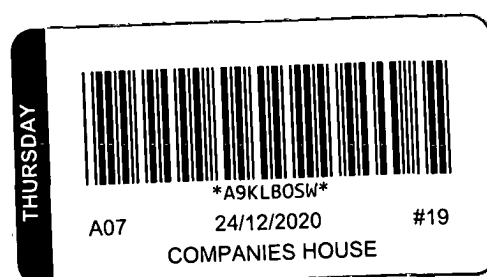


INSPIRED GAMING (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019



INSPIRED GAMING (HOLDINGS) LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|--|
| Directors | S F B Baker L W Gregory (resigned 15 October 2018) S R Rogers (resigned 15 October 2018) B H Pierce (appointed 15 October 2018) C Damon (appointed 15 October 2018) |
| Company secretary | C Damon |
| Registered number | 05304991 |
| Registered office | First Floor 107 Station Street Burton-on-Trent Staffordshire DE14 1SZ |
| Independent auditors | Ecovis Wingrave Yeats LLP Chartered Accountants & Registered Auditors Waverley House 7-12 Noel Street London W1F 8GQ |
| Bankers | Lloyds Bank plc 1-14-1-16 Colmore Row Birmingham B3 3BD Barclays Bank PLC Leicester LE87 2BB |
| Solicitors | Ellenoff, Grossman & Schole LLP 1345 Avenue of the Americas New York USA 10105 |

INSPIRED GAMING (HOLDINGS) LIMITED

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INSPIRED GAMING (HOLDINGS) LIMITED

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their Strategic Report for the period ended 31 December 2019

The company has not traded during the period.

Principal risks and uncertainties

The Company is part of the Inspired Entertainment, Inc. Group (the 'Group'). The management of the business and the execution of the Group's strategy is subject to a number of risks. Interest rate, currency and liquidity risks are managed at a Group level rather than at a Company level.

The key business risks and uncertainties affecting the Group include competitor actions, market acceptance of new products and regulatory developments. Further discussion of these risks in the context of the Group as a whole, and also a description of the Group's financial risk management objectives and policies, is in the Strategic Report of DMWSL 633 Limited, which does not form part of this report.

Financial key performance indicators

Given the nature of the Company's activities the Directors believe that analysis of KPI's for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Directors' statement of compliance with duty to promote the success of the Company

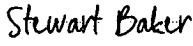
The Directors, as part of the Office of the Executive Chairman ("the OEC"), in line with their duties under section 172 of the Companies Act 2006 ("s.172"), act in a way that they consider would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term, including the list of non-exhaustive matters as set out in s.172. Factors contained within s.172 are considered when making key decisions and considering matters that are of strategic importance to the Group.

As part of the OEC's decision-making process, consideration is given to the potential impact of decisions on relevant stakeholders, which include employees, customers, suppliers and regulators, whilst also having regard to a number of broader factors, including the impact of the Group's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

The OEC regularly reviews the Group's principal stakeholders and how it engages with them. This is achieved including through information provided by management and also by direct engagement by all of the OEC members with stakeholders themselves.

Further information on how the Group engages with its principal stakeholders can be found in the Directors' Report.

This report was approved by the board on 21.12.2020 and signed on its behalf.

DocuSigned by:

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S F B Baker
Director

INSPIRED GAMING (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the period ended 31 December 2019.

The reporting period presented by the attached financial statements covers the 15 months to 31 December 2019. During the period, the Company extended its accounting reference date to 31 December to align with that of its ultimate parent entity, Inspired Entertainment, Inc. Comparative period amounts presented are for the year ended 30 September 2018 and are therefore not directly comparable in all areas.

Directors

The directors who served during the period were:

S F B Baker
L W Gregory (resigned 15 October 2018)
S R Rogers (resigned 15 October 2018)
B H Pierce (appointed 15 October 2018)
C Damon (appointed 15 October 2018)

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the period directors' and officers' liability insurance in respect of itself and its directors.

INSPIRED GAMING (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Engagement with employees

The Group works hard to evolve and develop its culture, encourage diversity and inclusion, and attract and retain talented people.

At the heart of this are our Core Principles, which form the basis for engagement and every decision that we make.

Core Principles

- **Vision** Leveraging technology and innovation to lead the global gaming market in providing the most entertaining and essential games.
- **Mission** Delivering without compromise, the most compelling virtual sport, slot, table and interactive games to players and customers.
- **Values** Our continued success depends on our dedication to our values:
 - People.** We value our people as the reason for our success and provide them with the best opportunities for growth and professional development.
 - Customer focused.** We provide quality products and services that meet our customers' needs, both internal and external.
 - Intelligence.** We make educated, professional decisions based on facts.
 - Integrity.** We hold ourselves to uncompromising ethical and legal standards.
 - Courage.** We are bold and ambitious and not afraid to challenge convention.

2019 was a year when our ever-exciting industry faced unprecedented change and maintaining the consistency of our strategic narrative has been key to the engagement of new and existing employees and those that joined Inspired via acquisition. Channels for that narrative start with business planning and goal setting and are strengthened via leadership blogs, cascading management messaging, employee workshops and, where necessary, structured consultation programmes. All channels focus on matters of concern for employees and creating a common awareness of the Group's challenges and successes, and a 2-way exchange of views and information

The Group also actively creates opportunities for employees to get involved in its financial performance and did so in 2019 via an annual Employee Stock Purchase Programme (ESPP), which offers employees the opportunity to save for and purchase shares in the ultimate parent company at a discounted rate.

In terms of diversity, Inspired has been proud to report in our 2019 Gender Pay Gap submission that our overall gender pay gap compares favourably to the UK national average, and that currently women represent 30% of the executive management team, compared to a previous 100% male team.

INSPIRED GAMING (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Engagement with customers, suppliers and others

Customers

The Group's customers are the heart of our business and we place significant value and effort on their end-to-end experience with us.

The Group offers an expanding portfolio of content, technology, hardware and services for regulated gaming, betting, lottery, social and leisure operators across retail and mobile channels around the world.

The Group operates in approximately 35 jurisdictions worldwide, supplying gaming systems with associated terminals and content for more than 50,000 gaming machines located in betting shops, pubs, gaming halls and other route operations; virtual sports products through more than 44,000 retail channels; digital games for 100+ websites; and a variety of amusement entertainment solutions with a total installed base of more than 19,000 devices. Our Account Management helps sustain and expand relationships with customers and works closely with multiple business departments in order to maintain and further develop the relationships with the key accounts.

Social media is a powerful tool for engaging customers, creating brand recognition, and amplifying our products, services, and customer relationships.

By providing reliable and transparent services, we have been able to maintain and build strong relationships while also welcoming new customers.

Suppliers

We have a number of key partners and suppliers with whom we have built strong relationships with and that we greatly value. We establish effective engagement channels to ensure our relationships remain collaborative, trustworthy and future focused. We aim to operate to the highest professional standards, treating our suppliers in a fair and reasonable manner, and settling invoices promptly.

We have engaged with our key suppliers during the period by open two-way dialogue, designed to build and maintain strong partnerships. Payment policies, practice and performance are reported through the Government's Payment Practices Reporting portal.

Shareholders

The OEC and the Board of Inspired Entertainment, Inc. are each committed to maintaining a dialogue with shareholders and ensuring an understanding of their respective views through an overarching investor relations program which includes formal presentations of quarterly results, regular communications with analysts and investors, as well as regular updates to the Group's corporate website (www.inseinc.com).

All Directors are available to meet institutional investors and analysts on request and members of the OEC regularly meet with shareholders and analysts. The OEC regularly receives and reviews analyst commentary and presentations from corporate brokers on the Group's positioning in relation to capital markets.

Some of the activities undertaken during 2019 are summarized below:

- Engagement with shareholders, potential shareholders and analysts by a members of the OEC as well as the Investor Relations team (including attendance at investor conferences, tradeshows and one-on-one investor meetings and calls).
- Members of the OEC held conference calls for shareholders and sell-side analysts to review quarterly results and also attended a number of investor conferences and roadshows.
- Representatives of the independent directors engaged with shareholders and proxy advisory agencies on corporate governance matters.

INSPIRED GAMING (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Regulators

Given the Group's global operations, we engage with regulators in all territories in which we hold gaming licenses to ensure that we are correctly licensed and continually upholding all licensing objectives across multiple jurisdictions. We also maintain ongoing dialogue with regulators on policymaking decisions which shape our industry and facilitate evolving technologies within the industry as well as responding to formal consultations including most recently on Online Game Design where we are key members of the industry group tasked with creating a new code for game design which is acceptable to the UK Gambling Commission ("GC") and delivers their stated aims. More generally in the UK, we maintain strong relationships with the GC as well as with local authorities and we attend numerous industry meetings. In addition to this we are active members of a range of industry trade associations including the Betting and Gaming Council through which we communicate with the Department for Digital, Culture, Media and Sport over a range of issues including policy development.

The Environment

The Group is committed to reducing its impact on the environment and endeavours to act responsibly through good environmental practices. The Group's principal environmental impacts are seen in electricity consumption, vehicle fuel, paper consumption and air travel.

To counteract these impacts, the Group has introduced significantly more efficient lighting and heating systems in the new corporate head office and other recent office refurbishments, proactively reduced the CO2 emissions of the vehicle fleet, discouraged the use of printed materials in the offices and actively encouraged the use of on-line collaboration platforms for remote working across the business. Wherever practical, employees are actively encouraged to recycle waste consumable materials and Inspired strictly adheres to the WEEE regulations during the disposal and recycling processes across the business.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern statement

The Company is party to the Group banking facilities. The directors of the Group have prepared forecasts which demonstrate that the Group has sufficient headroom to continue to trade for a period of at least 12 months from the date of signing. On this basis the directors believe that it is appropriate to prepare these financial statements on a going concern basis.

Post balance sheet events

Details of post balance sheet events relevant to the Company are disclosed in note 12 to the attached financial statements.

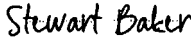
INSPIRED GAMING (HOLDINGS) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Auditors

The auditors, Ecovis Wingrave Yeats LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21.12.2020 and signed on its behalf.

DocuSigned by:

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S F B Baker
Director

INSPIRED GAMING (HOLDINGS) LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

INSPIRED GAMING (HOLDINGS) LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRED GAMING (HOLDINGS) LIMITED****Opinion**

We have audited the financial statements of Inspired Gaming (Holdings) Limited (the 'Company') for the period ended 31 December 2019, which comprise the Profit and Loss Account, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

INSPIRED GAMING (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRED GAMING (HOLDINGS) LIMITED- (CONTINUED)

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INSPIRED GAMING (HOLDINGS) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRED GAMING (HOLDINGS) LIMITED
(CONTINUED)**

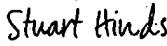
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Stuart Hinds (Senior Statutory Auditor)

for and on behalf of

Ecovis Wingrave Yeats LLP

Chartered Accountants
Registered Auditors

Waverley House
7-12 Noel Street
London
W1F 8GQ

Date: 21.12.2020

INSPIRED GAMING (HOLDINGS) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

The Company has not traded during the period or the preceding financial year. During these periods, the Company received no income and incurred no expenditure and therefore made neither profit or loss.

INSPIRED GAMING (HOLDINGS) LIMITED
REGISTERED NUMBER: 05304991

BALANCE SHEET
AS AT 31 DECEMBER 2019

| | | 31 December 2019 £000 | 30 September 2018 £000 |
|--|------|--------------------------------|---------------------------------|
| | Note | | |
| Fixed assets | | | |
| Investments | 6 | 298,603 | 298,603 |
| | | <u>298,603</u> | <u>298,603</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 177,046 | 84,157 |
| | | <u>177,046</u> | <u>84,157</u> |
| Creditors: amounts falling due within one year | 8 | (458,094) | (365,205) |
| | | <u>(458,094)</u> | <u>(365,205)</u> |
| Net current liabilities | | <u>(281,048)</u> | <u>(281,048)</u> |
| Total assets less current liabilities | | <u>17,555</u> | <u>17,555</u> |
| Net assets | | <u>17,555</u> | <u>17,555</u> |
| Capital and reserves | | | |
| Share premium account | 10 | 5,653 | 5,653 |
| Profit and loss account | 10 | 11,902 | 11,902 |
| | | <u>17,555</u> | <u>17,555</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21.12.2020

DocuSigned by:

Stewart Baker

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S F B Baker

Director

The notes on pages 13 to 22 form part of these financial statements.

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

Inspired Gaming (Holdings) Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in England and Wales, registration number 05304991. The registered office is First floor, 107 Station Street, Burton on Trent, Staffordshire, DE14 1SZ. The Company is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The Company's ultimate parent undertaking at the period end, Inspired Entertainment, Inc., and its immediate subsidiary, DMWSL 633 Limited, include the Company in their consolidated financial statements. In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling due within the fair value accounting rules of Paragraph 36(4) of Schedule 1;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company's functional and presentational currency is sterling. Unless otherwise stated, all amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Going concern

The Company is party to the Group banking facilities. The directors of the Group have prepared forecasts which demonstrate that the Group has sufficient headroom to continue to trade for a period of at least 12 months from the date of signing. On this basis the directors believe that it is appropriate to prepare these financial statements on a going concern basis.

1.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

INSPIRED GAMING (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****1. Accounting policies (continued)****1.4 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.5 Taxation

Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.6 Related parties

The Company has taken advantage of the exemption afforded by FRS 102 not to disclose details of transactions and balances with other companies that are wholly owned by Inspired Entertainment, Inc.

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Impairment of assets

Assessments are made by the Directors at least yearly, to coincide with the balance sheet reporting date, as to whether there are any indications that assets such as goodwill, investments and intangible fixed assets may be impaired. If indicators exist, an assessment is made of the asset's recoverable amount which involves estimating the asset's value in use vs its fair value. If the asset's recoverable amount does not exceed its carrying value, an impairment loss representing the difference is recognised in the Profit and Loss Account immediately. Judgements necessary in determining whether an impairment is required include estimating cash inflows relating to the asset, estimating the Group's cost of capital and estimating the fair value of the asset.

Deferred tax assets

Deferred tax assets are required to be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets are recognised in the financial statements on timing differences caused by the existence of a defined benefit liability and decelerated capital allowances. To assess whether it is probable that these assets will be recovered, the Directors must consider forecasts of future trading and differences between trading and taxable profits, to estimate the timing of which taxable profits will occur. The actual timing of such taxable profits may vary from those anticipated.

3. Auditors' remuneration

Auditors' remuneration is paid on a Group basis by a fellow subsidiary and is disclosed in the financial statements of DMWSL 633 Limited.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

Directors' emoluments were paid in respect of directors of the Company by its subsidiary company, Inspired Gaming (UK) Limited, and are disclosed in the financial statements of that company. The directors' services to the Company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to Inspired Gaming (UK) Limited.

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

5. Taxation

Factors affecting tax charge for the period/year

The tax assessed for the period/year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

| | 15 Months ended 31 December 2019 £000 | Year ended 30 September 2018 £000 |
|---|--|---|
| Effects of: | | |
| Group relief | 7,354 | 7,209 |
| Transfer pricing adjustments | (7,354) | (7,209) |
| Total tax charge for the period/year | - | - |

Factors that may affect future tax charges

Legislation to decrease the UK corporation tax rate to 17%, effective 1 April 2020, was substantively enacted in September 2016. This will reduce the Company's future current tax charge accordingly.

A change in law to keep the rate at 19% was temporarily enacted by a resolution under the Provisional Collection of Taxes Act 1968 at the end of March 2020. This represents a substantial enactment for the purposes of UK GAAP.

The Company did not recognise the deferred tax asset in respect of the following items on the basis that future economic benefit is uncertain:

| | 31 December 2019 £000 | 30 September 2018 £000 |
|------------------|--------------------------------|---------------------------------|
| Non-trade losses | 3,142 | 3,090 |

INSPIRED GAMING (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

6. Fixed asset investments

| | Investments in subsidiary companies £000 |
|--------------------------|---|
| Cost or valuation | |
| At 1 October 2018 | 298,603 |
| At 31 December 2019 | 298,603 |

INSPIRED GAMING (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****6. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding |
|---|------------------------|----------------|
| Inspired Gaming (UK) Limited | Ordinary | 100% |
| Inspired Gaming (International) Limited | Ordinary | 100% |
| Ever 2532 Limited | Ordinary | 100% |
| Astra Games Limited | Ordinary | 100% |
| Bell-Fruit Group Limited | Ordinary | 100% |
| Gamestec Leisure Limited | Ordinary | 100% |
| Playnation Limited | Ordinary | 100% |
| Harlequin Gaming Limited | Ordinary | 100% |
| Inspired Gaming (Colombia) Limited | Ordinary | 100% |
| Inspired Gaming (Italy) Limited | Ordinary | 100% |
| Inspired Gaming (Greece) Limited | Ordinary | 100% |
| Inspired Software Development (India) LLP | Partner | 100% |
| Inspired Gaming (Gibraltar) Limited | Ordinary | 100% |
| Inspired Gaming Spain S.L. | Ordinary | 100% |
| Inspired Gaming Limited | Ordinary | 100% |
| Virtual Racing Systems Limited | Ordinary | 100% |
| Inspired Gaming Pension Trustees Limited | Ordinary | 100% |
| Revolution Entertainment Systems Holdings Limited | Ordinary | 100% |
| Revolution Entertainment Systems Limited | Ordinary | 100% |
| Revolution Entertainment Systems (2) Limited | Ordinary | 100% |
| 115 CR (150) Limited | Ordinary | 100% |
| Leisure Link Electronic Entertainment Limited | Ordinary | 100% |
| Bell-Fruit Games Limited | Ordinary | 100% |
| Leisure Projects Limited | Ordinary | 100% |
| Fun House Leisure Sales Limited | Ordinary | 100% |
| Fun House Leisure Limited | Ordinary | 100% |
| Inspired Entertainment (Malta) Holdings Limited | Ordinary | 100% |
| Inspired Entertainment (Malta) Limited | Ordinary | 100% |

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

6. Fixed asset investments (continued)

Subsidiary undertakings (continued)

All subsidiary undertakings were held by a subsidiary of the Company with the exception of Inspired Gaming (UK) Limited, Inspired Gaming (International) Limited and Ever 2532 Limited which were held directly by the Company.

All subsidiary undertakings have an accounting reference date of 31 December with the exception of Inspired Gaming Pension Trustees Limited which has an accounting reference date of 31 March.

All subsidiary undertakings are incorporated in the United Kingdom with the exception of Inspired Software Development (India) LLP, Inspired Gaming (Gibraltar) Limited, Inspired Gaming Spain S.L., Inspired Entertainment (Malta) Holdings Limited and Inspired Entertainment (Malta) Limited which are incorporated in India, Gibraltar, Spain and Malta respectively.

All subsidiary undertakings have a registered office address of First Floor, 107 Station Street, Burton on Trent, Staffordshire, DE14 1SZ, with the following exceptions:

Playnation Limited, Unit 17 Berkeley Court, Manor Park, Runcorn, Cheshire, WA7 1TQ
Inspired Software Development (India) LLP, Aiswarya, 57/784, Indira Nagar Kadavanthara Ernakulam, Kerala- 682020

Inspired Gaming (Gibraltar) Limited, Suite 23, Portland House, Gibraltar, GX11 1AA

Inspired Gaming Spain S.L., Calle Zurbaràn 9, Local Derecha, Madrid, Spain

Inspired Entertainment (Malta) Holdings Limited, 115B, Suite 3, Old Mint Street, Valletta, VLT 1515, Malta

Inspired Entertainment (Malta) Limited, 115B, Suite 3, Old Mint Street, Valletta, VLT 1515, Malta

Fun House Leisure Limited, HBJ Gateley LLP, Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH

INSPIRED GAMING (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****7. Debtors**

| | 31 | 30 |
|------------------------------------|-----------------------|------------------|
| | December | <i>September</i> |
| | 2019 | 2018 |
| | £000 | £000 |
| Amounts owed by group undertakings | 177,046 | 84,157 |
| | <u>177,046</u> | <u>84,157</u> |

8. Creditors: Amounts falling due within one year

| | 31 | 30 |
|------------------------------------|-----------------------|------------------|
| | December | <i>September</i> |
| | 2019 | 2018 |
| | £000 | £000 |
| Amounts owed to group undertakings | 458,094 | 365,205 |
| | <u>458,094</u> | <u>365,205</u> |

9. Share capital

| | 2019 | 2018 |
|--|-------------|-------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 4 (2018 - 4) Ordinary shares of £1.00 each | 4 | 4 |

Each share is entitled to one vote and is entitled pari-passu to dividend payments and/or other distributions including a distribution arising from any winding-up of the company.

10. Reserves**Share premium account**

Amounts in share premium account represent monies received for shares in excess of par value.

Profit and loss account

This reserve represents accumulated realised profits and losses of the company.

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

11. Contingent liabilities

During the period, one of the Company's parent undertakings entered into a new Senior Facilities Agreement. This facility is secured by fixed and floating charges over the assets of a number of Group companies as obligors, including the Company, in favour of Lucid Trustee Services Limited, acting as agent for the arrangers and lenders.

During the prior year, one of the Company's parent undertakings entered into a Note Purchase Agreement and Guaranty. The facility was secured on a first-priority basis (subject to certain exceptions) by a lien granted to Cortland Capital Market Services LLC, acting as note and collateral agent for the purchasers, for the benefit of the secured parties under the Note Purchase Agreement on substantially all of the assets of the Company. This charge has been satisfied in full at 31 December 2019.

At 31 December 2019, secured liabilities amounted to £216,498,000 (2018 - £107,354,000).

12. Post balance sheet events

As a result of the spread of the COVID-19 coronavirus outbreak and subsequent government controls across the territories in which the Company and the Group operates (including, but not limited to, the United States, United Kingdom, Greece and Italy) economic uncertainties have arisen which will negatively impact future revenues, at least in the short term, while our customers' respective land-based venues are closed. Market conditions could remain volatile for some months, and financial impacts could occur, including impairments to Group receivables, inventory, goodwill and other long lived assets including assets held by the Group pension scheme, where the funded status of the plan recognised on the balance sheet could have deteriorated if post balance sheet experience is taken into account. The potential impact across all asset categories is currently unknown, and will depend, primarily, upon the extent of the length of controls.

13. Controlling party

At the period end, the Company's immediate parent company was Inspired Gaming Group Limited.

The largest and smallest group into which these financial statements are consolidated are headed by Inspired Entertainment, Inc. and Inspired Gaming Group Limited respectively.

Inspired Entertainment, Inc., a company incorporated in the USA, is considered to be the ultimate controlling party.

Group financial statements can be obtained from the Company Secretary at First Floor, 107 Station Street, Burton on Trent, DE14 1SZ.