimated fair value is recognized as an impairment charge when the loss in value is deemed other-than-temporary. Since April 2020, the Company has had no equity method investments and has therefore recognized no impairments.

Deferred Revenue and Deferred Cost of Sales

Deferred revenue arises from the timing differences between the shipment or installation of gaming terminals and systems products and the satisfaction of all revenue recognition criteria consistent with our revenue recognition policy, as well as prepayment of contracts which are recognized ratably over a service period, such as maintenance or licensing fees. Deferred cost of sales, recorded as prepaid expenses and other assets, consists of the direct costs associated with the manufacture of gaming equipment and systems products for which revenue has been deferred. Amounts expected to be recognized as revenue within the 12 months following the balance sheet date are classified as deferred revenue in current liabilities. Amounts not expected to be recognized as revenue within the 12 months following the balance sheet date are classified as deferred revenue, net of current portion.

Debt Issuance Costs

Debt issuance costs incurred in connection with the Company's debt are capitalized and amortized as interest expense over the term of the related debt. The Company presents debt issuance costs as a reduction from the carrying amount of debt. Only costs that are wholly attributable to obtaining the related debt finance are treated as debt issuance costs. Any other costs are expensed to the Consolidated Statement of Operations and Comprehensive Income (Loss) as part of Acquisition and integration related transaction expenses.

Value Added Tax

The Company is subject to Value Added Tax ("VAT") in some locations. The amount of VAT liability is determined by applying the applicable tax rate to the invoiced amount of goods and services sold less VAT paid on purchases made with the relevant supporting invoices. VAT is collected from customers by the Company on behalf of the tax authorities and is therefore not charged to the Consolidated Statement of Operations and Comprehensive Income (Loss).

Common Stock Purchase Warrants and Derivative Financial Instruments

The Company reviews any common stock purchase warrants and other freestanding derivative financial instruments at each balance sheet date and classifies them on the consolidated balance sheet as:

- a) Equity if they (i) require physical settlement (full or net-share settlement), or (ii) gives the Company a choice of net-cash settlement or physical settlement in its own shares (full or net shares), or
- b) Assets or liabilities if they (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control), or (ii) give the counterparty a choice of net-cash settlement or settlement in shares (full physical settlement or net-share settlement).

F-13 F-12

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

At each reporting date, the Company determines whether a change in classification between assets and liabilities is required.

During the year ending December 31, 2021, (i) an aggregate of 2,651,129 shares of common stock were issued pursuant to the exercise of 5,302,258 Public Warrants and (ii) an aggregate of 1,027,836 shares of common stock were issued pursuant to the exercise (on a cashless basis) of 9,049,230 Private Warrants. There were no warrants outstanding as of December 31, 2021 December 31, 2023 or December 31, 2022.

At December 31, 2020, the Company considered that the warrants did not meet the criteria for equity classification and must be recorded as liabilities. As the warrants met the definition of a derivative as contemplated in ASC 815, the warrants were measured at fair value at inception and at each reporting date in accordance with ASC 820, Fair Value Measurement, with changes in fair value recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) in the period of change, respectively.

From time to time we enter into foreign currency forward contracts to mitigate the risk associated with cash payments required to be made in non-functional currencies or to mitigate the risk associated with cash to be received in non-functional currencies.

Accounting Policy for Derivative Instruments and Hedging Activities

FASB ASC 815, Derivatives and Hedging ("ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

In accordance with the FASB's fair value measurement guidance in ASU 2011-04, "Fair Value Measurements," the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Revenue Recognition

The Company evaluates the recognition of revenue and rental income based on the criteria set forth in ASC 606 or ASC 842, as appropriate. Revenue is recognized net of rebates and discounts when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps:

1. identify the contracts with a customer;
2. identify the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; contract and capable of being distinct;

F-14 F-13

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and
5. recognize revenue when, or as, the Company satisfies each performance obligation.

Step 1 – Identify the contract

The Company identifies contracts with its customers when all parties have approved the contract and are committed to perform their respective obligations, when each party's rights and the payment terms regarding the goods or services to be transferred can be identified. The contract must also have commercial substance, and it must be probable that the Company will collect the consideration to which it will be entitled.

Contracts entered into at or near the same time with the same customer or related parties of the customer are accounted for as one contract if any of the following criteria are met:

- a. Contracts were negotiated as a single commercial package (including whether a contract would be loss-making without taking into account the consideration received under another contract)
- b. Consideration in one contract depends on the other contract
- c. Goods or services (or some of the goods or services) are a single performance obligation.

Step 2 – Identify performance obligations

Performance obligations are identified by considering whether a good or service is distinct. The Company considers a good or service to be distinct only when the customer can benefit from it either on its own or together with other resources that are readily available, and when the promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The Company applies the series guidance to its performance obligations where the following criteria apply:

- a. Each distinct good or service in the series meets the criteria to be a performance obligation satisfied over time.
- b. The same method would be used to measure progress toward complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

Step 3 – Determine the transaction price

The Company considers all amounts to which it has rights in exchange for the goods or services transferred in determining the transaction price. This includes fixed and variable consideration. **Typically, if the consideration promised by a customer includes a variable amount, we estimate the amount to which we expect to be entitled using either the expected value or most likely amount method.**

In the case where the variable consideration is stated in the contract with form of usage based fees, the customer Company evaluates the royalties to determine whether they qualify for the sales and usage-based royalty exception, as discussed under Step 5.

The Company **assesses usage-based fees to determine whether they qualify as variable consideration. It also considers the impact of any liquidated damages clauses or service level agreements, agreements that could result in credits or refunds to the client or incentive payments/bonuses from the customer upon achieving certain agreed-upon metrics. Incentive payments are accounted for as variable considerations when the likely amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any incremental revenue will not occur.**

Where the Company's variable considerations relates to a performance obligations are obligation determined to be a series, variable consideration is not estimated upfront in accordance with the exception allowed by ASC 606.

Where non-refundable upfront fees are included in the The Company's contracts with customer, customers generally do not include non-cash consideration.

In determining the transaction price, the Company considers whether adjusts the promised amount of consideration for the effects of the time value of money if the payment terms are not standard and the timing of payments agreed to by the parties to the contract provide the customer or not they represent payment for a transferred good or service. Where they represent payment for future goods or services, the Company further considers whether they represent with a material right, significant benefit of financing, in which case the contract contains a significant financing component. In accordance with the practical expedient in ASC 606-10-32-18, the Company elected to not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. Invoices are generally issued as control transfers and/or as services are rendered. Our standard payment terms dictate that payment is due upon receipt of invoice, payable within 30 to 60 days.

Sales taxes and all other items of a similar nature are excluded from the measurement of the transaction price and shipping and handling activities are treated as a fulfillment of our promise to transfer the goods, hence, included in cost of sales.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Step 4 – Allocate the transaction price

The Company allocates **the contract's** transaction price to each performance obligation based on the relative standalone selling prices of the goods or services being provided. Where a contract includes multiple performance obligations, the Company determines the standalone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those standalone selling prices. Where possible, the Company uses the price charged for the good or service to other customers in similar circumstances as evidence of standalone selling price. Where this is not possible, the standalone selling price is estimated by experienced management using the best available judgement. judgement considering multiple factors including, but not limited to, overall market conditions, including geographic or regional specific factors, competitive positioning, competitor actions, internal costs, profit objectives, and pricing practices.

With respect to performance obligations that are considered to be a series, where appropriate and where the required criteria are met, variable consideration is allocated entirely to a distinct good or service that is part of a series.

Step 5 – Recognize revenue

The Company recognizes revenue over time for performance obligations that meet one of the following criteria:

- a. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.
- b. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c. The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date

Revenue for the Company's remaining performance obligations that do not meet one of the above criteria is recognized at the point at which the customer obtains control of the good or service.

The Company assesses usage-based fees it receives as consideration in contracts that contain licenses of its intellectual property to determine if such fees constitute a sales- or usage-based royalty, in which case the usage-based fee is included in the contract's transaction price as and when the usage occurs, since by that time our licensing obligations have been (or are in process of being) fulfilled.

Acting as a Principal or an Agent

The Company evaluates arrangements where they may be acting as a principal or an agent. We may include subcontractor services or third-party vendor services or products in certain arrangements. In these arrangements, revenue from sales of third-party vendor services or products are recorded net of our costs when we are acting as an agent between the customer and the vendor, and gross when we are the principal for the transaction. To determine whether we are an agent or principal, we consider whether we obtain control of the services or products before they are transferred to the customer. In making this evaluation, several factors are considered, most notably whether we have primary responsibility for fulfillment to the customer, as well as inventory risk and pricing discretion.

Segment Revenue

The Company has detailed evaluation of segment specific revenue recognition requirements under ASC 606 or ASC 842, as appropriate.

Gaming Revenue

Revenue from Gaming terminals, access to our content and platform, including electronic table gaming products is recognized in accordance with the criteria set forth in ASC 606 and is usually based upon a contracted percentage of the operator's net winnings from the terminals' daily use. Where this is not the case, including in the case of maintenance only contracts on self-serve betting terminals, revenue is based upon a fixed daily or weekly usage fee. We recognize revenue from these arrangements in accordance with the series guidance over time on a daily basis over the term of the arrangement, or when not specified over the expected customer relationship period. Performance typically include multiple performance obligations under these arrangements may include the such as delivery and installation of our gaming terminals for use over a term, preloaded with proprietary gaming software, sever-based content, as well as service obligations related to services such as terminal repairs, maintenance, software updates and server based upgrades on an when and if available basis and content and maintenance, development. Consideration with respect to these performance obligations typically takes the form of a fixed price per terminal billed upfront and a usage based fees, fee in the form of percentage of net winnings, billed at the end of a set period in arrears (usually monthly) and due typically 30 days from the date of the invoice.

Transaction price is allocated to all performance obligations within a contract on the basis of their standalone selling prices. Terminal sales take revenue is recognized at the form of a transfer of ownership of our developed gaming terminals, and are recognized as Product Sales at a point in time in accordance with contractual terms of each arrangement, but predominantly upon transfer of physical possession of the terminal or the lapse of customer acceptance provisions. Services such time as control passes to the customer as they terminal repairs, maintenance, software updates and upgrades and content development are considered stand-ready obligations; therefore, control transfers and revenue is recognized over time over the term of the service period. As the license of our intellectual property is the predominant item to meet which the required criteria royalty relates, variable consideration related to be considered distinct. Payment for terminal sales is typically due a set number of days after delivery, sales- and usage-based royalty are recognized in the period the sale or usage occurs in accordance with ASC 606-10-55-65(A).

Gaming The Company also enters into arrangements typically include that provide the customer with the right to use the terminals, wherein the Company operate as both a lessor and a content and service level agreements, consisting provider. ASC 842 provides a practical expedient that permits lessors to aggregate non-lease components (sever-based content, terminal repairs, maintenance, software updates and upgrades and content development) and the associated lease components (terminals) if certain conditions are met and account for the combined unit of a specified amount accounting under either ASC 606 or ASC 842, based on the predominant characteristic in the arrangement. In contracts where we provide content and services that are identified as non-lease components as well as underlying assets that are identified as lease components and the lease is an operating lease, the content and service provided to the customer represents the most critical element of 'uptime' with financial penalties the arrangement. The Company has elected to combine the non-lease component and the lease component and account for breaches in excess, the entire arrangement under ASC 606 based on the consideration that the content and service offering is the predominant and critical element of specified levels, the contract.

F-16 F-15

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Virtual Sports Revenue

Revenue from licensing of our gaming software is recognized in accordance with In Virtual Sports , the criteria set forth in ASC 606. Virtual sports retail revenue, which includes the provision of virtual sports content Company packages products and services to retail betting outlets, and virtual sports online revenue, in two ways:

- An on-premise solution which consists of a complex software and networking package delivered to retail betting outlets that may install and run the solution in their own environment without connection to Inspired's platform; and
- A hosted solution capable of fulfilling the product delivery needs of the Company's customers which includes the proprietary Virtual Plug and Play end to end online and mobile turnkey solutions and a cloud-based solution that requires an XML sportsbook integration that is fully hosted and operated by Inspired.

For the provision of virtual sports content and services to mobile operators, is usually based upon a contracted percentage on-premise solution, contracts typically include multiple performance obligations such as delivery of the operator's net winnings or, occasionally, a fixed rental fee. We recognize revenue for these fees over time software license, games and the content in addition to certain services such as software maintenance, support, updates, upgrades on a daily or weekly an when and if available basis over the term of the arrangement, or, where appropriate when the contracted percentages vary prospectively with total operator's net winnings generated, we estimate the amount of variable consideration to which we will be entitled, up to and including the date at which the contracted percentages reset, and recognize this estimated consideration over time, content development. Consideration with respect to these performance obligations typically takes the form of usage based fees, a percentage of net winnings billed at the end of a set period in arrears (usually monthly). As the license of intellectual property is the predominant item to which the royalty relates, the sales- and due typically 30 days from usage-based royalty is recognized in the date period the sale or usage occurs in accordance with ASC 606-10-55-65(A). Services such as software maintenance, support, updates, upgrades on an when and if available basis and content development are considered stand-ready obligations; therefore, control transfers and revenue is recognized over time over the term of the invoice, service period.

These Occasionally, customer arrangements also may include a perpetual license billed up front, granted to licenses for which the customer for access to our gaming platform and content. As these up front Company bills represent payment for future services, revenue an upfront fixed fee. Revenue from the licensing of perpetual such licenses is recognized ratably over at the point in time or when not specified, over the expected customer relationship period, obtains the right to use the license. Upfront fees are normally billed upon signing of the relevant agreement, and become due and payable at set times thereafter.

Revenue from the development of The Company also enters into arrangements to develop bespoke games licensed on a perpetual basis fixed fee basis. The license to mobile and online operators bespoke games is recognized at a point in time on delivery and the customer obtains the right to use the license or when acceptance by the customer. We have obtained, in instances where acceptance is required. The Company has no ongoing service obligations subsequent to customer acceptance of our the bespoke games, game, and they meet the criteria to be considered as distinct. Payment for bespoke games is typically due within a set number of days after delivery.

Virtual Sports For the hosted solution, the Company provides daily access to the gaming platform as well as a stand ready obligation to deliver customer support, platform maintenance, updates and upgrades. Such arrangements may include service level agreements, consisting are accounted for as a single performance obligation composed of a specified amount series of 'uptime' distinct services that are substantially the same and have the same pattern of transfer (i.e., distinct days of service). Consideration with financial penalties for breaches respect to these arrangements typically takes the form of usage based fees (percentage of net winnings) which is recognized as usage is incurred. These fees are billed in excess arrears (usually monthly) and due typically 30 days from the date of specified levels, the invoice.

Interactive Revenue

Interactive revenue which includes slot is generated from various games content made available via third party aggregation platforms integrated with Inspired's remote gaming server or directly on the Company's remote gaming servers platform, and table game offerings from our Gaming segment, services such as customer support, platform maintenance, updates and upgrades. The Company provides daily access to these platforms as well as interactive-only content, via our remote gaming servers, is based upon a contracted percentage stand ready obligation to deliver customer support, platform maintenance, updates and upgrades, as such arrangements are accounted for as a single performance obligation composed of a series of distinct services that are substantially the operator's net winnings or a fixed rental fee. We recognize revenue for these fees over time on a daily or weekly basis over same and have the term same pattern of the arrangement, or, where appropriate when the contracted percentages vary prospectively with total operator's net winnings generated, we estimate the amount transfer (i.e., distinct days of variable consideration to which we will be entitled, up to and including the date at which the contracted percentages reset, and recognize this estimated consideration over time, service). Consideration with respect to these performance obligations typically takes the form of usage based fees (percentage of net win) which is recognized as usage is incurred. These fees are billed at the end of a set period in arrears (usually monthly) and due typically 30 days from the date of the invoice.

Leisure Revenue

The Company jointly operate arcades within holiday resorts with the resort owners. The Company also wholly operates a number of gaming arcades within certain motorway service stations. The Leisure segment earns revenue from providing gaming machine terminals and amusement machine terminals contract typically include one stand-ready performance obligation to provide managed services to pubs, holiday resorts and amusement arcades, both standalone and within motorway service stations. Revenue from these activities Managed service is based upon an end-to-end management solution to provide a contracted percentage of the operator's net winnings from the terminals' daily use, or a fixed daily or weekly rental fee.

We jointly operate arcades within holiday resorts with the resort owners. Revenue is based on a contractually agreed share of takings. We also wholly operate a number comprehensive range of gaming arcades within certain motorway machine terminals, amusement machine terminals, and service stations.

We recognize revenue from these arrangements, in accordance with the series guidance as set forth in ASC 606, over time over the term of the arrangement, or when not specified over the expected customer relationship period. All revenue is recognized in the period that the machine cash collections occur, with adjustments to account for the movement of income uncollected in the specific period.

Performance obligations under these arrangements may include the delivery and installation of our terminals for use operating amusements over a term, as well as service obligations related to terminal repairs, and content and maintenance, maintenance, cash collections, personnel and other services. Consideration with respect to these performance obligations typically takes the form of usage based fees (percentage of net win) which is recognized as usage is incurred, with adjustments to account for the movement of income uncollected in the specific period. These fees are billed at the end of a set period in arrears (usually monthly) and due typically 30 days from the date of the invoice.

We The Company also provide provides terminal maintenance and spares management services to third parties, including customers. Revenue in Consideration with respect to these services this stand-ready performance obligation takes the form of either variable fees based on number of machines being serviced during a period or fixed fee, either per machine or fees per time period, and is recognized at the point in time when control transfers to the customer, which is normally upon delivery and acceptance by the customer, or at the point that services period. These fees are rendered. This revenue is recognized as Service Revenue when included as part of a larger performance obligation, and as Product Sales when it is offered as a separate distinct performance obligation. Revenue is invoiced billed in arrears and typically settled within 30 days. Revenue is recognized over time over the term of the service period.

Costs to Obtain or Fulfill a Contract

The Company capitalizes certain contract acquisition costs that are incremental to obtaining a contract with a customer, to the extent that such costs are recoverable from the associated contract margin. Capitalized contract acquisition costs primarily consist of certain sales commissions programs paid to internal sales personnel and external advisors.

The Company also capitalizes certain costs to fulfill a contract with a customer when the costs relate directly to the contract, are expected to generate resources that will be used to satisfy a future performance obligation under the contract and are expected to be recovered through revenue generated under the contract. These costs primarily consist of employee-related costs for time incurred on

software development projects associated with customer contracts.

Capitalized contract acquisition costs and costs to fulfill a contract are amortized on a systematic basis over the expected period of benefit which ranges from 0 to 3 years based on the contract term and pattern of transfer of the underlying goods and/or services being provided to the customer.

Capitalized costs to obtain and fulfill contracts with customers are included in Costs of obtaining and fulfilling customer contracts, net, in the Consolidated Balance Sheets and amortization of such costs is included in Depreciation and amortization in the Consolidated Statement of Operations and Comprehensive Income (Loss).

F-17 F-16

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Disaggregation of revenue

Information on disaggregation of revenue is included in Note 26, 28, "Segment Reporting and Geographic Information."

Shipping and Handling Costs

Shipping and handling costs for products sales and terminals related to subscription services are included in cost of sales, excluding depreciation and amortization for all periods presented.

Share-Based Payment Arrangements

The Company accounts for stock-based compensation in accordance with ASC 718, "Compensation - Stock Compensation" ("ASC 718"). ASC 718 requires generally that all equity awards be accounted for at their "fair value." This fair value is measured on the grant date for stock-settled awards. Fair value is equal to the underlying value of the stock for "full-value" awards such as restricted stock and restricted stock units that have time and performance vesting conditions, restricted stock and restricted stock options and performance shares units that have market conditions are valued using an option-pricing model with traditional inputs for "appreciation" awards, a Monte Carlo simulation model.

Costs equal to these fair values are recognized ratably over the requisite service period based on the number of awards that are expected to vest, or in the period of grant for awards that vest immediately and have no future service condition. The Company accounts for forfeitures as they occur. For awards that vest over time, previously recognized compensation cost is reversed if the service or performance conditions are not satisfied and the award is forfeited.

Subsequent modifications to outstanding awards result in incremental cost if the fair value is increased as a result of the modification. The incremental cost is charged over the estimated derived service period.

Income Taxes

Income taxes are accounted for under the asset and liability method. Our provision for income taxes is principally based on current period income (loss), changes in deferred tax assets and liabilities and changes in estimates with regard to uncertain tax positions. We estimate current tax expense and assess temporary differences resulting from differing treatments of items for tax and accounting purposes using enacted tax rates in effect for each taxing jurisdiction in which we operate for the period in which those temporary differences are expected to be recovered or settled. These differences result in deferred tax assets and liabilities. Our total deferred tax assets are principally comprised of depreciation and net operating loss carry forwards.

Significant management judgment is required to assess the likelihood that deferred tax assets will be recovered from future taxable income. In assessing the realizability of these deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Management makes this assessment on a jurisdiction by jurisdiction basis considering the historical trend of taxable losses, projected future taxable income and the reversal of deferred tax liabilities.

We evaluate income tax uncertainties, assess the probability of the ultimate settlement with the applicable taxing authority and records an amount based on that assessment. Interest and penalties, if any, associated with uncertain tax positions are included in income tax expense.

Comprehensive Loss(Loss) Income

We include and separately classify in comprehensive loss (loss) income unrealized gains and losses and hedges from our foreign currency translation adjustments, gains or losses associated with pension or other post-retirement benefits, prior service costs or credits associated with pension or other post-retirement benefits and transition assets or obligations associated with pension or other post-retirement benefits.

F-18 F-17

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Leases

We determine if an arrangement is a lease at inception of the arrangement. Once it is determined that an arrangement is, or contains, a lease, that determination should only be reassessed if the legal arrangement is modified. Changes to assumptions such as market-based factors do not trigger a reassessment. Determining whether a contract contains a lease requires judgement. In general, arrangements are considered to be a lease when all of the following apply:

- it conveys the right to control the use of an identified asset for a period of time in exchange for consideration;
- we have substantially all economic benefits from the use of the asset; and
- we can direct the use of the identified asset.

The terms of a lease arrangement determine how a lease is classified and the resulting income statement recognition. When the terms of a lease effectively transfer control of the underlying asset, the lease represents an in substance financed purchase (sale) of an asset and the lease is classified as a finance lease by the lessee and a sales-type lease by the lessor. When a lease does not effectively transfer control of the underlying asset to the lessee, but the lessor obtains a guarantee for the value of the asset from a third party, the lessor would classify a lease as a direct financing lease. All other leases are classified as operating leases.

Where a lease contains more than one component, the consideration in the contract is allocated on a relative standalone price basis to the separate lease components and the non-lease components.

Leases – the Company as lessee

Lease assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As our **operating** leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available on the date that we adopted Topic 842, **January 1, 2019** or **the** commencement date, if later, in determining the present value of future payments. **Finance leases are included using the rate implicit in the lease.** The lease ROU asset includes any lease payment made and initial direct costs incurred. Our operating lease terms may include options to extend or terminate the lease which are included in the measurement of the ROU assets and lease liabilities when it is reasonably certain that we will exercise that option.

F-19 F-18

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The lease expense for minimum operating lease payments is recognized on a straight-line basis over the lease term. Finance lease assets are amortized straight-line over their useful life where the lease transfers ownership of the underlying asset, or to the earlier of the end of the useful life of the asset and the end of the lease term where ownership is not transferred. Interest on finance leases is recognized as the amount that results in a constant periodic discount rate on the remaining balance of the liability.

We have operating lease agreements with lease and non-lease components. The Company did not make the election to treat the lease and non-lease components as a single component and considers the non-lease components as a separate unit of account.

The Company has elected not to apply the recognition requirements of ASC 842 to short-term operating leases. We recognize the lease payments for short-term leases on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is **incurred** **incurred**.

Leases – the Company as lessor

The Company's lease arrangements are a mixture of sales-type leases and operating leases.

Sales-type lease receivables are recognized based on the net investment in the lease, at the present value of future minimum lease payments receivable over the lease term, plus any guaranteed residual value of the underlying asset, at the commencement date.

The discount rate used in determining the present value of the future minimum lease payments is the rate implicit in the lease. This is calculated using the fair value of the underlying asset and the present value of any unguaranteed residual value.

The underlying asset is derecognized at the point of inception and a selling profit is recognized at lease commencement. Subsequent interest income is recognized over the term of the lease, at an amount that produces a constant periodic discount rate on the remaining balance of the net investment in the lease.

For operating leases, we continue to recognize the underlying asset. Lease income is recognized on a straight-line basis over the lease term.

F-20 F-19

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Recently Issued Accounting Standards

In June 2016, October 2023, the FASB issued ASU No. 2016-13, "Financial 2023-06, "Disclosure Improvements – Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative" ("ASU 2023-06"). ASU 2023-06 modifies the disclosure or presentation requirements of a variety of Topics in the Codification. Certain of the amendments represent clarifications to or technical corrections of the current requirements. The guidance will be effective on the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The amendments in the Update should be applied prospectively. The adoption of ASU 2023-06 is not expected to have a material impact on the Company's financial statement presentation or disclosures.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). ASU 2023-07 improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in the Update 1) Require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss (collectively referred to as the "significant expense principle"). 2) Require that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss. 3) Require that a public entity provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods. 4) Clarify that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. 5) Require that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. 6) Require that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this Update and all existing segment disclosures in Topic 280. The guidance will be effective for annual periods beginning on January 1, 2024, and for interim periods beginning on January 1, 2025. We are still evaluating the effect of this guidance, however, the adoption of ASU 2023-07 is not expected to have a material impact on the Company's financial statement presentation or disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). The amendments in ASU 2023-09 enhance income tax disclosures, primarily through standardization, disaggregation of rate reconciliation categories, and income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning on January 1, 2025, with early adoption allowed. We are still evaluating the effect of this guidance, however, the adoption of ASU 2023-09 is not expected to have a material impact on the Company's financial statement presentation or disclosures.

Newly Adopted Accounting Standards

On January 1, 2023, the Company adopted Topic 326 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" ASC 326"). In November 2018, the FASB issued ASU 2018-19, "Codification Improvements to Topic ASC 326 Financial Instruments - Credit Losses" ("ASU 2018-19") and in November 2019, the FASB issued ASU 2019-11, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses" ("ASU 2019-11"). ASU 2016-13 affects loans, debt securities, trade receivables, and any other financial assets that have the contractual right to receive cash. ASU 2016-13 It requires an entity to recognize expected credit losses rather than incurred losses for financial assets. The guidance will be effective beginning on January 1, 2023, including interim periods within that year 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. Under the modified retrospective method of adoption, prior year reported results are not restated. We have evaluated the effect of this guidance and the adoption of ASU 2016-13 is not expected to have a material impact on the Company's financial statement presentation or disclosures.

In October 2021, Credit risk software is used to monitor credit risk, both for new and existing customers. Monthly review meetings are held involving senior management in which issues are raised and concerns discussed with respect to high-value debtors. The main risk experienced by the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805): Accounting Company is that of changes of circumstances within a customer's business that affect their ability to meet their liabilities. Suspension of services can be effected to mitigate the risk of debtor default, and payment methods such as direct debit give early indications of potential payment difficulties.

The Company uses an aging method for Contract Assets developing its allowance for credit losses by which receivable balances are grouped based on an aging category. The grouping is then adjusted to take account of the specific receivables and Contract Liabilities from Contracts with Customers" ("ASU 2021-08"). ASU 2021-08 requires an appropriate default rate then applied to receivables remaining that are overdue in excess of 90 days. We also consider customer specific information and provide for expected credit losses on an acquiring entity recognizes and measures contract assets and liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts as if it had originated the contracts. The guidance will be effective beginning on January 1, 2023, including interim periods within that year, and should be applied prospectively to business combinations occurring on or after the effective date. individual debtor basis where appropriate.

The adoption of ASU 2021-08 will not have a ASC 326 has no material impact effect on the Company's beginning of the first period to which it affects. Disclosures with respect to allowances for credit losses are given in footnote 3 to these financial statement presentation or disclosures, statements.

F-21 F-20

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 2023 AND 2020, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2021, 2020 2023, 2022 AND 2019 2021

2. Acquisitions and Disposals

2.Acquisitions and Disposals

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

On December 31, 2021, the Company acquired **100%** of the membership interests of Sportech Lotteries, LLC, which has since been renamed Inspired Entertainment Lotteries, LLC. The Company concluded that Inspired Entertainment Lotteries, LLC's contract with its only customer represented substantially all of the fair value of the gross assets acquired and, in accordance with ASC 805, determined that the asset set did not comprise a business. The Company therefore applied asset acquisition accounting to the transaction and recorded the acquisition of the customer contract as an intangible asset in the amount of **\$12.3** **12.4** million. The intangible asset will be amortized over its remaining useful life of 13.2 years.

During the year ended December 31, 2022, as a result of revisions made to management's preliminary assessments, the Company recognized an additional \$0.9 million long-term receivable related to Inspired Entertainment Lotteries, LLC, and reduced the value of the customer contract intangible asset accordingly.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 AND 2021

3. Accounts Receivable

Accounts receivable consist of the following:

	December 31, 2023	December 31, 2022
	(in millions)	(in millions)
Trade receivables	\$ 42.8	\$ 44.6
Less: long-term receivable recorded in other assets	(3.0)	(3.0)
Finance lease receivables	1.9	0.2
Allowance for credit losses	(1.1)	(1.4)
Total accounts receivable, net	\$ 40.6	\$ 40.4

Changes in the allowance for credit losses are as follows:

	December 31, 2023	December 31, 2022
	(in millions)	(in millions)
Beginning balance	\$ (1.4)	\$ (1.8)
Additional allowance for credit losses	(0.2)	(0.2)
Recoveries	0.2	—
Write offs	0.4	0.4
Foreign currency translation adjustments	(0.1)	0.2
Ending balance	\$ (1.1)	\$ (1.4)

4. Inventory

Inventory consists of the following:

	December 31, 2023	December 31, 2022
	(in millions)	(in millions)
Component parts	\$ 23.3	\$ 20.7
Work in progress	0.4	3.6
Finished goods	8.6	6.0
Total inventories	\$ 32.3	\$ 30.3

Component parts include parts for gaming terminals. Included in inventory are reserves for excess and slow-moving inventory of \$2.2 million and \$2.5 million as of December 31, 2023 and 2022, respectively. Our finished goods inventory primarily consists of gaming terminals which are ready for sale.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

3. Accounts Receivable

5. Prepaid Expenses and Other Assets

Accounts receivable Prepaid expenses and other assets consist of the following:

	December 31, 2022	December 31, 2021
	(in millions)	
	\$	\$
Trade receivables	44.6	36.2
Less: long-term receivable recorded in other assets	(3.0)	(3.5)
Finance lease receivables	0.2	0.7
Allowance for doubtful accounts	(1.3)	(1.7)
Total accounts receivable, net	\$ 40.5	\$ 31.7

	December 31, 2023	December 31, 2022
	(in millions)	
	\$	\$
Prepaid expenses and other assets	15.6	13.2
Unbilled accounts receivable	24.0	18.0
Total prepaid expenses and other assets	\$ 39.6	\$ 31.2

Changes in the allowance for doubtful accounts are as follows: **6. Property and Equipment, net**

	December 31, 2022	December 31, 2021
	(in millions)	
	\$	\$
Beginning balance	(1.7)	(2.3)
Additional provision for doubtful accounts	(0.2)	(0.6)
Recoveries	—	0.1
Write offs	0.4	1.1
Foreign currency translation adjustments	0.2	—
Ending balance	\$ (1.3)	\$ (1.7)

4. Inventory

	December 31, 2023	December 31, 2022
	(in millions)	
	\$	\$
Short-term leasehold property	3.5	3.1
Gaming and amusement terminals	200.0	168.1
Computer equipment	12.7	10.9
Plant and machinery	4.1	3.9
	220.3	186.0
Less: accumulated depreciation and amortization	(157.5)	(140.9)
	62.8	45.1

Inventory consists Depreciation expense amounted to \$19.5 million, \$21.5 million and \$25.9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

7. Software Development Costs, net

Software development costs, net consisted of the following:

	December 31, 2022	December 31, 2021
	(in millions)	
	\$	\$
Component parts	21.4	10.8
Work in progress	3.6	1.6
Finished goods	6.0	4.5
Total inventories	\$ 31.0	\$ 16.9

	December 31, 2023	December 31, 2022
	(in millions)	
	\$	\$
Software development costs	145.3	125.2
Less: accumulated amortization	(123.5)	(106.9)
	21.8	18.3

Component parts include parts for gaming terminals. Included in inventory are reserves for excess During the years ended December 31, 2023 and slow-moving inventory of 2022, the Company capitalized \$2.5 12.5 million and \$2.0 10.8 million of software development costs, respectively. As of December 31, 2023 and 2022, approximately \$1.3 million and \$1.3 million of capitalized software development costs related to the Company's implementation of an enterprise resource planning system, respectively. Other capitalized cloud-based implementation costs were not material as of December 31, 2022 December 31, 2023 and 2022.

The total amount of software costs amortized was \$10.1 million, \$9.5 million and \$15.7 million for the years ended December 31, 2023, 2022, and 2021, respectively. Our finished goods inventory primarily consists of gaming terminals which are ready. Software costs written down to net realizable value amounted to \$0.3 million, \$0.4 million and \$0.2 million for sale, the years ended December 31, 2023, 2022 and 2021, respectively. The weighted average amortization period was 3.8 years and 3.9 years for the years ended December 31, 2023 and 2022, respectively.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2022, 2021 AND 2020

5. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following:

	December 31, 2022	December 31, 2021
	(in millions)	(in millions)
Prepaid expenses and other assets	\$ 13.9	\$ 12.3
Unbilled accounts receivable	18.2	17.4
Corporate tax and other current taxes receivable	—	0.3
Total prepaid expenses and other assets	\$ 32.1	\$ 30.0

6. Property and Equipment, net

	December 31, 2022	December 31, 2021
	(in millions)	(in millions)
Short-term leasehold property	\$ 3.1	\$ 3.2
Server based gaming terminals	167.9	178.8
Computer equipment	10.9	10.6
Plant and machinery	3.9	4.1
	185.8	196.7
Less: accumulated depreciation and amortization	(141.1)	(145.8)
	\$ 44.7	\$ 50.9

Depreciation expense amounted to \$21.6 million, \$25.9 million and \$29.9 million for the years ended December 31, 2022, 2021 and 2020, respectively.

7. Software Development Costs, net

Software development costs, net consisted of the following:

	December 31, 2022	December 31, 2021
	(in millions)	(in millions)
Software development costs	\$ 161.4	\$ 160.9
Less: accumulated amortization	(125.6)	(125.3)
	\$ 35.8	\$ 35.6

During the years ended December 31, 2022 and 2021, the Company capitalized \$18.5 million and \$13.6 million of software development costs, respectively. Amounts in the above table include \$3.4 million and \$2.2 million of internal use software as of December 31, 2022 and 2021, respectively.

The total amount of software costs amortized was \$14.0 million, \$20.0 million and \$20.0 million for the years ended December 31, 2022, 2021, and 2020, respectively. Software costs written down to net realizable value amounted to \$0.4 million, \$0.2 million and \$0.0 million for the years ended December 31, 2022, 2021 and 2020, respectively. The weighted average amortization period was 3.4 years, 3.3 years and 3.2 years for the years ended December 31, 2022, 2021 and 2020, respectively.

F-24

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023, 2022 AND 2021 AND FOR THE YEARS ENDED
DECEMBER 31, 2022, 2021 AND 2020

The estimated software amortization expense for the years ending December 31, **excluding costs that are yet to commence amortization**, are as follows:

Year ending December 31, (in millions)	\$	14.1	10.8	\$ 7.6
2023				
2024				6.5
2025				4.0
2026				3.5
2027				2.2
2028				0.8
Thereafter				0.1
Total	\$	35.8	\$ 15.3	

8. Intangible Assets and Goodwill

8. Intangible Assets and Goodwill

The following tables present certain information regarding our intangible assets. Amortizable intangible assets are being amortized on a straight-line basis over their estimated useful lives of ten to thirteen years with no estimated residual values, which materially approximates the expected pattern of use.

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
	(in millions)		(in millions)	
	\$	\$	\$	\$
Trademarks	\$ 19.8	\$ 22.1	\$ 20.4	\$ 19.4
Customer relationships	28.5	32.7	29.5	28.7
	48.3	54.8	49.9	48.1
Less: accumulated amortization	(33.6)	(35.9)	(36.5)	(33.5)
	\$ 14.7	\$ 18.9	\$ 13.4	\$ 14.6

Aggregate intangible asset amortization expense amounted to **\$1.6** **1.5** million, **\$0.9** **1.5** million and **\$2.4** **0.7** million for the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020**, **2021**, respectively.

The estimated intangible asset amortization expense for the years ending December 31 are as follows:

Year ending December 31, (in millions)	\$	1.6	1.6	\$ 1.6
2023				
2024				1.6
2025				1.6
2026				1.6
2027				1.5
2028				1.6
Thereafter				6.8
Total	\$	14.7	\$ 14.7	\$ 13.4

Goodwill

Goodwill is summarized as follows:

	December 31, 2023	December 31, 2022		
	(in millions)			
	\$	\$	\$	\$
Balance at beginning of period, gross	\$ 76.0	\$ 82.7		
Accumulated goodwill impairment losses	(20.5)	(20.5)		
Balance at beginning of period, net	55.5	62.2		
Foreign currency translation adjustments	3.3	(6.7)		
Ending balance, net	\$ 58.8	\$ 55.5		
	December 31, 2022	December 31, 2021		
	(in millions)			
	\$	\$	\$	\$
Balance at beginning of period	\$ 82.7	\$ 83.7		
Foreign currency translation adjustments	(8.8)	(1.0)		
Ending balance	\$ 73.9	\$ 82.7		

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 AND 2021

9. Other Assets

Other assets consist of the following:

	December 31, 2023	December 31, 2022
	(in millions)	
Long term finance lease receivable	\$ 4.8	\$ 0.6
Long term receivables	3.0	3.0
Long term prepaid expenses and other assets	0.2	0.2
	\$ 8.0	\$ 3.8

10. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	December 31, 2023	December 31, 2022
	(in millions)	
Accounts payable	\$ 41.9	\$ 23.7
Payroll and related costs	5.5	10.3
Cost of sales including inventory	6.4	9.2
Other creditors	7.0	9.5
	\$ 60.8	\$ 52.7

11. Contract Related Disclosures

The following table summarizes contract related balances:

	Accounts Receivable	Unbilled Accounts Receivable	Right to recover asset	Deferred Income	Customer Prepayments and Deposits
	(in millions)				
At December 31, 2023	\$ 42.8	\$ 24.0	\$ 0.6	\$ (12.7)	\$ (2.9)
At December 31, 2022	\$ 44.6	\$ 18.0	\$ —	\$ (7.4)	\$ (2.4)

Unbilled accounts receivable are a form of contract asset and primarily result from revenue being recognized when or as control of a solution or service is transferred to the customer, but where invoicing is contingent upon the completion of other performance obligations or payment terms differ from the provisioning of services. The current portion of unbilled accounts receivable is reported within prepaid expenses and other current assets in the consolidated balance sheet, and the non-current portion is included in other assets. Right to recover assets are recognized in respect of the transfer of products with a right of return where the Company has also recognized a refund liability. Right to return assets are recognized in other debtors and refund liabilities are recognized as part of deferred income. Contract liabilities (deferred income and customer prepayments and deposits) primarily relate to consideration received from customers in advance of delivery of the related goods and services to the customer. Contract balances are reported in a net contract asset or liability position on a contract-by-contract basis at the end of each reporting period.

Revenue recognized that was included in the deferred income balance at the beginning of the period amounted to \$8.7 million, \$7.0 million and \$10.2 million for the years ended December 31, 2023, 2022 and 2021, respectively.

For the year ended December 31, 2023 and 2022 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.

The Company capitalizes certain costs incurred in obtaining or fulfilling a customer contract. The following table summarizes amounts capitalized on the Consolidated Balance Sheets at December 31, 2023 and 2022, net of accumulated amortization.

	December 31, 2023	December 31, 2022
	(in millions)	
Costs to obtain contracts with customers, net	\$ 0.5	\$ 0.4
Customer contract fulfillment costs, net	8.9	6.6
Total costs of obtaining and fulfilling customer contracts, net	\$ 9.4	\$ 7.0

Amortization of capitalized contract costs was \$8.5 million, \$7.0 million, and \$6.4 million during the years ended December 31, 2023, 2022, and 2021, respectively. We did not recognize any impairment losses on such costs during the years ended December 31, 2023, 2022, or 2021.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Transaction Price Allocated to Remaining Performance Obligations

9. Other Assets

Other assets consist of At December 31, 2023, the following:

	December 31, 2022	December 31, 2021
	(in millions)	
Long term finance lease receivable	\$ 0.2	\$ 0.3
Pension asset	—	3.0
Long term receivables	3.0	3.5
Long term prepaid expenses and other assets	0.2	0.3
	\$ 3.4	\$ 7.1

10. Accrued Expenses

Accrued expenses consist of 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 following:

	December 31, 2022	December 31, 2021
	(in millions)	
Payroll and related costs	\$ 10.2	\$ 8.0
Cost of sales including inventory	9.1	12.4
Non-current asset costs	2.2	0.7
Interest payable - cash	1.8	2.0
Selling, general and administrative costs	1.7	2.5
Tax and professional fees	1.7	2.8
Asset retirement obligations and other property related costs	1.5	3.5
Other creditors	0.3	0.7
	\$ 28.5	\$ 32.6

The analysis of customer in the prior year expenses has been recharacterized amount that corresponds to ensure consistency the value to the customer for our performance completed to date, variable consideration which is not accounted for in accordance with the current year categorization. The recharacterization has no impact on sales-based or usage-based royalties guidance, or contracts which are not wholly unperformed, is approximately \$107.7 million. Of this amount, we expect to recognize as revenue approximately 36% within the previously reported total accrued expenses as of December 31, 2021 next 12 months, approximately 45% between 13 and 36 months, approximately 19% between 37 and 60 months, and the remaining balance through December 31, 2029.

11.12. Contract Liabilities and Other Disclosures

The following table summarizes contract related balances:

	Accounts Receivable	Unbilled Accounts Receivable	Deferred Income	Customer Prepayments and Deposits
	(in millions)			
At December 31, 2022	\$ 44.6	\$ 18.2	\$ (8.5)	\$ (2.4)
At December 31, 2021	\$ 36.2	\$ 17.4	\$ (14.5)	\$ (3.9)
At December 31, 2020	\$ 30.4	\$ 8.2	\$ (22.9)	\$ (1.6)

Revenue recognized that was included in the deferred income balance at the beginning of the period amounted to \$7.9 million, \$10.9 million and \$10.3 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Other Liabilities
INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021, AND FOR THE YEARS ENDED
DECEMBER 31, 2022, 2021 AND 2020

12. Other Liabilities

Other liabilities consist of the following:

	December 31, 2022	December 31, 2021
	(in millions)	
Customer prepayments and deposits	\$ 2.4	\$ 3.9
Foreign exchange contract liabilities	0.2	—
Total other liabilities, current	2.6	3.9
Asset retirement obligations	1.1	1.8
Other creditors	0.8	1.3
Pension liability	2.1	—
Total other liabilities, long-term	4.0	3.1
	\$ 6.6	\$ 7.0

13. Long Term and Other Debt

	December 31, 2023	December 31, 2022
	(in millions)	
Customer prepayments and deposits	\$ 2.9	\$ 2.4
Foreign exchange contract liabilities	0.6	0.2
Current portion of finance lease liabilities	0.7	1.0
Total other liabilities, current	4.2	3.6
Asset retirement obligations	1.4	1.1
Other creditors	0.7	0.8
Pension liability	2.0	2.1
Total other liabilities, long-term	4.1	4.0
	\$ 8.3	\$ 7.6

13. Long Term and Other Debt

Senior Secured Notes

On May 20, 2021, Inspired Entertainment (Financing) PLC, a wholly owned subsidiary of the Company, issued £235.0 million (\$282.9 299.6 million, as translated at **December 31, 2022** December 31, 2023) aggregate principal amount of its **7.875%** 7.875% senior secured notes due 2026 (the “Senior Secured Notes”). The Senior Secured Notes bear interest at a rate of **7.875%** 7.875% per annum and mature on June 1, 2026. Interest is payable on the Senior Secured Notes on June 1 and December 1 of each year, commencing on December 1, 2021.

The Senior Secured Notes and related guarantees were issued under an indenture (the “Indenture”), among Inspired Entertainment (Financing) PLC, as issuer, the Company and certain English and U.S. subsidiaries of the Company, as guarantors (collectively and together with the Company, the “Guarantors”), GLAS Trustees Limited, as trustee, GLAS Trust Corporation Limited, as security agent and GLAS Trust Company LLC as paying agent, transfer agent and registrar. The terms of the Senior Secured Notes and related guarantees are governed by the Indenture.

The Senior Secured Notes are fully and unconditionally guaranteed on a senior secured first-priority basis by the Guarantors on a joint and several basis. The Senior Secured Notes and related guarantees are secured, subject to certain permitted collateral liens, on a first-priority basis by substantially all assets of the Guarantors and all claims of the Inspired Entertainment (Financing) PLC under an intercompany loan to Gaming Acquisitions Limited, a private limited liability company incorporated under the laws of England and Wales and an indirect wholly-owned subsidiary of the Company (“GAL”), of the proceeds of the offering of the Senior Secured Notes.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The Indenture contains incurrence covenants that limit the ability of the Company and the Company's restricted subsidiaries to, among other things, (i) incur or guarantee additional debt and issue certain preferred stock of restricted subsidiaries; (ii) create or incur certain liens; (iii) make restricted payments, including dividends or distributions to the Company's stockholders or repurchase the Company's stock; (iv) prepay or redeem subordinated debt; (v) make certain investments, including participating joint ventures; (vi) create encumbrances or restrictions on the payment of dividends or other distributions by restricted subsidiaries; (vii) sell assets, or consolidate or merge with or into other companies; (viii) sell or transfer all or substantially all of the Company's assets or those of the Company's subsidiaries on a consolidated basis; (ix) engage in certain transactions with affiliates; and (x) create unrestricted subsidiaries. Certain of these covenants will be suspended if and for so long as the Senior Secured Notes have investment grade ratings from any two of Moody's Investors Service, Inc., Standard & Poor's Investors Ratings Services and Fitch Ratings, Inc. These covenants are subject to exceptions and qualifications as set forth in the Indenture.

Inspired Entertainment (Financing) PLC may redeem the Senior Secured Notes, in whole or in part, at any time and from time to time prior to June 1, 2023, at a redemption price equal to 100% of the principal amount thereof, plus a "make-whole" premium as set forth in the Indenture and form of the Senior Secured Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Inspired Entertainment (Financing) PLC may also redeem the Senior Secured Notes, in whole or in part, at any time and from time to time on or after June 1, 2023, at the redemption prices set forth in the Indenture and form of the Senior Secured Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time prior to June 1, 2023, Inspired Entertainment (Financing) PLC may redeem up to 40% of the original aggregate principal amount of the Senior Secured Notes with the net cash proceeds of one or more equity offerings, as described in the Indenture, at a redemption price equal to 107.875% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time prior to June 1, 2023, Inspired Entertainment (Financing) PLC may redeem up to 10% of the aggregate principal amount of the Senior Secured Notes within each 12-month period at a redemption price equal to 103% of the aggregate principal amount of the Senior Secured Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Revolving Credit Facility

In connection with the issuance of the Senior Secured Notes on May 20, 2021, the Company and certain of our direct and indirect wholly-owned subsidiaries, entered into a Super Senior Revolving Credit Facility Agreement (the "RCF Agreement") with Global Loan Agency Services Limited, as agent, Barclays Bank plc ("Barclays") and Macquarie Corporate Holdings Pty Limited (UK Branch) ("Macquarie UK" and together with Barclays, the "Arrangers") as arrangers and each lender party thereto (the "Lenders"), pursuant to which the Lenders agreed to provide, subject to certain conditions, a secured revolving facility loan in an original principal amount of £20 million (\$24.125.5 million) under which certain of our subsidiaries are able to draw funds (the "RCF Loan"). The RCF Loans will terminate on November 20, 2025.

The funding of the RCF Loan is subject to customary conditions set forth in the RCF Agreement. The undrawn commitment of each Lender under the RCF Loan will automatically terminate, unless previously terminated by the Company, on October 20, 2025.

The RCF Loans will bear interest at a rate per annum equal to (i) SONIA for borrowings in sterling, (ii) LIBOR (or, on and after December 31, 2021, SOFR) for borrowings in dollars, or (iii) EURIBOR for borrowings in Euro, as applicable, plus, in each case, a margin (based on the Company's consolidated senior secured net leverage ratio) ranging from 4.25% 4.25% to 4.75% 4.75% per annum. With respect to the RCF Loan, a commitment fee of 30% 30% of the then applicable margin is payable at any time on any unutilized portion of the RCF Loan.

The RCF Agreement contains various covenants (which include restrictions regarding the incurrence of liens, the incurrence of indebtedness by the Company's subsidiaries and fundamental changes, subject in each case to certain exceptions), representations, warranties, limitations and events of default (which include non-payment, breach of obligations under the financing documents, cross-default, insolvency and litigation) customary for similar facilities for similarly rated borrowers and subject to customary carve-outs and grace periods. Following the occurrence of an event of default which has not been waived or remedied, the Lenders who represent more than 66.67% 66.67% of total commitments under the RCF may, subject to the terms of an intercreditor agreement (which governs the relationship between the Lenders and the holders of the Senior Secured Notes), instruct the agent to (i) accelerate the RCF Loans, (ii) instruct the security agent to enforce the transaction security and/or (iii) exercise any other remedies available to the Lenders.

F-28 F-27

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The RCF Agreement requires that the Company maintain a maximum consolidated senior secured net leverage ratio of 6.25x on the test date for the relevant period ending June 30, 2021, stepping down to 6.0x on March 31, 2022, 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 income (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 Agreement does not include a minimum interest coverage ratio or other financial covenants.

The outstanding principal amount of each advance under the RCF Loans is payable on the last day of the interest period relating to such advance, unless such advance is rolled over on a cashless basis in accordance with customary rollover provisions contained in the RCF Agreement, with a final repayment on November 20, 2025.

During the year ended December 31, 2023, the Company drew down on the RCF Agreement. Amounts due under the RCF Agreement at December 31, 2023 amounted to £15.0 million (\$19.1 million). Interest relating to amounts drawn under the RCF Agreement amounted to \$0.2 million and is recorded in Interest expense, net for the year ended December 31, 2023.

Termination of Prior Financing

The Company's previous debt consisted of two tranches of senior secured term loans in a principal amount of £145.8 million (\$175.5 185.9 million) with a cash interest rate of 8.25% 8.25% plus 3-month LIBOR and €93.1 million (\$99.4 102.8 million) with a cash interest rate of 7.75% 7.75% plus 3-month EURIBOR, respectively and a secured revolving facility loan in a principal amount of £20.0 million (\$24.1 25.5 million) with a cash interest rate on any utilization of 6.50% plus 3-month LIBOR (the “Prior Financing”).

In connection with the issuance of the Senior Secured Notes and the entry into the RCF Agreement, on May 20, 2021, the Prior Financing was repaid in full and the senior facilities agreement (dated September 27, 2019, as amended and restated on June 25, 2020, (the “Prior SFA” see below) relating to the Prior Financing was terminated. No prepayment premium applied to the repayment (although customary break cost provisions applied). Debt fees of \$14.4 million were expensed to the Consolidated Statements of Operations and Consolidated Income (Loss) within Interest Expense as part of the repayment. In addition, on May 19, 2021, we terminated the interest rate swaps relating to the Prior Financing and applicable termination fees were settled on May 20, 2021 (see Note 14).

Senior Facilities Agreement

The Company's Prior SFA (which was with Lucid Agency Services Limited, as agent, Nomura International plc and Macquarie Corporate Holdings Pty Limited (UK Branch) as arrangers and/or bookrunners) was entered into in connection with the Company's acquisition of the Gaming Technology Group of Novomatic UK Ltd on October 1, 2019, and, provided for, subject to certain conditions, two tranches of senior secured term loans, in an original principal amount of £140.0 million (\$168.6 178.5 million) and €90.0 million (\$96.1 99.4 million), respectively and a secured revolving facility loan in an original principal amount of £20.0 million (\$24.1 25.5 million). The term loans, which were funded on October 1, 2019, were used to, among other things, pay the purchase price of the NTG Acquisition and refinance the Company's prior indebtedness.

The term loan for £140.0 million (\$168.6 178.5 million) initially carried a cash interest rate of 7.25% 7.25% plus 3-month LIBOR, and the term loan for €90.0 million (\$96.1 99.4 million) initially carried a cash interest rate of 6.75% 6.75% plus 3-month EURIBOR. The £20.0 million (\$24.1 25.5 million) revolving credit facility initially carried a cash interest rate on any utilization at 5.50% 5.50% plus 3-month LIBOR, with any unutilized amount initially carrying a cash interest cost at 30% 30% of the applicable margin on the revolving credit facility loan.

F-29 F-28

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The provisions from the June 2020 amendments to the Prior SFA included, among other things, (i) capitalizing certain interest payments that fell due on April 1, 2020, (ii) resetting the applicable leverage and capital expenditure financial covenants, removing certain applicable rating requirements, (iii) allowing the Company and its subsidiaries to incur additional indebtedness under the UK Coronavirus Large Business Interruption Loan Scheme under a stand-alone facility, which may rank *pari passu* or junior to the facilities under the Prior SFA, in an amount not exceeding £10.0 million (\$12.0 12.7 million), (iv) removing certain applicable rating requirements, (v) limiting the ability of the Company and its subsidiaries to incur additional indebtedness, including by reducing the amount of general indebtedness the Company and its subsidiaries are permitted to incur and removing the ability to incur senior secured, second lien and unsecured indebtedness in an amount not exceeding the aggregate of (A) an unlimited amount, as long as, pro forma for the utilization of such indebtedness, the consolidated total net leverage ratio does not exceed the lower of 3.4:1 and the then applicable ratio with respect to the consolidated total net leverage financial covenant summarized further below, plus (B) an amount equal to the greater of £16.0 million (\$19.2 20.4 million) and 25% of the consolidated pro forma EBITDA of the Company and its subsidiaries for the relevant period (as defined, but disregarding, for the purposes of calculating the usage of such cap, any financial indebtedness applied to refinancing other financial indebtedness, together with any related interest, fees, costs and expenses), (vi) increasing the margin applicable to the Facilities (as defined) by 1% 1%, and adding an additional payment-in-kind margin of 0.75% 0.75% payable on any principal amounts outstanding under Facility B (as defined in the Prior SFA) after September 24, 2021 (the "Relevant Date"), (vii) adding an exit fee payable by the Company with respect to any repayment or prepayment of Facility B after the Relevant Date at the time of such repayment or prepayment in an amount equal to 0.75% 0.75% of the principal amount of Facility B being repaid or prepaid, (viii) removing any ability to carry forward or carry back any unused allowance under the applicable capital expenditure financial covenant and (ix) granting certain additional information rights to the lenders under the Prior SFA, including the provision of a budget, and certain board observation rights until December 31, 2022. All other material terms of the SFA remained unchanged in all material respects.

In consideration for the amendments listed above, the Company agreed to pay the lenders an amendment fee equal to 1%1% of the Total Commitments (as defined in the Prior SFA). The amendment fee was payable to the lenders pro rata to their commitments under the Prior SFA.

The modification to the Prior SFA was not considered to be substantial in accordance with Topic 470-50 and was therefore not treated as a debt extinguishment. The amendment fees, amounting to \$3.1 million, were associated with the modified debt instrument and were to be amortized along with the existing unamortized debt issuance costs. Fees payable to third parties were expensed as incurred, resulting in \$1.0 million charged to interest expense for the year ended December 31, 2020.

F-30 F-29

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Outstanding Debt and Finance Leases

The following reflects outstanding debt and finance leases as of the dates indicated below:

	Principal	Unamortized deferred financing charge	Book value, December 31, 2022	Principal	Unamortized deferred financing charge	Book value, December 31, 2023
	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)
Senior bank debt	\$ 282.9	\$ (5.3)	\$ 277.6	\$ 318.7	\$ (4.0)	\$ 314.7
Senior secured notes	2.2	—	2.2	2.4	—	2.4
Finance lease liabilities	(1.0)	—	(1.0)	(19.8)	—	(19.8)
Total long-term debt outstanding	285.1	(5.3)	279.8	321.1	(4.0)	317.1
Less: current portion of long-term debt	\$ 284.1	\$ (5.3)	\$ 278.8	\$ 301.3	\$ (4.0)	\$ 297.3
Long-term debt, excluding current portion						
	Principal	Unamortized deferred financing charge	Book value, December 31, 2021	Principal	Unamortized deferred financing charge	Book value, December 31, 2022
	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)
Senior bank debt	\$ 316.7	\$ (7.7)	\$ 309.0	\$ 282.9	\$ (5.3)	\$ 277.6
Senior secured notes	2.8	—	2.8	2.2	—	2.2
Finance lease liabilities	(0.9)	—	(0.9)	(1.0)	—	(1.0)
Total long-term debt outstanding	319.5	(7.7)	\$ 311.8	285.1	(5.3)	\$ 279.8
Less: current portion of long-term debt	\$ 318.6	\$ (7.7)	\$ 310.9	\$ 284.1	\$ (5.3)	\$ 278.8
Long-term debt, excluding current portion						

The Company is in compliance with all relevant financial covenants and the long-term debt portion is correctly classified as such in line with the underlying agreements.

Long term debt as of December 31, 2022 December 31, 2023 matures as follows:

Fiscal period:	Senior bank debt	Finance leases	Total	Senior bank debt	Finance leases	Total
	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)
2023	\$ —	\$ 1.0	\$ 1.0	\$ 1.0	\$ 19.1	\$ 19.8
2024	—	0.7	0.7	0.7	0.7	0.9
2025	—	0.5	0.5	0.5	—	0.9
2026	282.9	—	282.9	299.6	0.5	300.1
2027	—	—	—	—	0.3	0.3
2028	—	—	—	—	—	—
Total	\$ 282.9	\$ 2.2	\$ 285.1	\$ 318.7	\$ 2.4	\$ 321.1

14. Derivatives and Hedging Activities

14. Derivatives and Hedging Activities

On January 15, 2020, the Company entered into two interest rate swaps with UBS AG designed to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows on a portion of the previous floating rate debt facilities. The swaps fixed the variable interest rate of the debt facilities and provided protection over potential interest rate increases by providing a fixed rate of interest payment in return. The interest rate swaps were for £95.0 million (\$14.4 121.1 million) at a fixed rate of 0.9255% 0.9255% based on the 6-month LIBOR rate and for €60.0 million (\$64.1 66.3 million) at a fixed rate of 0.102% 0.102% based on the 6-month EURIBOR rate.

In connection with the issuance of the Senior Secured Notes and the entry into the RCF Agreement, on May 19, 2021, the Company terminated its two interest rate swaps. The termination fees were settled on May 20, 2021, for £1.3 million (\$1.9 million) and €0.1million (\$0.2 million), respectively.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Hedges of Multiple Risks

The Company's objectives in using interest rate derivatives were to add stability to interest and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily used interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is ~~was~~ recorded in Accumulated Other Comprehensive Income and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in Accumulated Other Comprehensive Income related to derivatives ~~will be have now all been~~ reclassified to interest expense as interest payments ~~are were~~ made on the Company's variable-rate debt. ~~During the next twelve months, the Company estimates that an additional \$0.3 million will be reclassified as an increase to interest expense.~~

As of ~~December 31, 2022~~ December 31, 2023 and ~~2021~~ 2022, the Company did not have any derivatives. Losses reclassified from accumulated other comprehensive income into interest expense in the consolidated statements of operations and income (loss) for the ~~year~~ years ended December 31, 2023 and December 31, 2022 amounted to \$0.3 million and \$0.7 million, respectively.

As of December 31, 2020, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional
Interest rate swaps	2	£95.0 million (\$114.4 million) at a fixed rate of 0.9255% based on the 6-month LIBOR rate and €60.0 million (\$64.1 million) at a fixed rate of 0.102% based on the 6 month EURIBOR rate

F-32 F-31

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The table below presents the effect of fair value and cash flow hedge accounting on accumulated other comprehensive income for the year ended December 31, 2021.

	Amount of Gain/(Loss) Recognized in Other Comprehensive Income on Derivative	(in millions)	Location of Gain/(Loss) Reclassified from Accumulated Other Comprehensive Income into Income	(in millions)
Interest Rate Products	\$ 0.3	Interest Expense	\$ (1.5)	
Total	\$ 0.3		\$ (1.5)	

The table below presents the effect of fair value and cash flow hedge accounting on accumulated other comprehensive income for the year ended December 31, 2020.

	Amount of Gain/(Loss) Recognized in Other Comprehensive Income on Derivative	(in millions)	Location of Gain/(Loss) Reclassified from Accumulated Other Comprehensive Income into Income	(in millions)
Interest Rate Products	\$ (2.9)	Interest Expense	\$ (1.5)	
Total	\$ (2.9)		\$ (1.5)	

The table below presents the effect of the Company's derivative financial instruments on the consolidated statements of operations for the year ended December 31, 2021.

	Interest Expense	(in millions)
Total amounts of income and expense line items presented in the statement of operations and comprehensive loss in which the effects of fair value or cash flow hedges are recorded	\$ 44.3	
Gain/(loss) on cash flow hedging relationships in Subtopic 815-20	\$ (1.5)	
	Interest Expense	(in millions)
Total amounts of income and expense line items presented in the statement of operations and comprehensive loss in which the effects of fair value or cash flow hedges are recorded	\$ 39.8	
Gain/(loss) on cash flow hedging relationships in Subtopic 815-20	\$ (1.5)	

The table below presents the effect of the Company's derivative financial instruments on the consolidated statements of operations for the year ended December 31, 2020.

	Interest Expense	(in millions)
Total amounts of income and expense line items presented in the statement of operations and comprehensive loss in which the effects of fair value or cash flow hedges are recorded	\$ 30.0	
Gain/(loss) on cash flow hedging relationships in Subtopic 815-20	\$ (1.5)	

F-33 F-32

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

15. Fair Value Measurements

15. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset and liability in an orderly transaction between market participants at the measurement date. We estimate the fair value of our assets and liabilities utilizing an established three-level hierarchy. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities. Level 2 inputs also include non-binding market consensus prices that can be corroborated with observable market data, as well as quoted prices that were adjusted for security-specific restrictions.
- Level 3: Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the asset or liability. Level 3 inputs also include non-binding market consensus prices or non-binding broker quotes that are unable to be corroborated with observable market data.

The fair value of our financial assets and liabilities is determined by reference to market data and other valuation techniques as appropriate. We believe the fair value of our financial instruments approximates their recorded values.

For each period, derivative financial instrument assets and liabilities measured at fair value on a recurring basis are included in the financial statements as per the table below.

	Level	December 31, 2022		December 31, 2021	
		(in millions)			
Long term receivable (included in other assets)	2	\$	3.0	\$	3.5
		F-34 F-33			

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The fair value of our long-term senior debt as of December 31, 2022 December 31, 2023, was \$261,280.1 million, based upon quoted prices in the marketplace, which are considered Level 2 inputs.

Level 3 liabilities are valued using unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the derivative liabilities. For fair value measurements categorized within Level 3 of the fair value hierarchy, the Company's principal financial officer, who reports to the principal executive officer, determines its valuation policies and procedures. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's Principal Financial Officer and approved by the Principal Executive Officer.

At December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, there were no Level 3 inputs, and no transfers in or out of Level 3 from other levels in the fair value hierarchy.

16. Stockholders' Deficit

16. Stockholders' Deficit

Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of \$0.0001 per share in one or more series. The Company's Board of Directors is authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, optional or other special rights and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. At December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, there were no shares of preferred stock issued or outstanding.

Common Stock

The Company is authorized to issue 49,000,000 shares of common stock, par value \$0.0001 per share. Holders of the Company's common stock are entitled to one vote for each common share.

Warrants

As of December 31, 2020, the Company had 19,079,130 outstanding warrants to purchase an aggregate of 9,539,565 shares of the Company's common stock, which included 7,999,900 warrants originally issued as part of the initial public offering (the "IPO") (the "Public Warrants") and 11,079,230 warrants issued in private placements in connection with the IPO and the Merger (the "Private Placement Warrants"). The warrants became exercisable 30 days after the closing of the Merger and had an expiration date of December 23, 2021. Each warrant entitled its holder to purchase one-half of one share of the Company's common stock at an exercise price of \$11.50 per whole share. The warrants were able to be exercised only for a whole number of shares of common stock.

As of December 31, 2020, the warrants met the definition of a derivative under ASC 815 and were classified as a liability measured at fair value, with changes in fair value each period reported in earnings.

During the year ending December 31, 2021, (i) an aggregate of 2,651,129 shares of common stock were issued pursuant to the exercise of 5,302,258 Public Warrants and (ii) an aggregate of 1,027,836 shares of common stock were issued pursuant to the exercise (on a cashless basis) of 9,049,230 Private Warrants. There were no warrants outstanding as of December 31, 2022 December 31, 2022 or 2021, 2022.

17. Stock-Based Compensation

17. Stock-Based Compensation

The Company's stock-based compensation plans authorize awards of restricted stock units ("RSUs"), stock options and other equity-related awards. The Company's 2021 2023 Omnibus Incentive Plan ("2021 2023 Plan") was adopted by the Company's Board of Directors on April 12, 2021 April 10, 2023 and approved by our stockholders on May 11, 2021 May 9, 2023. The 2021 2023 Plan succeeds the Company's 2021 Omnibus Incentive Plan and the 2018 Omnibus Incentive Plan (the "2018 Plan" (collectively, the "Prior Plans") such that shares subject to the 2018 Plan's unused reserve reserves of the Prior Plans (e.g., as a result of termination or forfeiture of awards) are instead rolled over to the 2021 2023 Plan. The Company has two other predecessor plans, the 2016 Long-Term Incentive Plan and the Second Long-Term Incentive Plan (collectively, the "Prior Terminated Plans"), whose available balances were terminated in connection with approval of the 2018 Omnibus Incentive Plan. Although outstanding awards under the Prior Terminated Plans remain governed by the terms of the Prior Plans, such plans, no new awards may be granted or become available for grant under the Prior Plans, thereunder.

As of December 31, 2022 December 31, 2023, there were (i) 1,857,036 378,000 shares subject to outstanding awards under the 2021 2023 Plan, including 341,647 250,000 shares subject to performance-based target awards, 232,500 93,750 shares subject to market-price vesting conditions, and 31,250 shares subject to awards as to which the applicable vesting conditions have been met which remain subject to deferred settlement, (ii) 2,433,225 shares subject to outstanding awards under the Prior Plans, including 358,506 shares subject to performance-based target awards, 97,500 shares subject to market-price vesting conditions, 311,558 190,586 shares subject to awards that were previously subject to performance criteria that were determined to have been met for the applicable performance year which awards continue to remain subject to a time-based vesting schedule and 259,492 shares subject to awards as to which the applicable vesting conditions have been met which remain subject to deferred settlement; (ii) 174,964 shares subject to outstanding awards under the 2018 Plan, including 25,000 shares subject to performance-based target awards and 124,964 1,225,300 shares subject to awards as to which the applicable vesting conditions have been met which remain subject to deferred settlement; and (iii) 1,318,686 1,168,686 shares subject to outstanding awards under the Prior Terminated Plans as to which the applicable vesting conditions have been met which remain subject to deferred settlement. As of December 31, 2022 December 31, 2023, there were 1,002,805 2,881,460 shares available for new awards under the 2021 2023 Plan (which includes shares rolled over from the 2018 Plan) Prior Plans and no shares available for new awards under the Prior Plans. All awards outstanding as of December 31, 2022 December 31, 2023 consisted of RSUs (including time-based RSUs, performance-based RSUs and stock price based RSUs).

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The Company also has an employee stock purchase plan ("ESPP") that authorizes the issuance of up to an aggregate of 500,000 shares of common stock pursuant to purchases thereunder by employees. The ESPP, which was approved by stockholders in July 2017, is administered by the Compensation Committee which has discretion to designate the length of offering periods and other terms subject to the requirements of the ESPP. Offerings may also be under the ESPP's subplan for UK-based employees (the "Subplan") which was adopted in June 2022 and is designed to meet the requirements of a sharesave scheme under UK law. The terms applicable to the offerings approved in 2022 under the ESPP and Subplan for 2022 and 2023 are described below. Based on enrollments in these offerings, the Company estimates that approximately 76,000 shares will be purchased (4,000 shares under the ESPP and 72,000 under the Subplan).

The offering period approved in 2022 for the ESPP is for a period of twelve months (ending in October 2023), eligible — Eligible employees may contribute up to 10% 10% of base compensation through payroll deductions over a period of twelve months, a maximum of 1,000 shares may be purchased per participant, the purchase price will be is equal to 85% 85% of the lower of the closing price of the common stock at the beginning of the offering period (the applicable closing price was \$10.20) and the end of the offering period and shares will be are purchased on the last day of the offering period. Under the offering approved for the

Subplan eligible (UK) — Eligible employees may contribute a maximum amount of £350 per month through payroll deductions over a period of three years, (through October 2025), the purchase price will be is equal to 85% 85% of the closing price of the common stock on the day prior to commencement of the enrollment window for the offering, (the applicable closing price was \$11.53), and participants have a period of six months following the end of the offering to elect to purchase shares or receive a refund.

As of December 31, 2022 December 31, 2023, a total of 467,751 463,671 shares remained available for purchase under the ESPP. A total of 7,649 shares were issued under the ESPP in 2020 (at a purchase price of \$3.2215 per share) and no No shares were issued under the ESPP in 2021 or 2022, 2022 and a total of 4,080 shares were purchased in 2023 (at a purchase price of \$8.483 per share) and such shares were issued in 2024. Based on enrollments in the ESPP (including the Subplan), an aggregate of approximately 105,000 shares were subject to outstanding purchase rights thereunder as of December 31, 2023.

A summary of the Company's RSU activity is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Unvested Outstanding at January 1, 2022	2,039,254	\$ 8.60		
Unvested Outstanding at January 1, 2023			1,647,544	\$ 11.11
Granted ⁽¹⁾	543,178	\$ 14.36	888,225	\$ 14.14
Forfeited	(55,198)	\$ (11.06)	(66,880)	\$ (14.00)
Vested ⁽²⁾	(879,690)	\$ (7.18)	(914,214)	\$ (11.52)
Unvested Outstanding at December 31, 2022	1,647,544	\$ 11.11		
Unvested Outstanding at December 31, 2023			1,554,675	\$ 12.57

- (1) The amount shown as granted in the table includes 219,213 performance-based target RSUs that were granted during as to which the number eligible to vest ranged from 0% to 200% of the target amount of RSUs (a maximum of 438,426 RSUs based on attainment of Adjusted EBITDA targets for 2023 and criteria previously set by the Compensation Committee). Following the year ended December 31, 2022 included: (a) December 31, 2023, the Committee determined that the performance level attained would equate to approximately 48,716 47 RSUs under the Board's compensation program for non-employee directors which vest during the year of grant and, at the election % of the participant, may remain unsettled until the director leaves the Company; and (b) 450,882 RSUs under an incentive program for management and other personnel, as to which one-half was target amount of RSUs. The amount shown in the form of table includes additional performance-based RSUs, that are conditioned on attainment awarded as sign-on grants to our Executive Chairman and our CEO (comprising tranches covering an aggregate of performance criteria 250,000 Adjusted EBITDA RSUs (with targets for fiscal year 2022 2025, 2026 and subject 2027) and 125,000 stock-price based RSUs) which can be earned at up to a time-based service period through December 31, 2024 and 100% of the other one-half vests in installments through December 31, 2024, target amount of RSUs.
- (2) The RSUs that vested during the year ended December 31, 2022 December 31, 2023 included: (a) approximately 119,492 351,000 RSUs that are subject to deferred settlement terms; and (b) approximately 546,000 682,474 RSUs that were vested on the last day of the year and will be settled on a net share basis on or about December 30, 2022, resulting in 374,546 shares being issued in and 307,928 withheld for taxes (the processing of the issuance and delivery of such 374,546 shares occurred partially in December 2022 (as to 42,319 shares) and partially in January 2023 (as to 332,227 shares)) 2024.

The Company issued a total of 543,294 435,283 shares during the year ended December 31, 2022 December 31, 2023 in net settlement of RSUs which included an aggregate of 442,817 332,227 shares in settlement of RSUs that vested during the prior year on December 31, 2021 December 30, 2022.

The weighted average grant date fair value of awards granted for years ended December 31, 2022 December 31, 2023, December 31, 2021 December 31, 2022 and December 31, 2020 December 31, 2021 amounted to \$14.36 14.14, \$10.15 10.14 and \$4.13 10.15, respectively. The vesting date value of RSUs vesting for years ended December 31, 2022 December 31, 2023, December 31, 2021 December 31, 2022 and December 31, 2020 December 31, 2021 amounted to \$10.8 10.2 million, \$16.1 10.8 million and \$2.5 16.1 million, respectively. There was no income tax benefit recognized related to awards that vested during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021, respectively as there is a full valuation allowance in place against the RSU scheme's deferred tax asset.

Stock-based compensation is recognized as an expense over the requisite service period, which is generally the vesting period. For performance awards that are contingent upon the Company achieving certain pre-determined financial performance targets, compensation expense is calculated based on the number of shares expected to vest after assessing the probability that the performance criteria will be met. Determining the probability of achieving a performance target requires estimates and judgment. For market-based awards that are contingent upon the Company's stock achieving certain pre-determined price targets, compensation expense is calculated based upon the determination of the fair value of the awards as derived through multiple running of the Monte Carlo valuation model, with the fair value recognized on a straight-line basis over the requisite service period. The requisite service period for awards to employees is generally satisfied over a vesting period of three years (and one year for non-employee directors). The Company accounts for forfeitures as they occur. For stock purchase rights under the Company's ESPP (including its subplan), the Company estimates fair value using the Black-Scholes option pricing model on the dates of grant, with the compensation expense recognized over the requisite service period.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The Company recognized stock-based compensation expense as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
	(in millions)				(in millions)	
Restricted Stock and RSUs	\$ 10.1	\$ 11.9	\$ 4.6	\$ 10.4	\$ 10.1	\$ 11.9
ESPP	0.2	—	—	—	—	—
Payroll taxes on vesting of RSUs	0.7	1.1	0.2	0.6	0.7	1.1
	<u>\$ 10.8</u>	<u>\$ 13.0</u>	<u>\$ 4.8</u>	<u>\$ 11.2</u>	<u>\$ 10.8</u>	<u>\$ 13.0</u>

Total unrecognized compensation expense related to unvested stock awards and unvested RSUs at December 31, 2022 December 31, 2023 amounts to \$8.8 5.4 million and is expected to be recognized over a weighted average period of 1.6 1.2 years.

18. Accumulated Other Comprehensive Loss (Income)

18. 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)	Foreign Currency Translation Adjustments	Change in Fair Value of Hedging Instrument	Unrecognized Pension Benefit Costs	Accumulated Other Comprehensive (Income)
	(in millions)				(in millions)			
Balance at January 1, 2020	\$ (76.5)	\$ 1.4	\$ 30.0	\$ (45.1)				
Change during the period	5.4	1.4	7.2	14.0				
Balance at December 31, 2020	<u>(71.1)</u>	<u>2.8</u>	<u>37.2</u>	<u>(31.1)</u>				
Balance at January 1, 2021					\$ (70.8)	\$ 2.8	\$ 37.2	\$ (30.8)
Change during the period	(0.4)	(1.8)	(10.5)	(12.7)	(0.7)	(1.8)	(10.5)	(13.0)
Balance at December 31, 2021	<u>(71.5)</u>	<u>1.0</u>	<u>26.7</u>	<u>(43.8)</u>	<u>(71.5)</u>	<u>1.0</u>	<u>26.7</u>	<u>(43.8)</u>
Change during the period	(8.2)	(0.7)	6.4	(2.5)	(12.7)	(0.7)	6.4	(7.0)
Balance at December 31, 2022	<u>\$ (79.7)</u>	<u>\$ 0.3</u>	<u>\$ 33.1</u>	<u>\$ (46.3)</u>	<u>(84.2)</u>	<u>0.3</u>	<u>33.1</u>	<u>(50.8)</u>
Change during the period					5.9	(0.3)	0.7	6.3
Balance at December 31, 2023					<u>\$ (78.3)</u>	<u>\$ —</u>	<u>\$ 33.8</u>	<u>\$ (44.5)</u>

Included within accumulated other comprehensive income is an amount of \$0.319 million relating to the change in fair value of discontinued hedging instruments. This amount will be amortized as a charge to income over the life of the original instruments, in accordance with US GAAP Net Income (Loss) per Share

19. Net Income (Loss) per Share

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

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

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020			
RSUs	382,500	3,622,904	3,522,140			
Unvested Restricted Stock	—	—	624,116			
Stock Warrants	—	—	9,539,565			
	<u>382,500</u>	<u>3,622,904</u>	<u>13,685,821</u>			
		Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021		
RSUs		799,756	382,500	2,039,254		

The following table reconciles the numerators and denominators of the basic and diluted EPS computations for the year ended December 31, 2023 and December 31, 2022, respectively. There were no reconciling items for the years year ended December 31, 2021 or December 31, 2020, respectively.

	Income (Numerator)	Shares (Denominator)	Per-Share Amount, Year Ended December 31, 2023
	(in millions)		
Basic EPS			
Income available to common stockholders	\$ 7.6	28,073,408	\$ 0.27
Effect of Dilutive Securities			
RSUs	—	1,141,175	(0.01)
Diluted EPS			
Income available to common stockholders	<u>\$ 7.6</u>	<u>\$ 29,214,583</u>	<u>\$ 0.26</u>

	Income (Numerator)	Shares (Denominator)	Per-Share Amount, Year Ended December 31, 2022
	(in millions)		
Basic EPS			
Income available to common stockholders	\$ 22.3	26,446,374	\$ 0.84
Effect of Dilutive Securities			
RSUs		2,589,411	
Diluted EPS			
Income available to common stockholders	<u>\$ 22.3</u>	<u>\$ 29,035,785</u>	<u>\$ 0.77</u>
	Income (Numerator)	Shares (Denominator)	Per-Share Amount, Year Ended December 31, 2022
	(in millions)		
Basic EPS			
Income available to common stockholders	\$ 20.6	28,049,918	\$ 0.73
Effect of Dilutive Securities			
RSUs	<u>—</u>	<u>1,042,937</u>	<u>(0.02)</u>
Diluted EPS			
Income available to common stockholders	<u>\$ 20.6</u>	<u>\$ 29,092,855</u>	<u>\$ 0.71</u>

The calculation of Basic EPS includes the effects of 2,425,236, 1,703,142 and 1,583,650 shares for the years ended December 31 2023, 2022 and 2021, respectively, with respect to RSU awards that have vested but have not yet been issued.

F-37 F-36

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

20. Repurchase of Common Stock

20. 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 year ended December 31, 2022 December 31, 2023, the Company repurchased 1,067,340 125,778 shares under the Share Repurchase Program for gross payments of approximately \$10.5 1.6 million, which were canceled and retired during the year ended December 31, 2022 December 31, 2023. As of December 31, 2022 December 31, 2023, approximately \$14.6 13.0 million remained available for future repurchases under the Share Repurchase Program.

Refer Part II, Item 5 of this report for further details regarding shares repurchased during the three months ended December 31, 2022.

21. Other Finance (Expense) Income

Other finance (expense) income consisted of the following:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
	(in millions)			(in millions)		
Pension interest cost	\$ (2.1)	\$ (1.6)	\$ (2.2)	\$ (3.4)	\$ (2.2)	\$ (1.7)
Expected return on pension plan assets	3.2	2.7	3.1	3.8	3.3	2.8
Foreign currency translation on senior bank debt	—	4.6	(5.6)	—	—	4.6
Total	\$ 1.1	\$ 5.7	\$ (4.7)	\$ 0.4	\$ 1.1	\$ 5.7

22. Income Taxes

22. Income Taxes

The effective tax rates for the years ended December 31, 2022 December 31, 2023, 2022 and 2021 were 12.6 39.7%, 9.2% and 4.2 3.8% respectively. For the year ended December 31, 2022, December 31, 2023 and 2022, the Company's effective tax rate differs from the federal statutory rate primarily due to losses in certain jurisdictions where the Company presently has recorded a valuation allowance against the related tax benefit as well as an inclusion for global intangible low-taxed income. For the year ended December 31, 2021, the Company's effective tax rate differs from the federal statutory rate primarily due to losses in certain jurisdictions where the Company presently has recorded a valuation allowance against the related tax benefit and non-deductible officer's compensation.

The components of earnings (loss) before income taxes on the Company's consolidated statement of operations by the United States and foreign jurisdictions were as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
	(in millions)			(in millions)		
United States	\$ (14.1)	\$ (13.5)	\$ (14.4)	\$ (17.7)	\$ (8.1)	\$ (13.5)
Foreign jurisdictions	39.6)	(24.8)	(17.6)	30.3	30.8	(28.7)
Total earnings (loss) before income taxes	\$ 25.5	\$ (38.3)	\$ (32.0)	\$ 12.6	\$ 22.7	\$ (42.2)

Income tax provision (benefit), as reflected in the Company's consolidated statement of operations, consists of the following:

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
	(in millions)		
Current provision (benefit)			
Federal	\$ 3.0	\$ 0.7	\$ —
State	0.4	—	—
Foreign	1.6	1.4	(1.6)
Total current	\$ 5.0	\$ 2.1	\$ (1.6)
	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
	(in millions)		
Current provision (benefit)			
Federal	\$ 1.6	\$ —	\$ —
State	0.2	—	—
Foreign	1.4	(1.6)	0.4
Total current	\$ 3.2	\$ (1.6)	\$ 0.4

	Year Ended December 31, 2022 2023		Year Ended December 31, 2021 2022		Year Ended December 31, 2020 2021	
	(in millions)					
Deferred provision (benefit)						
Federal	\$ —		\$ —		\$ —	
State	—		—		—	
Foreign	—		—		—	
Total deferred	\$ —		\$ —		\$ —	

F-38 F-37

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The differences between the federal statutory tax rate and our effective rate are reflected in the following table for the years ended **December 31, 2022 December 31, 2023, 2021 2022** and **2020: 2021:**

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2023	December 31, 2022	December 31, 2021
		(in millions)			(in millions)	
Statutory income tax	21.0	%	21.0%	21.0%	21.0%	21.0%
State taxes (net of federal)	0.8	%	0.0%	0.0%	2.3%	0.4%
Non-deductible officers' compensation		6.7 %	(5.4)%	0.0%	8.8%	7.5%
Global intangible low-taxed income	32.4	%	0.0	%	45.2%	33.1%
Other permanent differences		(0.7)%	(1.5)%	(6.2)%	(0.8)%	0.3%
Prior year true ups					(5.6)%	0.0%
Effect of rates different than statutory	(2.0	)%	(4.0)%	0.5%	3.8%	(2.2)%
Non-creditable withholding taxes	4.2	%	0.0%	0.0%	9.0%	4.7%
Foreign tax true ups		(0.1)%	4.6%	0.1%	0.4%	(0.1)%
Research and development tax credits	(1.1	)%	0.3%	0.0%	0.0%	(1.2)%
Change in valuation allowance	(48.6	)%	(10.8)%	(16.6)%	(44.4)%	(54.3)%
Effective income tax rate	12.6%		4.2%	(1.2)%	39.7%	9.2%
	12.6%		4.2%	(1.2)%	39.7%	9.2%
	12.6%		4.2%	(1.2)%	39.7%	9.2%

The net deferred tax assets and liabilities arising from temporary differences are as follows:

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
		(in millions)		(in millions)
Depreciation		\$ 52.3	\$ 71.4	\$ 49.7
Net operating losses		22.9	31.6	22.7
Other temporary differences		3.1	4.4	3.2
Intangible Assets		0.7	0.0	5.6
Right of Use Liability	2.2		0.0	
Right of Use Asset				3.6
Total gross deferred tax assets		81.2	107.4	84.8
Valuation allowance balance		(79.1)	(104.5)	(81.2)
Gross deferred tax assets		2.1	2.9	3.6
Intangible assets		0.0	(0.3)	—
Other temporary differences		0.0	(2.6)	—
Right of Use Asset	(2.1)		0.0	
Right of Use Liability				(3.6)
Gross deferred tax liabilities		(2.1)	(2.9)	(3.6)
Net deferred tax assets	\$ —	\$ —	\$ —	\$ —

Changes in the valuation allowance are as follows:

	December 31, 2022	December 31, 2021	December 31, 2023	
		(in millions)		(in millions)
Beginning balance		\$ 104.5	\$ 76.4	
(Decrease) increase		(25.4)	28.1	
Reversal of allowance		—	—	
Ending balance	\$ 79.1		\$ 104.5	
	December 31, 2023	December 31, 2022		
Beginning balance		\$ 83.1	\$ 109.2	
(Decrease) increase		(1.9)	(26.1)	
Reversal of allowance		—	—	
Ending balance	\$ 81.2		\$ 83.1	

As of **December 31, 2022 December 31, 2023 and 2021, 2022**, the Company has **\$9.0 0.0 million and \$39.5 3.8 million**, respectively, of gross federal net operating loss carry forwards, these losses have an unlimited carry forward. The cumulative state net operating losses as of **December 31, 2022 December 31, 2023** are **\$58.4 39.7 million**, which begin to expire in 2026. The utilization of **both the Company's federal and state net operating losses** may be subject to a limitation in the future due to the "change of ownership provisions" under Section 382 of the Internal Revenue Code. As of **December 31, 2022 December 31, 2023**, the Company has not had an ownership change under Section 382.

As of **December 31, 2022 December 31, 2023 and 2021, 2022**, the Company also has gross net operating losses in foreign jurisdictions, primarily the **United Kingdom, totalling UK, totaling \$74.5 80.7 million and \$83.2 82.2 million**, respectively. The majority of these net operating losses have an unlimited carry forward period.

The Company recorded a valuation allowance against all of our deferred tax assets as of both **December 31, 2022 December 31, 2023**, and **December 31, 2021 December 31, 2022**. We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. However, given our current earnings and anticipated future earnings, we believe that there is a reasonable possibility that within the next 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. The valuation allowance we recorded as of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022** was **\$79.1** **81.2** million and **\$104.5** **83.1** million, respectively.

The Company has not recognized deferred tax liabilities in respect of unremitted earnings that are considered indefinitely reinvested in foreign subsidiaries. We do not provide for taxes on our undistributed earnings of foreign subsidiaries that have not been previously taxed because we intend to invest such undistributed earnings indefinitely outside of the United States.

Currently, there are no federal, state or foreign jurisdiction tax audits pending. The Company's corporate federal and state tax returns from **2019** **2020** to **2021** **2022** remain subject to examination by tax authorities and the Company's foreign tax returns from **2014** **2015** to **2021** **2022** remain subject to examination by tax authorities.

In accordance with ASC 740, the Company has evaluated its tax positions to determine if there are any uncertain tax positions. As of **December 31, 2021** **December 31, 2023** and 2022, the Company has no unrecognized tax benefits for uncertain tax positions and has no accrued interest or penalties related to uncertain tax positions. The Company does not anticipate any material change in the total amount of unrecognized tax benefits will occur within the next twelve months.

F-39 **F-38**

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

23. Related Parties

23. Related Parties

Macquarie Corporate Holdings Pty Limited (UK Branch) ("Macquarie UK"), (an arranger and lending party under our RCF Agreement), and Macquarie Capital (Europe) Limited ("Macquarie EUR"), (an arranger and initial purchaser of our Senior Secured Notes), are affiliates of MIHI LLC, which beneficially owned approximately **11.7%** **11.5%** of our common stock as of **December 31, 2022** December 31, 2023, and **11.4%** **11.7%** of our common stock as of **December 31, 2021** December 31, 2022. Macquarie UK was also one of the lending parties with respect to the Prior Financing and its associated revolving credit facility. Macquarie UK held \$2.1 million of the total \$19.1 million of RCF drawn at December 31, 2023. Macquarie UK did not hold any of the Company's aggregate senior debt at **December 31, 2022** December 31, 2023 or **December 31, 2021** December 31, 2022. Interest expense payable to Macquarie UK amounted to \$0.0 million for each of the years ended **December 31, 2022** December 31, 2023, **2021** 2022 and 2020 amounted to \$0.0 million, \$0.9 million and \$2.2 million, **2021**, respectively. In addition, Macquarie EUR received \$0.6 million of \$5.5 million of fees paid in connection with the issuance of the Senior Secured Notes and the RCF in the year ended December 31, 2021, and Macquarie UK received \$0.3 million of a total \$3.1 million of amendment fees paid with respect to the Prior Financing in the year ended December 31, 2020. 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.

HG Vora Special Opportunities Master Fund Limited ("HG Vora") (a purchaser of our Senior Secured Notes issued on May 20, 2021) was a significant stockholder until October 12, 2021. Interest expense payable to HG Vora while a related party for the year ended December 31, 2021 amounted to \$1.7 million.

On December 31, 2021, the Company entered into a consultancy agreement with Richard Weil, the brother of A. Lorne Weil, our Executive Chairman, under which he received a success fee in the amount of **\$0.1** **130,000 million** for services he provided in connection with our acquisition of Sportech Lotteries, LLC. The success fee was paid during the year ended December 31, 2022. Under the agreement, as extended in November 2022 and in July 2023 and December 2023, he will provide consulting services to the Company relating to the lottery in the Dominican Republic through to **June 30, 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 with respect to such services, at a rate of \$12,500 per month for the remainder of the term of the agreement. The aggregate amount incurred by the Company in consulting fees for the year ended December 31, 2022 was **\$0.1 million**, **million** and **\$0.1 million** for the years ended December 31, 2023 and December 31, 2022, respectively.

We incurred certain offering expenses in connection with an underwritten public offering of shares held by a significant stockholder, the Landgame Trust, which closed on June 1, 2021, as to which our expenses were reimbursed by the stockholder. For the year ended December 31, 2021, the aggregate amount invoiced for reimbursement was \$0.2 million. The stockholder sold an aggregate of 6,217,628 shares in the offering (including 810,995 shares subject to an over-allotment option that was exercised in full) at an offering price of \$9.25 per share, less underwriting discounts and commissions of \$0.4625 per share. One of the participating underwriters in the offering was Macquarie Capital (USA) Inc., an affiliate of MIHI LLC (see paragraph above), pursuant to which it purchased 870,468 of the shares including 113,539 shares subject to the over-allotment option.

The Company held a 24.40% Leases non-controlling equity interest in Innov8 Gaming Limited ("Innov8") from October 2019 until April 2020 when the Company disposed of its interest. Revenue earned from Innov8 while a related party for the year ended December 31, 2020 amounted to \$0.6 million and purchases from Innov8 while a related party for the year ended December 31, 2020 amounted to \$0.2 million. The value of the investment was impaired by \$0.7 million to \$Nil in March 2020 prior to disposal.

24. Leases

The Company as Lessee

The Company is party to operating leases with third parties with respect to various real estate and vehicles. Real vehicle assets. Both real estate and vehicle leases typically include a lease (of the property) property or vehicle) and a non-lease (provision of services) component which are accounted for separately. Where Payment terms are typically fixed, however, certain leases may contain various provisions for increases in rental rates based either on changes in a specific price index (such as the published Consumer Price Index CPI), a predetermined escalation schedule or rate, or as a percentage of sales. Such variable lease costs payments are variable due to future rent reviews, these recognized as lease expense as they are treated as part incurred. We initially measure the present value of the lease asset and payments using the index at the lease liabilities as they are considered to qualify as variable lease costs, which are subject to commencement date. Additional payments based on the future subsequent change in an index or rate. These costs are included at rate, or payments based on a change in our portion of the amount prior to any reviews, as it is not permitted to estimate future rent reviews. Where operating expenses, including real estate leases contain an option to terminate, any period beyond the option date is only included taxes and insurance, are recorded when incurred as part of the lease term if the Company is reasonably certain not to exercise the option. Vehicle leases typically contain a lease (of the vehicle) and a non-lease (provision of services) component which are accounted for separately, variable payments.

The lease term begins on the commencement date, which is the date the Company takes possession of the property. The Company's lease terms may include options to extend or terminate the lease. These options to extend or terminate are assessed on a lease-by-lease basis, and the ROU assets and lease liabilities are adjusted when it is reasonably certain that the option to extend or terminate will be exercised. The lease term is used to determine lease classification as an operating or finance lease and is used to calculate straight-line expense for operating leases. The operating leases have remaining terms of 1 to 10 years.

During the **years** year to December 31, 2021 and 2020, certain concessions were granted with respect to the Company's operating leases in light of Covid-19. These took the form of lease extensions, where nothing was paid for a period of time with that same period of time and payments added onto the lease at the end, payment holidays, where payments were deferred until a later date, but with no lease extension, and discounted payments, where payments were reduced and not repaid either at a later date or through lease extensions. The Company elected to use the practical expedient granted by the FASB and account for the concessions as if they were part of the enforceable rights and obligations of the parties under the existing lease contract for all affected operating leases. Lease extensions and discounted payments were accounted using the 'cash basis' approach, with the lease liability and right-of-use asset continuing to be accounted for as if payments were still being made under the original terms of the lease. Payment holidays were accounted for using the 'remeasurement consistent with resolving a contingency' approach, which involved remeasuring the liability and the right-of-use asset and continuing to recognize the total cost of the lease on a straight line basis over the period to which it relates.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 AND 2021

The Company is also party to finance leases with third parties with respect to gaming machines. The leases have remaining terms of between 18 and 43 months. The components of lease expense were as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
	(in millions)		
Finance lease costs:			
Depreciation	\$ 0.7	\$ 0.9	\$ 0.5
Interest	0.3	0.2	0.2
Operating lease costs	5.5	5.8	6.4
Short-term lease costs	2.1	1.2	1.3
Variable lease costs	2.3	2.5	1.0
Total	\$ 10.9	\$ 10.6	\$ 9.4
	December 31, 2023	December 31, 2022	December 31, 2021
Weighted average remaining lease term – finance leases	30.9 months	29.8 months	29.8 months
Weighted average remaining lease term – operating leases	73.3 months	68.5 months	68.5 months
Weighted average discount rate – finance leases	10.5%	9.0%	9.0%
Weighted average discount rate – operating leases	8.9%	8.9%	8.9%

Assets leased under finance leases had a cost of \$3.6 million and \$2.3 million at December 31, 2023 and 2022, respectively, and accumulated depreciation associated with these assets was \$1.7 million and \$1.2 million at December 31, 2023 and 2022, respectively.

Future minimum finance lease payments as of December 31, 2023 were as follows:

Year ending December 31, (in millions)	\$	\$
2024	1.1	1.1
2025	1.1	1.1
2026	0.6	0.6
2027	0.4	0.4
2028	—	—
Thereafter	—	—
Total future minimum lease payments	3.2	3.2
Less: imputed interest	(0.8)	(0.8)
Total	\$ 2.4	\$ 2.4

Future minimum operating lease payments as of December 31, 2023 were as follows:

Year ending December 31, (in millions)	\$	\$
2024	5.0	5.0
2025	3.5	3.5
2026	2.9	2.9
2027	1.4	1.4
2028	1.1	1.1
Thereafter	5.1	5.1
Total future minimum lease payments	19.0	19.0
Less: imputed interest	(4.5)	(4.5)
Total	\$ 14.5	\$ 14.5

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The Company is also party to finance leases with third parties with respect to gaming machines. The leases have remaining terms of between 24 and 36 months.
The components of lease expense were as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
(in millions)			
Finance lease costs:			
Depreciation	\$ 0.9	\$ 0.5	\$ 0.1
Interest	0.2	0.2	0.1
Operating lease costs	4.0	4.4	4.3
Short-term lease costs	1.2	1.3	1.5
Variable lease costs	4.3	2.9	1.7
Total	\$ 10.6	\$ 9.3	\$ 7.7
	December 31, 2022	December 31, 2021	
Weighted average remaining lease term – finance leases		29.8 months	39.1 months
Weighted average remaining lease term – operating leases		68.5 months	69.4 months
Weighted average discount rate – finance leases		9.0%	8.9%
Weighted average discount rate – operating leases		8.9%	8.7%

Assets leased under finance leases had a cost of \$2.3 million and \$4.2 million at December 31, 2022 and 2021, respectively, and accumulated depreciation associated with these assets was \$1.2 million and \$0.6 million at December 31, 2022 and 2021, respectively.

Future minimum finance lease payments as of December 31, 2022 were as follows:

Year ending December 31, (in millions)	
2023	\$ 1.2
2024	0.9
2025	0.5
2026	—
2027	—
Thereafter	—
Total future minimum lease payments	2.6
Less: imputed interest	(0.4)
Total	\$ 2.2

Future minimum operating lease payments as of December 31, 2022 were as follows:

Year ending December 31, (in millions)	
2023	\$ 3.0
2024	2.5
2025	1.4
2026	0.9
2027	0.7
Thereafter	2.7
Total future minimum lease payments	11.2
Less: imputed interest	(2.5)
Total	\$ 8.7

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021, AND FOR THE YEARS ENDED
DECEMBER 31, 2022, 2021 AND 2020

The Company as Lessor

Certain of our arrangements include leases for equipment installed at customer locations. As the lessor, we combine lease and non-lease components for all classes of underlying assets in arrangements that involve operating leases. The Company single combined component is party to leases accounted for under ASC 606, *Revenue from Contracts with third parties with respect to various gaming machines. Gaming machine leases typically include a lease (of Customers based on the machine) and a consideration that the non-lease (provision of software services) component, both of which components are included the predominant items in the amounts disclosed arrangements. If a component cannot be combined, the consideration is allocated between the lease component and the non-lease component based on relative standalone selling price. The lease component is accounted for under ASC 842, Leases and the non-lease component is accounted for under ASC 606.*

The Profit recognized at commencement date of sales type leases have remaining terms of amounted to \$3.25 to 36 months.

During the years to December 31, 2021 and 2020, the Company granted concessions to customers in the form of lease extensions granted during the lockdown period, where nothing was paid during the concession period, with that same period of time and payments added onto the lease at the end. The Company elected to use the practical expedient granted by the FASB and account for the concessions as if they were part of the enforceable rights and obligations of the parties under the existing lease contract for all affected leases.

Assets leased under operating leases had a cost of million, \$5.30.3 million and \$6.80.0 million at December 31, 2022 and 2021, respectively, and accumulated depreciation associated with these assets was \$3.6 million and \$2.8 million at December 31, 2022 for the years ended December 31, 2023, 2022 and 2021, respectively. Depreciation expense Lease income from operating leases and variable income and interest receivable from sales type leases is not material for any of the year ended December 31, 2022, 2021 and 2020 amounted to \$1.5 million, \$1.4 million and \$1.5 million, respectively, years presented.

The components of lease income were as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
	(in millions)		
Interest receivable from sales type leases	\$ —	\$ —	\$ 0.1
Operating lease income	8.3	3.3	2.3
Profit recognized at commencement date of sales type leases	0.3	—	—
Variable income from sales type leases	—	0.1	0.7
Total	\$ 8.6	\$ 3.4	\$ 3.1

Future minimum sales type lease receivables as of December 31, 2022 December 31, 2023 were as follows:

Year ending December 31, (in millions)	\$	\$	\$
2023	\$ 0.3		
2024	0.1		
2025	0.1		
2026	—		
2027	—		
Total future minimum lease receivables	0.5		
Less: imputed interest	(0.1)		
Total	\$ 0.4		

Future minimum operating lease receivables as of December 31, 2022 were as follows:

Year ending December 31, (in millions)	\$	\$	\$
2023	\$ 8.2		
2024	5.2	\$ 2.8	
2025	2.6	2.7	
2026	—	2.0	
2027	—	0.2	
2028	—		
Total future minimum lease receivables	\$ 16.0		7.7
Less: imputed interest	(1.0)		
Total	\$ 6.7		

F-42 F-41

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

25. Commitments and Contingencies

25. 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.

26. Pension Plan

26. 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 an independently administered fund. The defined contribution pension cost charge represents contributions payable by the Company and amounted to \$3.4 million, \$2.9 million and \$2.4 million and \$2.3 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021, respectively. Contributions totaling \$1.20.4 million and \$0.8 1.2 million were payable to the fund as at December 31, 2022 December 31, 2023 and 2021 2022, respectively.

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 in these consolidated financial statements. Retirement benefits are generally based on a portion of an employee's pensionable earnings during years prior to 2010.

The latest triennial actuarial valuation of the scheme as at March 31, 2021 was finalized in June 2022. The actuarial valuation revealed 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 of £8.2 million (\$9.9 10.5 million) at the valuation date. Under the Recovery Plan and Schedule of Contributions agreed between the Trustee and the Company on June 28, 2022, it was agreed that the shortfall will be met by contributions of £0.9 million (\$1.1 million) for each the years ended December 31 2021, 2022, 2023 and 2024, of £0.7 million (\$0.8 0.9 million) for the year ended December 31, 2025 and of £0.5 million (\$0.6 million) for the period January 1, 2026 to October 31, 2026. The Company will also make expense contributions of £0.3 million (\$0.4 million) per annum for the period covered by the Recovery Plan and Schedule of Contributions.

F-43 F-42

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The trustee has made an allowance for the pension scheme liability profile when deciding the investment strategy of the pension scheme. Since the pension scheme is closed to new entrants and ceased future accrual with effect from March 31, 2010, it has continued to mature gradually. Therefore, the trustee reviews the investment strategy regularly to check whether any changes are needed. When considering the investment strategy, the trustee has taken into account the effect of any possible increases in the deficit reduction contributions on the financial position of the Company, and the extent to which the Company will be able to bear these changes.

The scheme's investment policy is to maximize long-term financial return commensurate with security and minimizing risk, with an objective of achieving a return of around 3% per annum above the return on UK Government bonds. This is achieved by holding a portfolio of marketable investments that avoids over-concentration of investment and spreads assets both over industries and geographies. In setting investment strategy, the trustees considered the lowest risk strategy that they could adopt in relation to the scheme's liabilities and designed an asset allocation to achieve a higher return while maintaining a cautious approach to meeting the scheme's liabilities. The trustees undertake periodic reviews of the investment strategy and take advice from their investment advisors. They consider a full range of asset classes, the risks and rewards of a range of alternative asset allocation strategies, the suitability of each asset class and the need for appropriate diversification. The current strategy is to hold 12% in a diversified growth fund, 24% in diversified credit, 18% in equity-linked liability-driven investment funds, 6% in credit-linked liability-driven investment funds and 40% in a buy-in policy.

The Company recognizes gains or losses on pension settlements if the cost of the settlements exceeds the sum of service and interest cost for the year. Lump-sum settlements are monitored at the end of every quarter to determine whether settlement amounts have exceeded the defined thresholds. In instances where the Company determines that it is probable that the lump settlements could exceed the sum of interest and service cost for the year, the Company accounts for the settlements as they occur.

Our pension benefit costs are calculated using various actuarial assumptions and methodologies. These assumptions include discount rates, inflation, expected returns on plan assets, mortality rates and other factors. The assumptions used in recording the obligations under our plans represent our best estimates, and we believe that they are reasonable, based on information as to historical experience and performance as well as other factors that might cause future expectations to differ from past trends. Differences in actual experience or changes in assumptions may affect our pension obligations and future expense. The principal factors contributing to actuarial gains and losses each year are (1) changes in the discount rate used to value pension benefit obligations as of the measurement date and (2) differences between the expected and the actual return on plan assets.

Our valuation methodologies used for pension assets measured at fair value are as follows. There have been no changes in the methodologies used at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022.

The diversified fund is valued at fair value by using the net asset value ("NAV") of shares held by the plan at the year end. The NAV of the diversified fund is not publicly quoted. The majority of the underlying securities have observable Level 1 or 2 pricing inputs, including quoted prices for similar assets in active or non-active markets. ASC 820 **Fair Value Measurements and Disclosures**, allows NAV per share to serve as a practical expedient to estimate the fair value of the diversified fund. ASC 820 also states that where NAV is allowed to be used as an estimate of fair value, if the reporting entity has the ability to redeem its investment at NAV as of the measurement date, that investment shall be categorized as a Level II fair value measurement. If the investment cannot be redeemed at the measurement date, but may be redeemable in the future, but at an uncertain date, the investment shall be categorized as a Level 3 fair value measurement.

As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, the diversified fund was redeemable at NAV as of the measurement **dates and, therefore, classified as Level 2, dates**.

With respect to the buy-in contract, it was agreed during the year ended September 27, 2014, that 281 pensioners of the plan would be insured by means of a pensioner buy-in. The pensioner buy-in contract is similar to an annuity contract, which matches cash flows with future benefit payments for a specific group of pensioners, with the obligation remaining with the plan. The liabilities and assets in respect of insured pensioners are assumed to match for the purposes of ASC 715, Pensions - Retirement Benefits, disclosures (i.e. the full benefits have been insured). The approach adopted has therefore been to include within the total value of assets, an amount equal to the **calculated total liability fair** value of the **insured pensioners** buy-in assets and to set the buy-in portion of the total liability (pension benefit obligation) equal to the fair value of the buy-in based on the actuarial assumptions adopted for ASC 715 **purposes**, purposes at each measurement date. The buy-in contract is valued on an insurer pricing basis, reflecting assumptions on the purchase price adjusted for changes in discount rates and other actuarial assumptions, which approximates fair value and is, therefore, classified as Level 3.

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The following table sets forth 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:

	December 31, 2022	December 31, 2021	December 31, 2023		December 31, 2022	
	(in millions)		2023	2022	(in millions)	
Change in benefit obligation:						
Benefit obligation at beginning of period	\$ 114.7	\$ 127.8	\$ 71.2	\$ 122.7		
Interest cost	2.1	1.6	3.4	2.2		
Actuarial (gain) loss	(35.5)	(9.8)				
Actuarial loss (gain)			0.6	(39.0)		
Benefits paid	(3.5)	(3.5)	(3.0)	(3.5)		
Foreign currency translation adjustments	(10.4)	(1.4)	4.1	(11.2)		
Benefit obligation at end of period	<u>\$ 67.4</u>	<u>\$ 114.7</u>	<u>\$ 76.3</u>	<u>\$ 71.2</u>		
Change in plan assets:						
Fair value of plan assets at beginning of period	\$ 117.7	\$ 118.7	\$ 69.1	\$ 125.7		
Actual (loss) gain on plan assets	(39.1)	2.5				
Actual gain (loss) on plan assets			2.8	(42.4)		
Employer contributions	1.4	1.5	1.4	1.4		
Benefits paid	(3.5)	(3.5)	(3.0)	(3.5)		
Foreign currency translation adjustments	(11.2)	(1.5)	4.0	(12.1)		
Fair value of assets at end of period	<u>\$ 65.3</u>	<u>\$ 117.7</u>	<u>\$ 74.3</u>	<u>\$ 69.1</u>		
Amount recognized in the consolidated balance sheets:						
(Unfunded) Overfunded status (non-current)	\$ (2.1)	\$ 3.0				
Unfunded status (non-current)			\$ (2.0)	\$ (2.1)		
Net amount recognized	<u>\$ (2.1)</u>	<u>\$ 3.0</u>	<u>\$ (2.0)</u>	<u>\$ (2.1)</u>		

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

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
	(in millions)		(in millions)		(in millions)	
Components of net periodic pension (benefit) cost:						
Interest cost	\$ 2.1	\$ 1.6	\$ 2.2	\$ 3.4	\$ 2.2	\$ 1.7
Expected return on plan assets	(3.2)	(2.7)	(3.1)	(3.8)	(3.3)	(2.8)
Amortization of net loss	0.5	0.9	0.6	0.9	0.5	0.9
Net periodic (benefit) cost	<u>\$ (0.6)</u>	<u>\$ (0.2)</u>	<u>\$ (0.3)</u>		<u>\$ 0.5</u>	<u>\$ (0.6)</u>
Net periodic cost (benefit)					<u>\$ 0.5</u>	<u>\$ (0.6)</u>

The accumulated benefit obligation for all defined benefit pension plans was \$67.4 million and \$114.7 million as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively. The (underfunded) overfunded status of our defined benefit pension plans recorded as a (liability) asset liability in our consolidated balance sheets as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022 was \$(2.1) million and \$3.0 million, respectively.

The estimated net loss, net transition asset (obligation) and prior service cost for the plan that will be amortized from accumulated other comprehensive income into net periodic pension cost over the next fiscal year are \$0.9 million, \$nil and \$nil, respectively.

The fair value of the plan assets at December 31, 2022 December 31, 2023 by asset category is presented below:

	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)				(in millions)			
Diversified fund								
Buy-in contract	—	\$ 40.7	—	\$ 40.7	\$ —	\$ 45.1	\$ —	\$ 45.1
Cash and other current assets	0.3	—	—	0.3	0.3	0.3	—	0.3
Total	<u>\$ 0.3</u>	<u>\$ 40.7</u>	<u>\$ 24.3</u>	<u>\$ 65.3</u>	<u>\$ 0.3</u>	<u>\$ 45.1</u>	<u>\$ 28.9</u>	<u>\$ 74.3</u>

F-45 F-44

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

The fair value of the plan assets at December 31, 2021 December 31, 2022 by asset category is presented below:

	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		(in millions)				(in millions)		
Diversified fund	\$ —	\$ 79.1	\$ —	\$ 79.1	\$ —	\$ 40.7	\$ —	\$ 40.7
Buy-in contract	—	—	38.1	38.1	—	—	28.1	28.1
Cash	0.5	—	—	0.5	0.3	—	—	0.3
Total	\$ 0.5	\$ 79.1	\$ 38.1	\$ 117.7	\$ 0.3	\$ 40.7	\$ 28.1	\$ 69.1

The table below presents the weighted-average actuarial assumptions used to determine the benefit obligation and net periodic benefit cost for the Plan.

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
	5.00 %	2.00 %		
Discount rate				
Discount rate – non-insureds			4.71 %	5.00 %
Discount - insureds			4.07 %	4.15 %
Expected return on assets	5.70 %	3.00 %	5.30 %	5.70 %
RPI inflation	3.13 %	3.25 %	3.02 %	3.13 %
CPI inflation – pre 2030	2.13 %	2.25 %	2.02 %	2.13 %
CPI inflation – post 2030	2.93 %	3.05 %	2.82 %	2.93 %
Pension increases – pre-2006 service	2.90 %	3.15 %	2.83 %	2.90 %
Pension increases – post-2006 service	1.89 %	2.20 %	1.86 %	1.89 %
Pension increases – post 1988 GMP – pre 2030	1.83 %	2.10 %	1.77 %	1.83 %
Pension increases – post 1988 GMP – post 2030	2.21 %	2.60 %	2.16 %	2.21 %

The following benefit payments are expected to be paid:

	(in millions)	(in millions)
2023	\$ 3.2	
2024	\$ 2.8	\$ 3.4
2025	\$ 3.2	\$ 3.4
2026	\$ 3.3	\$ 3.6
2027	\$ 3.6	\$ 3.9
2028 to 2032	\$ 20.5	
2028		\$ 3.9
2029 to 2033		\$ 23.3

27. Segment Reporting and Geographic Information

27. Segment Reporting and Geographic Information

Operating segments are identified as components of an enterprise for which separate and discrete financial information is available and is used by the chief operating decision maker, or decision-making group, in making decisions on how to allocate resources and assess performance. The Company's chief decision-maker is the Office of the Executive Chairman.

The Company's chief decision-maker reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenue and operating profit by reporting unit. This information is used for purposes of allocating resources and evaluating financial performance.

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 accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies."

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

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), total assets and total capital expenditures for the years ended December 31, 2022 December 31, 2023, December 31, 2021 December 31, 2022 and December 31, 2020 December 31, 2021, respectively, by business segment. Certain unallocated corporate function costs have not been allocated to the Company's reportable operating segments because these costs are not allocable and to do so would not be practical. Corporate function costs consist primarily of selling, general and administrative expenses, depreciation and amortization, capital expenditures, right of use assets, cash, prepaid expenses and property and equipment and software development costs relating to corporate/shared functions. All acquisition and integration related transaction expenses are allocated as corporate function costs.

Segment Information

Year Ended December 31, 2023

	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
(in millions)						
Revenue:						
Service	\$ 83.0	\$ 56.2	\$ 27.9	\$ 94.1	\$ —	\$ 261.2
Product sales	59.6	—	—	2.2	—	61.8
Total revenue	142.6	56.2	27.9	96.3	—	323.0
Cost of sales, excluding depreciation and amortization:						
Cost of service	(24.6)	(1.4)	(1.7)	(47.4)	—	(75.1)
Cost of product sales	(51.5)	—	—	(1.1)	—	(52.6)
Selling, general and administrative expenses	(22.5)	(7.1)	(10.8)	(28.4)	(35.5)	(104.3)
Stock-based compensation expense	(1.5)	(0.4)	(0.6)	(1.0)	(7.7)	(11.2)
Acquisition and integration related transaction expenses	—	—	—	—	—	—
Depreciation and amortization	(19.0)	(3.3)	(3.6)	(11.6)	(2.4)	(39.9)
Segment operating income (loss)	23.5	44.0	11.2	6.8	(45.6)	39.9
Net operating income						\$ 39.9
Total assets at December 31, 2023	\$ 130.0	\$ 59.7	\$ 18.4	\$ 72.6	\$ 60.2	\$ 340.9
Total goodwill at beginning of period ⁽¹⁾	\$ 11.6	42.1	1.8	20.5	—	76.0
Accumulated goodwill impairment losses ⁽²⁾	—	—	—	(20.5)	—	(20.5)
Total goodwill at beginning of period, net	11.6	42.1	1.8	—	—	55.5
Foreign currency translation adjustments	0.6	2.7	—	—	—	3.3
Total goodwill at December 31, 2023, net	\$ 12.2	\$ 44.8	\$ 1.8	\$ —	\$ —	\$ 58.8
Total capital expenditures for the year ended December 31, 2023	\$ 22.5	\$ 3.9	\$ 2.7	\$ 18.6	\$ 1.8	\$ 49.5

Year Ended December 31, 2022

	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
(in millions)						
Revenue:						
Service	\$ 80.4	\$ 55.1	\$ 23.1	\$ 93.2	\$ —	\$ 251.8
Product sales	31.3	—	—	2.3	—	33.6
Total revenue	111.7	55.1	23.1	95.5	—	285.4
Cost of sales, excluding depreciation and amortization:						
Cost of service	(19.3)	(2.4)	(3.7)	(23.9)	—	(49.3)
Cost of product sales	(21.0)	—	—	(1.7)	—	(22.7)
Selling, general and administrative expenses	(30.1)	(6.9)	(7.1)	(45.8)	(25.7)	(115.6)
Stock-based compensation expense	(1.6)	(0.7)	(0.7)	(0.6)	(7.2)	(10.8)
Acquisition and integration related transaction expenses	—	—	—	—	(0.5)	(0.5)
Depreciation and amortization	(16.6)	(2.6)	(2.9)	(13.5)	(2.0)	(37.6)
Segment operating income (loss)	23.1	42.5	8.7	10.0	(35.4)	48.9
Net operating income						\$ 48.9
Total assets at December 31, 2022	\$ 107.8	\$ 59.4	\$ 15.1	\$ 81.0	\$ 46.1	\$ 309.4
Total goodwill at December 31, 2022	\$ 1.3	\$ 42.3	\$ 0.4	\$ 29.9	\$ —	\$ 73.9
Total capital expenditures for the year ended December 31, 2022	\$ 16.7	\$ 4.0	\$ 5.3	\$ 10.5	\$ 3.6	\$ 40.1

Year Ended December 31, 2021

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

Revenue:														
Service	\$ 58.8	\$ 36.0	\$ 22.8	\$ 65.7	\$ —	\$ 183.3	\$ 80.4	\$ 54.2	\$ 20.6	\$ 93.2	\$ —	\$ 248.4		
Product sales	22.6	—	—	3.0	—	25.6	30.9	—	—	2.3	—	33.2		
Total revenue	81.4	36.0	22.8	68.7	—	208.9	111.3	54.2	20.6	95.5	—	281.6		
Cost of sales, excluding depreciation and amortization:														
Cost of service	(12.8)	(1.9)	(3.7)	(15.9)	—	(34.3)	(23.7)	(1.8)	(1.3)	(44.6)	—	(71.4)		
Cost of product sales	(14.4)	—	—	(2.0)	—	(16.4)	(20.4)	—	—	(1.5)	—	(21.9)		
Selling, general and administrative expenses	(28.1)	(7.1)	(6.1)	(35.1)	(20.8)	(97.2)	(23.8)	(8.0)	(8.0)	(25.4)	(25.9)	(91.1)		
Stock-based compensation expense	(1.8)	(0.8)	(0.6)	(0.6)	(9.2)	(13.0)	(1.6)	(0.7)	(0.7)	(0.6)	(7.2)	(10.8)		
Acquisition and integration related transaction expenses	—	—	—	—	(1.6)	(1.6)	—	—	—	—	(0.5)	(0.5)		
Depreciation and amortization	(22.5)	(3.4)	(3.2)	(16.1)	(1.8)	(47.0)	(19.6)	(2.7)	(2.0)	(13.5)	(2.1)	(39.9)		
Segment operating income (loss)	1.8	22.8	9.2	(1.0)	(33.4)	(0.6)	22.2	41.0	8.6	9.9	(35.7)	46.0		
Net operating loss						\$ (0.6)								
Net operating income												\$ 46.0		
Total assets at December 31, 2021	\$ 100.5	\$ 61.6	\$ 12.3	\$ 85.7	\$ 71.6	\$ 331.7								
Total assets at December 31, 2022							\$ 104.3	\$ 56.6	\$ 12.0	\$ 68.3	\$ 46.0	\$ 287.2		
Total goodwill at December 31, 2021	\$ 1.4	\$ 47.4	\$ 0.4	\$ 33.5	\$ —	\$ 82.7								
Total capital expenditures for the year ended December 31, 2021	\$ 10.9	\$ 3.3	\$ 3.7	\$ 8.9	\$ 1.4	\$ 28.2								
Total goodwill at beginning of period ⁽¹⁾							\$ 13.0	47.2	2.0	20.5	—	82.7		
Accumulated goodwill impairment losses ⁽²⁾							—	—	—	(20.5)	—	(20.5)		
Total goodwill at beginning of period, net							13.0	47.2	2.0	—	—	62.2		
Foreign currency translation adjustments							(1.4)	(5.1)	(0.2)	—	—	(6.7)		
Total goodwill at December 31, 2022, net							\$ 11.6	\$ 42.1	\$ 1.8	\$ —	\$ —	\$ 55.5		
Total capital expenditures for the year ended December 31, 2022							\$ 13.1	\$ 1.7	\$ 3.2	\$ 10.9	\$ 3.6	\$ 32.5		

F-47 F-46

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

Year Ended December 31, 2020 December 31, 2021

	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total	Gaming	Virtual Sports	Interactive	Leisure	Corporate Functions	Total
	(in millions)						(in millions)					
Revenue:												
Service	\$ 92.2	\$ 32.4	\$ 13.3	\$ 40.8	\$ —	\$ 178.7	\$ 58.8	\$ 35.0	\$ 20.7	\$ 65.7	\$ —	\$ 180.2
Product sales	18.3	—	—	2.8	—	21.1	22.6	—	—	3.0	—	25.6
Total revenue	110.5	32.4	13.3	43.6	—	199.8	81.4	35.0	20.7	68.7	—	205.8
Cost of sales, excluding depreciation and amortization:												
Cost of service	(15.7)	(2.9)	(1.9)	(9.6)	—	(30.1)	(17.3)	(1.2)	(1.8)	(31.5)	—	(51.8)
Cost of product sales	(12.4)	—	—	(2.0)	—	(14.4)	(15.0)	—	—	(2.8)	—	(17.8)
Selling, general and administrative expenses	(24.5)	(4.4)	(3.9)	(30.8)	(21.2)	(84.8)	(22.4)	(7.7)	(6.8)	(19.5)	(20.9)	(77.3)
Stock-based compensation expense	(0.8)	(0.4)	(0.3)	(0.1)	(3.2)	(4.8)	(1.8)	(0.8)	(0.6)	(0.6)	(9.2)	(13.0)
Acquisition and integration related transaction expenses	—	—	—	—	(7.0)	(7.0)	—	—	—	—	(1.6)	(1.6)
Depreciation and amortization	(27.6)	(3.7)	(2.3)	(16.9)	(1.8)	(52.3)	(24.6)	(3.8)	(2.7)	(15.9)	(1.8)	(48.8)
Segment operating income (loss)	29.5	21.0	4.9	(15.8)	(33.2)	6.4	0.3	21.5	8.8	(1.6)	(33.5)	(4.5)
Net operating loss						\$ 6.4						\$ (4.5)
Total capital expenditures for the year ended December 31, 2020	\$ 8.9	\$ 4.8	\$ 2.7	\$ 8.7	\$ 4.9	\$ 30.0						
Total capital expenditures for the year ended December 31, 2021							\$ 8.7	\$ 2.1	\$ 2.4	\$ 8.8	\$ 1.4	\$ 23.4

(1) As a result of the October 1, 2019 acquisition of the Acquired Businesses, the Company recognized £26.1 million of Goodwill from the completion of the acquisition. In accordance with ASC 350-20, *Intangibles—Goodwill and Other—Goodwill*, we assessed the synergies that were expected at the time of acquisition and reallocated £9.6 million and £1.4 million of goodwill from the Acquired Businesses reporting unit to Server Based Gaming and Interactive reporting units, respectively.

(2) During the first quarter of 2020, as a result of a triggering event caused by the impacts of the COVID-19 pandemic, we completed a qualitative and quantitative impairment analysis and determined that goodwill within the Acquired Businesses (now Leisure) reporting unit was fully impaired.

Geographic Information

Geographic information for revenue is set forth below:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
	(in millions)		(in millions)		(in millions)	
Total revenue						
UK	\$ 209.5	\$ 149.1	\$ 152.3	\$ 250.9	\$ 208.6	\$ 148.6
Greece	22.9	18.6	17.0	24.3	22.4	18.2
Rest of world	53.0	41.2	30.5	47.8	50.6	39.0
Total	\$ 285.4	\$ 208.9	\$ 199.8	\$ 323.0	\$ 281.6	\$ 205.8
Total revenue	\$ 285.4	\$ 208.9	\$ 199.8			
Total revenue				\$ 323.0	\$ 281.6	\$ 205.8

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:

	December 31, 2022	December 31, 2021	
	(in millions)		
UK	\$ 83.2	\$ 90.0	
Greece	6.7	11.6	
Rest of world	17.0	21.0	
Total	\$ 106.9	\$ 122.6	
	December 31, 2023	December 31, 2022	
	(in millions)		
UK	\$ 91.9	\$ 82.7	
Greece	15.3	5.8	

Rest of world	22.4	16.3
Total	\$ 129.6	\$ 104.8

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

F-48 F-47

INSPIRED ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 2023 AND 2021, 2022, AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 2021 AND 2020 2021

28. Customer Concentration

28. Customer Concentration

During the year ended December 31, 2023 two customers represented at least 10% of revenue, accounting for 12% and 11% of the Company's revenue, respectively. The customers were served by the Gaming, Virtual Sports and Interactive segments, and by the Virtual Sports and Interactive segments, respectively. During the year ended December 31, 2022, one customer represented at least 10% of revenues, revenue, accounting for 13% 13% of the Company's revenues, revenue. This customer was served by the Virtual Sports and Interactive segments. During the year ended December 31, 2021, no customers represented at least 10% 10% of revenues. During the year ended December 31, 2020 revenue.

At December 31, 2023, there was one customer that represented at least 10% of revenues, the Company's accounts receivable, accounting for 22% 12% of the Company's revenues. This customer was served by the Gaming, Virtual Sports and Interactive segments.

accounts receivable. At December 31, 2022, there was one customer that represented at least 10% of the Company's accounts receivable, accounting for 24% 24 of the Company's accounts receivable. At December, 2021, there were no customers that represented at least 10% of the Company's accounts receivable.

29. Subsequent Events

29. 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. The Company did not identify subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

F-49 F-48

ITEM 16. FORM 10-K SUMMARY. 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures.

Disclosure controls and procedures are 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 Executive Chairman and our Chief Financial Officer (together, the "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 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 this evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures at December 31, 2023 were not effective, due to the material weaknesses described below.

In light of these material weaknesses, we performed additional analyses as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles.

Management's Report on Internal Control Over Financial Reporting as Part of Section 404 of the Sarbanes-Oxley Act 2002 ("SOX")

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Insofar as the Company is subject to Section 404(b) of SOX, this Annual Report on Form 10-K includes an opinion by our external auditors on the effectiveness of our internal control over financial reporting at December 31, 2023 in addition to management's assessment of the effectiveness of internal control over financial reporting under the requirements of Section 404(a) of SOX. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (3) provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 based on the criteria set forth in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on that assessment, our internal control over financial reporting at December 31, 2023 was not effective, based upon the material weaknesses discussed below.

A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected and corrected on a timely basis.

Identified Material Weaknesses and Remediation

Risk Assessment and Controls Design and Accounting Competency

The Company has identified areas of material weakness in internal controls over financial reporting relating to an ineffective risk assessment and appropriate design of controls process (the “Risk Assessment and Controls Design Material Weakness”) as well as inadequate monitoring controls (the “Monitoring Controls Material Weakness”). Namely, the Company had not established an effective control environment due to not effectively identifying risks in the process and then had an ineffective design and implementation of certain process controls including but not limiting the following areas: (i) Preparation, review and approval of account analyses, summaries and reconciliations; (ii) documenting accounting policies and design procedures and controls to ensure compliance with Company accounting policies and US GAAP; (iii) review and approval of journal entries; (iv) accuracy of information input into and output from the financial reporting and accounting systems; (v) accuracy and completeness of the financial statement disclosures and presentations in accordance with GAAP. The Company also did not maintain an effective program for monitoring the design and operational effectiveness of internal controls over the financial close and reporting process including identification, evaluation, and timely remediation of control deficiencies over financial reporting deficiencies throughout interim and annual financial periods. The above deficiencies represented material weaknesses in the Company’s internal control over financial reporting as there was a reasonable possibility that a material misstatement with respect to certain of the Company’s significant accounts and disclosures would not be prevented or detected. Additionally, the Company has identified a material weakness in Accounting and Reporting Competencies. These controls relate to the Company’s Finance function including individuals with public accounting and reporting experience, along with competency and training on U.S. GAAP and SEC reporting to ensure compliance with reporting requirements. These controls represent a material weakness as there is a reasonable possibility that without the appropriate level of knowledge, a material misstatement with respect to certain of the Company’s significant accounts or disclosures could not be prevented or detected.

Factors contributing to these material weaknesses included the acquisition of Novomatic UK Gaming Technology in October, 2019, which approximately doubled the size of the Company. A new Finance and Accounting team was formed based on the acquisition with decentralized locations, processes, and technology. SOX controls and documentation were not reviewed and standardized across the departments in a timely manner following the acquisition. Additionally, sufficient personnel with U.S. GAAP experience were not in place across the organization. Management remediation for these material weaknesses includes (1) effectiveness risk assessments along with development, enhancement and implementation of processes and controls in designated areas to evaluate, record and report transactions according to U.S. GAAP with supporting controls. Risk and gap assessment has commenced in all accounting areas to enhance 2024 SOX remediation program. (2) Documentation of U.S. GAAP accounting policies with corresponding process flows and controls. New policy documentation covering critical areas has been developed and new corresponding flows and controls will be documented as part of 2024 SOX remediation program. (3) Automation and monitoring of critical accounting transaction processing and controls to facilitate compliance. Key changes in the financial ERP have commenced and implementation of new revenue and lease systems is commencing. (4) Continued advisory support from outsourced technical accounting provider on significant and complex transactions and introduction of new SOX provider to assist in implementation. (5) Recruitment in key accounting leadership roles of Chief Financial Officer and Global Financial Controller, with U.S. GAAP experience and Director of Audit, SOX and Accounting Policy. Individuals in these roles are in place with needed expertise (6) Training of accounting team in relevant U.S. GAAP areas (7) establishment of monitoring procedures for identification of control deficiencies over financial reporting throughout interim and annual financial periods.

Segregation of Duties

Management has identified internal control deficiencies due to IT program and data changes affecting the Company’s financial IT applications and underlying accounting records, not being identified, tested, authorized, and implemented appropriately to validate that data produced by its relevant IT system(s) was complete and accurate. Automated process-level controls and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective, as a result of such deficiency and there was not appropriate segregation of duties that would adequately restrict user and privileged access to the financially relevant systems and data to the appropriate Company personnel. Management has concluded that these deficient controls could fail to prevent or detect a material misstatement and as such rise to a material weakness in the aggregate. Management is planning to continue remediating the design of segregation of duties during 2024 by changing access levels, and reviewers, and updating policies. Despite this deficiency, Management is not aware of any resulting financial statement misstatements and, additionally, management has undertaken a retrospective analysis of 2023 transactions of individuals with such incompatibilities and our analysis indicates that none of the changes made was incorrect or inappropriate.

With respect to all deficiencies identified above, management has begun the remediation process, however the material weaknesses cannot be considered fully remediated until it is demonstrated that the new or enhanced controls and other impacted or dependent controls have operated effectively for a sufficient period of time.

Changes in Internal Control Over Financial Reporting

Except for the changes noted above in connection with the initiatives to remediate material weaknesses, there have been no other 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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Shareholders and Board of Directors of

Inspired Entertainment, Inc. and Subsidiaries

Adverse Opinion on Internal Control over Financial Reporting

We have audited Inspired Entertainment, Inc. and Subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses described in the following paragraphs on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A material weakness is a control deficiency, or combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in "Management's Annual Report on Internal Control Over Financial Reporting":

- The Company's change management and access controls were not designed and implemented effectively to ensure:
 - 1) IT program and data changes affecting the Company's financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately to validate that data produced by these IT applications were complete and accurate, and
 - 2) appropriate segregation of duties that would adequately restrict user and privileged access to the financially relevant applications and underlying accounting records to the appropriate Company personnel.

Due to the pervasive nature of these deficiencies, automated process-level, and manual controls that are dependent upon the information derived from such financially relevant applications were also determined to be ineffective.

- Business process controls across all financial reporting and closing processes as well as controls relating to the application of accounting policies and procedures were not effectively designed and implemented properly to address the risk of material misstatements, including controls without proper segregation of duties between preparer and reviewer and key management review controls.

These deficiencies represent material weaknesses in the Company's internal control over financial reporting as there is a reasonable possibility that a material misstatement with respect to the Company's significant accounts and disclosures will not be prevented or detected on a timely basis.

These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the December 31, 2023 consolidated financial statements, and this report does not affect our report on such financial statements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's consolidated balance sheets as of December 31, 2023 and 2022 and the related consolidated statements of operations and comprehensive (loss) income, stockholders' deficit and cash flows for each of the three years in the period ended December 31, 2023 and our report is dated April 15, 2024 on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management Annual Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that degree of compliance with the policies or procedures may deteriorate.

Marcum LLP

New York, NY

April 15, 2024

ITEM 9B. OTHER INFORMATION.

On April 12, 2024, the Company entered into a new employment agreement with Marilyn Jentzen, who was appointed to the position of Interim Chief Financial Officer of the Company on December 20, 2023, which replaces her prior agreement with the Company dated October 2, 2023. Under the agreement, Ms. Jentzen will be paid a salary of \$17,500 per week effective April 8, 2024 for the remainder of the term of her employment ending December 31, 2024. Ms. Jentzen is employed "at will" with a notice period of 30 days. Ms. Jentzen will receive certain relocation-related support for her assignment in the Company's U.K. offices, including a monthly supplement of \$3,600, as further described in the employment agreement which is included as Exhibit 10.19 to this Annual Report on Form 10-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2024 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 29, 2024, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 11. EXECUTIVE COMPENSATION.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2024 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 29, 2024, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2024 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 29, 2024, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2024 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 29, 2024, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2024 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 29, 2024, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

PART IV

(c) (a) Exhibits. The following documents are filed as part of this report:

- (1) Financial Statements. The required consolidated financial statements and notes thereto are presented starting on page F-1 of this report.
- (2) Financial Statement Schedules. All financial statement schedules are omitted because they are not applicable or the amounts are immaterial and not required, or the required information is presented in the consolidated financial statements and notes thereto presented starting on page F-1 of this report.
- (3) Exhibits

**Exhibit
Number****Description**

2.1	Share Sale Agreement, dated July 13, 2016, by and among Hydra Industries Acquisition Corp., the Vendors, Target Parent, DMWSL 632 Limited and Gaming Acquisitions Limited (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on July 19, 2016).
2.2	Completion Arrangements Agreement, dated December 23, 2016, between Hydra Industries Acquisition Corp., and the Vendors listed in schedule 1 to the Share Sale Agreement (incorporated herein by reference to Exhibit 10.18 to the Current Report on Form 8-K of the Company, filed with the SEC on December 30, 2016).
2.3	Share Purchase Agreement, dated as of June 11, 2019, by and between Inspired Gaming (UK) Limited and Novomatic UK Ltd. (incorporated herein by reference to Exhibit 2.1 of the Current Report on Form 8-K of the Company, filed with the SEC on June 11, 2019).
3.1(a)	Second Amended and Restated Certificate of Incorporation of Inspired Entertainment, Inc. (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of the Company, filed with the SEC on December 30, 2016).
3.1(b)	Certificate of Elimination of Series A Junior Participating Preferred Stock, dated August 13, 2020 (incorporated herein by reference to Exhibit 3.1 of the Current Report on Form 8-K of the Company, filed with the SEC on August 14, 2020).
3.2	Second Amended and Restated Bylaws of Inspired Entertainment, Inc. (incorporated herein by reference to Exhibit 3.1 to the Current Quarterly Report on Form 8-K 10-Q of the Company for the three months ended June 30, 2023, filed with the SEC on November 11, 2019 August 11, 2023).
4.1	Registration Rights Agreement, dated October 24, 2014, between Hydra Industries Acquisition Corp. and certain security holders (incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K of the Company, filed with the SEC on October 29, 2014).
4.2	Registration Rights Agreement, dated December 23, 2016, by and among Hydra Industries Acquisition Corp. and the Vendors (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on December 30, 2016).
4.3	Description of Securities (incorporated herein by reference to Exhibit 4.4 to the Annual Report on Form 10-K of the Company for the year ended December 31, 2021, filed with the SEC on March 31, 2022).
4.4	Indenture, dated as of May 20, 2021, among Inspired Entertainment (Financing) PLC, as issuer, the Company, as a guarantor, the subsidiaries of the Company named therein, as additional guarantors, GLAS Trustees Limited, as trustee, GLAS Trust Corporation Limited as security agent and GLAS Trust Company LLC as paying agent, transfer agent and registrar (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of the Company, filed with the SEC on May 20, 2021).
4.5	Form of 7.875% Senior Secured Notes due 2026 (included in Exhibit 4.5).
10.1	Super Senior Revolving Credit Facilities Agreement, dated as of May 20, 2021, among the Company, Gaming Acquisition Limited, Inspired Entertainment (Financing) PLC and Inspired Gaming (UK) Limited as original borrowers, the subsidiaries of the Company named therein as original guarantors, Global Loan Agency Services Limited as agent, GLAS Trust Corporation Limited as security agent and Barclays Bank plc and Macquarie Corporate Holdings Pty Limited (UK Branch) as arrangers and original lenders (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on May 20, 2021).

Exhibit Number	Description
10.2	Form of Director and Officer Indemnity Agreement (incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K of the Company, filed with the SEC on December 30, 2016).
10.3	Stockholders Agreement, dated December 23, 2016, by and among the Company, Hydra Industries Sponsor LLC, Macquarie Sponsor and the Vendors (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed with the SEC on December 30, 2016).
10.4#	Inspired Entertainment, Inc. 2016 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the Annual Report on Form 10-K of the Company for the year ended September 30, 2017, filed with the SEC on December 4, 2017).
10.5#	Inspired Entertainment, Inc. Second Long-Term Incentive Plan, as amended (incorporated herein by reference to Exhibit 10.5 to the Post-Effective Amendment to the Registration Statement on Form S-1 of the Company, filed with the SEC on December 29, 2017).
10.6#	Inspired Entertainment, Inc. 2018 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.6 to the Annual Report on Form 10-K of the Company for the year ended September 30, 2018, filed with the SEC on December 10, 2018).
10.7#	Inspired Entertainment, Inc. 2021 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.7 to the Annual Report on Form 10-K of the Company for the year ended December 31, 2021, filed with the SEC on March 31, 2022).
10.8#	Inspired Entertainment, Inc. 2023 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2023, filed with the SEC on August 11, 2023).
10.8#* 10.9#	Forms of Grant Agreements for fiscal year 2022 2023 under the Inspired Entertainment, Inc. 2021 Omnibus Incentive Plan (Time-Based Form of Agreement and Performance-Based Form of Agreement) (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2023, filed with the SEC on May 10, 2023).
10.9# 10.10#**	Inspired Entertainment, Inc. 2022 2023 Short-Term Incentive Bonus Plan.
10.10# 10.11#	Employment Agreement, dated as of October 9, 2020, by and between the Company Inspired Entertainment, Inc. and A. Lorne Weil (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 13, 2020).
10.11# 10.12#	Letter, dated April 21, 2021, from the Company Inspired Entertainment, Inc. to A. Lorne Weil (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2021, filed with the SEC on May 14, 2021).
10.12# 10.13#	Addendum, effective June 21, 2021, to the Employment Agreement dated October 9, 2020 by and between the Company Inspired Entertainment, Inc. and A. Lorne Weil (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the Company on June 24, 2021).

Exhibit Number	Description
10.13# 10.14#	Second Addendum, effective January 1, 2023, to the Employment Agreement dated October 9, 2020, as amended, by and between the Company Inspired Entertainment, Inc. and A. Lorne Weil (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed with the SEC on January 17, 2023).
10.14# 10.15#	Employment Agreement, dated February 17, 2020, between Inspired Entertainment, Inc. and Brooks H. Pierce (incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-K of the Company for the year ended December 31, 2019, filed with the SEC on March 30, 2020).
10.15# 10.16#	Letter Agreement, dated July 21, 2021, by and between the Company Inspired Entertainment, Inc. and Brooks H. Pierce (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on July 23, 2021).
10.16# 10.17#	Second Addendum, effective January 1, 2023, to the Employment Agreement dated February 17, 2020, as amended, by and between the Company Inspired Entertainment, Inc. and Brooks H. Pierce (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on January 17, 2023).
10.18#	Performance-Based Grant Agreement, dated May 9, 2023, between Inspired Entertainment, Inc. and Brooks H. Pierce (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2023, filed with the SEC on August 11, 2023).
10.19##	Letter Agreement, dated April 12, 2024, between Inspired Entertainment, Inc. and Marilyn Jentzen.
10.17# 10.20#	Employment Agreement, dated December 14, 2016, between Hydra Industries Acquisition Corp. and Daniel B. Silvers (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of the Company, filed with the SEC on December 30, 2016).
10.18# 10.21#	Amendment, dated December 22, 2017, to the Employee Agreement, dated December 14, 2016, between Hydra Industries Acquisition Corp. and Daniel B. Silvers (incorporated herein by reference to Exhibit 10.13 to the Post-Effective Amendment to the Registration Statement on Form S-1 of the Company, filed with the SEC on December 29, 2017).
10.19# 10.22#	Amendment effective January 31, 2020, to the Employment Agreement dated December 14, 2016 (as amended) by and between the Company Inspired Entertainment, Inc. and Daniel B. Silvers (incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K of the Company, filed with the SEC on February 6, 2020).
10.20## 10.23#	Separation and Release Agreement, dated January 10, 2023, between the Company Inspired Entertainment, Inc. and Daniel B. Silvers, Silvers (incorporated herein by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 16, 2023).
10.24#	Grant Agreements (Time-Based Agreement and Performance-Based Agreement), dated February 14, 2023, between Inspired Entertainment, Inc. and Daniel B. Silvers (incorporated herein by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2023, filed with the SEC on May 10, 2023).
10.21# 10.25#	Employment Agreement, dated August 3, 2021, by and between IG UK and Stewart F.B. Baker (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on August 5, 2021).
10.26##	Letter of Resignation of Stewart F.B. Baker, dated December 19, 2023.
10.22# 10.27#	Employment Agreement, dated August 3, 2021, by and between IG UK Inspired Gaming (UK) Limited and Carys Damon (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed with the SEC on August 5, 2021).
10.28##	Amendment to Employment Agreement, dated March 13, 2024, by and between Inspired Gaming (UK) Limited and Carys Damon.
10.23# 10.29#	Inspired Entertainment, Inc. Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 4.1 to the Registration Statement on Form S-8 of the Company, filed with the SEC on July 14, 2017).

Exhibit Number	Description
10.24# 10.30#	Inspired Entertainment Shareave Plan (U.K. Appendix) (adopted as a subplan to the Inspired Entertainment Employee Stock Purchase Plan) (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of the Company, filed with the SEC on November 9, 2022).
10.25# 10.31#	Non-Employee Director Compensation Policy (as amended and restated) (updated as of May 9, 2023) (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2023, filed with the SEC on May 10, 2023/August 11, 2023).
21.1*	Subsidiaries of the Company.
23.1*	Consent of Marcum LLP.
31.1*	Section 302 Certification of Principal Executive Officer.
31.2*	Section 302 Certification of Principal Financial Officer.
32.1**	Section 906 Certification of Principal Executive Officer.
32.2**	Section 906 Certification of Principal Financial Officer.
97.1*	Inspired Entertainment, Inc. Clawback Policy.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Schema
101.CAL*	Inline XBRL Taxonomy Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Label Linkbase
101.PRE*	Inline XBRL Taxonomy Presentation Linkbase

Indicates management contract or compensatory plan.

* Filed herewith.

** Furnished herewith.

ITEM 16. FORM 10-K SUMMARY.

None.

68 73

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: **March 16, 2023** April 15, 2024

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: **March 16, 2023** April 15, 2024

Date: **March 16, 2023**

/s/ A. Lorne Weil
A. Lorne Weil, Executive Chairman
/s/ Stewart F.B. Baker
Stewart F.B. Baker, Chief Financial Officer
(Principal Financial and Accounting Executive Officer)

Date: **March 16, 2023** April 15, 2024

Date: April 15, 2024

/s/ Marilyn Jentzen
Marilyn Jentzen, Interim Chief Financial Officer
(Principal Financial and Accounting Officer)
/s/ Michael R. Chambrello
Michael R. Chambrello, Director

Date: **March 16, 2023** April 15, 2024

/s/ Desirée G. Rogers
Desirée G. Rogers, Director
/s/ Steven M. Saferin
Steven M. Saferin, Director

Date: **March 16, 2023** April 15, 2024

Date: **March 16, 2023** April 15, 2024

/s/ Katja Tautscher
Katja Tautscher, Director

Date: **March 16, 2023** April 15, 2024

/s/ John M. Vandemore
John M. Vandemore, Director

69 74

Exhibit **10.8** **10.10**

Form of Time-Based RSU Award Agreement

INSPIRED ENTERTAINMENT, INC. 2021 OMNIBUS INCENTIVE PLAN Restricted Stock Unit Award Agreement

This RESTRICTED STOCK UNIT AWARD AGREEMENT (this "Agreement") is entered into as of February 14, 2022 (the "Grant Date"), and is between Inspired Entertainment, Inc., a Delaware corporation (the "Company"), and [PARTICIPANT NAME] (the "Participant"), an employee of the Company or one of its subsidiaries. Any term capitalized but not defined in this Agreement shall have the meaning set forth in the Inspired Entertainment, Inc. 2021 Omnibus Incentive Plan (the "Plan").

1. **Grant of Units.** In accordance with the terms of the Plan and subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants to the Participant [NUMBER] Restricted Stock Units (each a "Unit" and collectively, the "Units").

2. **Vesting of Units.** The Units shall vest (i.e., the restrictions shall lapse) in the following installments:

- One-third on December 31, 2022;
- One-third on December 31, 2023; and
- One-third on December 31, 2024.

Notwithstanding the foregoing, and except as otherwise provided in Section 5 of this Agreement or the Plan, if the Participant ceases to provide employment or other services to the Company or a subsidiary of the Company for any reason, all unvested Units shall be automatically and immediately forfeited and terminated.

3. **Settlement of Units.** Within thirty (30) days of an applicable vesting date, the Company will issue in certificated or uncertificated form to the Participant a number of shares of the Company's common stock (the "Stock") corresponding to the number of Units that vested, less the number, if any, withheld in satisfaction of applicable withholding taxes as discussed in Section 4.

4. **Taxes; Withholding Obligation.**

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

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

5. *Effect of Termination of Employment/Service.* If the Participant ceases to provide employment or other services to the Company or a subsidiary of the Company for any reason all unvested Units shall be automatically and immediately forfeited and terminated; provided that, if there is a conflict between this provision and the provisions of any employment (or similar) agreement between the Company (or a subsidiary of the Company) and the Participant in effect at the time of termination, the provisions of such employment (or similar) agreement shall govern. Notwithstanding the foregoing, in the event:

- the Participant ceases to provide employment or other services due to the Participant's death or
- a Change in Control occurs AND the Participant's employment or other services are terminated by the Company or an Affiliate without Cause within the twelve (12) month period immediately following such Change in Control (such that the Participant's Units would otherwise be cancelled (e.g., not be retained in accordance with Section 14(g) of the Plan)),

the Participant's unvested Units shall vest as of the date of such termination.

6. *Clawback.* By accepting the award of Units, the Participant agrees that the Company may recover some or all of the shares of Stock delivered with respect to such award or recoup some or all of the value thereof via offset from other amounts owed by the Participant to the Company or any of its Affiliates, at any time in the three calendar years following delivery thereof, if and to the extent that the Committee concludes that (i) U.S. federal or state law, the laws of any other jurisdiction in which the Participant has been employed by or providing services to the Company during the term of the award, or the listing requirements of any exchange on which the Company's stock is listed for trading so require, or (ii) as required by Section 304 of the U.S. Sarbanes-Oxley Act of 2002, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise after a restatement of the Company's financial results as reported to the U.S. Securities and Exchange Commission. By accepting an award hereunder, and by accepting any delivery of shares of Stock hereunder, the Participant agrees to promptly comply with any Company demand for recovery or recoupment hereunder.

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

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

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

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

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

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

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

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

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

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

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

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

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

20. Entire Agreement. This Agreement and any other documents to be executed to implement its provisions together constitute the entire agreement between the parties pertaining to the subject matter hereof, superseding all prior and contemporaneous agreements, representations and understandings of the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Company and the Participant have duly executed this Agreement as of the date first written above.

INSPIRED ENTERTAINMENT, INC.

By: _____

Name: _____

Title: _____

[Name] _____

INSPIRED ENTERTAINMENT, INC.
2021 OMNIBUS INCENTIVE PLAN
Performance Unit Award Agreement

This PERFORMANCE UNIT AWARD AGREEMENT (this "Agreement") is entered into as of February 14, 2022 (the "Grant Date"), and is between Inspired Entertainment, Inc., a Delaware corporation (the "Company"), and [PARTICIPANT NAME] (the "Participant"), an employee of the Company or one of its subsidiaries. Any term capitalized but not defined in this Agreement shall have the meaning set forth in the Inspired Entertainment, Inc. 2021 Omnibus Incentive Plan (the "Plan").

1. Grant of Performance Units. In accordance with the terms of the Plan and subject to the terms and conditions of the Plan and this Agreement, including the time-based service requirements through the scheduled Vesting Date (as defined in Section 2(b) below), the Company hereby grants to the Participant [NUMBER] Performance Units (each a "Unit" and collectively, the "Units"). The final number of Units that ultimately may become eligible to vest on the Vesting Date shall be determined by the Compensation Committee of the Company's Board of Directors (the "Committee") in accordance with the Threshold Performance Criteria for the Performance Period set forth in Appendix A hereto (the "Performance Condition"), and may range from 0% to 100% of the Units.

2. Vesting of Units. The vesting of Units is contingent on attainment of the Performance Condition for the Performance Period and the Participant's continued employment through the Vesting Date, except as otherwise provided in Section 5 of this Agreement or in the Plan. The Committee shall make its determinations with respect to attainment of the Performance Condition following the Performance Period.

- (a) If the Committee determines that the Performance Condition has not been met, all of the Units shall be immediately forfeited and terminated.
- (b) Subject to Section 5 of this Agreement, if the Committee determines that the Performance Condition has been met, the number of Units determined by the Committee in accordance with Appendix A shall be eligible to vest (i.e., the restrictions lapse) if the Participant remains in employment through December 31, 2024 (the "Vesting Date").

NOTE: For the avoidance of doubt, except as provided under Section 5 of this Agreement (e.g., the Participant's death, the Participant's termination in connection with a Change in Control or pursuant to a specific provision of the Participant's employment agreement) or the Plan, the Units will only be eligible to vest IF: 1) the Committee determines that the Performance Condition has been met AND 2) the Participant remains employed throughout the period from the Grant Date to the Vesting Date.

3. Settlement of Units. Within thirty (30) days of the Vesting Date, the Company will issue in certificated or uncertificated form to the Participant a number of shares of the Company's common stock (the "Stock") corresponding to the number of Units that vested, less the number, if any, withheld in satisfaction of applicable withholding taxes as discussed in Section 4. In no event shall the date of settlement be later than two-and-one-half (2 1/2) months after the later of (i) the end of the Company's fiscal year in which the Vesting Date occurs or (ii) the end of the calendar year in which the Vesting Date occurs.

4. Taxes; Withholding Obligation.

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

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

5. Effect of Termination of Employment/Service. If the Participant ceases to provide employment or other services to the Company or a subsidiary of the Company for any reason prior to the Vesting Date, the Units shall be automatically and immediately forfeited and terminated; provided that, if there is a conflict between this provision and the provisions of any employment (or similar) agreement between the Company (or a subsidiary of the Company) and the Participant in effect at the time of termination, the provisions of such employment (or similar) agreement shall govern. Notwithstanding the foregoing, in the event:

- the Participant ceases to provide employment or other services due to the Participant's death or
- a Change in Control occurs AND the Participant's employment or other services are terminated by the Company or an Affiliate without Cause within the twelve (12) month period immediately following such Change in Control (such that the Participant's Units would otherwise be cancelled (e.g., not be retained in accordance with Section 14(g) of the Plan)),

the Participant's Units shall vest as of the date of such termination; and, for the avoidance of doubt, the number of Units that vest shall equal the number specified in Section 1 above if the termination date is during the Performance Period (i.e., the number issuable for target-level performance) and otherwise shall be determined in accordance with Section 2 above if the termination date is subsequent to the Performance Period (i.e., the number issuable based on the extent to which the Performance Condition has been attained in accordance with Appendix A).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20. Entire Agreement. This Agreement and any other documents to be executed to implement its provisions together constitute the entire agreement between the parties pertaining to the subject matter hereof, superseding all prior and contemporaneous agreements, representations and understandings of the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Company and the Participant have duly executed this Agreement as of the date first written above.

INSPIRED ENTERTAINMENT, INC.

By: _____

Name: _____

Title: _____

[Name] _____

Appendix A
Performance Condition Vesting Criteria and Methodology

Participant:

Target Number of Units:

A. Performance Period

January 1, 2022 to December 31, 2022

B. Threshold Performance Criteria

[Name]

[# of RSUs]

Adjusted EBITDA (as defined below) excluding any costs associated with the 2022 Management Bonus Plan ("Adjusted EBITDAB").

Performance Levels	Adjusted EBITDAB
Threshold	£[] million
Target	£[] million
Maximum	£[] million

C. Unit Calculations Assuming Threshold Performance Criteria are Achieved

	Examples	Payout %	Number of Units
Threshold Attained	£[] million	100%	[# of RSUs]
	£[] million	100%	[# of RSUs]
Amounts Between Threshold and Target	£[] million	100%	[# of RSUs]
	£[] million	100%	[# of RSUs]
	£[] million	100%	[# of RSUs]
Target Attained	£[] million	100%	[# of RSUs]
	£[] million	100%	[# of RSUs]
Amounts Between Target and Maximum	£[] million	100%	[# of RSUs]
	£[] million	100%	[# of RSUs]
	£[] million	100%	[# of RSUs]
Maximum Attained	£[] million	100%	[# of RSUs]

****Payout percentage between points will be pro-rated. No amount is paid below Threshold.**

****Units will be rounded down to the nearest whole share.**

D. Additional Factors or Information Regarding Performance Condition Methodology

Adjusted EBITDA is defined as net loss [or income] excluding depreciation and amortization, interest expense, interest income and income tax expense, and other additional specified exclusions and adjustments. 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 (1) restructuring costs, which include charges attributable to employee severance, management changes, restructuring and integration (2) merger and acquisition costs and (3) gains or losses not in the ordinary course of business. **Adjusted EBITDAB**, as defined in Section B above (under "Threshold Performance Criteria"), will be measured by Adjusted EBITDA excluding any costs associated with the 2022 Management Bonus Plan.

Treatment of an Acquired Business under Adjusted EBITDAB

To the extent that the Company makes any acquisitions during 2022, the Adjusted EBITDAB shall include the EBITDAB of any such business that was acquired (an "Acquired Business") and shall be reduced by the product of (a) the consideration paid for the Acquired Business (as measured by its Enterprise Value at purchase), (b) the portion of the year for which the Acquired Business was owned by the Company (on an Actual/365 basis) and (c) 15% (the "Cost of Capital Factor"). The product of (a), (b) and (c) in the preceding sentence shall be referred to as the "Negative EBITDAB Adjustment." For the avoidance of doubt, any one-time expenses attributable to implementing the acquisition of an Acquired Business, including but not limited to implementing any projected synergies of such acquisition, shall be excluded from the calculation of Adjusted EBITDA ("One-Time AB Items").

As a hypothetical example, to the extent the Company acquired a business for an Enterprise Value of \$100 million at the close of business on June 30th (such that the results of the Acquired Business were included in the Company's results beginning July 1st), then the Negative EBITDAB Adjustment related to the Acquired Business would be equal to:

(a) \$100 million	times
(b) 50.41096% (184 days/365 days)	times
(c) 15%	

Yielding \$7.5616438 million

To the extent that this hypothetical Acquired Business generated Adjusted EBITDAB of \$10 million while under the ownership of the Company during 2022, then the net Adjusted EBITDAB impact, ignoring any One-Time AB Items, of the Acquired Business (the actual Adjusted EBITDAB minus the Negative EBITDAB Adjustment) would be \$2.4383562 million.

E. Committee Determinations

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

NOTE: Service Vesting Conditions Continue through Vesting Date

Notwithstanding a Committee determination that applicable Performance Criteria for the Units have been achieved, the Units shall remain subject to the time-based service conditions specified in the Agreement through the scheduled Vesting Date (i.e., December 31, 2024).

Exhibit 10.9

Inspired Entertainment

Short-Term Incentive Bonus Plan

I. PURPOSE

(adopted as of February 14, 2023)

I. PURPOSE

The Inspired Entertainment fiscal year 2022 2023 Short-Term Incentive Bonus Plan (the "Plan") is intended to provide incentives to certain employees of Inspired Entertainment, Inc., its subsidiaries and its participating affiliates (collectively, the "Company") to contribute to the success of the Company in its fiscal year commencing January 1, 2022 January 1, 2023 and ending December 31, 2022 December 31, 2023 ("2022" 2023"). The Plan offers eligible participants an opportunity to earn compensation in addition to their salaries and other incentives, based upon the performance of the Company and the satisfaction of individual performance targets determined for each eligible participant.

II. PLAN ADMINISTRATION

II. PLAN ADMINISTRATION

The Plan has been approved by the Compensation Committee of the Company's Board of Directors (the "Committee"), and the Committee is responsible for administering the Plan. The Committee may delegate, on such terms and conditions as it may determine, certain authority and powers with respect to administration of the Plan to one or more directors serving on the Committee and/or to one or more officers or other personnel of the Company (including with respect to the participation of, and awards to, participants who are not executive officers of the Company). Subject to the terms of the Plan, the Committee will receive recommendations for 2022 2023 from members of the Company's Office of the Executive Chairman, or as may be otherwise determined by the Committee, with respect to the operation and management of the Plan for the year including recommendations for the selection of eligible participants, bonus opportunity levels, performance criteria, and the amount and timing of any bonus payments.

III. ELIGIBILITY

III. ELIGIBILITY

The executives and other employees eligible for participation in the Plan will be determined by the Committee subject to Section II. Duly determined participants under the Plan are also referred to herein as "Covered Employees". A determination that an employee is an eligible employee under the Plan with respect to 2022 shall not be determinative as to such employee's eligibility with respect to any subsequent fiscal year.

Any bonus payment made under the Plan shall be purely discretionary and shall not form part of the employee's contractual remuneration, remuneration unless as may be otherwise set forth in an employment agreement or other contractual arrangement between the Company and an employee which has been approved by the Committee, in which instance the terms of such employment agreement or contractual arrangement shall prevail.

An individual whose employment is terminated for any reason, or who is under notice of termination (whether given by the individual or the Company), in each case prior to the date on which bonus would otherwise be paid, will not be eligible to receive any payment under the Plan, notwithstanding any prior determinations made unless as may be otherwise set forth in an employment agreement or other contractual arrangement between the Company and an employee which has been approved by the Committee, Committee, in which instance the terms of such employment agreement or contractual arrangement shall prevail.

If a person is hired for a position with the Company during **2022****2023** and the position is within the category recommended to be eligible to receive a bonus under the Plan, that person may be eligible to receive a prorated portion of the annual bonus, as determined by the Committee, depending on the person's particular position, subject to such other considerations as the Committee may determine.

IV. BONUS POTENTIAL

IV. BONUS POTENTIAL

The bonus potential for Covered Employees shall be determined for **2022****2023**, including applicable threshold, target and maximum bonus potential for the year. Bonus potential for **2022****2023** will be based on a percentage of the Covered Employee's base salary as of the beginning or end of the year, the prorated amount for the year or a fixed dollar amount, each as determined by the Committee. To the extent applicable, award opportunity levels corresponding to threshold, target and maximum levels of performance may vary by participant. The name and bonus potential of each Covered Employee will be set forth in a schedule to be approved by the Committee for **2022****2023** (the "**Bonus Potential Schedule**"). The bonus potential set forth in the Bonus Potential Schedule may, at any time prior to payment of the bonus, be adjusted to reflect changes in the list of Covered Employees or to the bonus potential for Covered Employees (upward or downward), in the absolute discretion of the Committee as it deems appropriate, to reflect, without limitation, changes to a Covered Employee's position, title, or responsibilities, or, as appropriate, to reflect a transformative transaction (as determined by the Board or the Committee in its sole discretion).

V. PLAN COMPONENTS

V. PLAN COMPONENTS

The performance targets applicable for **2022****2023** have been approved and include Company performance targets. The weighting of the Plan components will also be established for **2022****2023**.

A. Company Performance Targets

A. Company Performance Targets

Bonuses are contingent upon the Company achieving specific Company performance targets as determined by the Committee with respect to each financial year (the "**Company Performance Targets**"). The following are examples of criteria that could be used to set Company Performance Targets and are not an exclusive list: (i) revenue; (ii) sales; (iii) profit (net profit, gross profit, operating profit, economic profit, profit margins or other corporate profit measures); (iv) earnings (which may include any calculation of earnings, including but not limited to earnings before interest and taxes, earnings before taxes, earnings before interest, taxes, depreciation and amortization and net earnings); (v) net income (before or after taxes, operating income or other income measures); (vi) cash (cash flow, cash generation or other cash measures); and (vii) stock price or performance; and (viii) total stockholder return. As determined by the Committee, the Company Performance Targets may be based on GAAP or non-GAAP results and any actual results may be adjusted by the Committee for one-time or exceptional items or unbudgeted or unexpected items when determining whether the performance goals have been met. In certain cases, the Office of the Executive Chairman may recommend to the Committee that an element of Bonus is a divisional, as opposed to a Company-wide, target.

The Office of the Executive Chairman shall recommend to the Committee the applicable Company Performance Targets for 2022, 2023. Such recommendations shall be subject to the review and approval by the Committee.

B. Individual Performance Targets

B. Individual Performance Targets

Even if the Company has fully achieved the Company Performance Targets, an individual participant's bonus potential will be subject to an assessment of the individual's achievement of individual performance targets, as determined by the Committee in its sole discretion. The following are examples of criteria that could be used to set individual performance targets and are not an exclusive list: (i) budget management; (ii) cost of service; (iii) quality and service levels; (iv) product line achievements; (v) leadership/team participation and support and (vi) adherence to and compliance with Company values and behaviors.

The Committee may, in its sole discretion and at any time, reduce or eliminate a Covered Employee's award if it determines that such reduction or elimination is appropriate.

VI. TRANSFER/PROMOTION/DEMOTION

VI. TRANSFER/PROMOTION/DEMOTION

If a Covered Employee is transferred to a new role during 2022, 2023, the Committee may, in its discretion, calculate the bonus payment for 2022, 2023 based on the base salary the Covered Employee received during the relevant portions of 2022, 2023 in each role at the applicable target percentage(s) for each role.

If a Covered Employee becomes ineligible for the Plan due to a transfer or demotion, the Covered Employee may be eligible to receive a prorated bonus based on the period of participation in the Plan, as determined by the Committee. Any such prorated bonus would be paid at the same time as other bonus payments under the Plan.

VII. PAYOUT AND TAXATION

VII. PAYOUT AND TAXATION

Bonus payments that are approved by the Committee for 2022, 2023 shall be made as soon as administratively practicable after the delivery of the audit report issued by the Company's independent public accountants with respect to the Company's 2022, 2023 consolidated financial statements, subject to IX below. Further, if the Committee determines (in accordance with Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "Code")) that payment of bonuses would jeopardize the ability of the Company to continue as a going concern or meet its banking covenants, bonuses may be reduced, eliminated or delayed.

Payroll taxes shall be withheld from bonus payments as required by law. Bonus payments that Covered Employees receive are includable as income in the year in which they are paid.

VIII.

**INTEGRATION
WITH
BENEFIT
PROGRAMS³**

VIII. INTEGRATION WITH BENEFIT PROGRAMS

Any bonus payment that a Covered Employee receives is not intended to be considered compensation for purposes of life assurance, 401(k) or any other pension scheme, disability, holiday pay or any other benefit plan unless specified by the applicable plan document.

IX. CONDITIONS FOR RECEIVING PAYMENT

IX. CONDITIONS FOR RECEIVING PAYMENT

Notwithstanding anything to the contrary herein, a Covered Employee whose employment is terminated for any reason, or who is under notice of termination (whether given by the individual or the Company) in both cases prior to the date on which bonus would otherwise be paid, shall not be eligible to receive a bonus payment under the Plan (e.g., a Covered Employee on garden leave on the date of payment will not be eligible for a bonus). However, the Committee retains the authority in its absolute discretion to make exceptions to the foregoing policy in unusual or meritorious cases including, but not limited to, approving a prorated bonus in the event of a Covered Employee's death, disability, call to active military service, or retirement with the written consent of the Company.

X. CLAWBACK

X. CLAWBACK

By accepting a bonus payment under the Plan, each Covered Employee agrees that the Company may recover some or all of the amounts paid with respect to such bonus payment, or recoup some or all of the value thereof via offset from other amounts owed to the Covered Employee by the Company or an affiliate, at any time during the three fiscal years following payment hereunder, if and to the extent that the Committee concludes that (i) U.S. federal or state law, the laws of any other jurisdiction in which the Covered Employee has been employed by the Company during the fiscal year, or the listing requirements of the exchange on which the Company's stock is listed for trading so require, (ii) the performance criteria required for the bonus payment were not met, or not met to the extent necessary to support the amount of the bonus payment that was paid, or (iii) as required by Section 304 of the U.S. Sarbanes-Oxley Act of 2002, Section 954 of the Dodd- Frank Wall Street Reform and Consumer Protection Act or otherwise after a restatement of the Company's financial results as reported to the U.S. Securities and Exchange Commission. Covered Employees are deemed to have agreed to promptly comply with any Company demand for recovery or recoupment by accepting any payment hereunder.

XI. LIMITATIONS AND/OR ADJUSTMENTS

XI. LIMITATIONS AND/OR ADJUSTMENTS

The Company reserves the right to review, amend, suspend, withdraw and/or terminate the Plan, the incentive calculation formulas, performance targets and all other aspects of the Plan at any time and in its sole and absolute discretion and without prior notice.

A Covered Employee's participation in the Plan shall not be construed as a contractual right or form part of his or her contractual remuneration under a services or employment agreement nor shall it be construed as a promise of continuing employment between the Company and the Covered Employee. Any bonus payment made in respect of 2021 any prior year is not indicative of any payments that may be made in subsequent fiscal years. Employment with the Company is terminable at will subject to the terms of any written services or employment agreement between the Company and the Covered Employee and applicable laws. Neither a Covered Employee's employment with the Company, nor a Covered Employee's employment within any particular category of employees, shall entitle the Covered Employee to either participate in the Plan or to be eligible to receive any bonus pursuant thereto. All determinations of eligibility and awards under the Plan shall be made by the Committee in its absolute discretion and may be revised or adjusted in accordance with the Plan.

The Plan is intended to comply with the applicable requirements of Section 409A of the Code and shall be operated and interpreted consistent therewith. To the extent that any provision of the Plan would cause a conflict with the requirements of Section 409A of the Code, or would cause the administration of the Plan to fail to satisfy the requirements of Section 409A of the Code, such provision shall be deemed null and void to the extent permitted by applicable law. Notwithstanding the foregoing, the Company makes no representation that the Plan complies with Section 409A of the Code and shall have no liability to any Participant for any failure to comply with Section 409A of the Code.

12 April 2024

Private and Confidential

Marilyn Jentzen

Dear Marilyn:

Offer and Position

We are pleased to extend an offer of employment to you for the position of Interim Chief Financial Officer at Inspired Entertainment Inc, a Delaware corporation (the "Company"). This letter agreement amends, restates, and replaces the letter agreement between you and the Company, dated 3 October 2023 (the "Prior Agreement"). Your employment is subject to the terms and conditions set forth in this letter.

Duties

In such a capacity, you shall be expected to perform the customary duties and have the customary responsibilities of such position and such other duties as may be assigned to you by the Company from time to time, including being responsible for overseeing the company's reporting and timely filing obligations with, among others, the United States Securities and Exchange Commission, and for directing the company's overall financial policies, including accounting, budget, credit, insurance, tax, and treasury; faithfully and diligently performing such additional duties and exercise such powers as the Board of Directors may from time to time properly assign to or confer upon you insofar as such duties and powers are consistent with your position; at all times and in all material respects comply with the requirements of any relevant regulatory body or securities exchange governing the activities of the Company and conform to and comply with the conditions to and terms of any license (the terms of which he is first made aware of by the Company) granted to the Company or any Subsidiary. You will report on a day to day basis to Brooks Pierce, President & Chief Executive Officer (CEO) and report in to the Audit Committee consistent with your position.

Term
The term of this agreement shall begin when this agreement is accepted by you, with the term and your employment ending on 31 December 2024, unless otherwise mutually agreed. In the absence of an express agreement for an extended term, any employment beyond the initial term shall be "at will." Further, even during the term, you and the Company agree that your employment may be terminated prior to the conclusion of the term by you or the Company at any time, subject only to the notice provisions set forth herein.

Location

You will be considered a U.S. employee, although we expect you will travel on a short-term assignment to the UK where you will work out of Burton on Trent, UK. At the Company's expense, you may be required to travel regularly, both domestically and occasionally internationally.

Compensation

Base Salary

Your position is exempt from overtime pay and your weekly salary, effective April 8, 2024, will be \$17,500 subject to appropriate tax withholdings and deductions, payable in accordance with the Company's normal payroll cycle. The Company processes payroll on a biweekly basis.

Bonus

The Board of Directors is fully focused on the remediation of material weaknesses as a key priority for 2024. Conditional upon substantial remediation of material accounting and SOX weakness by December 31, 2024, Management will make recommendations to the Compensation Committee as to the extent to which this has been achieved and in consideration for which you may, subject to Compensation Committee discretion, be awarded a bonus of up to \$100,000 on December 31, 2024.

Benefits and perquisites

During your employment, you will be able to participate in any employee benefit plans the Company may adopt, maintain, or contribute to in the future that are available to similarly situated employees, subject to satisfying the applicable eligibility requirements.

You will be eligible for 25 vacation days per calendar year, pro-rated for the term.

Relocation Support

The Company will provide the following relocation support elements.

- Accommodation supplement of \$3,600 per month, net of taxes for the term.
- A onetime relocation payment of \$15,000, net of taxes
- A one time return payment of \$5,000, net of taxes
- A hire vehicle and all associated running costs except for fuel.
- 1 business class US/UK return flights during the period of employment.
- Preparation and filing of UK self-assessment tax returns.
- A UK visa sponsorship and all associated visa costs.

Withholding

You will be subject to the Company's tax equalization policy whilst on assignment to the UK. The purpose of tax equalization is to maintain your tax burden at the same level that you would have paid were you to remain in the U.S. The Company will be liable for all income taxes incurred above the level of income tax that you would have paid in the U.S. on your 'stay at home' income. The intention of tax equalization is to ensure that you are no better or worse off from a tax perspective as a result of your international assignment. The Company will assume liability for income tax on secondment-related allowances and benefits-in-kind. Any tax arising from personal income in either your home or host location will not be the responsibility of the Company.

Tax equalization will apply from 18 November 2023, the date your assignment in the UK began.

You will be included in the Company's UK modified payroll for tax equalized employees, administered by the Company's chosen tax provider, BDO UK. UK PAYE will be calculated on a grossed-up basis by BDO, and the Company will pay the amount due to the UK tax authorities, HM Revenue & Customs (HMRC) on a quarterly basis. A catch-up will be made in the current year modified payroll to report your income, and calculate the UK PAYE due from the start date of your assignment in the UK. BDO UK will support you with your UK tax return filings for the tax years affected by your assignment.

UK Tax Return Completion: It is important to note that many countries' tax systems work on strict timetables with severe penalties for late completion of tax returns. You should ensure that any information requested by BDO is provided within any time deadlines set. You will be charged for any penalties imposed by the tax authorities that result from your late provision of information requested by the Company or the Company's tax advisor. The Company will settle any additional income tax liabilities arising in the UK in respect of employment income under tax equalization, and they will receive any refund due directly from HMRC.

You will continue to be subject to actual withholding taxes in the U.S. BDO USA will support with preparing a Tax Equalization Calculation (TEC) alongside your U.S. tax return to ensure that you are no better or no worse off from a tax perspective because of the assignment. Where BDO USA are not the preparers of your U.S. tax returns, they will aim to prepare the TEC as soon as possible following preparation of your U.S. tax return. You will need to ensure a copy of your U.S. tax returns are shared with BDO USA for the purpose of the Tax Equalization Calculation.

Any refund due from the filing of your U.S. tax return will be directed back to you. You will also be responsible for settling any tax liability owed from the filing of your U.S. tax return directly with the U.S. authorities. A foreign tax credit may be claimed in the U.S. when filing your income tax return. Should the foreign tax credit claim result in a refund of taxes, the refund should be repaid to the Company via your TEC.

The tax equalization calculation represents the final determination of your share of the tax cost for the year and you will be credited with all taxes paid by or withheld from you during the year. The Company will communicate with you directly to organize settlement of any payment due from you to the Company, or due from the Company to you. If you owe an amount to the Company this must be made to them in a timely manner by bank transfer or cheque. If the Company owe an amount to you, this will be paid to you via the US payroll.

The Company reserves the right to determine the tax equalization impact of miscellaneous items or unusual circumstances.

At-will Employment

As noted above, your employment is "at-will," meaning that you or the Company may terminate the employment relationship at any time, with or without cause, and with or without notice and for any reason or no particular reason, subject only to the notice provisions in this offer letter. Although your compensation and benefits may change from time to time, the at-will nature of your employment may only be changed by an express written agreement signed by an authorized officer of the Company.

Notice

Without altering the at-will nature of the employment relationship, you agree to give the Company and the Company agrees to give you at least 30 days advance written notice of termination of your employment. The Company reserves the right to immediately terminate your employment and pay your base salary during the notice period in lieu of providing the required notice.

Section 409A

This offer letter is intended to comply with Section 409A of the Internal Revenue Code (“Section 409A”) or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this offer letter, payments provided under this offer letter may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this offer letter that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For the purposes of Section 409A, each installment payment provided under this offer letter shall be treated as a separate payment. Any payments to be made under this offer letter upon a termination of employment shall only be made upon a “separation from service” under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this offer letter comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A.

Notwithstanding any other provision of this offer letter, if any payment or benefit provided to you in connection with termination of employment is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A and you are determined to be a “specified employee” as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six- month anniversary of your termination date (the “Specified Employee Payment Date”) or, if earlier, on the date of your death. The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to you in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

Policies/ Confidential Information

During your employment, you will be subject to all the policies, rules and regulations applicable to employees of the Company, as they currently exist and as they may be modified or supplemented by the Company in the future including, without limitation, maintaining as confidential proprietary information of the Company. The requirement that you maintain as confidential proprietary information of the Company shall extend beyond termination of your employment. As a condition of your employment, you must execute and return the Confidentiality and Intellectual Property Agreement enclosed herewith.

Representations

You agree that you hereby represent and warrant to the Company that you are not now under any obligation of a contractual or other nature to any person, business or other entity which is inconsistent or in conflict with this letter or which would prevent you from performing your obligations for the Company. You also confirm that you will inform the Company about any such restrictions and provide the Company with as much information about them as possible, including copies of any written agreements between you and any former employer. You further confirm that you have not and will not remove or take any documents or proprietary data or materials of any kind, electronic or otherwise, with you from your former employment nor will you use or disclose any such confidential or proprietary information during the course and scope of employment with the Company.

Governing Law

This offer letter shall be governed by the laws of New York, without regard to conflict of law principles.

All of us at Inspired Entertainment Inc are excited at the prospect of your joining our team. If you have any questions about the terms of our offer, please call me immediately.

If the terms set forth in this letter are acceptable to you, please sign and date this letter and return it to Lorna Evans via email.

Signed /s/ Brooks Pierce
Brooks Pierce
President and Chief Executive Officer
On behalf of Inspired Entertainment Inc.
Acceptance of Offer

I have read and understood, and I accept all the terms of the offer of employment as set forth in the foregoing letter. I have not relied on any agreements or representations, express or implied, that are not set forth expressly in the foregoing letter, and this letter supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to the subject matter of this letter, including the Prior Agreement.

For and on behalf of Marilyn Jentzen
Signed /s/ Marilyn Jentzen
Date April 12, 2024

Exhibit 10.26

General Counsel: Carys Damon
Inspired Gaming (UK) Limited
First Floor
107 Station Street
Burton on Trent Staffs
DE14 1SZ

19 December 2023

FAO: Brooks Pierce, CEO
Dear Brooks,

Resignation

I refer to our recent conversations and write to confirm my resignation, as Executive Vice President, Chief Financial Officer, Principal Accounting Officer and Officer of Inspired Entertainment, Inc. and as a Director of Inspired Gaming (UK) Limited ("the Company") effective upon the Company's written confirmation of its acceptance of this letter, and as an employee of the Company and director of the entities set out in the Appendix, effective 31 December 2023.

In accordance with the terms of my contract of employment with the Company dated 3 August 2021 (the "Contract of Employment"), I am obliged to provide 12 months' notice and on that basis my contract will terminate at midnight on 31 December 2024 at 11:59pm EST which will be my last day of employment.

We have agreed that I will sign all documentation required to effect my resignation as officer of Inspired Entertainment Inc., director of the Company and the entities in Appendix 1 and as a signatory of the Company in any other capacity.

We have agreed that I will perform such duties and co-operate in transitioning all responsibilities as required by the Company and attend work during the remainder of my notice period on an "as required" basis at the Company's request. For the avoidance of doubt this means no direct reports from the date on which the Company announces my resignation.

During my notice period and subject to my continued compliance with the terms of the Contract of Employment (save as modified by this letter), I will continue to receive my salary and all other contractual benefits as out below:

- (i) My salary will be paid in GBP and at the current rate of £312,254.87 per annum (subject to deductions as required by law). There will be no further salary reconciliations pursuant to clause 5(a)(ii) of the Contract of Employment with respect to salary received during 2023 or 2024;
- (ii) I will remain eligible pursuant to clause 5(b) of the Contract of Employment to participate in the Company's Short-Term Incentive Bonus Plan, for the calendar year 2023 and 2024 (even though the payment date of the latter will be after my last day of employment) and to receive all benefits including health insurance, life insurance and pension at current levels;

- (iii) the 75,000 RSUs granted to me under the 2021 Long-Term Incentive Plan (LTIP) shall vest on 31 December 2024, in accordance with and subject to the rules of the plan (and any other RSUs granted under the 2021 LTIP shall continue to vest in accordance with the plan rules) and I will remain eligible to participate in the 2023 Long-Term Incentive Plan in 2024 subject to the plan rules;
- (iv) the 75,000 RSUs awarded to me pursuant to clause 6(a) of the Contract of Employment (the "Special Sign-on Equity Grant") shall vest on 31 December 2024, in accordance with and subject to the rules of the grant; and
- (v) I acknowledge that, notwithstanding the foregoing, the Company is entitled to exercise its applicable rights under any clawback policy or laws in force during my employment relating to any incentive-based compensation in the event of any accounting restatements.

If I am deemed to have Material Non-Public Information ("MNPI") at any vesting date the Company will allow net settlement of any shares vesting on that date. If I am not deemed to have MNPI at any vesting date I understand that the Company will evaluate the cash position on any vesting date subject to which it may allow me to net settle any shares that vest and settle on that date.

I agree that I shall take any holiday entitlement that accrues during 2024 during my notice period and before 31 December 2024 and acknowledge that I will not receive any payment in respect of accrued but untaken holiday following 31 December 2024.

I will return all company property and confidential information in my possession or control belonging to the Company or the Inspired group of companies and irrevocably delete any copies of confidential information stored by me on any magnetic or optical disk or memory promptly when requested to do so by the Company. I will also submit any expenses claims in accordance with the Company's expenses policy within 14 days of 31 December 2024.

I will continue to be bound by the terms of the Contract of Employment, including but not limited to, my implied duties of good faith and fidelity and clauses 14 (Intellectual Property), 15 (Confidentiality) save that (Post-termination Restrictions) will fall away on January 1, 2025.

I understand that the form of wording for the external announcement will be substantially in the form set out in Appendix 2.

Finally I would like to place on record my sincere gratitude to yourself, Carys, Lorne and the rest of the Board of Inspired for the opportunities presented to me since the time of my employment. I wish you the very best fortunes in the future.

Yours sincerely,
/s/ Stewart Baker
Stewart Baker

Appendix 1
INSPIRED COMPANIES

Incorporated in England & Wales

Company No.

Company Name	
39T07176544	DMWSL 633 LIMITED
39T07176582	DMWSL 632 LIMITED
39T07176707	DMWSL 631 LIMITED
07120910	GAMING ACQUISITIONS LIMITED
13302880	INSPIRED ENTERTAINMENT (FINANCING) PLC
5804323	INSPIRED GAMING GROUP LIMITED
5304991	INSPIRED GAMING (HOLDINGS) LIMITED
3913734	INSPIRED GAMING (INTERNATIONAL) LIMITED
3565640	INSPIRED GAMING (UK) LIMITED
39T07703864	INSPIRED GAMING (COLOMBIA) LIMITED
0T9219329	INSPIRED GAMING (GREECE) LIMITED
39T07419373	INSPIRED GAMING (ITALY) LIMITED
39T02067231	LEISURE LINK ELECTRONIC ENTERTAINMENT LIMITED
39T03913746	INSPIRED GAMING LIMITED
3444155	REVOLUTION ENTERTAINMENT SYSTEMS HOLDINGS LIMITED
864537	REVOLUTION ENTERTAINMENT SYSTEMS LIMITED
04427252	115CR (150) LIMITED
5348584	GAMESTEC LEISURE LIMITED
5015596	BELL-FRUIT GROUP LIMITED
9280224	ASTRA GAMES LTD
8258418	PLAYNATION LIMITED

Incorporated Overseas

Company No.

6071182

AAP-0396

C94001

C94000

Company Name

INSPIRED GAMING (USA) INC.

INSPIRED SOFTWARE DEVELOPMENT (INDIA) LLP

INSPIRED ENTERTAINMENT

(MALTA) Limited

INSPIRED ENTERTAINMENT (MALTA) HOLDINGS LIMITED

Appendix 2

(a) On December , 2023, Mr. Stewart F.B. Baker resigned as Executive Vice President, Chief Financial Officer and principal accounting officer of Inspired Entertainment, Inc. (the "Company"). Mr. Baker will remain available to assist the Company pursuant to his 2021 employment agreement through 2024, including assisting the Company with its restatement efforts and to ensure a smooth transition of his responsibilities.

Exhibit 10.20

SEPARATION AND RELEASE AGREEMENT 10.28

1. Provided Private and Confidential

Carys Damon

13 March 2024

Dear Carys,

CHANGES TO YOUR EMPLOYMENT CONTRACT

It has been agreed that the undersigned ("your role as Executive") executes this Separation Vice President, General Counsel and General Release Agreement (this "Agreement") no later than January 10, 2023 (the "Effective Date"). Board Secretary will continue through to June 30, 2024 whereafter you will remain employed and Executive does not revoke this Agreement within seven (7) days following Executive's execution of this Agreement, as provided in Section 10 below and further provided that Executive complies with section 15 and other provisions of Executive's Employment Agreement (defined herein) regarding return of Company property and data, Inspired Entertainment, Inc. ("Inspired") your role will pay be amended to Executive, in addition to any Accrued Benefits (as defined in Section 16(a)(iv) of Executive's Employment Agreement between the Company and the Executive dated as of December 14, 2016, as amended on December 22, 2017 and later clarified on January 31, 2020 and March 28, 2020 (the "Employment Agreement")) and (x) in the event of a termination by the Company for Convenience, Executive's salary, maximum annual bonus, and other benefits contractually due to him ... in respect Board Secretary, subject to the three month notice period pursuant to Section 2b-c of the Employment Agreement or (y) in the event of termination by Executive for Good Reason, Executive's salary and other contractual benefits during the ninety (90) days notice period in Section 16(b) of the Employment Agreement, AND whether by Company or Executive, such additional severance amounts set forth in Section 16(b) of the Employment Agreement, which are set forth in the Schedule to this Agreement, and provide a mutual release of claims and a non- disparagement covenant. All amounts provided above shall be paid in accordance with the terms of the Employment Agreement or the equity award agreement, as applicable, following changes.

For the avoidance of doubt, your bonus eligibility, continuous employment and benefits remain unchanged. Your employment contract dated August 3, 2021 ("Employment Contract") will also remain in full force and effect, except for the Company agrees to net settlement, consistent with the 409a provisions of his Employment Agreement, of the special 150,000 RSU grant, which has vested but not settled, following amendments set out below.

2. Except for (a) claims Effective immediately, Clause 5(a) of your Employment Contract will be amended such that cannot your salary will be waived paid in GBP and at the current rate of £312, 254.87 per annum (subject to deductions as provided in Section 3 below, (b) Rights reserved in Section 6 below, (c) any rights required by law). There will be no further salary reconciliations pursuant to indemnification (including the advancement of legal fees) or expense reimbursement under the Employment Agreement, any agreement between Executive clause 5(a)(i) and the Company or the charter, bylaws, or other organization document (ii) of the Company or pursuant to any director's and officer's liability insurance policy, in the future or previously in force, (d) any rights Executive may have to workers' compensation benefits or to continued benefits in accordance with the Consolidated Omnibus Budget Reconciliation Act Contract of 1985, and (e) any rights Executive has in his capacity as a holder of equity securities of the Company, for valuable consideration, the adequacy of Employment which is hereby acknowledged, Executive, for himself, his spouse, heirs, administrators, children, representatives, executors, successors, assigns, and all other persons claiming through Executive, if any (collectively, "Releasees"), does hereby release, waive, and forever discharge Inspired and its subsidiaries, parents, affiliates, related organizations, and equity holders, and their respective affiliates, employees, officers, directors, attorneys, successors, and assigns or each of the foregoing (collectively, the "Releasees") from, and does fully waive any obligations or liabilities of Releasees to Releasees of any kind and nature that Releasees had, have, or might claim to have against Releasees at the time Executive executes this Agreement for or in respect of any and all liability, actions, charges, causes of action, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses, of any kind, shall be deemed deleted with respect to Executive's employment (or the termination thereof), under the Employment Agreement (or any successor agreement) and any action arising in tort including libel, slander, defamation salary or intentional infliction of emotional distress, and claims under any federal, state other remuneration received during 2023 or local statute including Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 and 1871 (42 U.S.C. § 1981), the Equal Pay Act, Employee Retirement Income Security Act, Family and Medical Leave Act, the National Labor Relations Act, the Fair Labor Standards Act, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, or the discrimination or employment laws of any state or municipality, and/or any claims under any express or implied contract which Releasees may claim existed with Releasees. This also includes, without limitation, a release by Executive of any claims for breach of contract, wrongful discharge and all claims for alleged physical or personal injury, emotional distress relating to or arising out of Executive's employment with Company or the termination of that employment; and any claims under the WARN Act or any similar law, which requires, among other things, that advance notice be given of certain work force reductions. This release and waiver does not apply to any claims or rights that may arise after the date Executive signs this Agreement going forward.

Effective July 1, 2024 ("Effective Date"):

- (i) In Clause 2 the words "not less than 12 (twelve) months written notice" shall be deleted and replaced with "not less than 1 (one) months written notice".
- (ii) In Clause 3(a)(i) the words "Executive Vice President and General Counsel" shall be replaced with "Board Secretary".
- (iii) Clause 3(a)(ii) shall be deemed deleted and replaced with "be responsible for overseeing production of materials for board meetings (agendas and materials), overseeing production of minutes personally or by an assistant secretary appointed by the Board of Directors in its discretion, overseeing the preparation and filing of public company filings and facilitating communications between management and the board of directors as needed, including attendance at such meetings of the Office of the Executive Chairman deemed necessary by Executive Chair & CEO"
- (iv) Clause 3(a)(iv) shall be deemed deleted.
- (v) In Clause 5(a) the salary shall be deemed deleted and replaced with one hundred and two thousand pounds (£102,000).
- (vi) In Clause 5(b) the "Maximum Annual Bonus" shall be deleted such that the bonus opportunity from the Effective Date is only Target Bonus with such bonus for 2024 to be payable on January 15, 2025.
- (vii) Clause 10(b) and (c) shall be deemed deleted and replaced as follows "The Executive's working hours will be between 40 and 50 hours per month in each month prior to a Board Meeting (including attendance at the meeting) and 10 and 15 hours a month in other months."
- (viii) Clause 11 (a) shall be amended such that the number of days paid holiday be pro-rated based on the number of days worked.
- (ix) Clause 16(c)(iv) shall be deemed deleted.

3. Excluded from Executive's release Yours sincerely,

For and waiver are any claims which cannot be waived by law, including but not limited on behalf of Inspired Gaming (UK Limited)

I have read and agree to the right to participate in an investigation conducted by certain government agencies. Executive does, however, waive Executive's right to any monetary recovery should any agency (such as the Equal Employment Opportunity Commission) pursue any claims on Executive's behalf. Executive represents above terms and warrants conditions and acknowledge that Executive has not filed any complaint, charge, or lawsuit against the Releasees with any government agency or any court.

4. Inspired does hereby release, waive, and forever discharge the Releaser from, and does fully waive any obligations or liabilities of Releaser to Releasees of any kind and nature that Releasees had, have, or might claim to have against Releasers at the time Executive executes this Agreement for or in respect of any and all liability, actions, charges, causes of action, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses, of any kind, with respect to Executive's employment (or the termination thereof), under the Employment Agreement (or any successor agreement) and any action arising in tort including libel, slander, defamation or intentional infliction of emotional distress, and claims under any federal, state or local statute. This also includes, without limitation, a release by Releasees of any claims for breach of contract, and all claims for alleged physical or personal injury, emotional distress relating to or arising out of Executive's employment with Company or the termination of that employment. This release and waiver does not apply to any claims or rights that may arise after the date Executive signs this Agreement.

5. Executive, with respect to Inspired and the Released Parties set forth in paragraph 2 above, and Inspired, its executive officers and directors, with respect to Executive shall not make any statements, orally or in writing, nor take any actions, which in any way could disparage the other party, or which foreseeably could harm the reputation of the other party, or in any way, directly or indirectly, could knowingly cause or encourage or condone the making of such statements or the taking of such actions by anyone. The foregoing covenants shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings). The Parties further agree that if asked about the separation, each will state in substance: "Executive left the Company as part of the Board's restructuring of the Office of the Executive Chair. The Company thanked Executive for his service since the formation of the Company and wished him well. Executive thanked the Company for the opportunity to be part of the Executive Team."

6. Each Party does mutually warrant that they have not brought a lawsuit or complaint against the other. For the avoidance of doubt, notwithstanding the releases contained herein, the Parties (Executive and Inspired) also specifically reserve the right to enforce in arbitral proceedings as set forth in the Employment Agreement: i) those provisions of the Employment Agreement that survive termination and ii) this Separation & Release Agreement; and (iii) additionally reserve the right to bring any action related to fraud or criminality by the other party presently unknown to either Party.

7. The Executive acknowledges and agrees that his duties under Section 15 and Section 16(c) of the Employment Agreement survive termination of the Employment Agreement and remain enforceable by Inspired against Executive. Executive agrees to return the laptop and ipad provided to him by Inspired for the performance of his duties under the Employment Agreement as of the date hereof (if he has not already done so) and Inspired shall work with Executive and/or his designated IT consultant to duplicate and provide copies of Executive's personal data to Executive, provided, however, that Executive further represents that, except as disclosed in writing to Inspired as of the date hereof, he has not downloaded any documents or other information from Inspired's service, IT system or the laptop since 10am (ET) on Friday, January 6th. For avoidance of doubt, Inspired does not release any potential claims to the extent that Executive breaches his post-termination obligations under the Employment Agreement or the representation set forth in this paragraph 6.

8. Executive and the Company hereby acknowledge and agree that Executive's termination of employment shall be effective as of the Effective Date, and that this date shall serve as the date of termination for all legal purposes.

9. Executive acknowledges and recites that:

(a) Executive has executed this Agreement knowingly and voluntarily and that he has read and understands this Agreement in its entirety;
(b) Executive has been advised and directed orally and in writing (and this subsection (b) constitutes such written direction) to seek legal counsel and any other advice he wishes with respect to this Agreement before executing it; and
(c) Executive is specifically waiving any claims regarding age discrimination, including, without limitation, pursuant to the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act.

(d) Executive's execution of this Agreement has not been forced by any employee or agent of the Company, and Executive has had an opportunity to negotiate about these amend the terms of this Agreement, the Contract.

(e) Executive This document has been given executed as a deed and is delivered and takes effect on the date stated at least twenty-one (21) days to consider this Agreement, and if executed prior to the expiration beginning of the twenty-one (21) day period, such execution is knowing and voluntary.

(f) The additional benefits and other promises that Executive is to receive under this Agreement are sufficient consideration for the general release provided herein.

10. This Agreement shall be governed by the internal laws (and not the choice of laws) of the State of New York, except for the application of pre-emptive Federal law.
 11. Executive may revoke the general release provided in Section 2 above within seven (7) calendar days after signing it. To be effective, such revocation must be made in writing to Carys Damon. Revocation can be made by hand delivery, electronic mail, facsimile, or postmarking before the expiration of this seven (7) day period.

Executed as a deed by **Inspired Gaming (UK) Limited** by a director in the presence of a witness:

COMPANY

Signature /s/ Brooks Pierce

INSPIRED **ENTERTAINMENT, INC.** Name **BROOKS PIERCE**

By: Director

Witness signature /s/ Carys Damon

Witness name Name: (block capitals) Carys Damon
 Title: Authorized Signatory

Witness address Date: LONDON, SE4 10 January 2023

Executed as a deed by **Carys Damon** in the presence of a witness:

EXECUTIVE Signature /s/ Carys Damon

Witness signature /s/ Alex Damon

Witness name /s/ Daniel B Silvers (block capitals)
 Witness address Daniel B Silvers LONDON, SE4

Date: 1/10/2023

Exhibit 21.1

SUBSIDIARIES

Entity Name	Jurisdiction of Incorporation
DMWSL 633 Limited	England and Wales
DMWSL 632 Limited	England and Wales
DMWSL 631 Limited	England and Wales
Inspired Gaming (USA) Inc.	U.S., State of Delaware
Inspired Entertainment Lotteries LLC	U.S., State of Delaware
Inspired Entertainment (Financing) PLC	England and Wales
Gaming Acquisitions Limited	England and Wales
Inspired Gaming Group Limited	England and Wales
Inspired Gaming (Holdings) Limited	England and Wales
Inspired Gaming (International) Limited	England and Wales
Inspired Gaming (UK) Limited	England and Wales
Inspired Gaming Limited	England and Wales
Leisure Link Electronic Entertainment Limited	England and Wales
Revolution Entertainment Systems Holdings Limited	England and Wales
Revolution Entertainment Systems Limited	England and Wales
115CR (150) Limited	England and Wales
Inspired Gaming Spain S L	Spain
Inspired Gaming (Gibraltar) Limited	Gibraltar
Inspired Gaming Pension Trustees Limited	England and Wales
Inspired Gaming (Colombia) Limited	England and Wales
Inspired Gaming (Italy) Limited	England and Wales
Inspired Gaming (Greece) Limited	England and Wales
Inspired Software Development (India) LLP	India
Gamestec Leisure Limited	England and Wales
Bell-Fruit Group Limited	England and Wales
Astra Games Limited LTD	England and Wales
Playnation Limited	England and Wales
Inspired Entertainment (Malta) Holdings Limited	Malta
Inspired Entertainment (Malta) Limited	Malta

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Inspired Entertainment, Inc. and Subsidiaries on Form S-8 (File Nos. 333-210295, 333-219295, 333-222238, 333-226909, 333-231471, 333-256394 and 333-256394) 333-277760 and Form S-3 (File No. 333-217215, 333-253072 and 333-256175) of our report dated **March 16, 2023** April 15, 2024, with respect to our audits of the consolidated financial statements of Inspired Entertainment, Inc. and Subsidiaries as of **December 31, 2022** December 31, 2023 and **2021** 2022 and for each of the three years in the period ended **December 31, 2022** December 31, 2023 and our report dated **March 16, 2023** April 15, 2024, with respect to our audit of internal control over financial reporting of Inspired Entertainment, Inc. and Subsidiaries as of **December 31, 2022** December 31, 2023, which expressed an adverse opinion on the effectiveness of the Company's internal controls over financial reporting, such reports are included in this Annual Report on Form 10-K of Inspired Entertainment, Inc. and Subsidiaries for the year ended **December 31, 2022** December 31, 2023.

/s/ **Marcum LLP**

Marcum LLP
New York, NY

March 16, 2023 April 15, 2024

Exhibit 31.1

CERTIFICATION

I, **A. Lorne Weil**, certify that:

1. I have reviewed this Annual Report on Form 10-K 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~~ **Board of directors** **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: **March 16, 2023** April 15, 2024

/s/ **A. Lorne Weil**

A. Lorne Weil
Executive Chairman
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

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

1. I have reviewed this Annual Report on Form 10-K 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 **Board of directors** **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: **March 16, 2023** **April 15, 2024**

/s/ **Stewart F.B. Baker** **Marilyn Jentzen**

Stewart F.B. Baker **Marilyn Jentzen**

Interim Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Annual Report of Inspired Entertainment, Inc. (the "Company") on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**, as filed with the Securities and Exchange Commission (the "Report"), I, A. Lorne Weil, Executive Chairman of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: **March 16, 2023** **April 15, 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

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

In connection with the Annual Report of Inspired Entertainment, Inc. (the "Company") on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**, as filed with the Securities and Exchange Commission (the "Report"), I, **Stewart F.B. Baker**, **Marilyn Jentzen**, **Interim** Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: **March 16, 2023** **April 15, 2024**

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

Stewart F.B. Baker **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.

INSPIRED ENTERTAINMENT, INC. (the "Company")**CLAWBACK POLICY***(Effective as of August 8, 2023)*

The Board of Directors of the Company (the "Board") believes that it is in the best interests of the Company and its stockholders to maintain a culture that emphasizes compliance, integrity and accountability and that reinforces the Company's performance-based compensation philosophy. The Board has therefore adopted this Policy which amplifies and consolidates existing clawback policies adopted by the Company and provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from noncompliance with financial reporting requirements under the federal securities laws.

If prior policies or agreements provide that a greater amount of compensation shall be subject to clawback, such other policy or agreement shall apply to the amount in excess of the amount subject to clawback under this Policy. As the Company is publicly listed in the US on the Nasdaq Stock Market, LLC ("Nasdaq"), this Policy shall be interpreted to comply with Nasdaq Listing Rule 5608 (the "Listing Rule"), as may be amended or supplemented and interpreted by Nasdaq. To the extent this Policy is in any manner deemed inconsistent with the Listing Rule, this Policy shall be treated as having been amended to be compliant with the Listing Rule.

1. Definitions. Unless the context otherwise requires, the following definitions apply for purposes of this Policy:

- a. **Executive Officer.** An executive officer is the Company's Executive Chairman, chief executive officer, president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), chief legal officer or general counsel, any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a significant policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy-making functions for the Company. Identification of an executive officer for purposes of the Listing Rule would include at a minimum executive officers identified in the Listing Rule.
- b. **Financial Reporting Measures.** Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures (including but not limited to EBITDA, stock price and total shareholder return). A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission ("SEC").
- c. **Incentive-Based Compensation.** Incentive-based compensation is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure.
- d. **Received.** Incentive-based compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

2. Application of this Policy. This Policy shall apply only in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of Company with any financial reporting requirement under the United States securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

3. Recovery Period. The Incentive-Based Compensation subject to clawback is the Incentive-Based Compensation Received during the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described herein, provided that the person served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question. The date that the Company is required to prepare an accounting restatement shall be determined pursuant to the Listing Rule.

- (a) Notwithstanding the foregoing, this Policy shall only apply if the Incentive-Based Compensation is Received while the Company has a class of securities listed on Nasdaq.
- (b) The provisions of the Listing Rule shall apply with respect to Incentive-Based Compensation Received during a transition period arising due to a change in the Company's fiscal year.

4. Erroneously Awarded Compensation. The amount of Incentive-Based Compensation subject to this Policy ("Erroneously Awarded Compensation") is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (1) the amount shall be based on a reasonable estimate by the Company's Chief Financial Officer of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, which estimate shall be subject to the review and approval of the Compensation Committee of the Board ("Committee"); and (2) the Company must maintain reasonable documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq if requested. Notwithstanding the foregoing, if the clawback would affect compensation paid to the Company's Chief Financial Officer, the determination shall be made by the Committee.

5. The Company shall recover reasonably promptly any Erroneously Awarded Compensation except to the extent that the conditions of paragraphs (a), (b), or (c) below apply. The Committee shall determine the repayment schedule for each amount of Erroneously Awarded Compensation in a manner that complies with this "reasonably promptly" requirement. Such determination shall be consistent with any applicable legal guidance, by the SEC, Nasdaq, judicial opinion, or otherwise. The determination of "reasonably promptly" may vary from case to case and the Committee is authorized to adopt additional rules to further describe what repayment schedules satisfy this requirement.

(a) Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered and the Committee has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt or attempts to recover, and provide appropriate documentation to Nasdaq, if requested.

(b) Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on a violation of home country law, the Company shall obtain an opinion of home country counsel, in form and substance that would be reasonably acceptable to Nasdaq, that recovery would result in such a violation and shall provide such opinion to Nasdaq, if requested.

(c) Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder (as such provision may be amended, modified or supplemented).

6. Committee Decisions. The Board delegates all decisions to be made under this Policy to the Committee which decisions shall be final, conclusive and binding on all Executive Officers subject to this Policy, unless determined to be an abuse of discretion.

7. No Indemnification. Notwithstanding anything to the contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss arising from the clawback of any Erroneously Awarded Compensation.

8. Agreement to Policy by Executive Officers. The Company shall take reasonable steps to inform Executive Officers of this Policy and obtain their express agreement to this Policy, which steps may constitute the inclusion of this Policy as an attachment to any award that is accepted by an Executive Officer. This Policy shall be deemed to apply to each employment or grant agreement between the Company or any of its subsidiaries and any Executive Officer subject to this Policy.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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