

INSPIRED GAMING (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



INSPIRED GAMING (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	S F B Baker B H Pierce C Damon
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	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 YEAR ENDED 31 DECEMBER 2022

The Directors present their Strategic Report for the year ended 31 December 2022.

The company has not traded during the year.

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 Inspired Gaming (UK) 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, 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 Directors' 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 Directors regularly review 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 Directors 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 28 September 2023 and signed on its behalf.



S F B Baker
Director

INSPIRED GAMING (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Dividends

The Directors do not propose the payment of a dividend (2020 - £Nil).

Directors

The Directors who served during the year were:

S F B Baker
B H Pierce
C Damon

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 YEAR ENDED 31 DECEMBER 2022

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 land-based and mobile channels around the world. The Group's Gaming, Virtual Sports, Interactive and Leisure products appeal to a wide variety of players, creating new opportunities for operators to grow their revenue.

The Group operates in approximately 35 jurisdictions worldwide, supplying gaming systems with associated terminals and content for more than 35,000 gaming machines located in betting shops, pubs, gaming halls and other route operations; virtual sports products through more than 32,000 retail channels and various online websites; digital games for 300+ websites; and a variety of amusement entertainment solutions with a total installed base of more than 27,000 devices.

Media is a powerful tool for engaging customers, creating brand recognition, and amplifying our products, services, and customer relationships. The Group's customer facing marketing portal is an effective resource that supports all of customers' marketing needs. Our Account Management helps sustain and expand relationships with customers whilst working closely with multiple business departments to maintain and further develop relationships with key accounts. By providing reliable and transparent services, we have been able to preserve and build strong relationships whilst 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 are committed to working with suppliers who conduct business ethically and have developed a number of compliance policies designed to combat any unethical business conduct. We expect our suppliers to comply with our Code of Ethics.

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 Board of Inspired Entertainment, Inc. is committed to maintaining a dialogue regarding shareholders and ensuring an understanding of their 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 the Executive Chairman and President and CEO, on behalf of the Board, meets shareholders and analysts regularly and reports to the Board on these discussions. The Board receives updates on shareholder engagement and analyst commentary. The Board also receives presentations from corporate brokers on the Group's positioning in relation to capital markets.

Some of the activities undertaken during 2022 are summarized below:

- Engagement with shareholders, potential shareholders and analysts by a combination of the Executive Chairman, the President and Chief Operating Officer, the Chief Financial Officer, the Chief Strategy Officer and the Investor Relations team (including attendance at investor

INSPIRED GAMING (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

- conferences, tradeshow and one-on-one investor meetings and calls).
- The Executive Directors updated the largest shareholders as well as sell-side analysts following the quarterly results and also attended a number of investor conferences, fireside chats and roadshows.

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 have notification requirements across all territories so engage with regulators about shareholder and other corporate changes across the business as necessary. 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 through trade associations to formal consultations (of which there are expected to be more than fifty launched by DCMS and the UK Gambling Commission following the recent white paper including online stake review and proposal for a mandatory levy). More generally in the UK, we maintain strong relationships with the UK Gambling Commission as well as with local authorities with respect to the licensing of our B2C business 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 (BGC) and British Amusement Catering Trade Association (BACTA) through which we communicate with DCMS over a range of issues including policy development.

The Environment

The Group is committed to looking at ways in which it can reduce its carbon footprint and the wider impact it has on the environment, with an aim for continuous improvement.

We have begun to build a structured roadmap of initiatives and strategies, including the formation of two environmental working groups. The Green Team, which is made up of passionate volunteers from different departments/locations within the business, and a Steering Committee chaired by an Executive, with representatives from the Office of Executive Chairman.

As well as taking action, the Group's environmental working groups are now encouraging all employees to generate ideas that help build a climate-positive and waste-reducing culture and to be more individually conscious within current practises/procedures. Employees are actively encouraged to recycle waste consumable materials and Inspired strictly adheres to the WEEE regulations with respect to disposal and recycling processes across the business.

Wherever possible, we have already made conscious decisions to lessen our impact on the environment. This includes reducing our waste, consolidating our waste management, using renewable energy suppliers for all our UK offices and regional distribution centres and fitting LED lighting across several locations to reduce energy consumption.

In 2022 we began work to create QR codes that replace paper manuals on many of our gaming machines, and where possible we have exchanged plastic bubble wrap packaging with recyclable corrugated cardboard.

We have held meetings with a number of our customers to ensure we are aligned with their plans and the targets and will work with them to help them achieve their goals.

Greenhouse gas emissions, energy consumption and energy efficiency action

Information in respect of greenhouse gas emissions, energy consumption and energy efficiency action is included on a Group basis in the Directors' Report of Inspired Gaming (UK) Limited, which does not form a part of this report. The Company is included as a part of this information and has not, therefore, separately disclosed information relating to the Company as an individual undertaking in this report.

INSPIRED GAMING (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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 28 September 2023 and signed on its behalf.



S F B Baker
Director

INSPIRED GAMING (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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 year ended 31 December 2022, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 2022 and of its result for the year 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INSPIRED GAMING (HOLDINGS) LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 year 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.

INSPIRED GAMING (HOLDINGS) LIMITED

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We considered our general commercial and sector experience and held a discussion with the directors and other management personnel to identify laws and regulations that could reasonably be expected to have a material effect on the financial statements.
- We determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework, Financial Reporting Standard 102 ("FRS 102") and the relevant tax compliance regulations in the jurisdictions in which the Company operates. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- In addition, there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to gambling authorities in the markets in which the company operates, environmental, occupational health and safety, employment law, data protection regulation, fraud, bribery and corruption. For these laws and regulations, the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through withdrawal of trading licences or regulatory approval of products, fines or litigation being imposed. As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Potential non-compliance with gambling authority regulations was identified as a key audit risk given its significance to our audit.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with a number of individuals, including with individuals outside of the finance function, and conducted interviews to understand where they considered there was susceptibility to fraud. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to revenue recognition and areas of estimate and judgement in the financial statements, specifically the following:
 - o impairment of assets.

INSPIRED GAMING (HOLDINGS) LIMITED

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

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit. The specific audit procedures performed included:
 - o Review of Board minutes and senior management meeting minutes;
 - o Review of correspondence with regulatory bodies;
 - o Review of large and unusual bank transactions;
 - o Challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to the deferred tax asset, accounting for the group reconstruction, intangible asset capitalisation and amortisation, depreciation of tangible fixed assets, impairment of assets, assessment of provisions, accounting for the defined benefit pension scheme and accounting for share based payments; and
 - o Walkthrough tests on key accounting systems and identification and testing of key controls;
 - o Enquiries of staff as to examples of management override of controls;
 - o Conversations with management and key staff responsible for compliance and review of legal fees incurred by the Company;
 - o Identification of related parties including close family members and analytics on the company's data to ensure that all related party transactions have been identified and are bona fide;
 - o Written confirmations from the company's solicitors confirming no actual or pending litigation;
 - o Identifying and testing journal entries.

There are inherent limitations of an audit. There is a higher risk that irregularities, including fraud, will not be detected during the audit as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The primary responsibility for the prevention and detection of non-compliance with all laws and regulations and fraud lies with both those charged with governance of the entity and management.

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.

INSPIRED GAMING (HOLDINGS) LIMITED

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

Use of our report

This report is made solely to the Company's members, as a body, 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, as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Hinds

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

28 September 2023

INSPIRED GAMING (HOLDINGS) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Tax on profit	6	1,524	-
Profit for the financial year		1,524	-

The notes on pages 17 to 25 form part of these financial statements.

INSPIRED GAMING (HOLDINGS) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Profit for the financial year		1,524	-
		<hr/>	<hr/>
Other comprehensive income			
		<hr/>	<hr/>
Total comprehensive income for the year		1,524	-
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 17 to 25 form part of these financial statements.

INSPIRED GAMING (HOLDINGS) LIMITED
REGISTERED NUMBER: 05304991

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	7	194,120	194,120
		<u>194,120</u>	<u>194,120</u>
Current assets			
Debtors: amounts falling due after more than one year	8	1,524	-
Debtors: amounts falling due within one year	8	177,047	177,047
		<u>178,571</u>	<u>177,047</u>
Creditors: amounts falling due within one year	9	(349,631)	(349,631)
Net current liabilities		<u>(171,060)</u>	<u>(172,584)</u>
Total assets less current liabilities		<u>23,060</u>	<u>21,536</u>
Net assets		<u><u>23,060</u></u>	<u><u>21,536</u></u>
Capital and reserves			
Share premium account	12	5,653	5,653
Profit and loss account	12	17,407	15,883
		<u>23,060</u>	<u>21,536</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2023.



S F B Baker
Director

The notes on pages 17 to 25 form part of these financial statements.

INSPIRED GAMING (HOLDINGS) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2021	-	5,653	15,883	21,536
At 1 January 2022	-	5,653	15,883	21,536
Comprehensive income for the year				
Profit for the year	-	-	1,524	1,524
At 31 December 2022	-	5,653	17,407	23,060

The notes on pages 17 to 25 form part of these financial statements.

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 401 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., includes the Company in its 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; and
- Cash Flow Statement and related notes.

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.

The following principal accounting policies have been applied:

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 YEAR ENDED 31 DECEMBER 2022

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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

1.5 Transactions with key management personnel

Key management personnel include all those persons within the UK Group that have authority and responsibility for planning, directing and controlling the activities of the Group. Amounts disclosed as transactions with such persons include emoluments, company contributions to defined contribution pension schemes, compensation for loss of office, share based payments and employer social security contributions for the periods that they served the Group in the capacity of key management.

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

1.7 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 YEAR ENDED 31 DECEMBER 2022

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 Inspired Gaming (UK) Limited.

4. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2021 - £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 YEAR ENDED 31 DECEMBER 2022

5. Transactions with key management personnel

Compensation was paid in respect of key management personnel of the Company by the Company's fellow group member, Inspired Gaming (UK) Limited, and is disclosed in the financial statements of that company. The key management personnel's services to the Company are of a non-executive nature and their compensation is deemed to be wholly attributable to their services to Inspired Gaming (UK) Limited.

6. Taxation

	2022 £000	2021 £000
Deferred tax		
Origination and reversal of timing differences	(1,524)	-
Total deferred tax credit	<u>(1,524)</u>	<u>-</u>
Taxation credit on (loss)/profit on ordinary activities	<u>(1,524)</u>	<u>-</u>

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Effects of:		
Unrelieved tax losses carried forward	(1,524)	-
Group relief	2,664	2,746
Transfer pricing adjustments	(2,664)	(2,746)
Total tax credit for the year	<u>(1,524)</u>	<u>-</u>

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2021 passed Royal Assent on 10 June 2021, which increased the rate of corporation tax to 25% from April 2023 for companies with chargeable profits over £250,000. In the September 2022 'Mini Budget' it was announced that the increase to 25% would not occur and the corporation tax rate would instead be held at 19%. This was subsequently reversed. The 19% rate was not substantively enacted, and as a result the planned increase to 25% will take place in April 2023 as expected. Any UK deferred tax assets and liabilities have therefore been calculated using a rate of 25%.

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

	2022 £000	2021 £000
Non-trade losses	3,097	4,621

7. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2022	194,120
At 31 December 2022	194,120

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. 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%
Astra Games Limited	Ordinary	100%
Bell-Fruit Group Limited	Ordinary	100%
Gamestec Leisure Limited	Ordinary	100%
Playnation Limited	Ordinary	100%
Inspired Entertainment (Malta) Holdings Limited	Ordinary	100%
Inspired Entertainment (Malta) 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%
Inspired Gaming Pension Trustees Limited	Ordinary	100%
Revolution Entertainment Systems Holdings Limited	Ordinary	100%
Revolution Entertainment Systems Limited	Ordinary	100%
115 CR (150) Limited	Ordinary	100%
Leisure Link Electronic Entertainment Limited	Ordinary	100%

All subsidiary undertakings were held by a subsidiary of the Company with the exception of Inspired Gaming (UK) Limited and Inspired Gaming (International) 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, Unit no.1106, 11th Floor, Lulu Cyber Tower II, SEZ Infopark, Kakkanad, Kochi - 682042, India
 Inspired Gaming (Gibraltar) Limited, Suite 23, Portland House, Gibraltar, GX11 1AA
 Inspired Gaming Spain S.L., Calle Zurbarán 9, Local Derecha, Madrid, Spain
 Inspired Entertainment (Malta) Holdings Limited, Level 3 (Suite 2684) Tower Business Centre, Tower Street, Swatar, Birkirkara, BKR4013, Malta
 Inspired Entertainment (Malta) Limited, Level 3 (Suite 2685) Tower Business Centre, Tower Street, Swatar, Birkirkara, BKR4013, Malta

INSPIRED GAMING (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Debtors

	2022	2021
	£000	£000
Due after more than one year		
Deferred tax asset	1,524	-
	<u>1,524</u>	<u>-</u>
	2022	2021
	£000	£000
Due within one year		
Amounts owed by group undertakings	<u>177,047</u>	<u>177,047</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

9. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Amounts owed to group undertakings	<u>349,631</u>	<u>349,631</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

10. Deferred taxation

	2022
	£000
Charged to profit or loss	1,524
At end of year	<u>1,524</u>

The deferred tax asset is made up as follows:

	2022	2021
	£000	£000
Tax losses carried forward	1,524	-
	<u>1,524</u>	<u>-</u>

INSPIRED GAMING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
4 (2021 - 4) Ordinary shares of £1.00 each	<u>4</u>	<u>4</u>

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.

12. 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.

13. Contingent liabilities

At 31 December 2022 one of the Company's fellow Group undertakings has outstanding Senior Secured Notes. The Notes are secured by fixed and floating charges over the assets of a number of Group companies as chargors, including the Company, in favour of GLAS Trust Corporation Limited, acting as agent for the arrangers and lenders.

At 31 December 2022, secured liabilities amounted to £235,000,000 (2021 - £235,000,000).

14. 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 is headed by Inspired Entertainment, Inc.

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.