Intralot Australia Pty Ltd

ACN 114 435 531

Annual report for the financial year ended 31 December 2023

General purpose financial report - simplified disclosures for the year ended 31 December 2023

Directors' report

The directors of Intralot Australia Pty Ltd submit herewith the annual financial report of the company for the financial year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the names of the directors of the company during or since the end of the financial year are:

Name

- Bill Karvela
- Athanasios Baoustanos (resigned 5 July 2023)
- Brian Forrest (resigned 31 July 2023)
- Garry Peter Mitchell
- Chrysostomos Sfatos (resigned 15 June 2023)
- Nikolaos Nikolakopoulos (appointed 15 June 2023)
- Jill Taylor (appointed 10 August 2023)
- Julia Cameron (appointed 10 August 2023)

The above named directors held office during and since the end of the financial year unless otherwise stated.

Principal activities

The principal activity of Intralot Australia Pty Ltd ("the company") in the course of the financial year was the maintenance of lottery hardware/software in the state of Western Australia. The company is the parent entity of the consolidated group consisting of the company and the entities it controlled at the end of, or during, the year ended 31 December 2023. Throughout the report, the consolidated group is referred to as the Group.

Intralot Gaming Services Pty Ltd (IGS), a subsidiary of the company has the principal activity of providing the electronic monitoring and YourPlay systems for all hotel and club gaming machines in Victoria.

Review of operations

The profit after tax of the Group and company for the financial year was $7,605,565 (2022: $7,245,481) and $7,379,323 (2022: $7,254,079) respectively.

Changes in state of affairs

There was no significant change in the state of affairs of the company during the financial year.

Subsequent events

On 24 January 2024, the company has reduced the bank guarantee amount by $7,500,000 following the amendment to an existing commercial arrangement.

On 29 February 2024, the company has declared a dividend of $4,000,933. The dividend was paid to the holder of fully paid ordinary shares on 1 March 2024 and was franked to 100% at 30% corporate income tax rate.

There have been no other transactions or events of a material and unusual nature between the end of the reporting period and the date of the report likely, in the opinion of the Directors of the company, to affect significantly the operations of the company, the results of those operations, or state of affairs of the company in future years.

Future developments

The company expects to maintain the present status and level of operations in the state of Western Australia. Intralot Gaming Services Pty Ltd (IGS), a subsidiary of the company expects to maintain the present status and level of operations from its principal activities other than those matters highlighted above.

Dividends

In respect of the financial year ended 31 December 2023, dividends of $4,000,933 and $3,130,142 were paid to the holder of fully paid ordinary shares on 10 March 2023 and 21 September 2023 respectively and were franked to 100% at 30% corporate income tax rate. (2022: $6,989,865).

Indemnification of officers and auditors

During the financial year, Intralot S.A (ultimate parent of Intralot Australia Pty Ltd) paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the financial year.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the annual report pursuant to s.295 of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors.

On behalf of the Directors

Bill Karvela
Director

Melbourne, 28 March 2024

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Intralot Australia Pty Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Intralot Australia Pty Ltd for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 28 March 2024

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Independent Auditor's Report

To the Members of Intralot Australia Pty Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Intralot Australia Pty Ltd (the Company) and its subsidiary (the Group) which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2023, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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.

Responsibilities of the Directors’ for the financial report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standard – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the *Corporations Act 2001*. The Directors’ responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group’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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor’s report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Clllimpson

M J Climpson
Partner – Audit & Assurance

Melbourne, 28 March 2024

Directors’ declaration

The directors declare that:

(a) in the directors’ opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors’ opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group and the company.

Signed in accordance with a resolution of the directors made pursuant to s.295 of the *Corporations Act 2001*.

Bill Karvela
Director

Melbourne, 28 March 2024

Consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023

	Notes	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Continuing operations					
Revenue	5	33,675,428	32,006,804	2,734,263	2,500,302
Other gains and losses	6	15,097	(13,588)	(3,284)	1,632
Investment income	6	-	-	7,150,008	7,200,000
Other income	6	435,847	353,222	1,731	527
Employee benefits expenses	6	(6,679,853)	(6,149,083)	(710,240)	(707,956)
Administration expenses		(11,242,419)	(11,014,469)	(308,092)	(362,433)
Occupancy expenses		(142,538)	(126,318)	-	-
Depreciation and amortisation expense	6	(3,859,481)	(3,507,539)	(301,386)	(300,839)
Travel and accommodation expenses		(165,881)	(105,284)	(17,879)	(11,328)
Finance costs		(366,403)	(342,771)	(292,500)	(296,959)
(Impairment losses)/reversal of impairment losses of financial assets		(4,632)	9,522	-	-
Other expenses	6	(790,737)	(761,076)	(774,577)	(745,548)
Profit before tax		10,874,428	10,349,420	7,478,044	7,277,398
Income tax expense	7(a)	(3,268,863)	(3,103,939)	(98,721)	(23,319)
Profit for the year		7,605,565	7,245,481	7,379,323	7,254,079
Other comprehensive income for the year		-	-	-	-
Total comprehensive profit for the year		7,605,565	7,245,481	7,379,323	7,254,079

The accompanying notes form part of these financial statements.

Consolidated statement of financial position at 31 December 2023

	Notes	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Current assets					
Cash and cash equivalents	8	7,340,260	7,507,446	727,453	1,291,294
Trade and other receivables	9	3,924,346	3,609,586	1,996,238	5,125,875
Dividends receivable		-	-	-	3,000,000
Inventories	10	68,445	82,571	-	-
Other assets	11	1,349,482	626,975	339,957	319,041
Total current assets		12,682,533	11,826,578	3,063,648	9,736,210
Non-current assets					
Property, plant and equipment	12	5,470,789	5,528,859	308,021	603,546
Right-of-use assets	13	882,745	975,385	-	-
Other intangible assets	14	5,503,073	6,667,516	-	-
Investment		-	-	7,214,949	12
Deferred tax assets	7(b)	-	-	288,504	270,676
Total non-current assets		11,856,607	13,171,760	7,811,474	874,234
Total assets		24,539,140	24,998,338	10,875,122	10,610,444
Current liabilities					
Trade and other payables	15	4,479,345	5,250,447	1,058,396	983,139
Lease liabilities	16	435,895	333,472	-	-
Current tax liabilities		496,006	547,034	496,006	547,034
Provisions	17	1,152,316	1,052,000	116,243	116,479
Total current liabilities		6,563,562	7,182,953	1,670,645	1,646,652
Non-current liabilities					
Lease liabilities	16	525,597	695,705	-	-
Provisions	17	88,109	84,171	5,090	12,653
Deferred tax liabilities	7(b)	156,974	305,101	-	-
Total non-current liabilities		770,680	1,084,977	5,090	12,653
Total liabilities		7,334,242	8,267,930	1,675,735	1,659,305
Net assets		17,204,898	16,730,408	9,199,387	8,951,139
Equity					
Issued capital	20	53,063,352	53,063,352	53,063,352	53,063,352
Accumulated losses		(35,858,454)	(36,332,944)	(43,863,965)	(44,112,213)
Total equity		17,204,898	16,730,408	9,199,387	8,951,139

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the financial year ended 31 December 2023

Group	Issued capital	Accumulated losses	Total
	$	$	$
Balance at 1 January 2022	53,063,352	(36,588,560)	16,474,792
Profit for the year	-	7,245,481	7,245,481
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	7,245,481	7,245,481
Dividends	-	(6,989,865)	(6,989,865)
Balance at 31 December 2022	53,063,352	(36,332,944)	16,730,408
Profit for the year	-	7,605,565	7,605,565
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	7,605,565	7,605,565
Dividends	-	(7,131,075)	(7,131,075)
Balance at 31 December 2023	53,063,352	(35,858,454)	17,204,898

Parent	Issued capital	Accumulated losses	Total
	$	$	$
Balance at 1 January 2022	53,063,352	(44,376,427)	8,686,925
Profit for the year	-	7,254,079	7,254,079
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	7,254,079	7,254,079
Dividends	-	(6,989,865)	(6,989,865)
Balance at 31 December 2022	53,063,352	(44,112,213)	8,951,139
Profit for the year	-	7,379,323	7,379,323
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	7,379,323	7,379,323
Dividends	-	(7,131,075)	(7,131,075)
Balance at 31 December 2023	53,063,352	(43,863,965)	9,199,387

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows
for the financial year ended 31 December 2023

	Notes	Group		Parent	
		2023	2022	2023	2022
		$	$	$	$
Cash flows from operating activities					
Receipts from customers		37,144,939	34,444,392	3,069,030	2,765,237
Other payments to suppliers and employees		(23,840,112)	(18,921,197)	(2,067,068)	(1,932,773)
Interest and other costs of finance paid		(294,223)	(298,881)	(292,500)	(296,959)
Payment of interest on lease liabilities		(69,935)	(40,721)	-	-
Interest received		102,665	12,010	2,170	527
Income tax paid		(3,468,018)	(2,610,231)	(3,468,018)	(2,610,231)
Net cash provided by/(used in) operating activities		9,575,316	12,585,372	(2,756,386)	(2,074,199)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		2,938	-	-	-
Payments for property, plant and equipment		(1,760,745)	(1,887,383)	(5,861)	-
Payments for intangible assets		(451,998)	(415,941)	-	-
Repayments by key management personnel		-	50,290	-	-
Dividends received from related party		-	-	7,150,008	9,200,000
Net cash (used in)/provided by investing activities		(2,209,805)	(2,253,034)	7,144,147	9,200,000
Cash flows from financing activities					
Amounts received from related party		-	-	2,179,473	-
Repayment of lease liabilities		(401,622)	(464,484)	-	-
Dividends paid		(7,131,075)	(6,989,865)	(7,131,075)	(6,989,865)
Net cash used in financing activities		(7,532,697)	(7,454,349)	(4,951,602)	(6,989,865)
Net increase/(decrease) in cash and cash equivalents		(167,186)	2,877,989	(563,841)	135,936
Cash and cash equivalents at the beginning of the year		7,507,446	4,629,457	1,291,294	1,155,358
Cash and cash equivalents at end of the year	8	7,340,260	7,507,446	727,453	1,291,294

The accompanying notes form part of these financial statements.

1. General information

Intralot Australia Pty Ltd is a proprietary company limited by shares, incorporated and operating in Australia. The parent entity of Intralot Australia Pty Ltd is Intralot Global Holdings B.V., a company incorporated and domiciled in Netherlands; and the ultimate parent entity is Intralot S.A., a company incorporated and domiciled in Greece.

Intralot Australia Pty Ltd's registered office and its principal place of business are as follows:

Level 4, 650 Lorimer Street
PORT MELBOURNE, VIC 3207

2. Adoption of new and revised Accounting Standards

2.1 New and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) affecting amounts reported and/or disclosures in the financial statements

New and revised Standards and Interpretations effective for the current year that are relevant to the Group and the company include:

- AASB 2022-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of these amendments does not have any material impact on the amounts reported and/or disclosures in the Group's financial statements in the current year.

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current	1 January 2024

The adoption of these Standards is not expected to impact the financial statements.

3. Significant accounting policies

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards- Simplified Disclosure Regime, and comply with other requirements of the law.

For the purpose of preparing the general purpose financial statements, the company is a for-profit entity. The financial report was authorised for issue by the directors on 28 March 2024.

3. Significant accounting policies (cont'd)

Basis of preparation
The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Going concern
These financial statements have been prepared on a going concern basis that presumes that funds will be available to finance future operations and that the assets will be realised and the liabilities settled in the normal course of business.

The Management is not aware of any material uncertainties about the ability of the Group and the company to continue as a going concern.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of consolidation
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where consolidated entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(b) Borrowings
Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss and other comprehensive income over the period of the borrowing using the effective interest rate method.

(c) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

3. Significant accounting policies (cont'd)

(d) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

(e) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial
liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

<u>Financial assets</u>
Financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

<u>Classification of Financial assets</u>

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).
Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

<u>Initial measurement of financial assets</u>

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs.

3. Significant accounting policies (cont'd)

(e) Financial instruments (cont'd)
Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI
- Financial assets at FVTPL

(i) Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

(ii) Debt instruments at fair value through other comprehensive income (Debt FVTOCI)
Debt FVTOCI initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss.

(iii) Equity instruments at fair value through other comprehensive income (Equity FVTOCI)
Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

(iv) Financial assets at fair value through profit or loss (FVTPL)
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Net gain/(loss) arising on financial assets measured at FVTPL" line.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade and other receivables and contract assets
The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Financial liabilities and Equity
Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. Significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

<u>Financial liabilities and Equity (cont'd)</u>

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the entity's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the entity's own equity instruments.

<u>Financial liabilities</u>

<u>Financial liabilities at FVTPL</u>

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

<u>Financial liabilities measured subsequently at amortised cost</u>

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(f) Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The amortisation rates used for intangible assets are:

Software	6.7 - 33%

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. Significant accounting policies (cont'd)

(i) Impairment of tangible and intangible assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Leased assets

The company as a lessee:

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognises the lease payments as an expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

3. Significant accounting policies (cont'd)

(j) Leased assets (cont'd)

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The company applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3j.

(k) Income tax

The company is part of a tax-consolidated group under Australian taxation law, of which Intralot Australia Pty Limited is the head entity. As a result, Intralot Gaming Services Pty Limited is subject to income tax through its membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group (including Intralot Gaming Services Pty Limited) using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Intralot Gaming Services Pty Limited and Intralot Australia Pty Limited have agreed to pay a tax equivalent payment to or from the head entity equal to the tax liability or asset assumed by the head entity for that period as noted above. Such amounts are reflected in amounts receivable from or payable to the head entity. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

3. Significant accounting policies (cont'd)

(k) Income tax (cont'd)

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant accounting policies (cont'd)

(l) Plant and equipment

Furniture and fixtures are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on furniture and fixtures. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The depreciation rates used for each class of depreciable assets are:

Computer equipment	6.7 - 33%
Plant and equipment	10 - 20%

(m) Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(n) Revenue recognition

Rendering of services

Revenue generated from monitoring and ancillary services is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring services to a customer. Customers simultaneously receive and consume benefits as the company performs and therefore revenue is recognised over time.

Sales of goods

Revenue from the sale of goods is recognised when control of the goods has transferred to the customer, being the point in time at which the customer accepts delivery of the goods.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

4. Critical accounting judgements, estimates and assumptions

In the application of the company's accounting policies, which are described below, the directors are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Property, plant and equipment

As described in note 3(m), the company reviews the estimated useful lives of property, plant and equipment at each reporting period. No changes to the useful lives were determined during the current year.

(b) Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- future increases in salaries and wages and future on cost rates;
- experience of employee departures and period of service (long service leave).

(c) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(d) Leases

Following the application of AASB16, the Management has considered the key contracts and examined whether each contract is or contains a lease. The discount rate applied on the leases is at 6.5% p.a. and this is based on the Group's past commercial bill with Westpac Banking Corporation and the comparative rates from CANSTAR business loans unsecured at the time the leases were initially recognised.

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
5. Revenue				
Government licence				
Monitoring services	13,270,235	12,405,092	-	-
YourPlay	9,325,545	8,818,767	-	-
Ancillary services	8,345,385	8,275,023	-	-
	30,941,165	29,498,882	-	-
Government supply and service contract				
Design and installation	28,264	262,545	28,264	262,545
Support and maintenance	2,372,386	2,209,453	2,372,386	2,209,453
Sale of equipment and spare parts	333,613	28,304	333,613	28,304
	2,734,263	2,500,302	2,734,263	2,500,302
Other services and revenue				
Other revenue	-	7,620	-	-
	-	7,620	-	-
Timing of revenue recognition				
Services transferred over time	33,313,551	31,708,335	2,372,386	2,209,453
Goods transferred at a point in time	361,877	298,469	361,877	290,849
	33,675,428	32,006,804	2,734,263	2,500,302

6. Profit/(loss) for the year before tax from continuing operations

Profit/(loss) for the year has been arrived at after (charging)/crediting the following items of expense and other income:

	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Other gains and losses				
Net realised foreign exchange gain/(loss)	14,511	5,763	(3,284)	1,632
Gain/(loss) on sale or disposal of property, plant and equipment	586	(19,351)	-	-
	15,097	(13,588)	(3,284)	1,632
Investment income				
Dividend income from related party	-	-	7,150,008	7,200,000
Other income				
Interest received	107,184	12,010	1,731	527
Guarantee fee	327,492	340,776	-	-
Other income	1,171	436	-	-
	435,847	353,222	1,731	527

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
6. Profit/(loss) for the year before tax from continuing operations (cont'd)				
Employee benefits expenses				
Wages and salaries	(5,631,367)	(5,291,695)	(610,527)	(615,928)
Superannuation expense	(575,684)	(502,611)	(63,160)	(59,486)
Other employee benefits	(472,802)	(354,777)	(36,553)	(32,542)
	(6,679,853)	(6,149,083)	(710,240)	(707,956)
Depreciation and amortisation expense				
Depreciation	(2,243,040)	(1,916,178)	(301,386)	(300,839)
Amortisation	(1,616,441)	(1,591,361)	-	-
	(3,859,481)	(3,507,539)	(301,386)	(300,839)
Other expenses				
Cost of sales	(743,315)	(705,855)	(743,315)	(701,235)
Other expenses	(47,422)	(55,221)	(31,262)	(44,313)
	(790,737)	(761,076)	(774,577)	(745,548)
Remuneration of auditors				
Audit services	(145,500)	(106,000)	(33,850)	(20,000)
Non-audit services	(22,000)	(20,500)	(11,000)	(10,250)
The auditor is Grant Thornton				

7(a). Income taxes relating to continuing operations

	Group 2023	Group 2022	Parent 2023	Parent 2022
Current tax				
In respect of the current year	(3,416,990)	(2,677,931)	(116,549)	(44,330)
In respect of the previous year	-	6,000	-	-
	(3,416,990)	(2,671,931)	(116,549)	(44,330)
Deferred tax				
In respect of the current year	148,127	(432,008)	17,828	21,011
In respect of the previous year	-	-	-	-
	148,127	(432,008)	17,828	21,011
Income tax (expense)/benefit	(3,268,863)	(3,103,939)	(98,721)	(23,319)

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statement as follows:

	Group 2023	Group 2022	Parent 2023	Parent 2022
Profit before income tax from continuing operations	10,874,428	10,349,420	7,478,044	7,277,398
Income tax expense calculated at 30%	(3,262,328)	(3,104,826)	(2,243,413)	(2,183,219)
Tax adjustment for prior year tax return	-	6,000	-	-
Tax effect of non-assessable income	-	-	2,145,002	2,160,000
Tax effect of non-deductible expenses	(6,535)	(5,113)	(310)	(100)
Income tax expense	(3,268,863)	(3,103,939)	(98,721)	(23,319)

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
7(b). Deferred tax balances				
Deferred tax assets	1,107,861	1,057,726	290,370	270,892
Deferred tax liabilities	(1,264,835)	(1,362,827)	(1,866)	(216)
Net deferred tax (liabilities)/assets	(156,974)	(305,101)	288,504	270,676

Group 2023	**Opening balance**	**Recognised in profit or loss**	**Closing balance**
Deferred tax (liabilities)/assets in relation to:	**$**	**$**	**$**
Intangible assets	(388,569)	108,460	(280,109)
Tangible assets	(969,012)	(1,442)	(970,454)
Unearned income	284,782	5,481	290,263
Provisions	349,595	22,533	372,128
Lease liabilities	308,753	(20,306)	288,447
Accruals	99,799	31,437	131,236
Other	9,551	1,964	11,515
	(305,101)	148,127	(156,974)

Parent 2023	**Opening balance**	**Recognised in profit or loss**	**Closing balance**
Deferred tax (liabilities)/assets in relation to:	**$**	**$**	**$**
Intangible assets	-	7,304	7,304
Tangible assets	-	(1,400)	(1,400)
Unearned income	215,360	7,701	223,061
Provisions	38,839	(2,439)	36,400
Accruals	14,919	4,369	19,288
Other	1,558	2,293	3,851
	270,676	17,828	288,504

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
8. Cash and cash equivalents				
Cash on hand	580	580	-	-
Cash at bank	7,166,680	7,283,866	727,453	1,241,294
Cash on deposit	173,000	223,000	-	50,000
	7,340,260	7,507,446	727,453	1,291,294
9. Trade and other receivables				
Trade receivables	3,524,025	3,261,240	-	31,135
Related party receivables	329,342	340,776	1,996,238	5,094,740
Other debtors	70,979	7,570	-	-
	3,924,346	3,609,586	1,996,238	5,125,875

Trade receivables are non-interest bearing with credit terms generally settled within 7 to 30 days depending on the nature of the sales transaction. A loss allowance for expected credit losses is recognised when there is objective evidence that an individual trade receivable is impaired. The loss allowance is included within impairment losses of financial assets in the statement of profit or loss and other comprehensive income. All trade receivables that are not impaired are expected to be received within credit terms.

10. Inventories				
Finished goods	68,445	82,571	-	-
11. Other assets				
Accrued income	4,411	1,943	-	440
Deferred expense	298,047	22,609	6,426	11,304
Prepayments	1,047,024	602,423	333,531	307,297
	1,349,482	626,975	339,957	319,041

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
12. Property, plant and equipment				
Computer equipment at cost	16,945,719	15,608,739	1,793,019	1,787,158
Accumulated depreciation	(11,484,627)	(10,106,542)	(1,484,998)	(1,183,612)
	5,461,092	5,502,197	308,021	603,546
Plant and equipment at cost	596,543	593,436	6,230	6,230
Accumulated depreciation	(586,846)	(566,774)	(6,230)	(6,230)
	9,697	26,662	-	-
Total property, plant and equipment	5,470,789	5,528,859	308,021	603,546

Group 2023	**Computer equipment**	**Plant and equipment**	**Total**
Cost	**$**	**$**	**$**
Balance at 1 January 2023	15,608,739	593,436	16,202,175
Additions	1,757,638	3,107	1,760,745
Disposals	(420,658)	-	(420,658)
Balance at 31 December 2023	16,945,719	596,543	17,542,262
Accumulated depreciation			
Balance at 1 January 2023	(10,106,542)	(566,774)	(10,673,316)
Depreciation	(1,796,391)	(20,072)	(1,816,463)
Disposals	418,306	-	418,306
Balance at 31 December 2023	(11,484,627)	(586,846)	(12,071,473)
Carrying amount as at 31 December 2023	5,461,092	9,697	5,470,789

Parent 2023	**Computer equipment**	**Plant and equipment**	**Total**
Cost	**$**	**$**	**$**
Balance at 1 January 2023	1,787,158	6,230	1,793,388
Additions	5,861	-	5,861
Disposals	-	-	-
Balance at 31 December 2023	1,793,019	6,230	1,799,249
Accumulated depreciation			
Balance at 1 January 2023	(1,183,612)	(6,230)	(1,189,842)
Depreciation	(301,386)	-	(301,386)
Disposals	-	-	-
Balance at 31 December 2023	(1,484,998)	(6,230)	(1,491,228)
Carrying amount as at 31 December 2023	308,021	-	308,021

	Group 2023	Group 2022	Parent 2023	Parent 2022
	$	$	$	$
13. Right-of-use assets				
Leased premises at cost	1,484,252	1,484,252	-	-
Accumulated depreciation	(1,043,560)	(823,243)	-	-
	440,692	661,009	-	-
Leased equipment at cost	1,262,890	928,953	-	-
Accumulated depreciation	(820,837)	(614,577)	-	-
	442,053	314,376	-	-
Total right-of-use assets	882,745	975,385	-	-

Group 2023	**Leased premises**	**Leased equipment**	**Total**
Cost	**$**	**$**	**$**
Balance at 1 January 2023	1,484,252	928,953	2,413,205
Additions	-	333,937	333,937
Disposals	-	-	-
Balance at 31 December 2023	1,484,252	1,262,890	2,747,142
Accumulated depreciation			
Balance at 1 January 2023	(823,243)	(614,577)	(1,437,820)
Depreciation	(220,317)	(206,260)	(426,577)
Disposals	-	-	-
Balance at 31 December 2023	(1,043,560)	(820,837)	(1,864,397)
Carrying amount as at 31 December 2023	440,692	442,053	882,745

	Group 2023	Group 2022	Parent 2023	Parent 2022
	$	$	$	$
Amounts recognised in the profit and loss				
Depreciation expense on right-of-use assets	(426,577)	(396,046)	-	-
Interest expense on lease liabilities	(69,935)	(40,721)	-	-

The total cash outflow for leases amount to $471,557 (2022: $505,205).

The Group has entered into the below lease during the current financial year:
i) Renewal of data centre services with Interactive on 1 May 2023. The data centre facility is at NextDC M2 - 75 Sharps Rd, Tullamarine VIC 3043.

The Group leases several assets including premises and equipment. The lease term is no more than 5 years.

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
14. Other intangible assets				
Software at cost	18,078,648	17,626,650	318,017	318,017
Accumulated amortisation	(12,575,575)	(10,959,134)	(318,017)	(318,017)
	5,503,073	6,667,516	-	-

Group 2023	**Software**	**Total**
Cost	**$**	**$**
Balance at 1 January 2023	17,626,650	17,626,650
Additions	451,998	451,998
Disposals	-	-
Balance at 31 December 2023	18,078,648	18,078,648
	-	
Accumulated amortisation		
Balance at 1 January 2023	(10,959,134)	(10,959,134)
Amortisation	(1,616,441)	(1,616,441)
Disposals	-	-
Balance at 31 December 2023	(12,575,575)	(12,575,575)
Carrying amount as at 31 December 2023	5,503,073	5,503,073

Parent 2023	**Software**	**Total**
Cost	**$**	**$**
Balance at 1 January 2023	318,017	318,017
Additions	-	-
Disposals	-	-
Balance at 31 December 2023	318,017	318,017
	-	
Accumulated amortisation		
Balance at 1 January 2023	(318,017)	(318,017)
Amortisation	-	-
Disposals	-	-
Balance at 31 December 2023	(318,017)	(318,017)
Carrying amount as at 31 December 2023	-	-

	Group		Parent	
	2023	**2022**	**2023**	**2022**
15. Trade and other payables	**$**	**$**	**$**	**$**
Trade payables	252,638	616,588	19,261	24,126
Goods and services tax payable	214,959	212,292	5,159	8,173
Unearned income	972,215	953,852	743,538	717,866
Other creditors and accruals	658,764	552,873	91,178	70,209
Related party payables	2,380,769	2,914,842	199,260	162,765
	4,479,345	5,250,447	1,058,396	983,139

16. Lease liabilities

Current				
Lease liabilities	435,895	333,472	-	-
Non-current				
Lease liabilities	525,597	695,705	-	-

Future lease payments

Future lease payments are due as follows:

Within one year	498,249	406,018	-	-
One to five years	531,878	724,999	-	-
	1,030,127	1,131,017	-	-

17. Provisions

Current				
Employee benefits	1,152,316	1,052,000	116,243	116,479
Non-current				
Employee benefits	39,917	38,223	5,090	12,653
Leasehold make-good	48,192	45,948	-	-
	88,109	84,171	5,090	12,653

Leasehold make-good

The provision represents the present value of the estimated costs to make good the premises leased by the company at the end of the respective lease terms.

17. Provisions (cont'd)

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Group 2023	**Leasehold make-good**
Cost	**$**
Carrying amount at the start of the year	45,948
Additional provisions recognised	-
Amounts used	-
Unwinding of discount	2,244
Carrying amount at the end of the year	48,192
	-

	Group		**Parent**	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
18. Financial Instruments				
Financial assets - amortised cost				
Cash and bank balances	7,340,260	7,507,446	727,453	1,291,294
Loans and receivables (including trade and other receivables and dividends receivable)	3,924,346	3,609,586	1,996,238	8,125,875
Financial liabilities - amortised cost				
Amortised cost (including trade and other payables)	4,479,345	5,250,447	1,058,396	983,139
Lease liabilities	961,492	1,029,177	-	-

19. Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

Compensation to directors and other members of key management personnel of the Group	905,701	790,923	111,542	115,763

20. Issued capital

2,353,490 fully paid ordinary shares (2022: 2,353,490)	53,063,352	53,063,352	53,063,352	53,063,352

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

20. Issued capital (cont'd)	**Group 2023 $**	**Group 2022 $**
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30%	3,784,139	3,372,296

21. Related party disclosures

The immediate parent of the Company is Intralot Global Holdings B.V. The ultimate parent company is Intralot S.A.

	Group 2023 $	**Group 2022 $**	**Parent 2023 $**	**Parent 2022 $**
	Fees charged to related parties			
Intralot Capital Luxembourg S.A.	327,492	340,776	-	-
	Investment income from related parties			
Intralot Gaming Services Pty Ltd	-	-	7,150,008	7,200,000
	Fees charged by related parties			
Intralot S.A.	9,857,950	9,638,397	811,900	833,559
Intralot New Zealand Ltd	-	25,000	-	-
Intralot Gaming Services Pty Ltd	-	-	75,600	75,600
Intralot Global Holdings B.V.	292,500	296,959	292,500	296,959

The following balances were outstanding at the end of the reporting period.

	Group 2023 $	**Group 2022 $**	**Parent 2023 $**	**Parent 2022 $**
	Amounts owed by related parties			
Intralot Gaming Services Pty Ltd	-	-	1,994,388	8,094,740
Intralot S.A.	1,850	-	1,850	-
Intralot Capital Luxembourg S.A.	327,492	340,776	-	-
	Amounts owed to related parties			
Intralot S.A.	2,355,927	2,890,000	166,073	130,905
Intralot Global Holdings B.V.	24,842	24,842	24,842	24,842
Intralot Gaming Services Pty Ltd	-	-	8,345	7,018

Terms and conditions of transactions with related parties

Sales and fees charged to related parties together with purchases and fees charged by related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding receivable or payable balances at year end are, unless noted otherwise, unsecured, interest free and settlement occurs in cash.

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**

22. Commitments for expenditure

<u>Capital commitments</u>

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Property, plant and equipment	533,951	772,600	-	-

23. Guarantees

The Group and the company have provided bank guarantees to a number of entities in connection to the provision of services and other commercial arrangements. These guarantees amount to $15,172,248 (2022: $15,222,248) of which $15,000,000 (2022: $15,000,000) is supported by Intralot S.A.

24. Subsidiaries

Name of subsidiary	**A.C.N**
Intralot Gaming Services Pty Ltd	136 875 673

25. Contingent assets, liabilities and commitments

Intralot Gaming Services Pty Ltd (IGS) entered into an agreement with Intralot S.A. to supply software and services to deliver services under the IGS's agreement with the Victorian Minister for Gaming for the provision of Pre-Commitment Services. Pursuant to the agreement between Intralot S.A. and the company, should the company be required to make the software available to the State of Victoria or another party nominated by the State of Victoria an advance is required to be made to Intralot S.A. of $5m for 10 years of such licensing.

At the date of this report the directors have determined that no events have occurred that crystallise this liability.

Intralot Gaming Services Pty Ltd (IGS), a subsidiary of the company, is a guarantor to a bond facility debt of a related party, Intralot Capital Luxembourg S.A. The amount of the guarantee is limited to the net assets of IGS which at 31 December 2023 amount to $15,220,460.

At the date of this report the directors have determined that no events have occurred that crystallise this liability.

26. Subsequent Events

On 24 January 2024, the company has reduced the bank guarantee amount by $7,500,000 following the amendment to an existing commercial arrangement.

On 29 February 2024, the company has declared a dividend of $4,000,933. The dividend was paid to the holder of fully paid ordinary shares on 1 March 2024 and was franked to 100% at 30% corporate income tax rate.

There have been no other transactions or events of a material and unusual nature between the end of the reporting period and the date of the report likely, in the opinion of the Directors of the company, to affect significantly the operations of the company, the results of those operations, or state of affairs of the company in future years.