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

# FORM 10-Q/A

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

For the quarterly period ended June 30, 2023

**OR**

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

For the transition period _____

Commission File Number: 001-36689

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Date File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☒ |
| Non-accelerated filer ☐ | Smaller reporting company ☒ |
| | Emerging growth company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

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

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

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

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

## EXPLANATORY NOTE

This Amendment No. 1 to Form 10-Q (this "Amendment" or "Form 10-Q/A") amends the Annual Report on Form 10-Q for the quarter and six months ended June 30, 2023 originally filed with the Securities and Exchange Commission ("SEC") on August 11, 2023 (the "Original Filing") by Inspired Entertainment, Inc. (the "Company," "we," "our" or "us").

**Restatement and Revision**

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

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

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

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

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

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.

**Changes Reflected in the Restatement**

For the convenience of the reader, this Amendment sets forth our Original Filing in its entirety, as amended by the changes related to the restatement. This Amendment does not reflect events occurring after the filing of our Original Filing, or modify or update those disclosures, except as applicable in our financial statement footnote subsequent event disclosures. The following sections of our Original Filing have been amended:

- Part I- Item 1 – Business;
- Part I - Item 1A Risk Factors;
- Part I - Item 4 Controls and Procedures;
- Part II - Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations; and
- Part II - Item 8 - Financial Statements.

This Amendment has been signed as of the date hereof and all certifications of our Principal Executive Officer and Principal Financial Officer are given as the date hereof. Accordingly, this Amendment should be read in conjunction with our filings made with the Securities and Exchange Commission subsequent to the filing of the Original Filing, including any amendments to those filings.

**Restatement Background**

As previously reported by the Company on a Current Report on Form 8-K filed with the SEC on March 23, 2023, on March 17, 2023, the Company dismissed Marcum as its independent registered public accounting firm, and engaged KPMG LLP ("KPMG") as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2023 and the related interim periods. In connection with the preparation of the financial statements of the Company for the quarterly period ended September 30, 2023, KPMG identified certain accounting errors relating to compliance with U.S. GAAP in connection with the Company's accounting policies for capitalizing software development costs. The errors related primarily to the application of the relevant accounting standards to projects, including the timing of capitalization with respect to software development projects and the nature of costs eligible for capitalization.

As previously reported by the Company on Form 8-K filed with the SEC on November 8, 2023, on November 2, 2023, the Audit Committee, in consultation with the Company's management, determined that (i) the Company's previously issued audited consolidated financial statements as of December 31, 2021 and 2022 and for the years ended December 31, 2020, 2021 and 2022 included in the Company's Annual Report on Form 10-K, (ii) associated reports of the Company's independent registered public accounting firm, and (iii) the Company's previously issued unaudited condensed consolidated financial statements during those years and for the first and second quarters of 2023 included in the Company's Quarterly Reports on Form 10-Q contained the accounting errors set forth above. Following the determination by the Audit Committee, the Company retained independent accounting consultants and undertook an investigation with respect to the appropriate accounting treatment of its software development costs and other matters.

As previously reported by the Company on a Current Report on Form 8-K filed with the SEC on November 29, 2023, on November 22, 2023, the Company dismissed KPMG as its independent registered public accounting firm and re-engaged Marcum as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2023 and the related interim periods.

**Other Adjustments**

In addition to the material software development matters described above, various other material and immaterial prior period errors or misstatements have been identified including in the areas of revenue, inventory, leasing, pension, earnings per share and other reclassification and minor items. For additional information regarding the revision of prior interim periods see Part I, Item 1 "Financial Statements and Supplementary Data-Note 2 to the Consolidated Financial Statements - Restatement of Previously Issued Financial Statements."

**Internal Control Over Financial Reporting**

Management has reassessed its evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2022, based on the framework established in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management has concluded that, due to the additional material weaknesses identified relating to the failure to properly design and operate monitoring control activities, the Company did not maintain effective internal control over financial reporting as of December 31, 2022. As such, Management's Reports on Internal Control over Financial Reporting as of December 31, 2022 should no longer be relied upon. For a description of the material weakness in internal control over financial reporting and actions taken, and to be taken, to address the material weakness, see Part II, Item 8 "Financial Statements and Supplementary Data" and Item 9A. "Controls and Procedures" of this Form 10-K/A. In addition, the Company's independent registered public accounting firm has restated its report on the Company's internal control over financial reporting to add additional material weaknesses and continues to issue an adverse opinion.

## PART I - FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

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

| | June 30, 2023, as restated | December 31, 2022, as restated |
|---|---|---|
| | *(Unaudited)* | |
| **Assets** | | |
| Cash | $ 42.1 | $ 25.0 |
| Accounts receivable, net | 39.0 | 40.4 |
| Inventory | 46.9 | 30.3 |
| Prepaid expenses and other current assets | 33.6 | 31.2 |
| **Total current assets** | **161.6** | **126.9** |
| | | |
| Property and equipment, net | 47.9 | 45.1 |
| Software development costs, net | 21.6 | 18.3 |
| Other acquired intangible assets subject to amortization, net | 14.1 | 14.6 |
| Goodwill | 58.7 | 55.5 |
| Operating lease right of use asset | 15.2 | 16.0 |
| Costs of obtaining and fulfilling customer contracts, net | 8.4 | 7.0 |
| Other assets | 4.1 | 3.8 |
| **Total assets** | **$ 331.6** | **$ 287.2** |
| | | |
| **Liabilities and Stockholders' Deficit** | | |
| **Current liabilities** | | |
| Accounts payable and accrued expenses | $ 48.3 | $ 52.7 |
| Corporate tax and other current taxes payable | 12.1 | 10.1 |
| Deferred revenue, current | 30.8 | 4.6 |
| Operating lease liabilities | 4.1 | 3.9 |
| Other current liabilities | 3.8 | 3.6 |
| **Total current liabilities** | **99.1** | **74.9** |
| | | |
| Long-term debt | 294.0 | 277.6 |
| Finance lease liabilities, net of current portion | 1.9 | 1.2 |
| Deferred revenue, net of current portion | 1.9 | 2.8 |
| Operating lease liabilities | 11.4 | 12.3 |
| Other long-term liabilities | 3.7 | 4.0 |
| **Total liabilities** | **412.0** | **372.8** |
| | | |
| **Commitments and contingencies** | | |
| | | |
| **Stockholders' deficit** | | |
| Preferred stock; $0.0001 par value; 1,000,000 shares authorized | — | — |
| Common stock; $0.0001 par value; 49,000,000 shares authorized; 26,263,421 shares and 25,909,516 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively | — | — |
| Additional paid in capital | 384.1 | 378.2 |
| Accumulated other comprehensive income | 46.0 | 50.8 |
| Accumulated deficit | (510.5) | (514.6) |
| **Total stockholders' deficit** | **(80.4)** | **(85.6)** |
| **Total liabilities and stockholders' deficit** | **$ 331.6** | **$ 287.2** |

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

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2023, as restated** | **2022, as restated** | **2023, as restated** | **2022, as restated** |
| Revenue: | | | | |
| Service | $ 67.5 | $ 64.1 | $ 125.0 | $ 120.1 |
| Product sales | 11.9 | 6.4 | 19.3 | 10.7 |
| **Total revenue** | 79.4 | 70.5 | 144.3 | 130.8 |
| | | | | |
| Cost of sales: | | | | |
| Cost of service [1] | (20.5) | (17.8) | (35.5) | (34.6) |
| Cost of product sales [1] | (8.4) | (4.6) | (15.1) | (7.1) |
| Selling, general and administrative expenses | (26.6) | (25.7) | (55.8) | (48.9) |
| Acquisition and integration related transaction expenses | — | — | — | (0.2) |
| Depreciation and amortization | (10.1) | (10.2) | (19.5) | (20.9) |
| **Net operating income** | 13.8 | 12.2 | 18.4 | 19.1 |
| | | | | |
| **Other expense** | | | | |
| Interest expense, net | (7.3) | (5.9) | (13.6) | (12.4) |
| Gain on disposal of business | — | — | — | 0.9 |
| Other finance income | 0.1 | 0.3 | 0.2 | 0.6 |
| | | | | |
| **Total other expense, net** | (7.2) | (5.6) | (13.4) | (10.9) |
| | | | | |
| **Net income before income taxes** | 6.6 | 6.6 | 5.0 | 8.2 |
| Income tax (expense) benefit | (1.0) | (0.2) | (0.8) | (0.3) |
| **Net income** | 5.6 | 6.4 | 4.2 | 7.9 |
| | | | | |
| **Other comprehensive income:** | | | | |
| Foreign currency translation (loss) gain | (2.7) | 9.0 | (5.6) | 12.5 |
| Reclassification of loss on hedging instrument to comprehensive income | 0.1 | 0.2 | 0.3 | 0.4 |
| Actuarial gains (losses) on pension plan | 0.3 | (0.8) | 0.5 | (0.7) |
| **Other comprehensive (loss) income** | (2.3) | 8.4 | (4.8) | 12.2 |
| | | | | |
| **Comprehensive income (loss)** | $ 3.3 | $ 14.8 | $ (0.6) | $ 20.1 |
| | | | | |
| **Net income per common share – basic** | $ 0.20 | $ 0.23 | $ 0.15 | $ 0.28 |
| **Net income per common share - diluted** | $ 0.19 | $ 0.22 | $ 0.14 | $ 0.27 |
| | | | | |
| **Weighted average number of shares outstanding during the period – basic** | 28,186,725 | 28,426,248 | 28,081,041 | 28,431,576 |
| **Weighted average number of shares outstanding during the period – diluted** | 29,073,078 | 29,349,718 | 29,023,288 | 29,446,526 |
| | | | | |
| **Supplemental disclosure of stock-based compensation expense** | | | | |
| Stock-based compensation included in: | | | | |
| Selling, general and administrative expenses | $ (3.1) | $ (2.6) | $ (6.0) | $ (5.4) |

(1) Excluding depreciation and amortization

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

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

| | Common stock | | Additional paid in capital | Accumulated other comprehensive income | Accumulated deficit | Total stockholders' deficit |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balance as of January 1, 2023, as restated** | **25,909,516** | **$ —** | **$ 378.2** | **$ 50.8** | **$ (514.6)** | **$ (85.6)** |
| Foreign currency translation adjustments | — | — | — | (2.9) | — | (2.9) |
| Actuarial gains on pension plan | — | — | — | 0.2 | — | 0.2 |
| Reclassification of loss on hedging instrument to comprehensive income | — | — | — | 0.2 | — | 0.2 |
| Issuances under stock plans | 353,554 | — | — | — | — | — |
| Stock-based compensation expense | — | — | 3.0 | — | — | 3.0 |
| Net loss | — | — | — | — | (1.4) | (1.4) |
| **Balance as of March 31, 2023, as restated** | **26,263,070** | **$ —** | **$ 381.2** | **$ 48.3** | **$ (516.0)** | **$ (86.5)** |
| Foreign currency translation adjustments | — | — | — | (2.7) | — | (2.7) |
| Actuarial gain on pension plan | — | — | — | 0.3 | — | 0.3 |
| Reclassification of loss on hedging instrument to comprehensive income | — | — | — | 0.1 | — | 0.1 |
| Repurchase of common stock | (3,931) | — | — | — | (0.1) | (0.1) |
| Issuances under stock plans | 4,282 | — | (0.2) | — | — | (0.2) |
| Stock-based compensation expense | — | — | 3.1 | — | — | 3.1 |
| Net income | — | — | — | — | 5.6 | 5.6 |
| **Balance as of June 30, 2023, as restated** | **26,263,421** | **$ —** | **$ 384.1** | **$ 46.0** | **$ (510.5)** | **$ (80.4)** |

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

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

| | Common stock | | Additional paid in capital | Accumulated other comprehensive income | Accumulated deficit | Total stockholders' deficit |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balance as of January 1, 2022, as restated** | **26,433,562** | **$ —** | **$ 372.3** | **$ 43.8** | **$ (524.8)** | **$ (108.7)** |
| Foreign currency translation adjustments | — | — | — | 3.5 | — | 3.5 |
| Actuarial gains on pension plan | — | — | — | 0.1 | — | 0.1 |
| Reclassification of loss on hedging instrument to comprehensive income | — | — | — | 0.2 | — | 0.2 |
| Issuances under stock plans | 447,060 | — | — | — | — | — |
| Stock-based compensation expense | — | — | 2.7 | — | — | 2.7 |
| Net income | — | — | — | — | 1.5 | 1.5 |
| **Balance as of March 31, 2022, as restated** | **26,880,622** | **$ —** | **$ 375.0** | **$ 47.6** | **$ (523.3)** | **$ (100.7)** |
| | | | | | | |
| Foreign currency translation adjustments | — | — | — | 9.0 | — | 9.0 |
| Actuarial loss on pension plan | — | — | — | (0.8) | — | (0.8) |
| Reclassification of loss on hedging instrument to comprehensive income | — | — | — | 0.2 | — | 0.2 |
| Repurchase of common stock | (477,643) | — | — | — | (5.1) | (5.1) |
| Issuances under stock plans | 45,594 | — | (0.2) | — | — | (0.2) |
| Stock-based compensation expense | — | — | 2.6 | — | — | 2.6 |
| Net income | — | — | — | — | 6.4 | 6.4 |
| | | | | | | |
| **Balance as of June 30, 2022, as restated** | **26,448,573** | **$ —** | **$ 377.4** | **$ 56.0** | **$ (522.0)** | **$ (88.6)** |

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

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

| | Six Months Ended June 30, | |
|---|---|---|
| | **2023, as restated** | **2022, as restated** |
| **Cash flows from operating activities:** | | |
| Net income | $ 4.2 | $ 7.9 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 19.5 | 20.9 |
| Amortization of right of use asset | 1.9 | 2.0 |
| Profit on disposal of trade and assets | — | (0.9) |
| Stock-based compensation expense | 6.0 | 5.4 |
| Contract cost expense | (5.2) | (2.8) |
| Reclassification of loss on hedging instrument to comprehensive income | 0.3 | 0.4 |
| Non-cash interest expense relating to senior debt | 1.0 | 0.8 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 3.2 | (0.2) |
| Inventory | (14.6) | (9.9) |
| Prepaid expenses and other assets | 2.5 | 0.9 |
| Corporate tax and other current taxes payable | (1.5) | (6.5) |
| Accounts payable and accrued expenses | (7.6) | (1.9) |
| Deferred revenues and customer prepayment | 24.7 | (1.7) |
| Operating lease liabilities | (1.8) | (1.9) |
| Other long-term liabilities | (0.1) | (1.5) |
| **Net cash provided by operating activities** | **32.5** | **11.0** |
| | | |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (8.7) | (12.0) |
| Acquisition of subsidiary company assets | — | (0.6) |
| Disposal of trade and assets | | 1.3 |
| Acquisition of third-party company trade and assets | (0.6) | — |
| Purchases of capital software and internally developed costs | (6.7) | (6.9) |
| **Net cash used in investing activities** | **(16.0)** | **(18.2)** |
| | | |
| **Cash flows from financing activities:** | | |
| Repurchase of common stock | (0.1) | (5.1) |
| Repayments of finance leases | (0.7) | (0.3) |
| **Net cash used in financing activities** | **(0.8)** | **(5.4)** |
| | | |
| Effect of exchange rate changes on cash | 1.4 | (3.5) |
| **Net increase (decrease) in cash** | **17.1** | **(16.1)** |
| Cash, beginning of period | 25.0 | 47.8 |
| **Cash, end of period** | **$ 42.1** | **$ 31.7** |
| | | |
| **Supplemental cash flow disclosures** | | |
| Cash paid during the period for interest | $ 11.9 | $ 11.7 |
| Cash paid during the period for income taxes | $ 4.5 | $ 0.1 |
| Cash paid during the period for operating leases | $ 3.9 | $ 3.8 |
| | | |
| **Supplemental disclosure of non-cash investing and financing activities** | | |
| Lease liabilities arising from obtaining right of use assets | $ 0.2 | $ — |
| Additional paid in capital from settlement of RSUs | $ (0.2) | $ (0.2) |
| Property and equipment acquired through finance lease | $ 1.2 | $ — |
| Property and equipment transferred to inventory | $ — | $ 0.8 |

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

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

***Company Description and Nature of Operations***

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

***Management Liquidity Plans***

As of June 30, 2023, the Company's cash on hand was $42.1 million, and the Company had working capital in addition to cash of $20.4 million. The Company recorded net income of $4.2 million and $7.9 million for the six months ended June 30, 2023 and 2022, respectively. Net income includes non-cash stock-based compensation of $6.0 million and $5.4 million for the six months ended June 30, 2023 and 2022, respectively. Working capital of $62.5 million includes $30.8 million of deferred income.

Historically, the Company has generally had positive cash flows from operating activities and has relied on a combination of cash flows provided by operations and the incurrence of debt and/or the refinancing of existing debt to fund its obligations. Cash flows provided by operations amounted to $32.5 million and $11.0 million for the six months ended June 30, 2023 and 2022, respectively. The change year on year was driven primarily by improved working capital levels, with the six months ended June 30, 2023 benefiting from favorable receipts due to the timing of invoicing.

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

***Basis of Presentation***

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

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

***Newly Adopted Accounting Standards***

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

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

**2. Restatement of Previously Issued Financial Statements**

***Restatement Background***

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

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

The Company issued a revision for capitalized software and related amortization expense in the quarterly report on Form 10-Q filed on August 11, 2023 for the period ended June 30, 2023 (the "Revision").This revision related to certain completed software development projects that were, but should not have been, delayed in the shift from work in progress to completed projects. Consequently, the commencement of amortization for certain projects was delayed and the reported amortization was lower than the actual amortization. The Revision covers the period ended June 30, 2023 and the year ended December 31, 2022 and is distinct from the capitalized software restatements below. The tables below have been updated to separate the impact of the Restatement Items from the Revision.

***Restatement Items***

**Capitalized software and Costs to fulfill a contract** – The Company historically assessed and applied incorrectly the accounting frameworks for developing external use software under ASC 985-20, *Costs of Software to Be Sold, Leased or Marketed*, and internal-use software under ASC 350-40, *Intangibles – Goodwill and Other – Internal-Use Software* and ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers.* In addition, the Company determined routine software updates and certain minor software enhancements were inappropriately capitalized and capitalized labor rates inappropriately included certain indirect costs including overhead and non-development activities. Consequently, certain amortization was inappropriate. The corrections resulted in a decrease in Software development costs, net of $17.6 million and an increase in Costs of obtaining and fulfilling customer contracts, net of $7.8 million as of June 30, 2023, respectively. The corrections resulted in an increase to Selling, general and administrative expenses of $1.2, $2.3 million, $1.4 million and $1.7 million as well as a decrease in Depreciation and amortization of $1.8 million, $2.9 million, $0.5 million and $1.5 million for the three and six months ended June 30, 2023 and 2022, respectively. The previous revision of capitalized software resulted in an increase of Depreciation and amortization of $0.3 million and $0.6 million for the three and six months ended June 30, 2022. Refer to reference “a” below.

**Revenue and Costs to obtain a contract –** The Company identified several corrections related to ASC 606, *Revenue from Contracts with Customers.* The Company identified certain performance obligations were delivered and therefore should have been recognized at a specific point in time (rather than over time). Additionally, we identified that (i) for certain Interactive Aggregator contracts, revenue should have been reported on a net, rather than gross, basis and (ii) certain parts the Company acquired and sold to its contract manufacturer should have not been reported as revenue. These two items have no impact to profit. The Company also identified an immaterial contract that should have been recognized as a sales type lease rather than an operating lease. Items reported on a gross, rather than net basis are corrected with no impact to profit. Lastly, the Company had historically expensed certain commissions in the period incurred instead of capitalizing and amortizing them under the accounting framework for costs to obtain contracts with customers pursuant to ASC 606, *Revenue from Contracts with Customers*, and ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*. The corrections resulted in a decrease in Property and equipment, net of $0.3 million as of June 30, 2023, respectively. The corrections also resulted in a decrease in Deferred revenue, current of $0.3 million as of June 30, 2023, a decrease in Deferred revenue, net of current position of $0.9 million as of June 30, 2023 and an increase in costs of obtaining and fulfilling contract costs, net of $0.8 million as of June 30, 2023. The corrections also resulted in a decrease in Revenue - service of $0.6 million, $1.3 million, $0.7 million and $1.7 million for the three and six months ended June 30, 2023 and 2022, respectively, a $0.4 million and $0.7 million decrease in Revenue – product sales for the three and six months ended June 30, 2023 and a $0.1 million decrease and $0.6 million increase in Revenue – product sales for the three and six months ended June 30, 2022, respectively, a decrease in Cost of sales – service of $2.2 million, $4.4 million, $1.6 million and $3.3 million for the three and six months ended June 30, 2023 and 2022, respectively, and a $0.4 million and $0.7 million decrease in Cost of sales – product sales for the three and six months ended June 30, 2023, respectively, as well as a $0.6 million decrease in Cost of sales – product sales for the six months ended June 30, 2022. The corrections also resulted in an increase in Depreciation and amortization increased by $1.5 million, $3.1 million and $0.6 million and $2.0 million for the three and six months ended June 30, 2023 and 2022, respectively as well as a $0.1 decrease in Interest expense, net for both the three and six months ended June 30, 2022. Refer to reference “b” below. Note 7, “Contract Liabilities and Other Disclosures” and Note 17, “Segment Reporting and Geographic Information” have also been corrected.

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

**Goodwill and intangibles** – Through review of the appropriate reporting units and asset groups to assess impairments at under ASC 350, *Intangibles – Goodwil*l and Other and ASC 360, *Property, Plant and Equipment*, the Company identified a triggering event in the first quarter of 2020, related to the beginning of the COVID-19 pandemic, for which impairment assessment was required for (i) Server Based Gaming (“SBG”) and Acquired Business reporting units and (ii) all landbased asset groups. Based on the assessment, we determined that an impairment of goodwill and long-lived assets occurred in the first quarter of 2020. Additionally, we determined that a significant number of synergies existed from the acquisition in the fourth quarter of 2019 and therefore a portion of the acquisition goodwill should have been reallocated to other reporting units upon acquisition. The corrections resulted in a decrease of Depreciation and amortization of $0.1 million for both the six months ended June 30, 2023 and 2022 and a decrease in Other acquired intangible assets subject to amortization, net of $1.2 million as of June 30, 2023. Refer to reference “d” below.

**Leasing** – The Company had not historically included in-substance fixed payments related to certain leases according to the accounting framework in ASC 842, *Leases*. The corrections resulted in an increase in Operating lease right of use asset of $7.5 million, an increase in current Operating lease liabilities of $1.2 million and an increase in long-term Operating lease liabilities of $6.1 million as of June 30, 2023. Refer to reference “f” below. Note 14, “Leases” has also been corrected.

**Basic and diluted net income (loss) per share** – An error to shares outstanding primarily relates to the Company not including deferred settlement equity awards that had vested in the number of outstanding shares used in the calculation of basic and diluted weighted average number of shares outstanding pursuant to ASC 260, *Earnings Per Share*. Refer to reference "h" below. Note 10, "Net earnings (loss) per share" has also been corrected.

**Pension** – The Company had corrections to pension that primarily related to no longer updating the plan liability/ asset quarterly to comply with US GAAP. The corrections resulted in a reclassification of $1.3 million from Accumulated other comprehensive income to Other long-term liabilities as of June 30, 2023. In addition, the Company corrected the benefit obligation and fair value of plan assets for the buy-in contract. The Company corrected the measurement of the plan assets and the estimated fair value of the buy in contract. Note 16, "Pension Plan" has also been corrected. Refer to reference "g" below.

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

**Income tax** – The Company updated the income tax effects for the Restatement Items. Note 12, "Income Taxes" has also been updated.

***Summary impact of Restatement Items to Prior Period Financial Statements***

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

| | As of June 30, 2023 (unaudited) | | | |
|---|---|---|---|---|
| | As Previously Reported | Restatement Adjustments | As Restated | Restatement References |
| **Assets** | | | | |
| Cash | $ 42.1 | $ - | $ 42.1 | |
| Accounts receivable, net | 39.1 | (0.1) | 39.0 | f |
| Inventory, net | 48.0 | (1.1) | 46.9 | c, f |
| Prepaid expenses and other current assets | 32.6 | 1.0 | 33.6 | f |
| **Total current assets** | **161.8** | **(0.2)** | **161.6** | |
| | | | | |
| Property and equipment, net | 48.2 | (0.3) | 47.9 | b |
| Software development costs, net | 39.2 | (17.6) | 21.6 | a |
| Other acquired intangible assets subject to amortization, net | 14.7 | (0.6) | 14.1 | d, f |
| Goodwill | 78.0 | (19.3) | 58.7 | d |
| Operating lease right of use asset | 7.7 | 7.5 | 15.2 | e, f |
| Costs of obtaining and fulfilling customer contracts | - | 8.4 | 8.4 | a,b |
| Other assets | 3.9 | 0.2 | 4.1 | f |
| **Total assets** | **$ 353.5** | **$ (21.9)** | **$ 331.6** | |
| | | | | |
| **Liabilities and Stockholders' Deficit** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued expenses | $ 47.5 | 0.8 | 48.3 | f |
| Corporate tax and other current taxes payable | 12.1 | - | 12.1 | |
| Deferred revenue, current | 31.1 | (0.3) | 30.8 | b |
| Operating lease liabilities | 2.9 | 1.2 | 4.1 | e |
| Other current liabilities | 3.8 | - | 3.8 | |
| Total current liabilities | **97.4** | **1.7** | **99.1** | |
| | | | | |
| Long-term debt | 294.0 | - | 294.0 | |
| Finance lease liabilities, net of current portion | 1.9 | - | 1.9 | |
| Deferred revenue, net of current portion | 2.8 | (0.9) | 1.9 | b |
| Operating lease liabilities | 5.3 | 6.1 | 11.4 | e |
| Other long-term liabilities | 2.4 | 1.3 | 3.7 | g |
| **Total liabilities** | **$ 403.8** | **$ 8.2** | **$ 412.0** | |
| | | | | |
| **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 | - | - | - | |
| Additional paid in capital | 384.1 | - | 384.1 | |

| | | | |
|---|---|---|---|
| Accumulated other comprehensive income | 45.1 | 0.9 | 46.0 |
| Accumulated deficit | (479.5) | (31.0) | (510.5) |
| **Total stockholders' deficit** | **(50.3)** | **(30.1)** | **(80.4)** |
| **Total liabilities and stockholders' deficit** | **$ 353.5** | **$ (21.9)** | **$ 331.6** |

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

| | For Six Months Ended June 30, 2023 (unaudited) | | | |
|---|---|---|---|---|
| | As Previously Reported | Restatement Adjustments | As Restated | Restatement References |
| Revenue: | | | | |
| Service | $ 126.4 | $ (1.4) | $ 125.0 | b, f |
| Product Sales | 20.0 | (0.7) | 19.3 | b |
| **Total Revenue** | 146.4 | (2.1) | 144.3 | |
| | | | | |
| Cost of Sales | | | | |
| Cost of service | (24.3) | (11.2) | (35.5) | b, f |
| Cost of product sales | (15.6) | 0.5 | (15.1) | b, c |
| Selling, general and administrative expenses | (68.7) | 12.9 | (55.8) | a, f |
| Acquisition and integration related transaction expenses | - | - | - | |
| Depreciation and amortization | (19.3) | (0.2) | (19.5) | a, b, d |
| **Net operating income (loss)** | 18.5 | (0.1) | 18.4 | |
| | | - | | |
| **Other expense** | | | | |
| Interest expense, net | (13.6) | - | (13.6) | |
| Gain on disposal of business | - | - | - | |
| Other finance income (expense) | 0.2 | - | 0.2 | |
| | | | | |
| **Total other expense, net** | (13.4) | - | (13.4) | |
| | | - | | |
| **Net income before income taxes** | 5.1 | (0.1) | 5.0 | |
| Income tax (expense) benefit | (1.2) | 0.4 | (0.8) | |
| **Net income** | 3.9 | 0.3 | 4.2 | |
| | | | | |
| **Other comprehensive income (loss)** | | - | | |
| Foreign currency translation gain (loss) | (3.3) | (2.3) | (5.6) | |
| Reclassification of loss on hedging instrument to comp inc | 0.3 | - | 0.3 | |
| Actuarial gains (losses) on pension plan | 1.7 | (1.2) | 0.5 | g |
| **Other comprehensive income (loss)** | (1.3) | (3.5) | (4.8) | |
| | | | | |
| **Comprehensive income (loss)** | $ 2.6 | $ (3.2) | $ (0.6) | |
| | | | | |
| **Net income (loss) per common share - basic** | $ 0.15 | $ - | $ 0.15 | |
| **Net income (loss) per common share - diluted** | $ 0.13 | $ 0.01 | $ 0.14 | |
| | | | | |
| **Weighted average number of shares outstanding during the year - basic** | 26,211,589 | 1,869,452 | 28,081,041 | i |
| **Weighted average number of shares outstanding during the year - diluted** | 28,992,987 | 30,301 | 29,023,288 | |
| Stock-based compensation included in: | | | | |
| Selling, general, and administrative expenses | (6.1) | | (6.1) | |

| | For Three Months Ended June 30, 2023 (unaudited) | | | |
|---|---|---|---|---|
| | As Previously Reported | Restatement Adjustments | As Restated | Restatement References |
| Revenue: | | | | |
| Service | $ 68.1 | $ (0.6) | $ 67.5 | b |
| Product Sales | 12.3 | (0.4) | 11.9 | b |
| **Total Revenue** | 80.4 | (1.0) | 79.4 | |
| | | | | |
| Cost of Sales | | | | |
| Cost of Service | (13.4) | (7.1) | (20.5) | b, f |
| Cost of Product sales | (9.8) | 1.4 | (8.4) | b, c |
| Selling, general and administrative expenses | (34.4) | 7.8 | (26.6) | a, f |
| Acquisition and integration related transaction expenses | - | - | - | |
| Depreciation and amortization | (10.4) | 0.3 | (10.1) | a, b, d |
| **Net operating income (loss)** | 12.4 | 1.4 | 13.8 | |
| | | | | |
| **Other expense** | | | | |
| Interest expense, net | (7.3) | - | (7.3) | |
| Other finance income (expense) | 0.1 | - | 0.1 | |
| | | | | |
| **Total other expense, net** | (7.2) | - | (7.2) | |
| | | | | |
| **Net income before income taxes** | 5.2 | 1.4 | 6.6 | |
| Income tax (expense) benefit | (1.1) | 0.1 | (1.0) | |
| **Net income** | 4.1 | 1.5 | 5.6 | |
| | | | | |
| **Other comprehensive income (loss)** | | | | |
| Foreign currency translation (loss) gain | (1.6) | (1.1) | (2.7) | |
| Reclassification of loss on hedging instrument to comprehensive income | 0.1 | - | 0.1 | |
| Actuarial (losses) gains on pension plan | (0.3) | 0.6 | 0.3 | g |
| **Other comprehensive (loss)** | (1.8) | (0.5) | (2.3) | |
| | | | | |
| **Comprehensive income** | $ 2.3 | $ 1.0 | $ 3.3 | |
| | | | | |
| **Net income per common share - basic** | $ 0.16 | $ 0.04 | $ 0.20 | |
| **Net income per common share - diluted** | $ 0.14 | $ 0.05 | $ 0.19 | |
| | | | | |
| **Weighted average number of shares outstanding during the year - basic** | 26,267,215 | 1,919,510 | 28,186,725 | h |
| **Weighted average number of shares outstanding during the year - diluted** | 29,041,781 | 31,297 | 29,073,078 | |
| Stock-based compensation included in: | | | | |
| Selling, general, and administrative expenses | $ (3.1) | | $ (3.1) | |

| | For Six Months Ended June 30, 2022 (unaudited) | | | | |
|---|---|---|---|---|---|
| | As Previously Reported | Previous Revision | Restatement Adjustments | As Restated | Restatement References |
| Revenue: | | | | | |
| Service | $ 121.8 | $ - | $ (1.7) | $ 120.1 | b |
| Product Sales | 10.1 | - | 0.6 | 10.7 | b |
| **Total Revenue** | 131.9 | - | (1.1) | 130.8 | |
| | | | | | |
| Cost of Sales | | | | | |
| Cost of Service | (23.5) | - | (11.1) | (34.6) | b, f |
| Cost of product sales | (6.5) | - | (0.6) | (7.1) | b, c |
| Selling, general and administrative expenses | (61.5) | - | 12.6 | (48.9) | a, f |
| Acquisition and integration related transaction expenses | (0.2) | - | - | (0.2) | |
| Depreciation and amortization | (19.9) | (0.6) | (0.4) | (20.9) | a, b, d |
| **Net operating income (loss)** | 20.3 | (0.6) | (0.6) | 19.1 | |
| | | | | | |
| Other expense | | | | | |
| Interest expense, net | (12.5) | - | 0.1 | (12.4) | b |
| Gain on disposal of business | 0.9 | - | - | 0.9 | |
| Other finance income (expense) | 0.6 | - | - | 0.6 | |
| | | - | - | | |
| **Total other expense, net** | (11.0) | - | 0.1 | (10.9) | |
| | | | | | |
| **Net income before income taxes** | 9.3 | (0.6) | (0.5) | 8.2 | |
| **Income tax (expense) benefit** | (0.3) | - | - | (0.3) | |
| **Net income** | 9.0 | (0.6) | (0.5) | 7.9 | |
| | | | | | |
| **Other comprehensive income:** | | | | | |
| Foreign currency translation (loss) gain | 8.2 | - | 4.3 | 12.5 | |
| Reclassification of loss on hedging instrument to comprehensive income | 0.4 | - | - | 0.4 | |
| Actuarial (losses) gains on pension plan | 3.3 | - | (4.0) | (0.7) | g |
| **Other comprehensive (loss) income** | 11.9 | - | 0.3 | 12.2 | |
| | | | | | |
| **Comprehensive income** | $ 20.9 | $ (0.6) | $ (0.2) | $ 20.1 | |
| | | | | | |
| **Net income per common share - basic** | $ 0.34 | $ (0.03) | $ (0.03) | $ 0.28 | |
| **Net income per common share - diluted** | $ 0.31 | $ (0.02) | $ (0.02) | $ 0.27 | |
| | | | | | |
| **Weighted average number of shares outstanding during the year - basic** | 26,838,339 | - | 1,593,237 | 28,431,576 | h |
| **Weighted average number of shares outstanding during the year - diluted** | 29,375,570 | - | 70,956 | 29,446,526 | |
| | | | | | |
| **Supplemental disclosure of stock-based compensation expense** | | | | | |
| Stock-based compensation expense included in: | | | | | |
| Selling, general and administrative expenses | $ (5.4) | - | - | $ (5.4) | |

| | For Three Months Ended June 30, 2022 (unaudited) | | | | |
|---|---|---|---|---|---|
| | As Previously Reported | Previous Revision | Restatement Adjustments | As Restated | Restatement References |
| Revenue: | | | | | |
| Service | $ 64.8 | $ - | $ (0.7) | $ 64.1 | b |
| Product Sales | 6.5 | - | (0.1) | 6.4 | b |
| **Total Revenue** | 71.3 | - | (0.8) | 70.5 | |
| | | | | | |
| Cost of Sales | | | | | |
| Cost of Service | (11.7) | - | (6.1) | (17.8) | b, f |
| Cost of Product sales | (4.4) | - | (0.2) | (4.6) | b |
| Selling, general and administrative expenses | (31.9) | - | 6.2 | (25.7) | a, f |
| Acquisition and integration related transaction expenses | (0.1) | - | 0.1 | - | |
| Depreciation and amortization | (9.8) | (0.3) | (0.1) | (10.2) | a, b, d |
| **Net operating income (loss)** | 13.4 | (0.3) | (0.9) | 12.2 | |
| | | | | | |
| Other expense | | | | | |
| Interest expense, net | (6.0) | - | 0.1 | (5.9) | b |
| Gain on disposal of business | - | - | - | - | |
| Other finance income (expense) | 0.3 | - | - | 0.3 | |
| | | | | | |
| **Total other expense, net** | (5.7) | - | 0.1 | (5.6) | |
| | | | | | |
| **Net income before income taxes** | 7.7 | (0.3) | (0.8) | 6.6 | |
| **Income tax (expense) benefit** | (0.2) | - | - | (0.2) | |
| **Net income** | 7.5 | (0.3) | (0.8) | 6.4 | |
| | | | | | |
| **Other comprehensive income:** | | | | | |
| Foreign currency translation (loss) gain | 5.8 | - | 3.2 | 9.0 | |
| Reclassification of loss on hedging instrument to comprehensive income | 0.2 | - | - | 0.2 | |
| Actuarial (losses) gains on pension plan | 2.6 | - | (3.4) | (0.8) | g |
| **Other comprehensive (loss) income** | 8.6 | - | (0.2) | 8.4 | |
| | | | | | |
| **Comprehensive income** | $ 16.1 | $ (0.3) | $ (1.0) | $ 14.8 | |
| | | - | - | | |
| **Net income per common share - basic** | $ 0.28 | $ (0.01) | $ (0.04) | $ 0.23 | |
| **Net income per common share - diluted** | $ 0.26 | $ (0.04) | $ - | $ 0.22 | |
| | | | | | |
| **Weighted average number of shares outstanding during the year - basic** | 26,826,014 | - | 1,600,234 | 28,426,248 | h |
| **Weighted average number of shares outstanding during the year - diluted** | 29,262,690 | - | 87,028 | 29,349,718 | |
| | | | | | |
| **Supplemental disclosure of stock-based compensation expense** | | | | | |
| Stock-based compensation expense included in: | | | | | |
| Selling, general and administrative expenses | $ (2.6) | - | - | $ (2.6) | |

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

| | Common Stock | | Additional paid in capital | Accumulated other comprehensive income | Accumulated deficit | Total stockholders' deficit | Restatement References |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | |
| Balance as of March 31, 2023 (As Previously Reported) | 26,263,070 | - | 381.2 | 46.8 | (482.4) | (54.4) | |
| Previous Revision | - | - | - | - | (1.0) | (1.0) | |
| Restatement Items | - | - | - | 1.5 | (32.6) | (31.1) | |
| Balance as of March 31, 2023 (As Restated) (Unaudited) | 26,263,070 | $ - | $ 381.2 | $ 48.3 | $ (516.0) | $ (86.5) | |
| | | | | | | | |
| Balance as of June 30, 2023 (As Previously Reported) | 26,263,421 | - | 384.1 | 45.1 | (479.5) | (50.3) | |
| Restatement Items | - | - | - | 0.9 | (31.0) | (30.1) | |
| Balance as of June 30, 2023 (As Restated) (Unaudited) | 26,263,421 | $ - | $ 384.1 | $ 46.0 | $ (510.5) | $ (80.4) | |

| | Common Stock | | Additional paid in capital | Accumulated other comprehensive income | Accumulated deficit | Total stockholders' deficit | Restatement References |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | |
| Balance as of March 31, 2022 (As Previously Reported) | 26,880,622 | - | 375.0 | 47.1 | (492.6) | (70.5) | |
| Restatement Items | - | - | - | 0.5 | (30.7) | (30.2) | |
| Balance as of March 31, 2022 (As Restated) (Unaudited) | 26,880,622 | $ - | $ 375.0 | $ 47.6 | $ (523.3) | $ (100.7) | |
| | | | | | | | |
| Balance as of June 30, 2022 (As Previously Reported) | 26,448,573 | - | 377.4 | 55.7 | (490.2) | (57.1) | |
| Previous Revision | - | - | - | - | (0.6) | (0.6) | |
| Restatement Items | - | - | - | 0.3 | (31.2) | (30.9) | |
| Balance as of June 30, 2022 (As Restated) (Unaudited) | 26,448,573 | $ - | $ 377.4 | $ 56.0 | $ (522.0) | $ (88.6) | |

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

| | Six Months Ended June 30, 2023 | | | |
|---|---|---|---|---|
| | As Previously Reported | Restatement Adjustments | As Restated | Restatement References |
| **Cash flows from operating activities:** | | | | |
| Net income (loss) | $ 3.9 | $ 0.3 | $ 4.2 | a, b, c, d, f |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 19.3 | 0.2 | 19.5 | a, b, d |
| Amortization of right of use asset | 1.2 | 0.7 | 1.9 | e |
| Stock-based compensation expense | 6.1 | (0.1) | 6.0 | f |
| Contract cost expense | - | (5.2) | (5.2) | a, b |
| Reclassification of loss on hedging instrument to comprehensive income | 0.3 | - | 0.3 | |
| Non-cash interest expense relating to senior debt | 1.0 | - | 1.0 | |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | 3.3 | (0.1) | 3.2 | g |
| Inventory | (15.0) | 0.4 | (14.6) | c, g |
| Prepaid expenses and other assets | 2.9 | (0.4) | 2.5 | f, g |
| Corporate tax and other current taxes payable | 1.0 | (2.5) | (1.5) | f, g |
| Accounts payable and accrued expenses | (9.8) | 2.2 | (7.6) | b, g |
| Deferred revenues and customer prepayment | 24.6 | 0.1 | 24.7 | g |
| Operating lease liabilities | (1.2) | (0.6) | (1.8) | e, g |
| Other long-term liabilities | (0.1) | - | (0.1) | |
| **Net cash provided by operating activities** | **37.5** | **(5.0)** | **32.5** | |
| **Cash flows from investing activities:** | | | | |
| Purchases of property and equipment | (9.3) | 0.6 | (8.7) | g |
| Acquisition of third-party company trade and assets | (0.6) | - | (0.6) | |
| Purchases of capital software and internally developed costs | (10.7) | 4.0 | (6.7) | a, g |
| **Net cash used in investing activities** | **(20.6)** | **4.6** | **(16.0)** | |
| **Cash flows from financing activities:** | | | | |
| Repurchase of common stock | (0.1) | - | (0.1) | |
| Repayments of finance leases | (0.7) | - | (0.7) | |
| Net cash used in financing activities | **(0.8)** | **-** | **(0.8)** | |
| Effect of exchange rate changes on cash | 1.0 | 0.4 | 1.4 | g |
| Net increase (decrease) in cash | **17.1** | **-** | **17.1** | |
| Cash, beginning of period | 25.0 | - | 25.0 | |
| **Cash, end of period** | **$ 42.1** | **-** | **42.1** | |
| **Supplemental cash flow disclosures** | | | | |
| Cash paid during the period for interest | $ 11.9 | $ - | $ 11.9 | |
| Cash paid during the period for income taxes | $ 4.5 | $ - | $ 4.5 | |
| Cash paid during the period for operating leases | $ 1.7 | $ 2.2 | $ 3.9 | e |
| **Supplemental disclosure of noncash investing and financing activities** | | | | |
| Lease liabilities arising from obtaining right of use assets | $ 0.2 | $ - | $ 0.2 | |
| Additional paid in capital from settlement of RSUs | $ (0.2) | $ - | $ (0.2) | |
| Property and equipment acquired through finance lease | $ 1.2 | $ - | $ 1.2 | |
| Property and equipment transferred to inventory | $ - | $ - | $ - | |

| | Six Months Ended June 30, 2022 (unaudited) | | | | |
|---|---|---|---|---|---|
| | As Previously Reported | Previous Revision | Restatement Adjustments | As Restated | Restatement References |
| **Cash flows from operating activities:** | | | | | |
| Net income (loss) | $ 8.4 | $ 0.6 | $ (1.1) | $ 7.9 | a, b, c, d, f |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 20.5 | (0.6) | 1.0 | 20.9 | a, b |
| Amortization of right of use asset | 1.4 | - | 0.6 | 2.0 | e |
| Profit on disposal of trade and assets | | | (1.0) | (1.0) | f |
| Stock-based compensation expense | 5.4 | - | - | 5.4 | |
| Contract cost expense | | | (2.8) | (2.8) | a, b |
| Reclassification of loss on hedging instrument to comprehensive income | 0.4 | - | - | 0.4 | |
| Non-cash interest expense relating to senior debt | 0.8 | - | - | 0.8 | |
| Changes in assets and liabilities: | | | | | |
| Accounts receivable | (0.1) | - | (0.1) | (0.2) | f, g |
| Inventory | (10.4) | - | 0.5 | (9.9) | c, g |
| Prepaid expenses and other assets | 2.3 | - | (1.4) | 0.9 | f, g |
| Corporate tax and other current taxes payable | (6.5) | - | - | (6.5) | |
| Accounts payable and accrued expenses | (1.5) | - | (0.3) | (1.8) | f, g |
| Deferred revenues and customer prepayment | (2.2) | - | 0.5 | (1.7) | b, g |
| Operating lease liabilities | (1.2) | - | (0.7) | (1.9) | e, g |
| Other long-term liabilities | (1.4) | - | (0.1) | (1.5) | g |
| **Net cash provided by operating activities** | **15.9** | **-** | **(4.9)** | **11.0** | |
| | | | | | |
| **Cash flows from investing activities:** | | | | | |
| Purchases of property and equipment | (11.5) | - | (0.5) | (12.0) | g |
| Acquisition of subsidiary company assets | (0.6) | - | - | (0.6) | |
| Disposal of trade and assets | - | | 1.3 | 1.3 | f, g |
| Purchases of capital software | (9.9) | - | 3.0 | (6.9) | a, g |
| **Net cash used in investing activities** | **(22.0)** | **-** | **3.8** | **(18.2)** | |
| | | | | | |
| **Cash flows from financing activities:** | | | | | |
| Repurchase of common stock | (5.1) | - | - | (5.1) | |
| Repayments of finance leases | (0.3) | - | - | (0.3) | |
| **Net cash (used in) provided by financing activities** | **(5.4)** | **-** | **-** | **(5.4)** | |
| | | | | | |
| Effect of exchange rate changes on cash | (4.5) | - | 1.0 | (3.5) | g |
| **Net increase in cash** | **(16.0)** | **-** | **(0.1)** | **(16.1)** | |
| Cash, beginning of period | 47.8 | - | - | 47.8 | |
| **Cash, end of period** | **$ 31.8** | **$ -** | **$ (0.1)** | **$ 31.7** | |
| | | | | | |
| **Supplemental cash flow disclosures** | | | | | |
| Cash paid during the period for interest | $ 11.7 | $ - | $ - | $ 11.7 | |
| Cash paid during the period for income taxes | $ 0.1 | $ - | $ - | $ 0.1 | |
| Cash paid during the period for operating leases | $ 1.9 | $ - | $ 1.9 | $ 3.8 | |
| | | | | | |
| **Supplemental disclosure of noncash investing and financing activities** | | | | | |
| Additional paid in capital from net settlement of RSUs | $ (0.2) | $ - | $ - | $ (0.2) | |
| Property and equipment acquired through finance lease | $ - | $ - | $ - | $ - | |
| Property and equipment transferred to inventory | $ 0.8 | $ - | $ - | $ 0.8 | |

**3. Acquisitions and Disposals**

In January 2022, the Company sold its Italian VLT business, including all terminal and other assets, staff costs and facilities and contracts, to a non-connected party for total proceeds of €1.1 million ($1.3 million), recognizing a profit on disposal of €0.8 million ($0.9 million). The Company continues to serve these Italian markets in the form of the provision of platform and games.

**4. Allowance for Credit Losses, as restated**

Changes in the allowance for doubtful accounts are as follows:

| | June 30, 2023 | December 31, 2022 |
|---|---|---|
| | (in millions) | |
| Beginning balance | $ (1.4) | $ (1.8) |
| Additional provision for doubtful accounts | (0.2) | (0.2) |
| Recoveries | 0.2 | — |
| Write offs | 0.4 | 0.4 |
| Foreign currency translation adjustments | (0.1) | 0.2 |
| **Ending balance** | $ (1.1) | $ (1.4) |

**5. Inventory, as restated**

Inventory consists of the following:

| | June 30, 2023 | December 31, 2022 |
|---|---|---|
| | (in millions) | |
| Component parts | $ 21.7 | $ 20.7 |
| Work in progress | 1.8 | 3.6 |
| Finished goods | 23.4 | 6.0 |
| **Total inventories** | **$ 46.9** | **$ 30.3** |

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

**6. Accounts Payable and Accrued Expenses**, as restated

Accounts Payable and Accrued expenses consist of the following:

| | June 30, 2023 | December 31, 2022 |
|---|---|---|
| | (in millions) | |
| Accounts payable | $ 30.0 | $ 23.7 |
| Payroll and related costs | 5.4 | 10.3 |
| Cost of sales including inventory | 6.1 | 9.2 |
| Other | 6.8 | 9.5 |
| **Total accounts payable and accrued expenses** | $ 48.3 | $ 52.7 |

**7. Contract Liabilities and Other Disclosures, as restated**

The following table summarizes contract related balances:

| | Accounts Receivable | Unbilled Accounts Receivable | Deferred Income | Customer Prepayments and Deposits |
|---|---|---|---|---|
| | (in millions) | | | |
| At June 30, 2023 | $ 42.5 | $ 16.9 | $ (32.7) | $ (2.6) |
| At December 31, 2022 | $ 44.6 | $ 18.0 | $ (7.4) | $ (2.4) |

Revenue recognized that was included in the deferred income balance at the beginning of the period amounted to $2.4 million and $4.2 million for the six months ended June 30, 2023 and 2022, respectively.

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

**8. Stock-Based Compensation**

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

| | Number of Shares |
|---|---|
| Unvested Outstanding at January 1, 2023 | 1,647,544 |
| Granted [1] | 888,225 |
| Forfeited | (8,872) |
| Vested | (262,978) |
| Unvested Outstanding at June 30, 2023 | 2,263,919 |

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

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

**9. Accumulated Other Comprehensive Loss (Income), as restated**

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

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

| | Foreign Currency Translation Adjustments | Change in Fair Value of Hedging Instrument | Unrecognized Pension Benefit Costs | Accumulated Other Comprehensive (Income) |
|---|---|---|---|---|
| | (in millions) | | | |
| Balance at January 1, 2022 | $ (71.5) | $ 1.0 | $ 26.7 | $ (43.8) |
| Change during the period | (3.5) | (0.2) | (0.1) | (3.8) |
| Balance at March 31, 2022 | (75.0) | 0.8 | 26.6 | (47.6) |
| Change during the period | (9.0) | (0.2) | 0.8 | (8.4) |
| Balance at June 30, 2022 | $ (84.0) | $ 0.6 | $ 27.4 | $ (56.0) |

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

**10. Net Income (Loss) per Share, as restated**

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

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

| | Three and Six Months Ended June 30, | |
|---|---|---|
| | 2023 | 2022 |
| RSUs | 809,510 | 690,627 |

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

| Three months ended June 30, 2023 | Income (Numerator) (in millions) | Shares (Denominator) | Per-Share Amount |
|---|---|---|---|
| **Basic EPS** | | | |
| Income available to common stockholders | $ 5.6 | 28,186,725 | $ 0.20 |
| **Effect of Dilutive Securities** | | | |
| RSUs | — | 886,353 | $ (0.01) |
| **Diluted EPS** | | | |
| Income available to common stockholders | $ 5.6 | $ 29,073,078 | $ 0.19 |

| Six months ended June 30, 2023 | Income (Numerator) (in millions) | Shares (Denominator) | Per-Share Amount |
|---|---|---|---|
| **Basic EPS** | | | |
| Income available to common stockholders | $ 4.2 | 28,081,041 | $ 0.15 |
| **Effect of Dilutive Securities** | | | |
| RSUs | — | 942,247 | $ (0.01) |
| **Diluted EPS** | | | |
| Income available to common stockholders | $ 4.2 | $ 29,023,288 | $ 0.14 |

| Three months ended June 30, 2022 | Income (Numerator) (in millions) | Shares (Denominator) | Per-Share Amount |
|---|---|---|---|
| **Basic EPS** | | | |
| Income available to common stockholders | $ 6.4 | 28,426,248 | $ 0.23 |
| **Effect of Dilutive Securities** | | | |
| RSUs | — | 923,470 | $ (0.01) |
| **Diluted EPS** | | | |
| Income available to common stockholders | $ 6.4 | $ 29,349,718 | $ 0.22 |

| Six months ended June 30, 2022 | Income (Numerator) (in millions) | Shares (Denominator) | Per-Share Amount |
|---|---|---|---|
| **Basic EPS** | | | |
| Income available to common stockholders | $ 7.9 | 28,431,576 | $ 0.28 |
| **Effect of Dilutive Securities** | | | |
| RSUs | — | 1,014,950 | $ (0.01) |
| **Diluted EPS** | | | |
| Income available to common stockholders | $ 7.9 | $ 29,446,526 | $ 0.27 |

The calculation of Basic EPS includes the effects of 1,932,560 and 1,599,634 shares for the three and six months ended June 30, 2023 and 2022, respectively, with respect to RSU awards that have vested but have not yet been issued.

**11. Other Finance Income (Expense)**

Other finance income (expense) consisted of the following:

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

**12. Income Taxes, as restated**

The effective income tax rate for the three months ended June 30, 2023 and 2022 was 15.7% and 3.6%, as restated, respectively, resulting in a $1.0 million and $0.2 million income tax expense, respectively. The effective income tax rate for the six months ended June 30, 2023 and 2022 was 16.6% and 3.9%, as restated, respectively, resulting in a $0.8 million and $0.3 million income tax expense, respectively. The Company's effective income tax rate has fluctuated primarily as a result of the income mix between jurisdictions.

The effective tax rate reported in any given year will continue to be influenced by a variety of factors including the level of pre-tax income or loss, the income mix between jurisdictions, and any discrete items that may occur.

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

**13. Related Parties**

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

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

**14. Leases, as restated**

Certain of our arrangements include leases for equipment installed at customer locations. As the lessor, we combine lease and non-lease components for all classes of underlying assets in arrangements that involve operating leases. The single combined component is accounted for under ASC 606, *Revenue from Contracts with Customers* based on the consideration that the non-lease components are the predominant items in the arrangements. If a component cannot be combined, the consideration is allocated between the lease component and the non-lease component based on relative standalone selling price. The lease component is accounted for under ASC 842, *Leases* and the non-lease component is accounted for under ASC 606.

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

**15. Commitments and Contingencies**

***Employment Agreements***

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

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

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

***Legal Matters***

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

**16. Pension Plan, as restated**

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

*Defined Benefit Pension Scheme*

The defined benefit scheme has been closed to new entrants since April 1, 1999 and closed to future accruals for services rendered to the Company for the entire financial statement periods presented. The Actuarial Valuation of the scheme as at March 31, 2021, determined that the statutory funding objective was not met, i.e., there were insufficient assets to cover the scheme's technical provisions and there was a funding shortfall.

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

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

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

| | Six Months Ended June 30, | |
|---|---|---|
| | **2023** | **2022** |
| | (in millions) | |
| **Components of net periodic pension cost (benefit):** | | |
| Interest cost | $ 1.7 | $ 1.1 |
| Expected return on plan assets | (1.9) | (1.7) |
| Amortization of net loss | 0.5 | 0.2 |
| Net periodic cost (benefit) | $ 0.3 | $ (0.4) |

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

| | **June 30, 2023** | **December 31, 2022** |
|---|---|---|
| | (in millions) | |
| **Change in benefit obligation:** | | |
| Benefit obligation at beginning of period | $ 71.2 | $ 122.7 |
| Interest cost | 1.7 | 2.2 |
| Actuarial gain | — | (39.0) |
| Benefits paid | (1.5) | (3.5) |
| Foreign currency translation adjustments | 3.8 | (11.2) |
| Benefit obligation at end of period | $ 75.2 | $ 71.2 |
| **Change in plan assets:** | | |
| Fair value of plan assets at beginning of period | $ 69.1 | $ 125.7 |
| Actual return (loss) on plan assets | 1.9 | (42.4) |
| Employer contributions | 0.7 | 1.4 |
| Benefits paid | (1.5) | (3.5) |
| Foreign currency translation adjustments | 3.7 | (12.1) |
| Fair value of assets at end of period | $ 73.9 | $ 69.1 |
| **Amount recognized in the consolidated balance sheets:** | | |
| Unfunded status (non-current) | $ (1.3) | $ (2.1) |
| Net amount recognized | $ (1.3) | $ (2.1) |

**17. Segment Reporting and Geographic Information, as restated**

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

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

***Segment Information***

**Three Months Ended June 30, 2023**

| | Gaming | Virtual Sports | Interactive | Leisure | Corporate Functions | Total |
|---|---|---|---|---|---|---|
| | | | (in millions) | | | |
| Revenue: | | | | | | |
| Service | $ 19.8 | $ 15.1 | $ 6.7 | $ 25.9 | $ — | $ 67.5 |
| Product sales | 11.3 | — | — | 0.6 | — | 11.9 |
| **Total revenue** | 31.1 | 15.1 | 6.7 | 26.5 | — | 79.4 |
| Cost of sales, excluding depreciation and amortization: | | | | | | |
| Cost of service | (6.5) | (0.4) | (0.4) | (13.2) | — | (20.5) |
| Cost of product sales | (8.4) | — | — | — | — | (8.4) |
| Selling, general and administrative expenses | (5.0) | (1.6) | (2.7) | (6.8) | (7.4) | (23.5) |
| Stock-based compensation expense | (0.4) | (0.2) | (0.1) | (0.4) | (2.0) | (3.1) |
| Acquisition and integration related transaction expenses | — | — | — | — | — | — |
| Depreciation and amortization | (4.6) | (0.8) | (1.0) | (3.0) | (0.7) | (10.1) |
| **Segment operating income (loss)** | 6.2 | 12.1 | 2.5 | 3.1 | (10.1) | 13.8 |
| | | | | | | |
| **Net operating income** | | | | | | $ 13.8 |
| | | | | | | |
| **Total capital expenditures for the three months ended June 30, 2023** | $ 2.1 | $ 1.2 | $ 0.5 | $ 3.8 | $ 1.0 | $ 8.6 |

**Three Months Ended June 30, 2022**

| | Gaming | Virtual Sports | Interactive | Leisure | Corporate Functions | Total |
|---|---|---|---|---|---|---|
| | | | (in millions) | | | |
| Revenue: | | | | | | |
| Service | $ 19.6 | $ 13.8 | $ 5.3 | $ 25.4 | $ — | $ 64.1 |
| Product sales | 5.8 | — | — | 0.6 | — | 6.4 |
| **Total revenue** | 25.4 | 13.8 | 5.3 | 26.0 | — | 70.5 |
| Cost of sales, excluding depreciation and amortization: | | | | | | |
| Cost of service | (5.7) | (0.5) | (0.3) | (11.3) | — | (17.8) |
| Cost of product sales | (4.1) | — | — | (0.5) | — | (4.6) |
| Selling, general and administrative expenses | (6.3) | (1.7) | (2.2) | (6.6) | (6.3) | (23.1) |
| Stock-based compensation expense | (0.3) | (0.2) | (0.2) | (0.1) | (1.8) | (2.6) |
| Acquisition and integration related transaction expenses | — | — | — | — | — | — |
| Depreciation and amortization | (5.1) | (0.6) | (0.3) | (3.5) | (0.7) | (10.2) |
| **Segment operating income (loss)** | 3.9 | 10.8 | 2.3 | 4.0 | (8.8) | 12.2 |
| | | | | | | |
| **Net operating income** | | | | | | $ 12.2 |
| | | | | | | |
| **Total capital expenditures for the three months ended June 30, 2022** | $ 5.0 | $ 0.7 | $ 0.7 | $ 1.9 | $ 0.7 | $ 9.0 |

**Six Months Ended June 30, 2023**

| | Gaming | Virtual Sports | Interactive | Leisure | Corporate Functions | Total |
|---|---|---|---|---|---|---|
| | | | (in millions) | | | |
| Revenue: | | | | | | |
| Service | $ 40.0 | $ 29.9 | $ 12.6 | $ 42.5 | $ — | $ 125.0 |
| Product sales | 18.2 | — | — | 1.1 | — | 19.3 |
| **Total revenue** | 58.2 | 29.9 | 12.6 | 43.6 | — | 144.3 |
| Cost of sales, excluding depreciation and amortization: | | | | | | |
| Cost of service | (12.4) | (0.8) | (0.7) | (21.6) | — | (35.5) |
| Cost of product sales | (14.2) | — | — | (0.9) | — | (15.1) |
| Selling, general and administrative expenses | (10.7) | (3.3) | (5.2) | (13.7) | (16.9) | (49.8) |
| Stock-based compensation expense | (0.7) | (0.4) | (0.3) | (0.5) | (4.1) | (6.0) |
| Acquisition and integration related transaction expenses | — | — | — | — | — | — |
| Depreciation and amortization | (9.1) | (1.6) | (1.6) | (6.1) | (1.1) | (19.5) |
| **Segment operating income (loss)** | 11.1 | 23.8 | 4.8 | 0.8 | (22.1) | 18.4 |
| | | | | | | |
| **Net operating income** | | | | | | $ 18.4 |
| | | | | | | |
| **Total capital expenditures for the six months ended June 30, 2023** | $ 4.5 | $ 1.6 | $ 1.6 | $ 9.0 | $ 1.5 | $ 18.2 |

**Six Months Ended June 30, 2022**

| | Gaming | Virtual Sports | Interactive | Leisure | Corporate Functions | Total |
|---|---|---|---|---|---|---|
| | | | (in millions) | | | |
| Revenue: | | | | | | |
| Service | $ 40.7 | $ 25.1 | $ 9.9 | $ 44.4 | $ — | $ 120.1 |
| Product sales | 9.5 | — | — | 1.2 | — | 10.7 |
| **Total revenue** | 50.2 | 25.1 | 9.9 | 45.6 | — | 130.8 |
| Cost of sales, excluding depreciation and amortization: | | | | | | |
| Cost of service | (11.7) | (0.9) | (0.6) | (21.4) | — | (34.6) |
| Cost of product sales | (6.4) | — | — | (0.7) | — | (7.1) |
| Selling, general and administrative expenses | (11.3) | (3.4) | (3.6) | (13.2) | (12.0) | (43.5) |
| Stock-based compensation expense | (0.6) | (0.3) | (0.3) | (0.3) | (3.9) | (5.4) |
| Acquisition and integration related transaction expenses | (0.1) | — | — | — | (0.1) | (0.2) |
| Depreciation and amortization | (10.3) | (1.4) | (0.9) | (7.1) | (1.2) | (20.9) |
| **Segment operating income (loss)** | 9.8 | 19.1 | 4.5 | 2.9 | (17.2) | 19.1 |
| | | | | | | |
| **Net operating income** | | | | | | $ 19.1 |
| | | | | | | |
| **Total capital expenditures for the six months ended June 30, 2022** | $ 7.9 | $ 1.2 | $ 1.6 | $ 5.9 | $ 1.9 | $ 18.5 |

***Geographic Information***

Geographic information for revenue is set forth below:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | (in millions) | | (in millions) | |
| Total revenue | | | | |
| UK | $ 61.8 | $ 55.5 | $ 110.8 | $ 101.4 |
| Greece | 5.3 | 5.4 | 10.9 | 11.0 |
| Rest of world | 12.3 | 9.6 | 22.6 | 18.4 |
| **Total** | $ 79.4 | $ 70.5 | $ 144.3 | $ 130.8 |

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:

| | **June 30, 2023** | **December 31, 2022** |
|---|---|---|
| | (in millions) | |
| UK | $ 85.4 | $ 82.7 |
| Greece | 4.7 | 5.8 |
| Rest of world | 21.2 | 16.3 |
| **Total** | $ 111.3 | $ 104.8 |

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

**18. Customer Concentration, as restated**

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

During the six months ended June 30, 2023, one customer represented at least 10% of the Company's revenues, accounting for 14% of the Company's revenues. This customer was served by the Virtual Sports and Interactive segments. During the six months ended June 30, 2022, one customer represented at least 10% of the Company's revenues, accounting for 13% of the Company's revenues. This customer was served by the Virtual Sports and Interactive segments.

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

**19. Subsequent Events**

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

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

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

**Forward-Looking Statements**

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

**Seasonality**

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

***Revenue***

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

***Geographic Range***

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

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

As of June 30, 2023, our non-current assets (excluding goodwill) were attributable as follows: 77% to the UK, 4% to Greece and 19% across the rest of the world.

***Foreign Exchange***

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

During the three and six months ended June 30, 2023, we derived approximately 22% and 23% of our revenue from sales to customers outside the UK (see caveat above), respectively, compared to 24% and 22% during the three and six months ended June 30, 2022, respectively.

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

***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 June 30, 2023 and June 30, 2022, the average GBP:USD rates for the three-month period were 1.25 and 1.26, respectively, and for the six-month period were 1.24 and 1.29, respectively.

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

- a discussion and analysis of the Company's results of operations for the three and six-month periods ended June 30, 2023, compared to the same period in 2022; and

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

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

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

***Restatement of Previously Issued Financial Statements***

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

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

The Company issued a revision for capitalized software and related amortization expense in the quarterly report on Form 10-Q filed on August 11, 2023 for the period ended June 30, 2023 (the "Revision").This revision related to certain completed software development projects that were, but should not have been, delayed in the shift from work in progress to completed projects. Consequently, the commencement of amortization for certain projects was delayed and the reported amortization was lower than the actual amortization. The Revision covers the period ended June 30, 2023 and the year ended December 31, 2022 and is distinct from the capitalized software restatements below. The tables below have been updated to separate the impact of the Restatement Items from the Revision.

***Overall Company Results***

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

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

Table is as restated values.

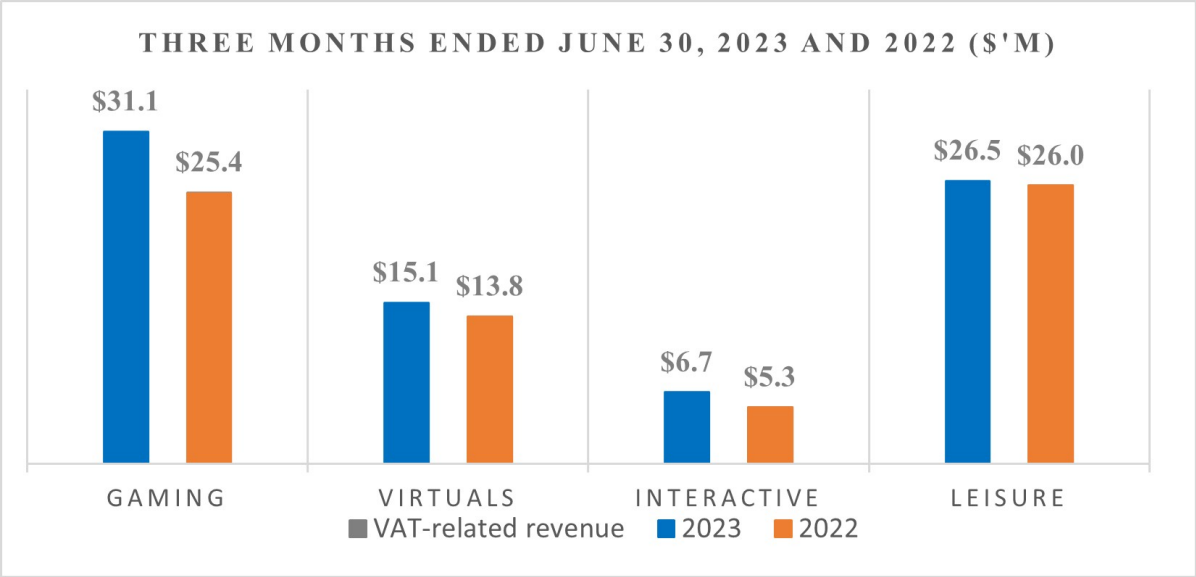
| | For the Three-Month Period ended | | Variance | | | | For the Six-Month Period ended | | Variance | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(In millions)* | June 30, | June 30, | 2023 vs 2022 | | | | June 30, | June 30, | 2023 vs 2022 | | | |
| | 2023 | 2022 | Variance Attributable to Currency Movement | Variance on a Functional currency basis | Total Functional Currency Variance % | Total Reported Variance % | 2023 | 2022 | Variance Attributable to Currency Movement | Variance on a Functional currency basis | Total Functional Currency Variance % | Total Reported Variance % |
| **Revenue:** | | | | | | | | | | | | |
| Service | $ 67.5 | $ 64.1 | $ (0.3) | $ 3.7 | 6% | 5% | $125.0 | $120.1 | $ (6.1) | $ 11.0 | 9% | 4% |
| Product | 11.9 | 6.4 | (0.1) | 5.6 | 88% | 86% | 19.3 | 10.7 | (0.9) | 9.5 | 89% | 80% |
| **Total revenue** | **79.4** | **70.5** | **(0.4)** | **9.3** | **13%** | **13%** | **144.3** | **130.8** | **(7.0)** | **20.5** | **16%** | **10%** |
| Cost of Sales, excluding depreciation and amortization: | | | | | | | | | | | | |
| Cost of Service | (20.5) | (17.8) | (0.1) | (2.6) | 15% | 15% | (35.5) | (34.6) | 1.4 | (2.3) | 7% | 3% |
| Cost of Product | (8.4) | (4.6) | - | (3.8) | 83% | 83% | (15.1) | (7.1) | 0.7 | (8.7) | 123% | 113% |
| Selling, general and administrative expenses | (23.5) | (23.1) | 0.3 | (0.7) | 3% | 2% | (49.8) | (43.5) | 2.9 | (9.2) | 21% | 14% |
| Stock-based compensation | (3.1) | (2.6) | (0.1) | (0.4) | 15% | 19% | (6.0) | (5.4) | 0.3 | (0.9) | 17% | 11% |
| Acquisition and integration | | | | | | | | | | | | |

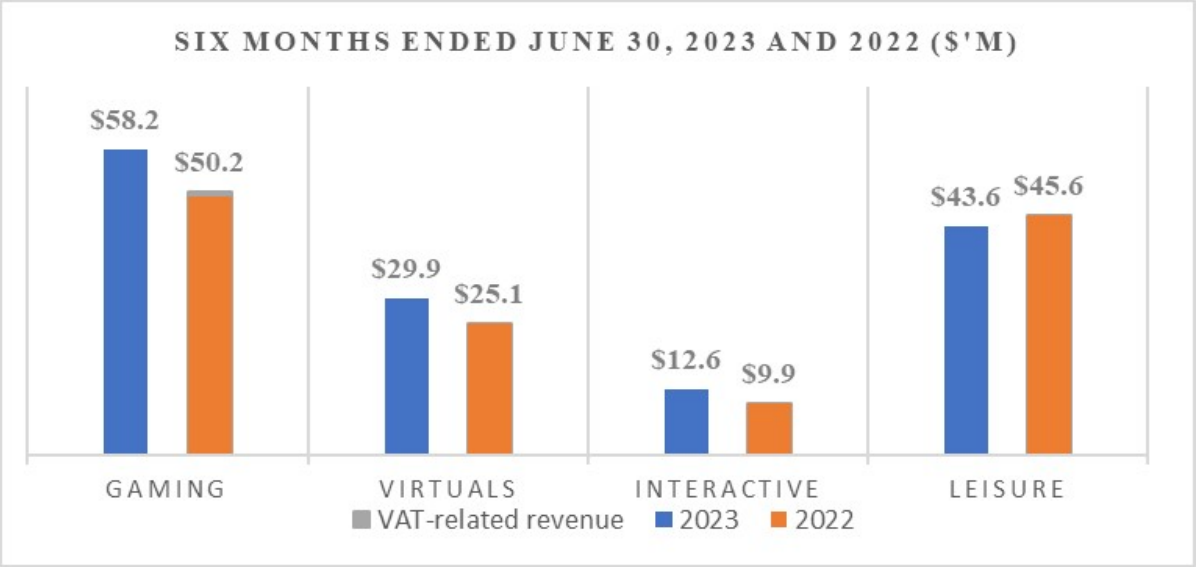
| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| related transaction expenses | - | - | - | - | | | - | (0.2) | - | 0.2 | (100)% | (100)% |
| Depreciation and amortization | (10.1) | (10.2) | - | 0.1 | 1% | 1% | (19.5) | (20.9) | 0.7 | 0.7 | (3)% | (7)% |
| **Net operating Income (Loss)** | **13.8** | **12.2** | **(0.3)** | **1.9** | 16% | **13%** | **18.4** | **19.1** | **(1.0)** | **0.3** | **(2)%** | **(4)%** |
| **Other income (expense)** | | | | | | | | | | | | |
| Interest expense, net | (7.3) | (5.9) | - | (1.4) | 24% | 24% | (13.6) | (12.4) | 0.6 | (1.8) | 15% | 10% |
| Profit on disposal of trade & assets | - | - | - | - | N/A | N/A | - | 0.9 | - | (0.9) | (100)% | (100)% |
| Other finance income (expense) | 0.1 | 0.3 | - | (0.2) | (67)% | (67)% | 0.2 | 0.6 | - | (0.4) | (67)% | (67)% |
| **Total other income (expense), net** | **(7.2)** | **(5.6)** | **-** | **(1.6)** | **29%** | **29%** | **(13.4)** | **(10.9)** | **0.6** | **(3.1)** | **28%** | **23%** |
| **Net Income (loss) from continuing operations before income taxes** | 6.6 | 6.6 | (0.3) | 0.3 | 45% | 0% | 5.0 | 8.2 | (0.4) | (2.8) | (34)% | (39)% |
| Income tax expense | (1.0) | (0.2) | 0.1 | (0.9) | 450% | 400% | (0.8) | (0.3) | 0.1 | (0.6) | 200% | 167% |
| **Net Income (Loss)** | **$ 5.6** | **$ 6.4** | **$ (0.2)** | **$ (0.6)** | **(9)%** | **(13)%** | **$ 4.2** | **$ 7.9** | **$ (0.3)** | **$ (3.4)** | **(43)%** | **(47)%** |
| *Exchange Rate - $ to £* | *1.25* | *1.26* | | | | | *1.23* | *1.29* | | | | |

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**




- There was no VAT-related revenue for the three and six-months ended June 30, 2023. For the three and six-months ended June 30, 2022 VAT-related revenue was $0.1 million and $1.0 million, respectively.

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

For the three and six months ended June 30, 2023, revenue on a functional currency (at constant rate) basis increased by $9.3 million and $20.5 million, or 13% and 16%, respectively.

For the three-month period, Gaming revenue grew by $5.8 million predominantly due to an increase in product sales of $5.6 million, of which $4.4 million were Low Margin sales. Gaming service revenue increased by $0.2 million predominately due to revenue growth in the UK. Virtual Sports and Interactive grew by $1.4 million and $1.4 million, respectively, with $1.0 million of the Virtuals Sports increase from Online and $0.2 million from Retail. Interactive growth was driven by revenue growth in the UK, US and Canada. Leisure revenue increased by $0.7 million predominately driven by the addition of new holiday parks and an increase in revenue generated from motorway service stations, partly offset by the reduction in the Pubs sector.

For the six-month period, Gaming revenue grew by $10.9 million predominantly due to an increase in product sales of $9.5 million, of which $4.4 million were Low Margin sales. Gaming service revenue increased by $1.4 million predominately due to revenue growth in the UK markets. Virtual Sports and Interactive grew by $6.4 million and $3.3 million, respectively, with $5.4 million of the Virtuals Sports increase from Online and $0.7 million from Retail. Interactive growth was driven by revenue growth in the UK, US and Canada.

***Cost of Sales, excluding depreciation and amortization***

Cost of sales, excluding depreciation and amortization, for the three and six months ended June 30, 2023, increased by $6.4 million and $11.0 million, or 29% and 26%, respectively. The increases were driven by a $3.8 million and $8.7 million increase in cost of product, respectively, predominately driven by the increase in product sales and by a $2.6 million and $2.3 million increase in cost of service, predominantly driven by the increase in service revenues, respectively.

The increase in the three-month period was driven by an increase in staff costs of $1.2 million, driven by an increase in Leisure staff costs from an increase in temporary seasonal staff as well as the increase in national living wage and the annual wage increase.

***Selling, general and administrative expenses***

Selling, general and administrative ("SG&A") expenses for the three and six months ended June 30, 2023 increased by $0.7 million and $9.2 million, or 3% and 21%, respectively.

The increase in the six-month period was driven primarily by the costs of group restructure of $3.0 million (removed from Adjusted EBITDA), an increase in non-staff costs of $4.5 million, of which the largest proportion was driven by exhibition costs of $0.8 million that were not incurred in the prior period, and an increase in staff cost of $2.4 million, driven by an increase in headcount predominantly from an investment in the technology and commercial areas of our business, as well as the increase in national living wage and salary increases this year.

***Stock-based compensation***

During the three and six months ended June 30, 2023, the Company recorded expenses of $3.1 million and $6.0 million, respectively, compared to expenses of $2.6 million and $5.4 million for the three and six months ended June 30, 2022. All expenses related to outstanding awards but the three and six months ended June 30, 2023, included $0.4 million related to award units that were fully vested on the date of grant and therefore were expensed immediately. The six months ended June 30, 2023 also included $0.7 million related to the group restructure.

***Depreciation and amortization***

Depreciation and amortization for the three-month period increased by $0.1 million. This increase was driven by increases in Interactive of $0.7 million and Virtual Sports of $0.2 million. Partially offset by a reduction in Leisure of $0.5 million and Gaming of $0.5 million, due to assets being fully written down.

Depreciation and amortization for the six-month period decreased by $0.7 million. This decrease was driven by a reduction in Leisure of $0.7 million and Gaming of $0.8 million, due to assets being fully written down. Partially offset by increases in Interactive of $0.8 million and Virtual Sports of $0.3 million.

***Net operating income***

During the three and six-month period, net operating income was $13.8 million and $18.4 million, respectively, increases of $1.9 million and $0.3 million, respectively, compared to the prior year period. The increase was primarily due to the increased revenues offset by increases in SG&A expenses, in Stock-based compensation (including the cost of group restructure in the six-month period) and Depreciation and amortization, partially offset by the increase in gross margin.

***Net Income***

For the three and six-months ended June 30, 2023 net income was $5.6 million and $4.2 million, respectively, compared to a net income of $6.4 million and $7.9 million, respectively, in the prior period.

The $0.6 million decline in the three-month period, was primarily due to the increase in SG&A expenses of $0.7 million and in Stock-based compensation of $0.4 million, this was further impacted by an increase in interest expense, net of $1.4 million, due to a $1.0 million increase from foreign exchange movements on bank accounts and an increase in income tax of $0.9 million.

The $3.4 million decline in the six-month period, was primarily due to the cost of group restructure of $3.0 million driving the decline in net operating income. This was further impacted by decreases in other finance income of $0.4 million, a gain on disposal of trade and assets of $0.9 million compared to the prior year period and an increase in income tax of $0.6 million and interest expense, net of $1.8 million. The increase in interest expense, net was due to a $1.3 million increase from foreign exchange movements on bank accounts and a $0.5 million increase in charges relating to a discounted unwind on provisions for dilapidations linked to various properties.

***Deferred Tax***

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

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

***Gaming***

We generate revenue from our Gaming segment through the delivery of our gaming terminals preloaded with propriety gaming software, server based content, as well as services such as terminal repairs, maintenance, software updates and upgrades on a when and if available basis and content development. 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 | As Restated For the Three-Month Period ended June 30, 2023 | June 30, 2022 | Variance 2023 vs 2022 | % | As Restated For the Six-Month Period ended June 30, 2023 | June 30, 2022 | Variance 2023 vs 2022 | % |
|---|---|---|---|---|---|---|---|---|
| End of period installed base (# of terminals) [2] | 34,433 | 34,706 | (273) | (0.8)% | 34,433 | 34,706 | (273) | (0.8)% |
| Total Gaming - Average installed base (# of terminals) [2] | 34,715 | 34,674 | 41 | 0.1% | 34,746 | 34,633 | 113 | 0.3% |
| Participation - Average installed base (# of terminals) [2] | 30,522 | 31,249 | (727) | (2.3)% | 30,658 | 31,335 | (677) | (2.2)% |
| Fixed Rental - Average installed base (# of terminals) | 4,193 | 3,425 | 768 | 22.4% | 4,089 | 3,299 | 790 | 23.9% |
| Service Only - Average installed base (# of terminals) | 12,898 | 18,113 | (5,215) | (28.8)% | 13,529 | 18,014 | (4,485) | (24.9)% |
| Customer Gross Win per unit per day [1] [2] | £ 94.4 | £ 90.9 | £ 3.5 | 3.9% | £ 96.3 | £ 88.8 | £ 7.5 | 8.4% |
| Customer Net Win per unit per day [1] [2] | £ 69.0 | £ 66.6 | £ 2.4 | 3.6% | £ 70.3 | £ 65.0 | £ 5.3 | 8.2% |
| Inspired Blended Participation Rate | 5.7% | 5.7% | 0.0% | 0.0% | 5.7% | 5.7% | 0.0% | 0.0% |
| Inspired Fixed Rental Revenue per Gaming Machine per week | £ 48.3 | £ 49.2 | £ (0.9) | (1.8)% | £ 49.0 | £ 46.1 | £ 2.9 | 6.3% |
| Inspired Service Rental Revenue per Gaming Machine per week | £ 5.1 | £ 4.5 | £ 0.6 | 13.3% | £ 5.1 | £ 4.6 | £ 0.5 | 10.9% |
| Gaming Long term license amortization (£'m) | £ 0.8 | £ 1.2 | £ (0.4) | (33.3)% | £ 1.6 | £ 2.4 | £ (0.8) | (33.3)% |
| Number of Machine sales | 1,523 | 559 | 964 | 172.5% | 2,211 | 978 | 1,233 | 126.1% |
| Average selling price per terminal | £ 5,681 | £7,876 | (2,195) | (27.9)% | £ 6,365 | £ 7,272 | £ (907) | (12.5)% |

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

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

In the table above:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***Gaming, Recurring Revenue***

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

| | As Restated For the Three-Month Period ended | | Variance | | As Restated For the Six-Month Period ended | | Variance | |
|---|---|---|---|---|---|---|---|---|
| | June 30, | June 30, | 2023 vs 2022 | | June 30, | June 30, | 2023 vs 2022 | |
| *(In £ millions)* | 2023 | 2022 | | % | 2023 | 2022 | | % |
| **Gaming Recurring Revenue** | | | | | | | | |
| Total Gaming Revenue | £ 24.8 | £ 20.2 | £ 4.6 | 23% | £ 47.1 | £ 38.7 | £ 8.4 | 22% |
| | | | | | | | | |
| Gaming Participation Revenue | £ 10.9 | £ 10.9 | - | 0% | £ 22.4 | £ 21.2 | £ 1.2 | 6% |
| Gaming Other Fixed Fee Recurring Revenue | £ 3.4 | £ 3.0 | £ 0.4 | 13% | £ 7.0 | £ 6.0 | £ 1.0 | 17% |
| Gaming Project Recurring Revenue | £ 0.2 | £ 0.2 | - | 0% | £ 0.4 | £ 0.4 | £ - | - |
| Gaming Long-term license amortization | £ 0.8 | £ 1.2 | £ (0.4) | (33)% | £ 1.6 | £ 2.4 | £ (0.8) | (33)% |
| Total Gaming Recurring Revenue * | £ 15.3 | £ 15.3 | £ - | 0% | £ 31.4 | £ 30.0 | £ 1.4 | 5% |
| Gaming Recurring Revenue as a % of Total Gaming Revenue † | 62% | 76% | (14)% | | 67% | 78% | (11)% | |
| | | | | | | | | |
| Total Gaming excluding VAT-related revenue | £ 24.8 | £ 20.1 | | | £ 47.1 | £ 37.9 | | |
| Gaming Recurring Revenue as a % of Total Gaming Revenue (excluding VAT-related revenue) | 62% | 76% | | | 67% | 79% | | |
| Gaming Recurring Revenue as a % of Total Gaming Revenue (excluding Low Margin Sales) | 72% | 76% | | | 72% | 78% | | |

* Does not reflect VAT-related revenue.

† Total Gaming Revenue for the three and six-month period ended June 30, 2023 has no VAT-related revenue, for the three and six-month period ended June 30, 2022, includes £0.1 million and £0.7 million, respectively, of VAT-related revenue, which is not reflected in Gaming Recurring Revenue for that period. Excluding VAT-related revenue, Gaming Recurring Revenue was 76% and 79%, respectively of Total Gaming Revenue for such period. Total Gaming Revenue for the three and six-month period ended June 30, 2023 includes £3.5 million of Low Margin sales and for the three and six-month period ended June 30, 2022 has no Low Margin sales. Excluding Low Margin sales, Gaming Recurring Revenue was 72% of Total Gaming Revenue for both periods.

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

In the table above:

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

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

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

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

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

***Gaming, Service Revenue by Region***

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

| | As Restated For the Three-Month Period ended | | | | | As Restated For the Six-Month Period ended | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, | June 30, | Variance | | | June 30, | June 30, | Variance | | |
| *(In millions)* | 2023 | 2022 | 2023 vs 2022 | | Total Functional Currency % | 2023 | 2022 | 2023 vs 2022 | | Total Functional Currency % |
| **Service Revenue:** | | | | | | | | | | |
| UK LBO | $ 9.9 | $ 9.9 | - | 0% | 0% | $ 19.6 | $ 20.1 | $ (0.5) | (2)% | 7% |
| UK VAT - Related Income | - | 0.1 | (0.1) | (100)% | (100)% | - | 1.0 | (1.0) | (100)% | (100)% |
| UK Other | 3.4 | 3.1 | 0.3 | 10% | 10% | 6.8 | 6.1 | 0.7 | 11% | 2% |
| Italy | 0.7 | 0.6 | 0.1 | 17% | 16% | 1.5 | 1.3 | 0.2 | 15% | 30% |
| Greece | 4.0 | 4.3 | (0.3) | (7)% | (9)% | 8.2 | 9.2 | (1.0) | (11)% | (5)% |
| Rest of the World | 0.5 | 0.1 | 0.4 | 400% | 271% | 1.2 | 0.4 | 0.8 | 200% | 220% |
| Lotteries | 1.3 | 1.3 | - | 0% | (4)% | 2.7 | 2.6 | 0.1 | 4% | 8% |
| **Total Service revenue** | **$ 19.8** | **$ 19.6** | **$ 0.2** | **1%** | **1%** | **$ 40.0** | **$ 40.7** | **$ (0.7)** | **(2)%** | **4%** |
| *Exchange Rate - $ to £* | *1.25* | *1.26* | | | | *1.23* | *1.30* | | | |

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

***Gaming, key events***

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

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

During the six-month period, we delivered product sales of 250 "Flex" terminals to a major customer in the Non-LBO UK estate. These sales generated $2.9 million of revenue, $2.3 million in the first quarter and $0.6 million in the second quarter.

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

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

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

***Gaming, Results of Operations***

| *(In millions)* | As Restated For the Three-Month Period ended | | Variance | | | | As Restated For the Six-Month Period ended | | Variance | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, | June 30, | 2023 vs 2022 | | | | June 30, | June 30, | 2023 vs 2022 | | | |
| | 2023 | 2022 | Variance Attributable to Currency Movement | Variance on a Functional currency basis | Total Functional Currency Variance % | Total Reported Variance % | 2023 | 2022 | Variance Attributable to Currency Movement | Variance on a Functional currency basis | Total Functional Currency Variance % | Total Reported Variance % |
| **Revenue:** | | | | | | | | | | | | |
| Service | $ 19.8 | $19.6 | $ (0.0) | $ 0.2 | 1% | 1% | $ 40.0 | $ 40.7 | $ (2.1) | $ 1.4 | 3% | (2)% |
| Product | 11.3 | 5.8 | (0.1) | 5.6 | 97% | 95% | 18.2 | 9.5 | (0.8) | 9.5 | 100% | 92% |
| **Total revenue** | **31.1** | **25.4** | **(0.1)** | **5.8** | **23%** | **22%** | **58.2** | **50.2** | **(2.9)** | **10.9** | **22%** | **16%** |
| **Cost of Sales, excluding depreciation and amortization:** | | | | | | | | | | | | |
| Cost of Service | (6.5) | (5.7) | 0.1 | (0.9) | 16% | 14% | (12.4) | (11.7) | 0.7 | (1.4) | 12% | 6% |
| Cost of Product | (8.4) | (4.1) | (0.1) | (4.2) | 102% | 105% | (14.2) | (6.4) | 0.6 | (8.4) | 131% | 122% |
| **Total cost of sales** | **(14.9)** | **(9.8)** | **-** | **(5.1)** | **52%** | **52%** | **(26.6)** | **(18.1)** | **1.3** | **(9.8)** | **54%** | **47%** |
| Selling, general and administrative expenses | (5.0) | (6.3) | 0.1 | 1.2 | (19)% | (21)% | (10.7) | (11.3) | 0.6 | | -% | (5)% |
| Stock-based compensation | (0.4) | (0.3) | - | (0.1) | 33% | 33% | (0.7) | (0.6) | - | (0.1) | 17% | 17% |
| Acquisition and integration related transaction expenses | - | - | - | - | N/A | N/A | - | (0.1) | (0.1) | 0.1 | (100)% | (100)% |
| Depreciation and amortization | (4.6) | (5.1) | - | 0.5 | (10)% | (10)% | (9.1) | (10.3) | 0.4 | 0.8 | (8)% | (12)% |
| **Net operating Income (Loss)** | **$ 6.2** | **$ 3.9** | **$ (0.0)** | **$ 2.3** | **59%** | **59%** | **$ 11.1** | **$ 9.8** | **$ (0.6)** | **$ 1.9** | 19% | 13% |
| Profit on disposal of trade & assets | - | - | - | - | N/A | N/A | - | 0.9 | - | (0.9) | (100)% | (100)% |
| **Net Income (Loss)** | **$ 6.2** | **$ 3.9** | **$ (0.0)** | **$ 2.3** | **59%** | **59%** | **$ 11.1** | **$ 10.7** | **$ (0.6)** | **$ 1.0** | **(9)%** | **(4)%** |
| *Exchange Rate - $ to £* | *1.25* | *1.26* | | | | | *1.24* | *1.30* | | | | |

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

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

***Gaming Revenue***

During the three and six-month period, Gaming revenue increased by $5.8 million and $10.9 million, or 23% and 22%, respectively. This was driven by increases in Service revenue of $0.2 million and $1.4 million, respectively, and increases in Product revenue of $5.6 million and $9.5 million, respectively.

For the three-month period the increase in Gaming Service revenue was driven by increases of $0.4 million from North America and $0.2 million from the UK markets, partially offset by lower revenue from Greece of $0.4 million, driven by the reduction of long-term license revenue due to the expiration of software licenses for terminals installed in 2018.

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

For the three-month period the $5.6 million increase in Gaming Product revenue was primarily driven by higher UK Product sales of $5.5 million, of which $4.4 million were Low Margin sales.

For the six-month period the $9.5 million increase in Gaming Product revenue was primarily driven by higher UK Product sales of $8.9 million, of which $4.4 million were Low Margin sales.

***Gaming Operating Income***

Operating income increased for the three and six-month periods by $2.3 million and $1.9 million, respectively.

The three-month increase was primarily due to a decrease in depreciation and amortization of $0.5 million and by a decrease in SG&A expenses of $1.2 million. The $5.8 million revenue increase was offset by a $5.1 million increase in total cost of sales driven by the increase in Low Margin sales in the current period as well as higher service cost of sales predominately from higher content costs.

The six-month increase was primarily due to a decrease in depreciation of $0.8 million and an increase in gross margin of $1.1 million, partially offset by an increase in SG&A expenses driven by exhibition costs that were not incurred in the prior year period.

***Gaming Net Income***

For the three-month period, Net income increased by $2.3 million and for the six-month period, Net income increased by $1.0 million. The increase in the three-month period was driven by the $2.3 million increase in Operating income. In the six-month period, the $1.9 million increase in Operating income was impacted by a $0.9 million profit from the disposal of trade and assets from the sale of part of the Italian VLT operations in the prior year.

***Virtual Sports***

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

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

***Virtual Sports, Key Performance Indicators***

| | For the Three-Month Period ended | | Variance | | For the Six-Month Period ended | | Variance | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | 2023 vs 2022 | % | June 30, 2023 | June 30, 2022 | 2023 vs 2022 | % |
| **Virtuals** | | | | | | | | |
| No. of Live Customers at the end of the period | 58 | 63 | (5) | (7.9)% | 58 | 63 | (5) | (7.9)% |
| Average No. of Live Customers | 58 | 62 | (4) | (6.5)% | 58 | 62 | (4) | (6.5)% |
| Total Revenue (£'m) | £ 12.1 | £ 10.9 | £ 1.2 | 11.0% | £ 24.3 | £ 19.4 | £ 4.9 | 25.3% |
| Total Revenue £'m - Retail | £ 2.6 | £ 2.3 | £ 0.3 | 13.0% | £ 5.1 | £ 4.6 | £ 0.5 | 10.9% |
| Total Revenue £'m - Online Virtuals | £ 9.5 | £ 8.8 | £ 0.7 | 8.0% | £ 19.1 | £ 14.8 | £ 4.3 | 29.1% |

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 Virtual Sports revenue at the end of the period and the average number of customers from which there is Virtual Sports revenue during the period, respectively.

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

***Virtual Sports, Recurring Revenue***

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

| | As Restated For the Three-Month Period ended | | Variance | | As Restated For the Six-Month Period ended | | Variance | |
|---|---|---|---|---|---|---|---|---|
| | June 30, | June 30, | 2023 vs 2022 | | June 30, | June 30, | 2023 vs 2022 | |
| *(In £ millions)* | 2023 | 2022 | | % | 2023 | 2022 | | % |
| **Virtual Sports Recurring Revenue** | | | | | | | | |
| Total Virtual Sports Revenue | £ 12.1 | £ 10.9 | £ 1.2 | 11% | £ 24.3 | £ 19.4 | £ 4.9 | 25% |
| | | | | | | | | |
| Recurring Revenue - Retail Virtuals | £ 2.4 | £ 2.2 | £ 0.2 | 9% | £ 4.9 | £ 4.2 | £ 0.7 | 17% |
| Recurring Revenue - Online Virtuals | £ 9.4 | £ 8.7 | £ 0.7 | 8% | £ 19.0 | £ 14.6 | £ 4.4 | 30% |
| Total Virtual Sports Long-term license amortization | £ 0.2 | £ - | 0.2 | 100% | £ 0.2 | £ 0.3 | £ (0.1) | (33)% |
| Total Virtual Sports Recurring Revenue | £ 12.0 | £ 10.9 | £ 1.1 | 10% | £ 24.1 | £ 19.1 | £ 5.0 | 26% |
| Virtual Sports Recurring Revenue as a Percentage of Total Virtual Sports Revenue | 99% | 100% | (1)% | | 99% | 98% | (1)% | |

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

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

***Virtual Sports, key events***

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

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

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

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

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

***Virtual Sports, Results of Operations***

| *(In millions)* | As Restated For the Three-Month Period ended | | Variance | | | | As Restated For the Six-Month Period ended | | Variance | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, | June 30, | 2023 vs 2022 | | | | June 30, | June 30, | 2023 vs 2022 | | | |
| | 2023 | 2022 | Variance Attributable to Currency Movement | Variance on a Functional currency basis | Total Functional Currency Variance % | Total Reported Variance % | 2023 | 2022 | Variance Attributable to Currency Movement | Variance on a Functional currency basis | Total Functional Currency Variance % | Total Reported Variance % |
| **Service Revenue** | $15.1 | $13.8 | $ (0.1) | $ 1.4 | 10% | 9% | $29.9 | $25.1 | $ (1.6) | $ 6.4 | 25% | 19% |
| Cost of Service | (0.4) | (0.5) | (0.1) | 0.2 | 40% | 20% | (0.8) | (0.9) | - | 0.1 | 11% | 11% |
| Selling, general and administrative expenses | (1.6) | (1.7) | (0.1) | 0.2 | (12)% | (6)% | (3.3) | (3.4) | 0.1 | | 0% | (3)% |
| Stock-based compensation | (0.2) | (0.2) | - | - | 0% | 0% | (0.4) | (0.3) | - | (0.1) | 33% | 33% |
| Depreciation and amortization | (0.8) | (0.6) | - | (0.2) | 33% | 33% | (1.6) | (1.4) | 0.1 | (0.3) | 21% | 14% |
| **Net operating Income (Loss)** | **$12.1** | **$10.8** | **$ (0.3)** | **$ 1.6** | **15%** | **12%** | **$23.8** | **$19.1** | **$ (1.4)** | **$ 6.1** | **32%** | **25%** |
| *Exchange Rate - $ to £* | *1.25* | *1.26* | | | | | *1.23* | *1.30* | | | | |

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

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

***Virtual Sports revenue***

During the three and six-month period, revenue increased by $1.4 million and $6.4 million, or 10% and 25%, respectively. These increases were driven by $0.9 million and $5.4 million increases in Online Virtuals, respectively, primarily driven by the growth from our existing online customers along with expanding jurisdictions, as well as increases in Retail Virtuals of $0.3 million and $0.9 million, respectively.

***Virtual Sports operating income***

During the three and six-month period operating income increased by $1.6 million and $6.1 million, primarily due to the increases in revenues.

***Interactive***

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

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

***Interactive, Key Performance Indicators***

| | For the Three-Month Period ended | | Variance | | For the Six-Month Period ended | | Variance | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | 2023 vs 2022 | % | June 30, 2023 | June 30, 2022 | 2023 vs 2022 | % |
| **Interactive** | | | | | | | | |
| No. of Live Customers at the end of the period | 146 | 118 | 28 | 23.7% | 146 | 118 | 28 | 23.7% |
| Average No. of Live Customers | 140 | 116 | 24 | 20.7% | 138 | 114 | 24 | 21.1% |
| No. of Games available at the end of the period | 283 | 254 | 29 | 11.4% | 283 | 254 | 29 | 11.4% |
| Average No. of Games available | 277 | 249 | 28 | 11.2% | 274 | 244 | 30 | 12.3% |
| No. of Live Games at the end of the period | 260 | 254 | 6 | 2.4% | 260 | 254 | 6 | 2.4% |
| Average No. of Live Games | 254 | 249 | 5 | 2.0% | 250 | 244 | 6 | 2.5% |
| Total Revenue (£'m) | £ 5.3 | £ 4.2 | £ 1.1 | 26.2% | £ 10.2 | £ 7.6 | £ 2.6 | 34.2% |

In the table above:

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

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

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

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

***Interactive, key events***

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

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

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

***Interactive, Results of Operations***

| *(In millions)* | As Restated For the Three-Month Period ended | | Variance | | | | As Restated For the Six-Month Period ended | | Variance | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, | June 30, | 2023 vs 2022 | | | | June 30, | June 30, | 2023 vs 2022 | | | |
| | 2023 | 2022 | Variance Attributable to Currency Movement | Variance on a Functional currency basis | Total Functional Currency Variance % | Total Reported Variance % | 2023 | 2022 | Variance Attributable to Currency Movement | Variance on a Functional currency basis | Total Functional Currency Variance % | Total Reported Variance % |
| **Service Revenue** | $ 6.7 | $ 5.3 | $ - | $ 1.4 | 26% | 26% | $12.6 | $ 9.9 | $ (0.6) | $ 3.3 | 33% | 27% |
| Cost of Service | (0.4) | (0.3) | - | (0.1) | 33% | 33% | (0.7) | (0.6) | - | (0.1) | 17% | 17% |
| Selling, general and administrative expenses | (2.7) | (2.2) | 0.1 | (0.6) | 27% | 23% | (5.2) | (3.6) | 0.3 | (1.9) | 53% | 44% |
| Stock-based compensation | (0.1) | (0.2) | - | 0.1 | (50)% | (50)% | (0.3) | (0.3) | - | - | 0% | 0% |
| Depreciation and amortization | (1.0) | (0.3) | - | (0.7) | 233% | 233% | (1.6) | (0.9) | 0.1 | (0.8) | 89% | 78% |
| **Net operating Income (Loss)** | **$ 2.5** | **$ 2.3** | **$ 0.1** | **$ 0.1** | **4%** | **9%** | **$ 4.8** | **$ 4.5** | **$ (0.2)** | **$ 0.5** | **11%** | **7%** |
| *Exchange Rate - $ to £* | *1.25* | *1.25* | | | | | *1.23* | *1.30* | | | | |

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

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

***Interactive revenue***

During three and six-month period, revenue increased by $1.4 million and $3.3 million, or 26% and 33%, respectively, primarily driven by revenue growth in the UK, US and Canada due to new customer launches, the consistent launch of new content across the estate and increased promotional activity through exclusive deals with tier-one customers.

***Interactive operating income***

Operating income for the three and six-month period increased by $0.1 million and $0.5 million, respectively. This increase was driven by the increase in revenue, partially offset by increases in SG&A expenses of $0.6 million and $1.9 million, respectively, due to an increase in staff costs due to an investment in new technology and commercial headcount (additionally, we incurred exhibition costs in the six-month period that were not incurred in the prior year period). The three and six-month period also saw an increase in depreciation and amortization of $0.7 million and $0.8 million, respectively.

***Leisure***

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

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

***Leisure, Key Performance Indicators***

| | For the Three-Month Period ended | | Variance | | For the Six-Month Period ended | | Variance | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | 2023 vs 2022 | % | June 30, 2023 | June 30, 2022 | 2023 vs 2022 | % |
| **Leisure** | | | | | | | | |
| End of period installed base Gaming machines (# of terminals) | 10,725 | 10,682 | 43 | 0.4% | 10,725 | 10,682 | 43 | 0.4% |
| Average installed base Gaming machines (# of terminals) | 10,709 | 10,851 | (142) | (1.3)% | 10,739 | 11,053 | (314) | (2.8)% |
| End of period installed base Other (# of terminals) | 4,363 | 4,644 | (281) | (6.1)% | 4,363 | 4,644 | (281) | (6.1)% |
| Average installed base Other (# of terminals) | 4,380 | 5,424 | (1,044) | (19.2)% | 4,518 | 5,946 | (1,428) | (24.0)% |
| Pub Digital Gaming Machines - Average installed base (# of terminals) | 6,116 | 6,148 | (32) | (0.5)% | 6,099 | 6,260 | (161) | (2.6)% |
| Pub Analogue Gaming Machines - Average installed base (# of terminals) | 421 | 1,482 | (1,061) | (71.6)% | 744 | 1,616 | (872) | (54.0)% |
| MSA and Bingo Gaming Machines - Average installed base (# of terminals)[(1)] | 3,011 | 3,220 | (209) | (6.5)% | 3,107 | 3,170 | (63) | (2.0)% |
| Inspired Leisure Revenue per Gaming Machine per week | £ 67.6 | £ 63.1 | £ 4.5 | 7.1% | £ 67.0 | £ 63.7 | £ 3.3 | 5.2% |
| Inspired Pub Digital Revenue per Gaming Machine per week | £ 70.5 | £ 68.8 | £ 1.7 | 2.5% | £ 70.4 | £ 67.4 | £ 3.0 | 4.5% |
| Inspired Pub Analogue Revenue per Gaming Machine per week | £ 38.3 | £ 38.3 | £ (0.0) | (0.0)% | £ 37.6 | £ 38.8 | £ (1.2) | (3.1)% |
| Inspired MSA and Bingo Revenue per Gaming Machine per week | £ 98.3 | £ 91.5 | £ 6.8 | 7.4% | £ 93.8 | £ 89.4 | £ 4.4 | 4.9% |
| Inspired Other Revenue per Machine per week | £ 19.4 | £ 19.7 | £ (0.3) | (1.5)% | £ 19.8 | £ 19.9 | £ (0.1) | (0.5)% |
| | | | | | | | | |
| Total Holiday Parks Revenue (Gaming and Non Gaming) (£'m) | £ 9.8 | £ 9.0 | £ 0.8 | 8.9% | £ 12.7 | £ 11.5 | £ 1.2 | 10.4% |

(1) Motorway Service Area machines

In the table above:

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

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

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

***Leisure, key events***

During the first quarter of 2023 we successfully installed 370 machines (a mixture of Amusement and Gaming) and commenced operations at holiday park operator Butlins in Bognor Regis.

We successfully extended our contract with Center Parcs during the second quarter in the holiday parks business for a further two years and signed a new three-year agreement with Verdant supporting our continued partnership.

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

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

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

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

***Leisure, Results of Operations***

| *(In millions)* | **As Restated For the Three-Month Period ended** | | **Variance** | | | | **As Restated For the Six-Month Period ended** | | **Variance** | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **June 30,** | **June 30,** | **2023 vs 2022** | | | | **June 30,** | **June 30,** | **2023 vs 2022** | | | |
| | **2023** | **2022** | **Variance Attributable to Currency Movement** | **Variance on a Functional currency basis** | **Total Functional Currency Variance %** | **Total Reported Variance %** | **2023** | **2022** | **Variance Attributable to Currency Movement** | **Variance on a Functional currency basis** | **Total Functional Currency Variance %** | **Total Reported Variance %** |
| **Revenue:** | | | | | | | | | | | | |
| Service | $ 25.9 | $ 25.4 | $ (0.2) | $ 0.7 | 3% | 2% | $ 42.5 | $ 44.4 | $ (1.8) | $ (0.1) | (0)% | (4)% |
| Product | 0.6 | 0.6 | - | - | 0% | 0% | 1.1 | 1.2 | (0.1) | | (0)% | (8)% |
| **Total revenue** | **26.5** | **26.0** | **(0.2)** | **0.7** | **3%** | **2%** | **43.6** | **45.6** | **(1.9)** | **(0.1)** | **(0)%** | **(4)%** |
| **Cost of Sales, excluding depreciation and amortization:** | | | | | | | | | | | | |
| Cost of Service | (13.2) | (11.3) | - | (1.9) | 17% | 17% | (21.6) | (21.4) | 0.8 | (1.0) | (5)% | (0)% |
| Cost of Product | - | (0.5) | 0.1 | 0.4 | (80)% | (100)% | (0.9) | (0.7) | 0.1 | (0.3) | 43% | 29% |
| **Total cost of sales** | **(13.2)** | **(11.8)** | **0.1** | **(1.5)** | **13%** | **12%** | **(22.5)** | **(22.1)** | **0.9** | **(1.3)** | **(6)%** | **(2)%** |
| Selling, general and administrative expenses | (6.8) | (6.6) | 0.3 | (0.5) | 8% | 3% | (13.7) | (13.2) | 1.0 | (1.5) | 11% | 4% |
| Stock-based compensation | (0.4) | (0.1) | - | (0.3) | 300% | 300% | (0.5) | (0.3) | - | (0.2) | 67% | 67% |
| Depreciation and amortization | (3.0) | (3.5) | - | 0.5 | (14)% | (14)% | (6.1) | (7.1) | 0.3 | 0.7 | (10)% | (14)% |
| **Net operating Income (Loss)** | **$ 3.1** | **$ 4.0** | **$ 0.2** | **$ (1.1)** | **(28)%** | **(23)%** | **$ 0.8** | **$ 2.9** | **$ 0.3** | **$ (2.4)** | **(83)%** | **(72)%** |
| *Exchange Rate - $ to £* | *1.25* | *1.26* | | | | | *1.24* | *1.29* | | | | |

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

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

currency exchange rates.

***Leisure Revenue***

For the three-month period, revenue increased by $0.7 million due to the three-month period service revenue increasing by $0.7 million, predominately due to the increase in Holiday Parks of $1.1 million due to the addition of new holiday parks, partly offset by the decline in Pubs of $0.5 million (see above).For the six-month period revenues decreased by $0.1 million. The decline in the six-month period was primarily due to the structured withdrawal of non-core low-margin amusement and prize vend machines as recognized in the third quarter of 2022 in the Pubs sector as well as the reduction in the number of gaming machines and a $0.3 million decrease in Bingo.

***Leisure Operating Income/ (Loss)***

Operating income for the three and six-month periods decreased by $1.1 million and $2.4 million to $3.1 million and $0.8 million, respectively. This was primarily due to the increase in Cost of Sales expenses of $1.5 million and $1.3 million, respectively, driven by the increase in seasonal staff, the increase in national living wage and salary increases this year, plus in the six-month period SG&A increased by $1.5 million due to exhibitions costs in the six-month period that were not incurred in the prior year period). This was partially offset by a decrease in depreciation and amortization of $0.5 million and $0.7 million, respectively, due to the decrease in machine depreciation as assets become fully written down.

**Non-GAAP Financial Measures**

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

We define our non-GAAP financial measures as follows:

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

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

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

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

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

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

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

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

| *(In millions)* | **For the Three-Month Period ended June 30, 2023** | | | | | | **For the Six-Month Period ended June 30, 2023** | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Gaming | Virtual Sports | Interactive | Leisure | Corporate | Total | Gaming | Virtual Sports | Interactive | Leisure | Corporate |
| Net Income/ (loss) | $ 5.6 | $ 6.2 | $ 12.1 | $ 2.5 | $ 3.1 | $ (18.3) | $ 4.2 | $ 11.1 | $ 23.8 | $ 4.8 | $ 0.8 | $ (36.3) |
| **Items Relating to Legacy Activities:** | | | | | | | | | | | | |
| Pension charges (1) | 0.2 | | | | | 0.2 | 0.4 | | | | | 0.4 |
| **Items outside the normal course of business:** | | | | | | | | | | | | |
| Costs of group restructure (3) | - | | | | | - | 3.0 | | | | | 3.0 |
| Stock-based compensation expense (4) | 3.1 | 0.4 | 0.2 | 0.1 | 0.4 | 2.0 | 6.0 | 0.7 | 0.4 | 0.3 | 0.5 | 4.1 |
| Depreciation and amortization (4) | 10.1 | 4.6 | 0.8 | 1.0 | 3.0 | 0.7 | 19.5 | 9.1 | 1.6 | 1.6 | 6.1 | 1.1 |
| Interest expense net (4) | 7.3 | | | | | 7.3 | 13.6 | | | | | 13.6 |
| Other finance expenses / (income) (4) | (0.1) | | | | | (0.1) | (0.2) | | | | | (0.2) |
| Income tax (4) | 1.0 | | | | | 1.0 | 0.8 | | | | | 0.8 |
| **Adjusted EBITDA** | **$27.2** | **$ 11.2** | **$ 13.1** | **$ 3.6** | **$ 6.5** | **$ (7.2)** | **$47.3** | **$ 20.9** | **$ 25.8** | **$ 6.7** | **$ 7.4** | **$ (13.5)** |
| **Adjusted EBITDA** | **£21.8** | **£ 8.9** | **£ 10.5** | **£ 2.9** | **£ 5.1** | **£ (5.6)** | **£38.4** | **£ 16.9** | **£ 20.9** | **£ 5.4** | **£ 5.9** | **£ (10.7)** |
| *Exchange Rate - $ to £ (5)* | *1.24* | | | | | | *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.

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

| *(In millions)* | For the Three-Month Period ended June 30, 2022 | | | | | | For the Six-Month Period ended June 30, 2022 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Gaming | Virtual Sports | Interactive | Leisure | Corporate | Total | Gaming | Virtual Sports | Interactive | Leisure | Corporate |
| Net Income/ (loss) | $ 6.4 | $ 3.9 | $ 10.8 | $ 2.3 | $ 4.0 | $ (14.6) | $ 7.9 | $ 10.7 | $ 19.1 | $ 4.5 | $ 2.9 | $ (29.3) |
| **Items Relating to Legacy Activities:** | | | | | | | | | | | | |
| Pension charges (1) | 0.3 | | | | | 0.3 | 0.4 | | | | | 0.4 |
| **Items outside the normal course of business:** | | | | | | | | | | | | |
| Acquisition and integration related transaction expenses (2) | | | | | | - | 0.2 | 0.1 | | | | 0.1 |
| Stock-based compensation expense (4) | 2.6 | 0.3 | 0.2 | 0.2 | 0.1 | 1.8 | 5.4 | 0.6 | 0.3 | 0.3 | 0.3 | 3.9 |
| Depreciation and amortization (4) | 10.2 | 5.1 | 0.6 | 0.3 | 3.5 | 0.9 | 20.9 | 10.3 | 1.4 | 0.9 | 7.1 | 1.2 |
| Interest expense net (4) | 5.9 | | | | | 5.9 | 12.4 | | | | | 12.4 |
| Profit on disposal of business (6) | - | | | | | - | (0.9) | (0.9) | | | | - |
| Other finance expenses / (income) (4) | (0.3) | | | | | (0.3) | (0.6) | | | | | (0.6) |
| Income tax (4) | 0.2 | | | | | 0.2 | 0.3 | | | | | 0.3 |
| **Adjusted EBITDA** | **$25.3** | **$ 9.3** | **$ 11.6** | **$ 2.8** | **$ 7.6** | **$ (6.0)** | **$46.0** | **$ 20.8** | **$ 20.8** | **$ 5.7** | **$ 10.3** | **$ (11.6)** |
| **Adjusted EBITDA** | **£20.1** | **£ 7.4** | **£ 9.2** | **£ 2.3** | **£ 6.0** | **£ (4.8)** | **£35.6** | **£ 16.0** | **£ 16.1** | **£ 4.4** | **£ 8.0** | **£ (8.9)** |
| *Exchange Rate - $ to £ (5)* | *1.26* | | | | | | *1.30* | | | | | |

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

Notes to Adjusted EBITDA reconciliation tables above:

(1) "Pension charges" are profit and loss charges included within selling, general and administrative expenses, relating to a defined benefit scheme which was closed to new entrants in 1999 and to future accrual in 2010. As well as the amortization of net loss, the figure also includes charges relating to the Pension Protection Fund (which were historically borne by the pension scheme) and a small amount of associated professional services expenses. These costs are included within Corporate Functions.

(2) Acquisition and integration related transaction expenses, are as described above in the Results of Operations line item discussions.

(3) "Costs of group restructure" include redundancy costs, Payments In Lieu of Notice costs and any associated employer taxes. To qualify as being an adjusting item, costs must be part of a large restructuring project, which will net save ongoing future costs or be in relation to the exit of an Executive.

(4) Stock-based compensation expense, Depreciation and amortization, Total other expense, net and Income tax are as described above in the Results of Operations line item discussions. Total expense, net includes interest income, interest expense, change in fair value of earnout liability, change in fair value of derivative liability and other finance income.

(5) Exchange rate in the table is calculated by dividing the USD Adjusted EBITDA by the GBP Adjusted EBITDA, therefore this could be slightly different from the average rate during the period depending on timing of transactions.

(6) "Profit on disposal of trade & assets" — In January 2022, the Company sold its Italian VLT business, including all terminals and other assets, staff costs and facilities and contracts to a non-connected party, recognizing a profit on this disposal.

***Reconciliation to Adjusted Revenue***

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

| *(In millions)* | For the Three-Month Period ended | | For the Six-Month Period ended | |
|---|---|---|---|---|
| | **June 30, 2023** | **June 30, 2022** | **June 30, 2023** | **June 30, 2022** |
| **Net revenues** | $ 79.4 | $ 70.5 | $ 144.3 | $ 130.8 |
| Less Low Margin Gaming Sales | (4.4) | - | (4.4) | - |
| **Adjusted Revenue** | **$ 75.0** | **$ 70.5** | **$ 139.9** | **$ 130.8** |
| | | | | |
| **Adjusted Revenue** | **£ 59.9** | **£ 56.0** | **£ 113.4** | **£ 101.1** |
| | | | | |
| *Exchange Rate - $ to £* | *1.25* | *1.26* | *1.23* | *1.29* |

**Liquidity and Capital Resources**

***Six Months ended June 30, 2023, compared to Six Months ended June 30, 2022***

| **(in millions)** | Six Months ended | | Variance |
|---|---|---|---|
| | **Jun 30, 2023** | **Jun 30, 2022** | **2023 to 2022** |
| Net profit | $ 4.2 | $ 7.9 | $ (3.7) |
| Amortization of debt fees | 1.0 | 0.8 | 0.2 |
| Change in fair value of derivative liabilities and stock-based compensation expense | 6.3 | 5.8 | 0.5 |
| Depreciation and amortization (incl RoU assets) | 21.4 | 22.9 | (1.5) |
| Disposal of Gaming business | 0.0 | (0.9) | 0.9 |
| Contract cost additions | (5.2) | (2.8) | (2.4) |
| Other net cash generated/(utilized) by operating activities | 4.8 | (22.7) | 27.5 |
| Net cash provided by operating activities | 32.5 | 11.0 | 21.5 |
| | | | |
| Net cash used in investing activities | (16.0) | (18.2) | 2.2 |
| Net cash used by financing activities | (0.8) | (5.4) | 4.6 |
| Effect of exchange rates on cash | 1.4 | (3.5) | 4.9 |
| Net increase/(decrease) in cash and cash equivalents | $ 17.1 | ($ 16.1) | $ 33.2 |

***Net cash provided by operating activities***

For the six months ended June 30, 2023, net cash inflow provided by operating activities was $32.5 million, compared to a $11.0 million inflow for the six months ended June 30, 2022, representing a $21.5 million increase in cash generation from operating activities. This increase was driven primarily through improved working capital levels with the six months ended June 30, 2023 benefiting from an increase in deferred revenue due to the timing of invoicing.

Depreciation and amortization decreased by $1.5 million, to $21.4 million, with a $1.7 million reduction in machine depreciation and a $0.2 million reduction in right of use asset amortization offset by a $0.6 million increase in software development amortization.

Contract cost additions increased by $2.4 million to $5.2 million for the six months ended June 30, 2023 compared to the six months ended June 30, 2022.

Other net cash generated/(utilized) by operating activities increased by $27.5 million, to a $4.8 million inflow. The relative movements between the six months ended June 30, 2023 and the six months ended June 30, 2022 resulted in favorable movements in deferred revenue and tax $26.4million and $5.0 million respectively due to invoice timing and accounts receivable $3.4 million due to timing of sales the levels of which will fluctuate during the year as a result of the timing of the Low Margin Vantage machine rollout. These are partly offset by a $4.7 million inventory increase and a $5.2 million rise in accounts payable and accruals.

***Net cash used in investing activities***

Net cash utilized in investing activities decreased by $2.2 million, to $16.0 million during the six months ended June 30, 2023. This was driven by lower spend on plant, property and equipment of $3.4 million offset by the $1.3m received from the disposals of the gaming division in the prior year.

***Net cash used by financing activities***

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

***Funding Needs and Sources***

To fund our obligations, we have historically relied on a combination of cash flows provided by operations and the incurrence of additional debt or the refinancing of existing debt. As of June 30, 2023, we had liquidity consisting of $42.1 million in cash and cash equivalents and a further $25.4 million of undrawn revolver facility. This compares to $31.7 million of cash and cash equivalents as of June 30, 2022, with a further $24.3 million of revolver facilities undrawn. We had a working capital inflow of $4.8 million for the six months ended June 30, 2023, compared to a $22.7 million outflow for the six months ended June 30, 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 can result in significant working capital volatility. In periods of low activity, our working capital volatility is reduced. Working capital is reviewed and managed with the aim of ensuring that current liabilities are covered by the level of cash held and the expected level of short-term receipts.

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

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

***Long Term and Other Debt***

| *(In millions)* | June 30, 2023 | | June 30, 2022 | |
|---|---|---|---|---|
| Cash held | £ 33.1 | $ 42.1 | £ 26.2 | $ 31.8 |
| Original principal senior debt | (235.0) | (298.8) | (235.0) | (285.4) |
| Cash interest accrued | (1.5) | (1.9) | (1.5) | (1.8) |
| Finance lease creditors | (2.2) | (2.8) | (2.1) | (2.5) |
| Total | £ (205.6) | $ (261.4) | £ (212.4) | $ (257.9) |

***Debt Covenants***

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

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

***Liens and Encumbrances***

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

***Share Repurchases***

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

***Contractual Obligations***

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

| Contractual Obligations (in millions) | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Interest on long term debt | $ 70.6 | $ 23.5 | $ 47.1 | $ - | $ - |
| Purchase of Vantage machines | 19.7 | 19.7 | - | - | - |
| **Financing activities** | | | | | |
| Senior bank debt - principal repayment | 298.8 | - | 298.8 | - | - |
| Finance lease payments | 2.8 | 0.9 | 1.5 | 0.4 | - |
| Operating lease payments | 15.5 | 4.1 | 5.8 | 2.4 | 3.2 |
| Interest on non-utilization fees | 0.9 | 0.4 | 0.5 | - | - |
| Total | $ 408.3 | $ 48.6 | $ 353.7 | $ 2.8 | $ 3.2 |

**Off-Balance Sheet Arrangements**

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

**Critical Accounting Policies and Accounting Estimates**

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

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

**Revenue**

Application of GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Specifically, complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. The Company often enters into contracts with customers that consist of a combination of services and products that are accounted for as one or more distinct performance obligations. Management applies judgment in evaluating the contractual terms and conditions that impact the identification of performance obligations and the pattern of revenue recognition. For these arrangements that contain multiple promises, judgement is also required to determine the stand-alone selling price ("SSP") for each distinct performance obligation. In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we determine the SSP using information that may include market conditions, size of the customer, geography and other observable inputs or, as necessary, unobservable considerations such as historical experience, knowledge of our business and industry and our current or expected selling practices.

Revenue recognition is also impacted by our ability to estimate variable consideration, including, for example, rebates, service-level penalties, and other incentive payments. We consider various factors when making these judgments, including a review of specific transactions, historical experience and market and economic conditions. Evaluations are conducted each quarter to assess the adequacy of the estimates.

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

The Company recognized service and product revenues of $248.4 million and $33.2 million, respectively, for the year ended December 31, 2022. The Company's revenue recognition policy, which requires significant judgments and estimates, is fully described in Note 1 "Nature of Operations, Management's

Plans and Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in Part II, Item 8 of the Company's Annual Report on Form 10K/A as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020.

**Goodwill Impairment Assessment**

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

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

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

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

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

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

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

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

**Long-lived Assets and Finite-lived Intangible Assets**

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

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

**Software Development Costs**

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

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

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

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

Once the software is substantially complete or available for general release, capitalized internal-use and external-use software costs are amortized on a straight-line basis over the estimated economic useful life of the software, which ranges from two to five years. There is judgement involved in estimating the

useful life of developed software and the two-to-five-year period was determined based on factors such as the continuous development in the technology, obsolescence, and anticipated life of the service offering before significant upgrades. Management evaluates the useful lives of these assets on a recurring basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

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

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

### Interest Rate Risk

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

### Foreign Currency Exchange Rate Risk

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

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

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

The majority of the Company's trading is in GBP, the functional currency, although the reporting currency of the Company is the US Dollar. As such, changes in the GBP:USD exchange rate have an effect on the Company's results. A 10% weakening of GBP against the US Dollar would change the trading operational results unfavorably by approximately $0.6 million and would result in unfavorable translation adjustments of approximately $10.9 million, recorded in other comprehensive loss.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Certifying Officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer (together, the "Certifying Officers"), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the foregoing, our Certifying Officers concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of June 30, 2023, due to the material weaknesses described in Item 9A of the Company's restated Annual Report on Form 10-K/A for the year ended December 31, 2022, filed with the SEC on February 27, 2024. Management is redesigning and implementing existing and additional controls to remediate these material weaknesses Notwithstanding the identified material weaknesses and management's assessment that our disclosure controls and procedures were not effective at the reasonable assurance level as of June 30, 2023, management believes that the interim consolidated financial statements and footnote disclosures included in this Quarterly Report on Form 10-Q/A fairly present, in all material respects, our financial condition, results of operations, cash flows and disclosures as of and for the periods presented in accordance with generally accepted accounting principles.

### Changes in Internal Control over Financial Reporting

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

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS

*Our business is subject to a high degree of risk. You should carefully consider the risk factors discussed in our Annual Report on Form 10-K/A for our fiscal year ended December 31, 2022. You should carefully read and assess all of these risk factors. Any of these risks could materially and adversely affect our business, operating results, financial condition and prospects, and cause the value of our common stock to decline, which could cause investors in our common stock to lose all or part of their investments.*

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

**Recent Sales of Unregistered Securities**

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

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

The Company's share repurchase activities for the three months ended June 30, 2023 were as follows[(1)]:

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

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

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

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

None.

**ITEM 6. EXHIBITS**

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

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

# Indicates management contract or compensatory plan.

* Filed herewith.

** Furnished herewith.

*** Previously filed with the original Form 10-Q.

**SIGNATURES**

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

**INSPIRED ENTERTAINMENT, INC.**

Date: February 27, 2024

*/s/ A. Lorne Weil*

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

Date: February 27, 2024

*/s/ Marilyn Jentzen*

Name: Marilyn Jentzen
Title: Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

**EXHIBIT 31.1**

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

I, A. Lorne Weil, certify that:

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

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: February 27, 2024

*/s/ A. Lorne Weil*

A. Lorne Weil
Executive Chairman
(Principal Executive Officer)

**EXHIBIT 31.2**

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

I, Marilyn Jentzen, certify that:

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

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: February 27, 2024

*/s/ Marilyn Jentzen*
Marilyn Jentzen
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

**EXHIBIT 32.1**

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

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

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

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

Dated: February 27, 2024

By:*/s/ A. Lorne Weil*
A. Lorne Weil

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

**EXHIBIT 32.2**

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

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

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

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

Dated: February 27, 2024

By: */s/ Marilyn Jentzen*
Marilyn Jentzen

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