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26 March 2024

ASX Release

ASX Code: AGI:

Ainsworth Game Technology Limited ("AGT" or the "Company")

CY23 Annual Financial Report (Audited) And Reporting Adjustments

AGT encloses the audited Annual Financial Report for the financial year ended 31 December 2023 (CY23 Annual Financial Report) and highlights an adjustment (reduction) in income tax expense not included in the Appendix 4E: Preliminary Final Report released on 29 February 2024 (Preliminary Final Report).

The adjustment to income tax expense was identified as part of the auditing process following the lodgement of the Preliminary Final Report and primarily related to an overstatement of the current tax liability for the Latin American subsidiary within Argentina.

Other reclassifications and additional disclosure requirements reflected in the CY23 Annual Financial Report are not considered to be material in the context of information included in AGT's Preliminary Final Report.

The adjustment in income tax expense is outlined in the table below:

		Preliminary Final Report (unaudited)	Adjustment	CY23 Annual Financial Report (audited)
		A$'000	A$'000	A$'000
Consolidated Statement of Financial Position	Current Tax Liability	8,784	(2,427)	6,357
	Total Liabilities	105,301	(2,427)	102,874
	Net Assets	313,147	2,427	315,574
	Reserves	134,855	(71)	134,784
	Accumulated Losses	(29,417)	2,498	(26,919)
	Equity	313,147	2,427	315,574

		Preliminary Final Report (unaudited)	Adjustment	CY23 Annual Financial Report (audited)
		A$'000	**A$'000**	**A$'000**
Consolidated Statement of Profit or Loss and Other Comprehensive Income	Total Tax Expense	(11,680)	2,498	(9,182)
	Loss After Income Tax	(9,040)	2,498	(6,542)
	Foreign operations - foreign currency translation differences	(951)	(71)	(1,022)
	Total Comprehensive Loss	(9,991)	2,427	(7,564)

For the purposes of ASX Listing Rule 15.5, this announcement was authorised for lodgment by the Board.

Ends

For further information, please contact:

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Ainsworth Game Technology Limited

ABN: 37 068 516 665

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2023

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report of the Group comprising of Ainsworth Game Technology Limited (the Company) and its subsidiaries for the financial year ended 31 December 2023 and the auditor's report thereon.

1. DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Name, Qualifications & Independence Status	Experience, Special Responsibilities & Other Directorships
Current	
Mr Daniel Eric Gladstone *Chairperson and Independent Non-Executive Director*	▪ Danny has held senior positions within the gaming industry over a successful career spanning 50 years. ▪ Former Chairperson of Gaming Technologies Association. ▪ Inducted into the Club Managers Association Australia Hall of Fame in 2000. ▪ Former member of Regulatory and Compliance Committee of the Company from 2010 until 2019. ▪ Chief Executive Officer of the Company from 2007 (Executive Director since 2010) until 2019. ▪ Non-Executive Director of the Company since 2019, appointed Chairperson of the Board of Directors on 26 November 2019. ▪ Member of Audit & Risk Committee of the Company since 2021.
Mr Graeme John Campbell OAM *Independent Non-Executive Director*	▪ Graeme has specialised in liquor and hospitality for over 30 years in corporate consultancy services with particular emphasis on hotels and registered clubs. ▪ Independent Chairperson of Harness Racing Australia. ▪ Former Chairperson of Nominations Committee of Parramatta Rugby League Football Club (Eels) from 2017 to 2023. ▪ Former Chairperson of Harness Racing NSW, Former Director of Central Coast Stadium, Blue Pyrenees Wines and NSW Harness Racing Club. ▪ Former Director and Chairperson of Lantern Hotels Group and TerraCom Limited. ▪ Recipient of J.P. Stratton award and Ern Manea Gold Medal. Inducted into the Inter Dominion Hall of Fame in February 2014. Awarded Order of Australia medal in January 2018 for services to harness racing. ▪ Director of Liquor Marketing Group Limited (Bottle Mart) since 2013. ▪ Chairperson of Audit & Risk Committee of Illawarra Catholic Club Group.

DIRECTORS' REPORT

1. DIRECTORS (CONTINUED)

Name, Qualifications & Independence Status	Experience, Special Responsibilities & Other Directorships
Mr Graeme John Campbell OAM *(Continued)*	▪ Former member of the Regulatory and Compliance Committee of the Company until 2017. ▪ Member of Audit & Risk Committee of the Company since 2017 until 2019 – Chairperson since 2019 and member of Remuneration and Nomination Committee since 2015. ▪ Lead Independent Non-Executive Director of the Company since 2013 until appointed Chairperson in 2016 until 2019. Lead independent Non-Executive Director from 2019 until 11 July 2022.
Mr Colin John Henson Dip-Law BAB; FCPA; FCG (CS, CGP) FAICD *Independent Non-Executive Director*	▪ Colin has had a lengthy career in senior corporate positions and as a director and Chairperson of private companies and publicly listed companies across a broad range of industries. ▪ Fellow of the Australian Institute of Company Directors, Fellow of CPA (Certified Practising Accountants) Australia and Fellow of the Governance Institute of Australia. Colin is also a non-practising member of the Law Society of NSW. ▪ Non-Executive Director of the Company since 2013. ▪ Member of Audit & Risk Committee of the Company since 2017 and Chairperson from 2017 until 2019. Member of Audit & Risk Committee since 2019. ▪ Chairperson of Remuneration and Nomination Committee of the Company since 2015. ▪ Member of Regulatory and Compliance Committee of the Company since 2019 and Chairperson since 2021.
Ms Heather Alice Scheibenstock GAICD, FGIA *Independent Non-Executive Director*	▪ Heather has extensive leadership experience within the gaming and hospitality industries specialising in strategic planning and offshore growth spanning over 35 years. ▪ Currently Deputy Chair and Chair of the Quality and Outcomes Committee of Ability Options since 2017. ▪ And previously Non-Executive Director SenSen Networks Ltd and Chair of Audit and Risk Committee at SenSen Networks Ltd 2018-2022. ▪ Former Non-Executive Director of the Company from 2016 until 2019. ▪ Graduate of Australian Institute of Company Directors and member of Women on Boards. ▪ Fellow of Governance Institute of Australia. ▪ Appointed Non-Executive Director of the Company on 11 July 2022. ▪ Member of the Remuneration and Nomination Committee of the Company since December 2022.

1. DIRECTORS (CONTINUED)

Name, Qualifications & Independence Status	Experience, Special Responsibilities & Other Directorships
Dr Haig Edwin Asenbauer Attorney at law, member of the Bar Association of Vienna, Austria *Non-Executive Director – (not considered Independent due to role with Novomatic AG)*	▪ Haig has had an extensive and lengthy career as a practicing legal attorney within Austria. ▪ Qualified legal practitioner from Vienna University School of Law (Doctor iuris (J.S.D.) and Master iuris (J.D.) and admission to Bar Association of Vienna. ▪ Graduate from New York University School of Law (Master of Laws in Corporation Law) and Danube University Krems, Austria (expert in European Law). ▪ Former Chief Investment Officer/Member of the Group Executive Board at DO&CO Aktiengesellschaft, Vienna. ▪ Partner of the Austrian Law firm square17 Rechtsanwaelte GmbH in Vienna, Austria. ▪ Deputy Chairman of supervisory Board of Novomatic AG. ▪ Current Board Member of: Novo Swiss AG, Switzerland, Ace Swiss AG, Switzerland, Gryphon Investment AG, Switzerland, supervisory Board of iSi Automotive Holding GmbH, Austria, Privatstiftung Lauda, Austria, Attila Dogudan Privatstiftung, Austria, FIPO Privatstiftung, Austria, Pochtler Privatstiftung, Austria, JUST 4 Privatstiftung, Austria, MeSoFa Privatstiftung, Austria; and THY DO&CO İkram Hizmetleri Anonim Şirketi, Turkey. ▪ Appointed Non-Executive Director of the Company on 22 March 2023.

2. COMPANY SECRETARY

Mr Mark L Ludski has held the position of Company Secretary since 2000. Mr ML Ludski previously held the role of Finance Manager with another listed public company for ten years and prior to that held successive positions in two leading accounting firms where he had experience in providing audit, taxation and business advisory services.

Mr ML Ludski is a member of Australian Institute of Company Directors and a Chartered Accountant holding a Bachelor of Business degree, majoring in accounting and sub-majoring in economics.

Mr ML Ludski was previously a member of the Remuneration and Nomination Committee and is currently a member of the Regulatory and Compliance Committee, a role held since 2021.

3. DIRECTORS MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Directors	Board Meetings		Audit and Risk Committee Meetings		Remuneration & Nomination Committee Meetings		Regulatory & Compliance Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
DE Gladstone	12	12	5	5	-	-	-	-
GJ Campbell	12	12	5	5	5	5	-	-
CJ Henson	12	12	5	5	5	5	4	4
HA Scheibenstock	12	12	-	-	5	5	-	-
HE Asenbauer	10	10	-	-	-	-	-	-

A Number of meetings attended

B Number of meetings held during the year (excluding approved leave of absence and meetings held whilst not a director/member)

4. PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were design, development, manufacturing, sales and distribution of gaming content and platforms including electronic gaming machines, other related equipment and services and online social and real money games. The Group continues to execute strategies to expand and diversify its product offerings within both land-based and online gaming markets, including social gaming and licensed "Real Money" gambling markets.

There were no significant changes in the nature of the activities of the Group during the year.

4.1 Objectives

Ainsworth is a well-established and recognised gaming machine developer, designer and manufacturer operating in local and global markets. Our strategy is built around our mission statement of 'A Legacy To Create' which is to provide high quality innovative gaming solutions globally and to secure sustainable profitability and growth for all stakeholders.

The Group's objectives are to:

- produce games that are appealing to players utilising our broad range of talented skilled game designers along with collaborations with third party game developers;
- focus on regaining market share decline in domestic market and growing international revenue;
- improve profitability within geographical markets that are expected to achieve the greatest contributions to the Group's financial results, and creation of growth;
- diversify and expand on contributions from recurring revenue through additional units under gaming operation;

4. PRINCIPAL ACTIVITIES (CONTINUED)

- prudently invest in product research and development in order to provide quality market leading products that are innovative and entertaining, and result in increased player satisfaction and therefore greater venue profitability;
- further expand presence within online gaming markets, including social gaming and licensed "Real Money" gambling markets through collaborations with other major online platform providers;
- prudently manage levels of investment in working capital and further improve cash flow from operations to facilitate investment in growth opportunities; and
- provide an improved return on shareholder equity through profitability, payment of dividends and share price growth.

To meet these objectives, the following priority actions will continue to apply in future financial years:

- grow the Group's footprint and operating activities in domestic and international markets;
- continual investment in research and development to produce innovative products with leading edge technology;
- implement and actively monitor risk management strategies to minimise risks and challenges arising from post pandemic conditions;
- manage product and overhead costs through improved efficiencies in supply chain and inventory management;
- actively pursue initiatives to improve and reduce investment in working capital;
- maintain best practice compliance policies and procedures and increase stakeholder awareness of the Group's regulatory environment; and
- ensure retention and development of the Group's talent base.

4.2 Environmental Regulation

The Company is not subject to any particular or significant environmental legislation under the laws of the Commonwealth, State or Territory of Australia or in any of the other jurisdictions that the Group operates in. While the Company is not required to register and report under the National Greenhouse and Energy Reporting Act 2007 (Cth) (NGER Act), it continues to receive reports and monitors its position to ensure compliance with the NGER Act.

In addition, Ainsworth Game Technology is committed to being compliant with all applicable environmental laws and regulatory obligations relevant to its operations and has policies and procedures in place that are designed to ensure that those obligations are identified and appropriately addressed. Ainsworth is committed to regularly reviewing and assessing any potential exposures to environmental regulations and ensure meaningful contributions towards sustainable developments are being maximised and addressed accordingly.

The Company assembles gaming machines and systems in Australia, North America, and Latin America. The Company uses limited amounts of harmful chemicals in its assembly process.

4. PRINCIPAL ACTIVITIES (CONTINUED)

During this financial year, the Company has not been prosecuted, is not subject to any proceedings, and has not been convicted of any significant breaches of environmental regulations. The Directors are not aware of any breaches of any environmental legislation or any significant environmental incidents during the financial year.

5. OPERATING & FINANCIAL REVIEW

During the reporting period, there are certain components of the prior half financial statements (i.e. 6 months ended 31 December 2022) that have been restated due to error. Please refer to Note 2 of this financial report for further details.

The Group changed its financial year to a calendar year basis ending 31 December, effective 1 January 2023. The comparative period for this financial report is the last audited financial report which is the 6 months period ended 31 December 2022. For the purpose of providing a comparable review of the Group's financial results, this section of the report will outline a compilation for the 12 months ended 31 December 2022 financial results which are unaudited. These are based on audited results for the 6 months period ended 31 December 2022 and the second half of the audited financial year ended 30 June 2022.

5.1 Business Strategy and Investments for Future Performance

Business Strategy

Ainsworth's strategy has always been built around our mission which is to provide high quality innovative gaming solutions globally and to secure sustainable profitability and growth for all stakeholders.

The Group continues to focus on executing its key priority actions as outlined below:

- employ the best talent available to drive effective and efficient product development;
- grow the Group's footprint and operating activities in domestic and international markets, particularly North America;
- target investment in research and development to produce innovative products with leading edge technology;
- manage product and overhead costs through improved efficiencies in supply chain and inventory management; and
- pursue initiatives to continually improve and reduce investment in working capital.

The Group entered H2 CY22 with a redefined global team of executive leadership members led by Mr Harald Neumann, the Group's chief executive officer (CEO). Mr Neumann's top priority is to ensure that Ainsworth's global team is aligned with the same growth vision which will allow the Group to maintain the momentum achieved in future periods. During the year, under Mr Neumann's leadership, he has established a new global organisational structure with new product leadership and clear lines of accountability. He has also initiated implementation of a range of measures focusing on technology, development, and culture to improve product performance, lift staff retention rates and enhance AGT's ability to attract world class development talent.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

The Group has shown resilience with a strong balance sheet that will allow the Group to continually invest in talent to develop innovative products and technological capabilities to accelerate growth objectives in future periods.

Investments for Future Performance

The Group continues to evaluate opportunities within domestic and international gaming markets during the period. During the year, the Group expanded A-Star™ cabinet range with the release of the 32" inch version and Raptor A-Star™ in the market. These cabinets were well received and continue to receive positive reviews. Further investments in research and development have been pursued to ensure game developments continue to complement the A-Star™ hardware range. This investment is expected to assist the ongoing expansion and breadth of innovative, technically advanced and consistently high performing products.

During the year, the Group continued to execute previously identified strategies and plans across its global product development operations, which most notably includes game development, software and hardware activities. The Group has significantly bolstered its ability to develop highly competitive game content through the expansion of its internal studios with the appointment of additional experienced game developers in Australia and Las Vegas.

Furthermore, the Group has in place agreements with third-party game development studios located in various parts of the world to further diversify the Group's game content and complement the innovation capabilities of the Group's internal studios.

The Group has now started to secure key regulatory approvals for a new EGM software platform that will power the Group's future range of games. This software platform provides a more "off-the-shelf" development environment that allows the Group to deliver a broader and more complex range of gaming content that benefit from the efficiencies provided by modern software development methodologies and tools. This has also enabled the Group to attract new software development talent from a larger pool of highly skilled software developers.

On 29th March 2023, an amended and restated integration and content distribution agreement ("Amended Agreement") with Game Account Network (GAN) was executed, replacing the previously executed Content Distribution Agreement ("Previous Agreement"). Under the Previous Agreement, the Group provided GAN (Game Account Network) with the exclusive use of current and future Ainsworth real money online game assets within the U.S. for a minimum guaranteed consideration of US$30 million for a period of 5 years, commencing 1st July 2021. Under the Amended Agreement, this exclusivity with GAN terminates on 31st March 2023, instead of 1st November 2026 and the Group has received additional compensation of 1,250,000 ordinary shares in GAN. The Amended Agreement has triggered a reassessment of revenue recognition and as a result, additional revenue of $1.9 million has been recognised in the current period. Revenue from GAN accounts for 69% of total Online Revenue.

Ainsworth's acquisition of MTD Gaming Inc. in 2020, a Montana-based game development company that specialises in video poker and keno products continues to positively contribute to the Group's financial results. Ainsworth has since rebranded these lines of products as Gambler's Gold which are now deployed in Nevada and California. In 2023, Ainsworth extended an exclusivity agreement in Montana with Golden Entertainment (acquired by J&J Ventures) for an additional 12 month period. This gives J&J the sole right to commercialise Ainsworth's market leading multi game sets utilising their own proprietary trademark of Montana Gold. At G2E 2023 Ainsworth displayed the new Bear Elite slant top cabinet as the next generation of cabinet to be utilised with the Gambler's Gold game suite.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

The Group's Class II Historical Horse Racing ("HHR") products continues to be placed into existing and new markets, with Ainsworth continuing to integrate products from other manufacturers such as IGT, Light n Wonder and Konami. This niche product has been a top performer in its class since its initial launch and continues to outperform its competitors. Ainsworth continues to be a market leader in HHR with expansion into New Hampshire and Alabama as well as additional locations in Kentucky and Wyoming. Expansion of HHR in Kansas will be pursued in 2025. Additional Class II opportunities in Massachusetts and Ontario are being pursued in 2024.

The synergies and benefits with the Group's majority shareholder, Novomatic AG (NAG), are continuing to be explored. During the year, Ainsworth signed an online game development with Greentube, a subsidiary of Novomatic, whereby Ainsworth develops and hosts Novomatic games through Ainsworth's proprietary remote gaming server in the Online Real Money Gaming market within North America. Opportunities to cooperate for technical, commercial, and content sharing are continually being pursued for both companies. During the year, games developed by NAG's game studio, Octavian, have been launched into Americas on Ainsworth's hardware and these games have been the top performing games for Ainsworth in the Latin America market.

5.2 Risk management and material risks

The Group encounters a range of risks that may threaten its ability to meet its objectives.

To address these risks the Group has in place a detailed risk management procedures that detail the objectives and actions required to deliver a best practice approach to integrating risk management into the Group's leadership, business planning, staff culture and day-to-day operations.

Key responsibility for ensuring the Group adheres to its risk management procedure rests with the Board and the Group's Audit and Risk Committee.

The Audit and Risk Committee reviews the risks identified and assessed by management. The key risks identified during this process of review are provided to the Board.

Below is a table that summarises the key risks that have been identified by the Group, along with a summary of the required actions to reduce the likelihood or the consequences for the business should any of these risks eventuate.

Risk	Description	Mitigation Measures
Breach of laws, regulations, and license conditions	Any material breach or failure to meet gaming compliance requirements and the requirements of any other applicable laws may have an adverse impact on the financial performance and	The Group maintains robust regulatory compliance oversight across all business functions to ensure the Group's dealings with government, regulatory bodies, customers and suppliers are conducted lawfully and with integrity and respect for all stakeholders. Internal auditor periodically reviews and provides independent assurance regarding the adequacy of controls and processes for managing risk and compliance obligations.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Risk	Description	Mitigation Measures
	operating position of the Group.	Employees and managers are provided with training and support to enable them to effectively manage their risk and compliance obligations. The Group regularly reviews its policies and procedures to ensure they support the objective of ongoing compliance with all applicable laws. A recent review of these policies and procedures identified a requirement for greater oversight of the Group's activities in higher risk jurisdictions. The outcome of this review is on-going to ensure actions to mitigate identifiable risks have been addressed.
The introduction of new laws, regulations or requirements that result in adverse outcomes	Changing community attitudes towards gaming risk, the occurrence of adverse government or regulatory action against the Group or the gaming industry.	Proactive support by the Group for measures supported by evidence as to their effectiveness that promote responsible game play. Engagement through the manufacturer peak body, the Gaming Technologies Association Limited, with governments, regulators and academics/ researchers in the development of evidence-based policy outcomes.
Attraction and retention of talented employees	The Group has experienced heightened competition for talent in all areas of operation. This has been exacerbated by inflationary impacts and evolving employee requirements, placing the Group at risk of losing employees particularly those employees that hold strategically important functions that are difficult to replace.	The Group is providing greater investment in the Group's global human resource management capabilities. The Group continually conducts employee salary and incentive benchmarking across all core functions. The Group allows adoption of flexible work policies. Adopting a mix of employee rewards and incentives that are directed towards long-term employee retention. There is also increased investment in employee training, employee diversity and leadership development.
Global supply chain disruption	Global supply chain challenges have impacted the Group's operations in all major markets resulting in customer order fulfillment delays.	The Group's global supply chain team is authorised to rapidly respond to market conditions as they evolve. The Group is continually identifying and where feasible using domestically based suppliers, or identifying alternate suppliers based in regions that carry less sovereign or geopolitical risk.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Risk	Description	Mitigation Measures
		Ongoing engagement with key suppliers to strengthen relationships and ensure delivery commitments are met. Enhancement of business resilience measures.
Cyber security breach resulting in business disruption and financial loss	The Group's businesses rely on the successful operation of its technology infrastructure. This infrastructure may be adversely affected by various factors including malicious attacks on technology systems or a significant hardware, software, or digital failure. In addition, the global requirement to work from home and or rely on digital solutions to maintain operations during the pandemic has caused a rapid rise in the frequency and sophistication of cyber-attacks.	The Group has policies, procedures, practices, frameworks, and resources in place to manage data security risks. The Group has disaster recovery plans and business continuity plans in place to manage major technology failures. The Group has implemented a global cyber security protection roadmap. It continues to rollout best practice global cybersecurity tools and data breach identification and protection measures. All employees are required to undertake an ongoing global information security training program to minimise the risk of human error (the main cause of cyber security attacks).
Loss of IP rights	Inability to protect the Group's intellectual property rights (IPR) may prevent the Group from effectively differentiating its product lines from those of its competitors, resulting in a loss of competitive advantage.	Proactive monitoring of competitor activities via product monitoring and the "watching" of competitor IP registrations in core markets. Targeted enforcement of IPR breaches where identified. Ongoing investment in the skills and capabilities of the Group's IPR specialist employees.
Litigation risks	From time to time the Group become involved or may become involved in litigation and disputes with third parties.	The Group maintains on staff specialist legal compliance and regulatory personnel and implements robust risk, compliance and contract management processes.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Risk	Description	Mitigation Measures
Foreign currency exposure	The Group is exposed to foreign currency exchange rates due to the economic and political uncertainties in the LATAM region where the group operates in.	The Group proactively monitors the foreign currency fluctuation and implements hedging strategies to mitigate this risk.
Market disruption and competition	A failure to adequately respond to market disruption and rising competition in any or all core markets will impact the Group's market share and revenues.	The Group has recruited leading industry talent as part of its increased investment in its global design and development function. The Group undertakes regular and ongoing reviews of customer requirements, technology changes and competitor activities. The Group has established management KPIs and incentives that support the development of innovative and differentiated product lines in all global markets.

5.3 Review of Financial Condition

Capital structure and treasury policy

The Company currently has on issue 336,793,929 ordinary shares. The Board continues to ensure a strong capital base is maintained to enable investment in the development of the business. The Group's performance is monitored to oversee an acceptable return on capital is achieved and dividends can be provided to ordinary shareholders in future periods. There were no changes in the Group's approach to capital management.

The Group is exposed to translational foreign currency risks that are denominated in currencies other than AUD. The Group continually monitors and reviews the financial impact of currency variations to minimise the volatility of changes and adverse financial effects in foreign currency exchange rates. During the reporting period, investments were made in Argentina to hedge the devaluation of the Argentinian ("ARG") Pesos against the US Dollar as well as the increased limitations within Argentina to restrict the transfer of monies held in this region. The macro-economic conditions in Argentina continued to be challenging and affected the recoverability of this investment in Argentina. The Group based on best available information, has fully written down these investments during the period. As there are still other investments being held in Argentina and cash inflows continually expected to be collected from customers within this region, the Group continually monitors the situation and regularly reviews strategies to minimise currency losses.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Cash flows

The movement in cash is set out as below:

In millions of AUD	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Profit before tax	**2.6**	**9.2**	**(6.6)**	**7.3**
Net interest income	(6.3)	(4.1)	(2.2)	(3.3)
Depreciation and amortisation	23.8	22.3	1.5	10.9
Change in working capital	(20.0)	(37.2)	17.2	(36.1)
Subtotal	0.1	(9.8)	9.9	(21.2)
Interest and tax paid	(4.1)	1.8	(5.9)	0.4
Other cash and non-cash movements	31.9	23.4	8.5	15.5
Net cash generated from / (used in) operating activities	**27.9**	**15.4**	**12.5**	**(5.3)**

In millions of AUD	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Net cash generated from / (used in) operating activities	**27.9**	**15.4**	**12.5**	**(5.3)**
Acquisitions of property, plant and equipment	(11.2)	(2.9)	(8.3)	(2.0)
Development expenditure	(4.9)	(3.3)	(1.6)	(1.9)
Proceeds from sale of investments in financial assets	3.1	-	3.1	-
Investment in financial assets	(16.8)	(9.8)	(7.0)	(4.9)
Proceeds from sale of property, plant and equipment	0.1	0.1	-	0.1
Interest received	-	0.1	(0.1)	
Net cash used in investing activities	**(29.7)**	**(15.8)**	**(13.9)**	**(8.7)**
Proceeds from borrowings	0.4	0.6	(0.2)	0.4
Repayment of borrowings	(0.6)	(15.0)	14.4	(0.4)
Proceeds from finance lease liabilities	-	0.8	(0.8)	0.7
Payment from finance lease liabilities	(1.7)	(2.1)	0.4	(1.1)
Borrowing costs paid	(0.9)	(1.4)	0.5	(0.6)
Net cash used in financing activities	**(2.8)**	**(17.1)**	**14.3**	**(1.0)**
Net change in cash	**(4.6)**	**(17.5)**	**12.9**	**(15.0)**

Cash movements for 12 months ended 31 December 2022 are unaudited.

The net decrease in cash predominantly relates to net cash from investing activities, which was attributable to investments in financial assets made during the period. These investments predominantly were made in Argentina during the year, $13.2 million of these investments were fully written down following difficulties faced by the investment company to meet its payments obligations. Additional CAPEX was incurred in the current period for tooling development costs for the new A-Star™ cabinet range released during the year and leasehold improvements undertaken at the Newington, Sydney facility.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Liquidity and funding

At 31 December 2023, the Group held cash of $19.8 million, down from the $29.9 million reported at 31 December 2022 (restated). The Group maintained strong overall liquidity and balance sheet over the reporting period.

The Group also has a secured bank loan facility of US$32.0 million with Western Alliance Bancorporation (WAB). In this facility, the Company's US-based operating subsidiary, Ainsworth Game Technology Inc., is established as the borrower and party to the relevant credit agreements while its parent entities within the AGT Group of companies, AGT Pty Ltd and Ainsworth Game Technology Limited, serve as guarantors. This facility is currently undrawn. During this reporting period, all financial covenants were met.

5.4 Earnings and Performance Summary

The Group delivered a statutory net loss after tax of $6.5 million in the twelve months ended 31 December 2023 ("CY23"), compared to the net profit after tax of $10.2 million profit recorded in the 12 months ended 31 December 2022 ("CY22"). The current year results were adversely impacted by foreign currency loss of $21.5 million recorded in CY23, compared to $2.6 million gain in CY22. The profit after tax, excluding the effect of net foreign currency movement was $9.5 million, an increase on the $7.7 million profit recorded in CY22. The current year profit before tax, excluding the effect of net foreign currency movement was $24.1 million, an increase of $17.5 million compared to CY22.

The following table summarises the results for the year:

In millions of AUD	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Reported results				
Total revenue	284.9	243.6	41.3	124.1
Profit before tax	2.6	9.2	(6.6)	7.3
(Loss) / profit after tax	(6.5)	10.2	(16.7)	2.7
EBITDA	20.1	27.4	(7.3)	14.9
EBIT	(3.7)	5.1	(8.8)	4.0
Earnings per share (fully diluted)	(1.9 cents)	3.0 cents	(4.9 cents)	0.8 cents
Underlying results (1)				
Profit before tax	41.5	37.6	3.9	18.8
Profit after tax	26.3	35.3	(9.0)	12.3
EBITDA	59.0	55.8	3.2	26.4
Balance sheet and cash flow				
Total assets	418.4	427.3	(8.9)	427.3
Net assets	315.6	321.9	(6.3)	321.9
Operating cashflow	27.9	15.4	12.5	(5.3)
Closing net cash	19.4	29.3	(9.9)	29.3

(1) Underlying results excludes foreign currency impacts and one-off items that are outside the ordinary course of business. These items are outlined as follows.

DIRECTORS' REPORT

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

In millions of AUD	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Foreign currency (losses) / gains	(21.5)	2.6	(24.1)	(2.1)
GAN exclusivity revenue	1.9	-	1.9	-
Write-down of investment in financial assets	(13.2)	-	(13.2)	-
Impairment of non-current assets	(6.1)	(9.1)	3.0	(3.9)
Provision for Mexican duties and other charges	-	(22.0)	22.0	(5.5)
Rent concessions	-	0.1	(0.1)	-
Total currency and one-off items	**(38.9)**	**(28.4)**	**(10.5)**	**(11.5)**

* The increase in provision for Mexican duties and other charges recognised in this reporting period relates to CPI and other adjustments and therefore has not been considered as one-off item.

Reconciliation of Underlying Profit after tax

In millions of AUD	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
(Loss) / profit after tax	(6.5)	10.2	(16.7)	2.7
Foreign currency losses / (gains)	16.0	(2.5)	18.5	1.3
GAN exclusivity revenue	(1.5)	-	(1.5)	-
Write-down of investment in financial assets	13.2	-	13.2	-
Impairment of non-current assets	5.1	8.2	(3.1)	3.4
Provision for Mexican duties and other charges	-	19.5	(19.5)	4.9
Rent concessions	-	(0.1)	0.1	-
Profit after tax adjusted for currency and one-off items	**26.3**	**35.3**	**(9.0)**	**12.3**

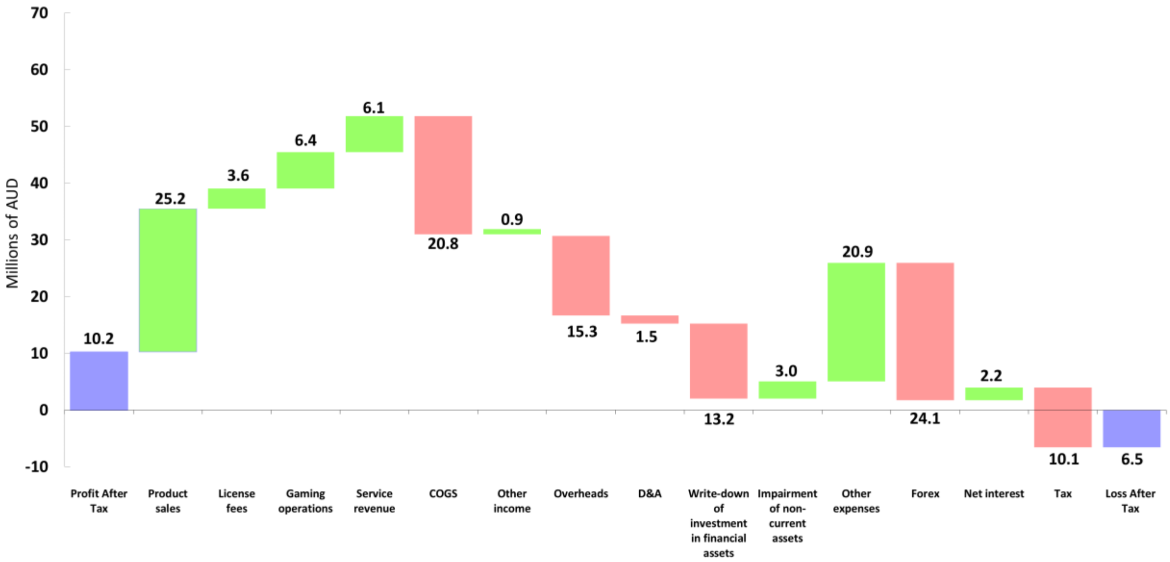
Key earnings and performance highlights are outlined below:

- Reported revenue improvement in CY23 compared to CY22 across all regions, predominantly attributable to the North America and Latin America regions;
- Rental and participation revenue contributed to 24% of the Group's total revenue;
- Ainsworth's leading Historical Horse Racing ("HHR") products and system continues to incrementally contribute to the Group's results with recurring connection fee of $25.4 million reported in this period;
- Outright sales momentum continued across all major markets;
- Net cash position of $19.4 million at 31 December 2023 compared to $29.3 million at 31 December 2022 (restated);
- Unfavourable foreign exchange rate predominately relating to the devaluation of investments held in Argentina and strengthening of the Mexican Pesos against USD relating to Mexican Tax Authority ("SAT") provision; and
- Improvement in underlying profit before tax and EBITDA, driven by increase in revenue and gross margin in Americas.

DIRECTORS' REPORT

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Net Profit After Tax movement CY22 to CY23 (A$ million)



The Group reported a loss after tax of $6.5 million compared to $10.2 million profit after tax, driven by adverse foreign currency loss and higher income tax expense recorded during this current period. Notable movements from NPAT in this period when compared to 31 December 2023 are set below:

- Increase in Class III product sales in Latin America;
- Increase in gaming operations revenue contribution from North and Latin America;
- Increase in overheads with additional headcounts occurred in CY2023, with full costs reflected in CY23 for expansion of game studios and related direct selling costs from increase revenue;
- Increase in COGS driven directly by increase in revenue. Gross margin maintained compared to CY22;
- Other expenses in CY23 predominantly represents $1.5 million for provision for the Mexican duties and other charges , an overall reduction from the other expenses recognised in CY22. Other expenses in CY22 predominantly represented $22.0 million for provision for the Mexican duties and other charges;
- Tax expense of $9.1 million recognised for the period, compared to $1.0 million income tax benefit recognised in CY22; and
- Unfavourable foreign exchange rate predominately relating to the devaluation of investments held in Argentina and strengthening of the Mexican Pesos against USD relating to Mexican Tax Authority ("SAT") provision.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

$'000	2023	H2 2022	2022	2021	2020
Revenue	$284,862	$124,147	$220,157	$159,520	$149,396
(Loss) / profit attributable to owners of the Company	($6,542)	$2,642	$16,690	($53,409)	($43,433)
Dividends paid	-	-	-	-	-
Change in share price ($A)	$0.23	$0.13	($0.28)	$0.83	($0.26)

Net (loss) / profit amount for all years as shown above have been calculated in accordance with Australian Accounting Standards Board (AASB). 2023 represents the twelve months ended 31 December 2023 results, H2 2022 represents the six months ended 31 December 2022 financial results and 2020 to 2022 represents the twelve months ended 30 June financial results (prior to change of financial results). Any restatements outlined in this financial report have been incorporated in the numbers above.

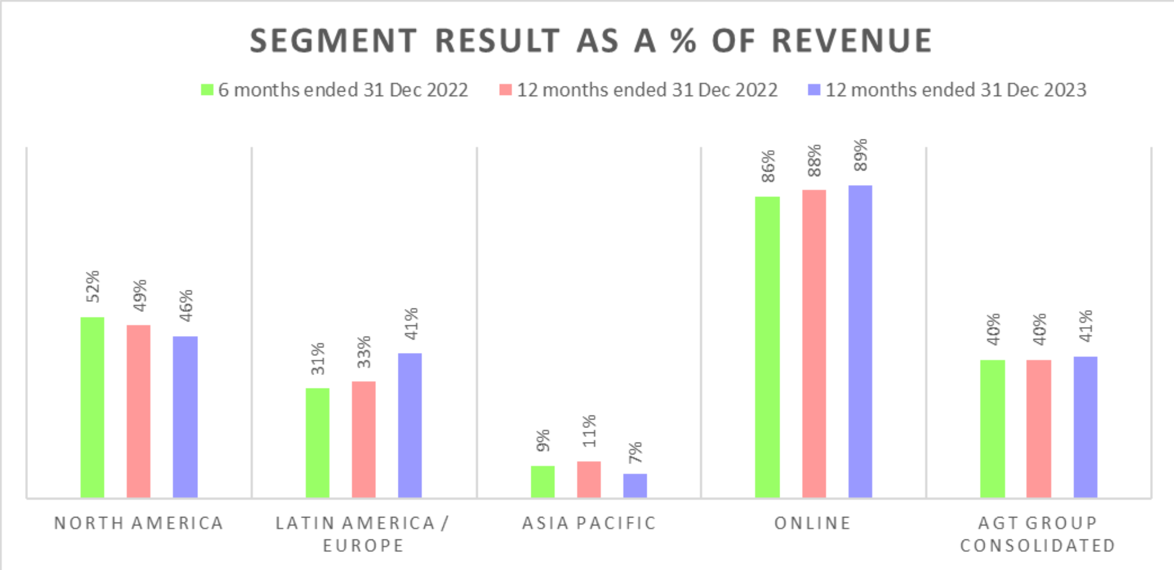
5.5 Review of Principal Businesses

Results in the current period and prior corresponding period are summarised as follows:

In millions of AUD	**12 months ended 31 Dec 2023 (CY23)**	**12 months ended 31 Dec 2022 (CY22)**	**CY23 vs CY22**	**6 months ended 31 Dec 2022 (H2 CY22)**
Segment revenue				
Asia Pacific	48.8	47.7	1.1	24.9
North America	140.4	120.2	20.2	59.7
Latin America & Europe	80.1	63.4	16.7	33.1
Online Gaming	15.6	12.3	3.3	6.4
Total segment revenue	**284.9**	**243.6**	**41.3**	**124.1**
Segment result				
Asia Pacific	3.4	5.1	(1.7)	2.3
North America	65.0	59.3	5.7	30.9
Latin America & Europe	33.1	21.1	12.0	10.4
Online Gaming	14.0	10.8	3.2	5.5
Total segment result	**115.5**	**96.3**	**19.2**	**49.1**
Unallocated expenses				
Net foreign currency (losses) / gains	(21.5)	2.6	(24.1)	(2.1)
Research and development expenses	(45.7)	(36.7)	(9.0)	(19.4)
Administrative expenses	(28.3)	(23.0)	(5.3)	(12.9)
Write-down of investment in financial assets	(13.2)	-	(13.2)	-
Impairment of non-current assets	(6.1)	(9.1)	3.0	(3.9)
Other expenses	(1.5)	(22.1)	20.6	(5.5)
Total unallocated expenses	**(116.3)**	**(88.3)**	**(28.0)**	**(43.8)**
Less : interest included in segment result	(2.9)	(2.9)	-	(1.3)
EBIT	**(3.7)**	**5.1**	**(8.8)**	**4.0**
Net interest income	6.3	4.1	2.2	3.3
Profit before tax	**2.6**	**9.2**	**(6.6)**	**7.3**
Income tax (expense) / benefit	(9.1)	1.0	(10.1)	(4.6)
(Loss) / profit after tax	**(6.5)**	**10.2**	**(16.7)**	**2.7**

*Note – segment results represents Gross Profit less Sales, Service and Marketing expenses.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)



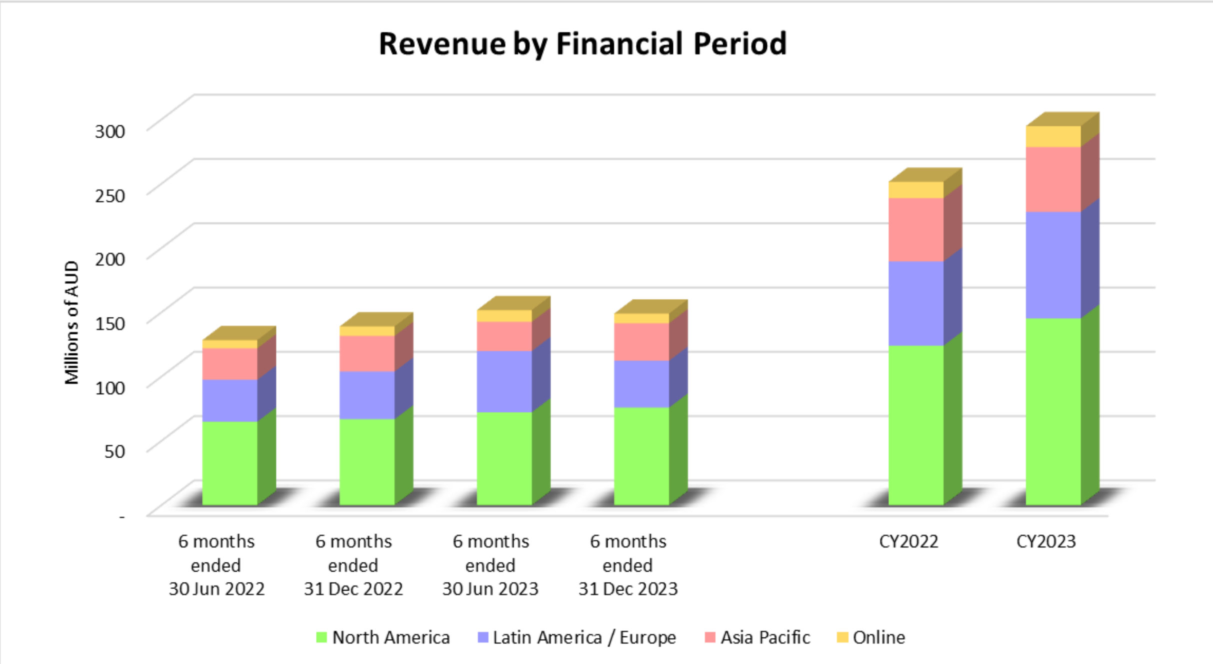
The Group's consolidated segment result has remained fairly consistent around 41%. The earnings performance in the Americas now represents 85% ($98.1 million) of the total segment result compared to 83% ($80.4 million) in CY22. The uplift in the Americas contribution to the total segment result was a result of increased outright sales generated from Argentina which are driven by strong performance. North America contributed strongly to the Group's result but has a lower segment result as a percentage of revenue due to different product mix resulting in higher costs of sales in the current period. Overhead costs pressures and strong USD affecting costs of materials affected the Asia Pacific segment margin. Online segment margin remained consistent with prior periods.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Financial performance in the current period and prior corresponding period is summarised as follows:

In millions of AUD	**12 months ended 31 Dec 2023 (CY23)**	**12 months ended 31 Dec 2022 (CY22)**	**CY23 vs CY22**	**6 months ended 31 Dec 2022 (H2 CY22)**
Domestic revenue	39.8	45.4	(5.6)	23.2
International revenue	245.1	198.2	46.9	100.9
Total revenue	**284.9**	**243.6**	**41.3**	**124.1**
Cost of sales	(109.6)	(92.7)	(16.9)	(44.4)
Gross profit	**175.3**	**150.9**	**24.4**	**79.7**
Gross profit margin %	62%	62%	-	64%
Other income	1.1	0.2	0.9	0.4
Sales, service & marketing expenses	(64.5)	(58.1)	(6.4)	(31.1)
Research and development expenses	(45.7)	(36.7)	(9.0)	(19.4)
Administrative expenses	(28.3)	(23.0)	(5.3)	(12.9)
Writeback / (impairment) of trade receivables	0.8	0.3	0.5	(1.2)
Write-down of investment in financial assets	(13.2)	-	(13.2)	-
Impairment of non-current assets	(6.1)	(9.1)	3.0	(3.9)
Other expenses	(1.6)	(22.0)	20.4	(5.5)
Net foreign currency (losses) / gains	(21.5)	2.6	(24.1)	(2.1)
Net interest income	6.3	4.1	2.2	3.3
Profit before tax	**2.6**	**9.2**	**(6.6)**	**7.3**
Income tax (expense) / benefit	(9.1)	1.0	(10.1)	(4.6)
(Loss) / profit after tax	**(6.5)**	**10.2**	**(16.7)**	**2.7**

Revenue



5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Ainsworth's key market, North America, continues to show strong revenue growth contributing $140.4 million which represented 49% of the Group's total revenue, similar to CY22. Historical Horse Racing ("HHR") high performing products continue to positively contribute to revenues within this segment. As at 31 December 2023, a total of 8,118 HHR units were connected to Ainsworth's HHR system generating recurring revenue (31 December 2022: 5,510 units). Gambler's Gold products (keno and poker based games) through acquisition of MTD Gaming Inc. in March 2020, have continued to positively contribute to the North America segment profit. During the year, the Group also extended its contract with Golden Gaming (acquired by J&J Ventures) for another year (up to October 2024) of exclusivity at Montana.

Despite challenging local operating environments in Latin America, progressive improvement has been achieved within this region with improved game performance. Revenue improved by 26% in the current period when compared to CY22. Participation and lease revenue also increased by 14% in the current period.

Asia Pacific's revenue in the current period was similar compared to CY22. Lower unit sales were achieved in Australia during the current period, in particular Queensland and Victoria, with minimal corporate sales contribution and competitive market conditions. Asia and New Zealand sales improvement during the current period resulted from change in sales strategy structure, assisted in offsetting the revenue decline in Australia.

The amended agreement for GAN as outlined previously has contributed additional revenue of $1.9 million for the online segment that has been recognised in the current period. Revenue from GAN accounts for 69% of the total Online revenue during this current period.

Cost of sales and operating costs

Gross profit margin of 62% was maintained in this period compared to CY22 despite global cost pressures on materials as increase in average selling prices across the Group have offset these pressures.

Operating costs, excluding cost of sales, other expenses, (writeback) / impairment of trade receivables, and financing costs for the current period were $138.5 million compared to $117.8 million in CY22. These operating costs over total revenue reported were 49%, consistent with CY22. The Group continues to implement cost control measures to ensure maximum return on expenditure.

Sales, service and marketing (SSM) expenses in the current period were $64.5 million compared to $58.1 million in CY22. The increase in SSM expenses is directly attributable to increased variable selling costs, personnel costs and marketing costs.

Research and development (R&D) expenses in the current period were $45.7 million compared to $36.7 million in CY22. Increase in R&D expenses were mainly attributable to evaluation and testing, personnel costs and engagement of new game studios in Americas. The Group's strategic investment in R&D talent remains to be the Group's top priority to ensure Ainsworth remains competitive in the industry, delivering high quality products.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Administration costs were $28.3 million in the current period compared to $23.0 million in CY22. This increase was primarily due to an increase in personnel costs, IT expenses and professional fees. Cost control initiatives are continually being implemented to ensure that administration costs remain relevant to the Group's overall profitability.

Interest income and expenses

Net interest income was $6.3 million in the current period, compared to $4.1 million income CY22.

Interest income was $7.2 million in the current period compared to $5.5 million in CY22. The interest income includes $4.4 million received in the Group's investments in Argentina and $2.8 million received from customers predominately relating to the Latin America region.

Interest expenses were $0.9 million in the current period compared to $1.4 million in CY22. The reduction in interest expense was driven by no interest paid on the debt facility as no loan was drawdown in CY23.

Segment review

North America

In millions of AUD	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Revenue	140.4	120.2	20.2	59.7
Gross Profit	94.8	82.2	12.6	43.4
Segment EBITDA	78.5	70.5	8.0	36.7
Segment Profit	**65.0**	**59.3**	**5.7**	**30.9**
Segment Profit (%)	46%	49%	(3%)	52%

North America segment profit percentage decreased by 3% to $65.0 million compared to CY22, despite an increase in revenue of 17%. This decrease in segment result was a result of increased costs of sales and change in mix of revenue contribution affecting gross profit during this period. Higher proportion of sales, service and marketing costs directly attributable to the revenue increase also impacted margin. Also contributing to the reduced segment profit was the expected credit loss of trade receivables recognised during the current period of $0.3 million in comparison to the writeback of impairment on trade receivables of $1.5 million in the prior half, contributing a $1.8 million increase in costs.

Participation and lease revenue was $47.1 million in the current period compared to $43.5 million in CY22, an 8% increase. The average fee per day comprising of participation and fixed lease of Class II, III and HHR machines was US$31, a reduction from the US$33 previously reported for six months ended 31 December 2022. The drop in performance in Class III installed base affected this fee per day, however, additional Class II installed base which has higher average fee per day assisted in the overall increase in participation and lease revenue.

There has been an increase in the total gaming operation units placed under Class II machines at 31 December 2023 (2,272 units) compared to 31 December 2022 (1,979 units). Key game titles from the high denomination game suites, particularly the Super Charged 7's classic and Thunder Cash, continue to drive sales momentum.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

High performing HHR products continue to contribute to the revenue growth in this segment. As at 31 December 2023, a total of 8,118 units (31 December 2022: 5,510 units) were installed in various markets on the Group's HHR system, generating recurring connection fees. The new property opening in VictoryLand in Alabama and additional placements in new and existing Kentucky's properties contributed to these additional 2,608 placements opportunities in this highly profitable market segment.

Ainsworth's Gambler's Gold™ products (poker, keno and video reel content for use in Multi Game and Video Lottery Terminal (VLT) markets) continue to positively contribute to the North America market segment. The game set released in South Dakota and Louisiana continues to perform in this market and contributed to the majority of the revenue achieved in the current period. Next generation of Gambler's Gold™ will incorporate successful San Bao™ slot content and additional Keno options.

Latin America / Europe

In millions of AUD	**12 months ended 31 Dec 2023 (CY23)**	**12 months ended 31 Dec 2022 (CY22)**	**CY23 vs CY22**	**6 months ended 31 Dec 2022 (H2 CY22)**
Revenue	80.1	63.4	16.7	33.1
Gross Profit	50.0	40.2	9.8	21.8
Segment EBITDA	32.3	19.7	12.6	9.7
Segment Profit	**33.1**	**21.1**	**12.0**	**10.4**
Segment Profit (%)	41%	33%	8%	31%

Despite macro-economic conditions in Argentina continuing to be challenging which affected the recoverability of the investment in Argentina, the Latin America segment has delivered improvement in results. During the current period, a total of 2,264 units were sold compared to 1,918 units in CY22, driving revenue up by 26% in the current period.

As at 31 December 2023, there were 4,132 game operations units installed compared to 3,690 at 31 December 2022. The increase in machines placed under participation and lease were predominantly from Mexico and Peru due to improvement in product performance. The majority of the incremental in game operations units occurred in last quarter of CY24. Participation and lease revenue in the current period was $22.6 million, compared to $19.8 million in CY22. The improvement in segment profit is directly attributable to the increase in revenue, leveraging off fixed costs. The demand continues to grow for the A-STAR™ range of cabinets, coupled with high performing game titles such as Pan Chang™, Cash Stacks™, Xtension Link™ and Multi-Win™ Games.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

Asia Pacific

In millions of AUD	**12 months ended 31 Dec 2023 (CY23)**	**12 months ended 31 Dec 2022 (CY22)**	**CY23 vs CY22**	**6 months ended 31 Dec 2022 (H2 CY22)**
Revenue	48.8	47.7	1.1	24.9
Gross Profit	14.9	15.5	(0.6)	8.0
Segment EBITDA	4.1	6.6	(2.5)	3.1
Segment Profit	**3.4**	**5.1**	**(1.7)**	**2.3**
Segment Profit (%)	7%	11%	(4%)	9%

This segment delivered revenue of $48.8 million in the current period, a slight increase from CY22 of $47.7 million. Despite competitive market conditions, higher average selling price was achieved for this segment during the current period. The introduction of the A100 (from the A-star range) which exclusively contributed to all quarter 4 of CY23 sales demonstrated a positive uptake for this cabinet which was showcased at the Australian Gaming Expo in August 2023.

The low segment profit for Asia Pacific of 7% in the current period was a result of ongoing inflationary pressures, fixed cost base with lower revenue contribution and weakening of AUD against USD adversely impacting costs of productions and gross profit which contributed to the drop in segment profit in the current period.

Increase in unit sales related to Asia with market recovery post pandemic offset the reduction of sales from Australia. Change in sales distributor and new venue openings specifically in Philippines is expected to drive revenue in this market in future periods.

Online

In millions of AUD	**12 months ended 31 Dec 2023 (CY23)**	**12 months ended 31 Dec 2022 (CY22)**	**CY23 vs CY22**	**6 months ended 31 Dec 2022 (H2 CY22)**
Revenue	15.6	12.3	3.3	6.4
Gross Profit	15.6	12.3	3.3	6.4
Segment EBITDA	14.0	10.8	3.2	5.5
Segment Profit	**14.0**	**10.8**	**3.2**	**5.5**
Segment Profit (%)	90%	88%	2%	86%

Online revenue increased during the current period to $15.6 million compared to $12.3 million in CY22. The revenue increase in the current period predominately relates to the contract modification resulting from the amendment on the GAN distribution agreement on 29th March 2023. Despite the revenue increase of 27%, the Group during the year invested in more talent to remain competitive in the online industry, resulting in a similar segment profit margin.

5. OPERATING & FINANCIAL REVIEW (CONTINUED)

5.6 Significant Changes in the State of Affairs

As advised and communicated to the Australian Stock Exchange ("ASX") on 2 June 2022, the Board has determined to amend the Company's financial year end from 30 June to 31 December, a calendar year basis. This change will align with the financial reporting schedule of overseas operations and industry business cycles. The Company's majority shareholder, Novomatic AG, reports on a calendar basis and the alignment of reporting periods will also reduce duplication of financial reporting processes and increase efficiencies for the Group. The Company has had a six-month transitional financial period beginning on 1 July 2022 and ending on 31 December 2022. Thereafter, from 1 January 2023, the Company will be on a twelve-month financial year, commencing on 1 January and ending on 31 December.

Other than the matter noted above, there were no significant changes in the state of affairs of the Group during the financial year.

5.7 Impact of Legislation and other external requirements

The Group continues to work with regulatory authorities to ensure that the necessary product approvals to support its operations within global markets are granted on a timely and cost-effective basis. The granting of such licenses will allow the Group to expand its operations. The Group aims to conduct its business worldwide in jurisdictions where gaming is legal and commercially viable. Accordingly, the Group is subject to licensing and other regulatory requirements of those jurisdictions.

The Group's ability to operate in existing and new jurisdictions could be adversely impacted by new or changing laws or regulations and delays or difficulties in obtaining or maintaining approvals and licenses.

6. DIVIDENDS

No dividends were declared and paid by the Company for the year ended 31 December 2023 (31 December 2022: nil)

7. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the situation of the Group, in future financial years.

8. LIKELY DEVELOPMENTS

The Group continues to navigate through the volatile global operating environments including challenging economic conditions and political instability. Development initiatives previously implemented have been progressed to ensure the necessary product approvals, helping to achieve improved product performance and financial improvement in future periods as markets recover.

Further execution of strategies in online gaming markets with extensions of partnerships with top performing social game providers and the launch of our US based remote gaming server in North America are expected to provide complementary revenue gains within online social and "Real Money" gaming segments in future periods. This strategy is aimed at achieving increased market share in selected geographical business sectors to positively contribute to Group results in future financial years.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

9. DIRECTORS' INTERESTS

The relevant interest of each director in the shares and rights over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the Australian Stock Exchange ("ASX") in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

	Ainsworth Game Technology Limited	
	Ordinary Shares	**Share Options/Performance Rights over Ordinary Shares**
Current		
Mr DE Gladstone	174,765	-
Mr GJ Campbell	389,241	-
Mr CJ Henson	135,189	-
Ms HA Scheibenstock	15,344	-
Dr HE Asenbauer	-	-

10. PERFORMANCE RIGHTS

10.1 Unissued Shares under Performance Rights

As at 31 December 2023, unissued ordinary shares of the Group under performance right were:

Expiry Date	Instrument	Exercise Price	Number of Shares
24 June 2027	Performance Rights	$nil	8,800,000
01 March 2028	Performance Rights	$nil	550,000
		Total	9,350,000

There are no other shares of the Group under share options/performance rights and holders of these instruments are not entitled to participate in the same rights as ordinary shareholders unless the instruments vest and are exercised.

Further details about share-based payments to directors and Key Management Personnel ("KMPs") are included in the Remuneration Report in Section 15.

10.2 Shares issued on Exercise of Options/Performance Rights

During or since the end of the financial year, no ordinary shares of the Company have been issued as a result of the exercise of options or performance rights.

11. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

11.1 Indemnification

The Group has agreed to indemnify current and former directors of the Group against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Neither the Group nor Company have indemnified the auditor in relation to the conduct of the audit.

11.2 Insurance Premiums

Since the end of the previous financial year, the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former directors and officers, including senior executive officers of the Company and directors, senior executives, and secretaries of its controlled entities.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses contracts, as such disclosure is prohibited under the terms of the contract.

12. NON-AUDIT SERVICES

During the year Deloitte Touche Tohmatsu, the Group's auditor, has performed certain other services in addition to the audit and review of the financial report.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit and risk committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit and risk committee to ensure they do not impact the integrity and objectivity of the audit; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, Deloitte Touche Tohmatsu, and its network firms for audit and non-audit services provided during the year are set out below:

	2023 $
Services Other than Audit and Review of Financial Report:	
Deloitte Touche Tohmatsu related practices	
In relation to taxation and other services	729,436
Deloitte Touche Tohmatsu Australia	
Audit and Review of Financial Report	645,000
Total paid/payable to Deloitte Touche Tohmatsu	**1,374,436**

13. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 134 and forms part of the directors' report for the financial year ended 31 December 2023.

14. ROUNDING OFF

The Group is of a kind referred to in *ASIC Corporations (Rounding in financial/directors' report) Instrument 2016/191* and in accordance with that Instrument, amounts in the consolidated financial reports and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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15. REMUNERATION REPORT

Message from the Chairperson of the Remuneration and Nomination Committee

On behalf of the Remuneration and Nomination Committee (RNC) and with the authority of the Board of Directors I provide the Remuneration Report for the twelve months ended 31 December 2023 ("current period"). During the current period a more focused and pro-active approach to recruitment practices were explored to ensure the ability to secure new talent and ensure retention of those in key critical positions, primarily within product development areas.

The 2023 Annual General Meeting (AGM) held, for the previous six-month period ended 31 December 2022, following the change in the Company's reporting period to a calendar year basis, resulted in the approval of the Remuneration Report with 0.48% of shareholders voting against the adoption of the resolution. The Company continues to encourage engagement with its shareholders and investors to discuss any concerns, ensuring feedback can maintain a robust remuneration framework to achieve the objectives established by the Board of Directors. This included measures to ensure the recruitment of new employees and the motivation, retention, and reward for personnel which were in alignment with Company financial targets and established objectives. The RNC regularly utilises, where required, the services of independent remuneration consultants (Remuneration Strategies Pty Ltd (RS)) to provide comparative benchmarking and industry practices against remuneration assessments and consideration of available proxy service reports on remuneration structures ensuring alignment to shareholder interests.

The objective of these engagements with RS assists the RNC to ensure remuneration structures including Fixed Remuneration (FR), Short-Term Incentives (STI) and Long-Term Incentives (LTI) are aligned to appropriate financial objectives and increasing shareholder wealth.

The Committee's approach to remuneration structures monitors and focuses on the following:

- to align executive remuneration with the Group's business strategy;
- to support, retain and motivate our people by providing competitive rewards; and
- to retain and recruit new employees and promote the appropriate environment to increase the technical and innovative capabilities across the Group.

The remuneration of key executives is fully aligned to our key business objectives listed in section 15.2 which underpin future remuneration structures, including STI and LTI compensation programs.

The measures undertaken by the RNC (as approved by the Board of Directors) included:

- A review of Key Management Personnel (KMP) executive remuneration compared to market comparison benchmark levels in the current period. This review resulted in salary increases for several KMP's, excluding the Chief Executive Officer (CEO), and took into consideration organisational structure changes resulting in increased responsibilities for global operations and the relocation of the role of the Chief Financial Officer (CFO) to Las Vegas;
- The RNC confirmed that for the current period salary increases of approximately 3.0% were provided to employees effective 1 March 2023 across the Group under specific eligibility criteria. This increase excluded all KMP's (including the Board Directors) and senior executives who participated in STI and LTI plans, to ensure retention and assist employees with inflationary effects experienced in cost-of-living pressures;

15. REMUNERATION REPORT (CONTINUED)

The Board and the RNC agreed with all KMP's and other senior executives that, because of the change in financial year to a 31 December balance date, no STI plan was to be established or awarded for the short six-month period ended 31 December 2022. The new revised STI plan for senior executives was established for the 2023 calendar year which was aligned to the sole achievement of financial targets approved by the Board of Directors. These targets were achieved in the current period and STI amounts were awarded accordingly to all eligible participants as detailed in the enclosed Remuneration Report for KMP's;

- The RNC received a comprehensive review of KMP's compensation arrangements, including the structure and terms of the grant of performance rights under the Rights Share Trust (RST) in June 2022. RS confirmed that current remuneration levels compared to comparable companies was reasonable and reflective of current industry and market conditions; and

- The LTI grants either in place or changes during the current period are summarised below:
  - The previous grant on 30 August 2019 of share options under the Option Share Trust were tested on the final vesting date (30 August 2023) during the current period and it was determined that the share price hurdles established had not been met and all share options accordingly lapsed; and
  - An additional grant of performance rights under the same conditions (vesting dates and performance hurdles) as the previous LTI grant in CY22 occurred in March 2023 whereby 550,000 performance rights were granted under the Rights Share Trust (RST) to senior executives. These additional performance rights were granted with a nil exercise price however are dependent on service conditions, vesting conditions and share price hurdles at each vesting date. The performance rights granted in both CY22 and March 2023 vest progressively over a three-year period with the first vesting date being 30 June 2024, provided share price hurdles and service conditions are met. The share price hurdles are increased at each relevant vesting date and are cumulative on the basis that the higher share price is required to be achieved when measured. RS confirmed that based on their assessment undertaken, that the structure and terms of this grant of performance rights was designed to provide incentives and retention of key management and align shareholder interests through share price gains with Board objectives of improving financial results.

The vesting and share price hurdles on the above current LTI grant are detailed in Section 15.1 (e).

Remuneration strategies will be continually reviewed to ensure they align with Board objectives over the coming 2024 year.

C.J Henson

Chairperson, Remuneration and Nomination Committee

15. REMUNERATION REPORT (CONTINUED)

15.1 Remuneration Framework

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, strategic directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and other executives. Key management personnel comprise of the directors of the Company and senior executives for the Group that are named in this report.

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The RNC regularly reviews market conditions and surveys on the appropriateness of compensation packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Group's compensation strategy. In addition, independent remuneration consultants are used when considered appropriate to assist the RNC to determine and advise on compensation levels given changes in market conditions.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures consider:

- the capability and experience of the key management personnel;
- the key management personnel's performance against Key Performance Indicators (KPIs) and individual contributions to the Group's performance; and
- the Group's performance including:
  - revenue and earnings;
  - growth in share price and delivering returns on shareholder wealth; and
  - the amount of incentives within each key management person's compensation.

Compensation packages include a mix of fixed and variable compensation and short-term and long-term performance-based incentives.

In addition to their salaries, the Group also provides non-cash benefits to its key management personnel and contributes to post-employment defined contribution superannuation plans on their behalf.

(a) Fixed Compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any Fringe Benefits Tax (FBT) charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the RNC through a process that considers individual, segment and overall performance of the Group. In addition, market surveys are obtained to provide further analysis to ensure the directors' and senior executives' compensation is competitive in the marketplace. A senior executive's compensation is also reviewed on promotion and performance under the overall financial performance of the Group.

15. REMUNERATION REPORT (CONTINUED)

This review determined that increases were appropriate given organisational structure changes and increased global responsibilities. These increases also took into consideration that minimal increases had been awarded to key management personnel in previous periods and the current inflationary effects being experienced.

The RNC undertook a review of fixed compensation levels in CY23 to assist with determining an appropriate mix between fixed and performance linked compensation for senior executives of the Group during the year. It was determined and confirmed that no increases, apart from significant changes to roles and responsibilities, would be provided to either KMP's or senior executives who were recipients under the grant of performance rights on 24 June 2022 under the LTI Plan.

The appropriate mix between fixed and performance linked compensation determined by the RNC and the Board as an objective, which is taken into consideration in establishing incentive plans (STI and LTI), is to achieve 60% fixed and 40% performance linked. The current year for executive KMP's (excluding Directors) reflect 65% fixed and 35% performance linked which now take into account organisational changes and the LTI Plan previously granted on 24 June 2022.

(b) Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The STI is an 'at risk' bonus provided in the form of cash, while the LTI is provided as performance rights or share options over ordinary shares of the Company under the rules of the Employee Share Plans.

A review was undertaken by the RNC to determine and assess current performance linked compensation arrange–ents - STI and LTI plans. This review was evaluated by the Board to determine appropriate remuneration levels taking into consideration the Group's growth objectives, industry specific and market considerations, and related retention of key employee.

The appropriate mix between fixed and performance linked compensation determined by the RNC and the Board as an objective, which is taken into consideration in establishing incentive plans (STI and LTI), is to achieve 60% fixed and 40% performance linked. Currently the performance linked component of compensation comprises 35% (31/12/2022: 21%) of total payments to key management personnel (excluding directors).

(c) Short-term Incentive Bonus

Each year the RNC determines the objectives and KPIs of the key management personnel. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and include financial, people, customer, compliance, strategy, and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

15. REMUNERATION REPORT (CONTINUED)

The financial performance targets for CY23 were reviewed and recommended by the RNC for all key management personnel (excluding non-executive directors) in December 2022 which were subsequently approved by the Board. These financial targets were set for the current period based on the Board approved budgeted "Profit before Tax", excluding currency movements, and identified one-off items which included non-cash impairments on the Group's Cash Generating Units. The financial targets were assessed, and it was determined that Group would award STI payments for the current period based on the achievement of the financial targets.

(d) Non-Financial KPI's

The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety measures, and compliance with established regulatory processes, customer satisfaction and staff development. These non-financial objectives are evaluated under the Group's performance management process to determine the award of STI amounts for exceptional performance to Group employees, excluding KMP's and senior executives where STI awards are solely on achievement of financial targets.

(e) Long-term Incentive

The plans currently in place are identified below:

Performance Rights

In CY22 and on 1 March 2023, the Group granted to eligible employees and executives the opportunity to participate in the grant of performance rights over ordinary shares in Ainsworth Game Technology Limited, under the Ainsworth Game Technology Limited Rights Share Trust (RST). These grants were under the same conditions, including vesting dates and share price hurdles despite being granted on separate dates. The performance rights were granted at nil consideration or exercise price however are dependent on service conditions, vesting conditions and share price performance hurdles. The performance rights convert to ordinary shares of the Company on a one-for-one basis with no voting or dividend rights until this conversion.

The performance hurdles and vesting conditions for this plan are as follows:

	Performance Hurdles	Vesting Conditions
Tranche 1	The VWAP for 20 consecutive trading days preceding to 30 June 2024 is equal or greater than A$2.00.	25% will vest if performance hurdle is met on 30 June 2024.
Tranche 2	The VWAP for 20 consecutive trading days preceding to 31 December 2024 is equal or greater than A$2.40.	25% will vest if performance hurdle is met on 31 December 2024.
Tranche 3	The VWAP for 20 consecutive trading days preceding to 30 June 2025 is equal or greater than A$2.76.	50% will vest if performance hurdle is met on 30 June 2025.

The performance rights granted are cumulative whereby should the performance hurdles not be met at the respective vesting dates, the grant relating to these tranches will be re-tested at the next applicable performance vesting date, subject to the achievement of the higher performance conditions. If the higher performance conditions at the end of the next applicable performance period are satisfied, then the performance rights for the current performance period and any non-vested share options from prior periods will vest. The final vesting date of 30 June 2025 requires the achievement of the performance hurdle at this vesting date for the vesting of the earlier Tranches 1 and 2 and if not achieved all performance rights under the LTI grant will lapse.

Upon cessation of employment prior to any applicable vesting dates, these performance rights will be forfeited and lapse. The performance rights do not entitle the holder to dividends that are declared during the vesting period.

Share Options

On 30 August 2019, the Group offered to eligible employees the opportunity to participate in share options over ordinary shares in Ainsworth Game Technology Limited, under the Ainsworth Game Technology Limited Option Share Trust (OST).

The performance hurdles and vesting conditions for this plan were as follows:

	Performance Hurdles	Vesting Conditions
Tranche 1	On 30 August 2021 ("first vesting date"), the share price shall be 50% greater than exercise price of $0.73.	25% will vest if the VWAP for 20 days preceding the first vesting date is equal or greater than $1.10.
Tranche 2	On 30 August 2022 ("second vesting date"), the share price shall be 20% greater than the hurdle price established at the first vesting date.	25% will vest if the VWAP for 20 days preceding the second vesting date is equal or greater than $1.32.
Tranche 3	On 30 August 2023 ("third vesting date"), the share price shall be 20% greater than the hurdle price established at the second vesting date.	50% will vest if the VWAP for 20 days preceding the third vesting date is equal or greater than $1.58.

The share options granted were cumulative whereby should the performance hurdles not be met at the respective vesting dates, the grant relating to these tranches will be re-tested at the next applicable performance vesting date, subject to higher performance conditions.

The performance hurdles on the above LTI grant were tested on the final vesting date of 30 August 2023 and as the share price hurdle was not met for Tranche 3, all share options lapsed, including Tranches 1 and 2.

(f) Short-term and Long-term Incentive Structure

Given the highly competitive nature of the gaming industry and to ensure retention of key employees, the RNC has and continues to consider performance linked remuneration is appropriate.

15. REMUNERATION REPORT (CONTINUED)

The short-term and long-term incentive plans are ongoing to ensure an appropriate mix of performance-based compensation which are aligned to Board and shareholder interests.

(g) Other Benefits

Key management personnel receive additional benefits such as reimbursements and non-monetary benefits, as part of the terms and conditions of their appointment. These benefits typically include payment of relocation allowances and provision of motor vehicle benefits, including the applicable fringe benefits tax on these benefits.

15.2 Linking the Remuneration Framework to Business Outcomes

In the RNC Chairperson's introduction to the Remuneration Report, we indicated that the key business objectives will underpin future remuneration structures. The objectives are:

- invest in product development to create a diverse and creative product offering to increase market share in global markets;
- improve the Group's performance through revenue and earnings growth in domestic and international markets;
- improve cash flows through reduction in working capital investment and maintain a strong balance sheet to support growth and deliver value; and
- maintain a strong focus on best practice compliance throughout the Group in adherence to gaming laws and regulations.

The following remuneration structures are considered by the RNC to achieve these business objectives:

- short-term incentives that measure and reward increased market share in selected global markets, adherent to the Good Governance and Compliance with Gaming Laws and Regulations;
- long-term incentives that measure and reward revenue and earnings growth in domestic and international markets, as well as the strengthening of the Balance Sheet and using Capital Investment Targets; and
- the objective of these incentive programs is to increase shareholder value for investors and key management stakeholders.

(a) Consequences of Performance on Shareholder Wealth

In considering the Group's performance and benefits for shareholder wealth, the RNC have regard to the following indices in respect of the current financial year and the previous four financial years. Profit Before tax (PBT) and Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) on a global and regional basis are considered as financial performance targets in setting the short-term incentive bonus. Profit / (loss) amounts for 2019 to 2023 have been calculated in accordance with Australian Accounting Standards.

15. REMUNERATION REPORT (CONTINUED)

$'000	2023	H2 2022	2022	2021	2020
Revenue	$284,862	$124,147	$220,157	$159,520	$149,396
(Loss) / profit attributable to owners of the Company	($6,542)	$2,642	$16,690	($53,409)	($43,433)
Dividends paid	-	-	-	-	-
Change in share price ($A)	$0.23	$0.13	($0.28)	$0.83	($0.26)

**2023 represents the twelve months ended 31 December 2023 results, H2 2022 represents the six months ended 31 December 2022 financial results and 2020 to 2022 represents the twelve months ended 30 June financial results which were impacted by the pandemic.*

15.3 Service Contracts

It is the Group's policy that service contracts for KMP's and key employees have no fixed term but capable of termination by either party on periods 3 to 6 months' notice and that the Group retains the right to terminate the contracts immediately, by making payment equal to the notice period. However, in the event of removal for misconduct as specified in their service contract, KMP's have no entitlement to a termination payment.

The Group has service contracts with each key management personnel that provide for the payment of benefits where the contract is terminated by the Group. The key management personnel are also entitled to receive on termination of employment their statutory entitlements, if applicable, of accrued annual and long service leave, together with any accrued superannuation.

A change in annual leave for US based KMP's was introduced during the year whereby KMP's and selected senior executives were to be under flexible leave arrangements, subject to specific guidelines of approval and operational requirements. For US based KMP's all previously accrued annual leave was paid out following the introduction of the new arrangements which will eliminate any annual leave expense in future years and the carrying amount being provided for on the balance sheet. No annual leave payments for US based executives under these arrangements will be required on termination or cessation of service with the Company.

The service contracts outline the components of remuneration paid to the key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to consider market conditions, cost-of-living changes, any change in the scope of the role performed by the senior executive, retention of key personnel and any changes required to meet the principles of the remuneration policy.

Mr Harald Neumann was appointed as Chief Executive Officer (CEO) and his contract specifies the duties and obligations to be fulfilled by the CEO and provides that the Board and CEO will agree on Group's objectives for achievement for each relevant period.

15. REMUNERATION REPORT (CONTINUED)

Other key provisions of the service agreements relating to KMP's are outlined as below:

Executives	Notice to be given by Executive	Notice to be given by the Group	Termination Payment	Post-employment restraint
Mr H Neumann	6 Months	6 Months	6 Months (fixed remuneration)	6 Months
Ms L Mah	6 Months	6 Months	6 Months (fixed remuneration)	6 Months
Mr D Bollesen	3 Months	3 Months	3 Months (fixed remuneration)	12 Months
Mr R Comstock	6 Months	6 Months	6 Months (fixed remuneration)	6 Months

15.4 Non-Executive Directors

Total compensation for all non-executive directors, last voted upon by shareholders at the 2012 Annual General Meeting, is not to exceed $850,000 per annum, with effect from 1 July 2012. Directors' base fees are presently $120,000 per annum (excluding superannuation) and was originally set based on a review of fees paid to other non-executive directors of comparable companies. The fees paid to non-executive directors reflect the demands and responsibilities associated with their roles and the global nature of the operations within the highly regulated environment within which the Group operates. Fees incorporate an allowance for the onerous probity requirements placed on non-executive directors by regulators of the jurisdictions in which the Group operates or proposes to operate in. In addition to these fees the cost of reasonable expenses is reimbursed as incurred.

There was no increase in non-executive compensation, including Board and Committee fees during the period apart from changes to statutory superannuation contribution rates.

Non-executive directors do not participate in performance related compensation and are not provided with retirement benefits apart from statutory superannuation.

The CEO and Company Secretary do not receive any additional fees for undertaking Board or Committee responsibilities. Following a review undertaken by an independent remuneration consultant, non-executive director's fees were originally assessed based on current market levels for comparable companies, demands and responsibilities associated with their roles and the global nature of the Group's operations within a highly regulated environment to ensure the Board is appropriately compensated. Other independent non-executive directors who also chair or are a member of a sub-committee receive a supplementary fee in addition to their annual remuneration.

15. REMUNERATION REPORT (CONTINUED)

POSITION	$ (per annum)
Base Fees	
Chair of Board	250,000
Australian Resident Non-executive Director	120,000
Lead Independent Director (in addition to directorship fees where applicable)	10,000
Additional Fees	
Chair of Audit and Risk Committee	20,000
Chair of Regulatory and Compliance Committee	24,000
Chair of Remuneration and Nomination Committee	12,000
Member of Audit and Risk Committee	12,000
Member of Regulatory and Compliance Committee	15,000
Member of Remuneration and Nomination Committee	8,000

15.5 Services from Remuneration Consultants

The RNC, comprising of independent non-executive directors, utilises as necessary the services of Remuneration Strategies Pty Ltd (RS), an independent remuneration consultant, to assist the RNC review and evaluate remuneration practices of the Group. This engagement with RS is under strict protocols to ensure an independent view which is free from any undue influence on their assignment on the proposed remuneration arrangements, including the LTI grant's vesting and performance hurdles. The RNC received a report from RS in CY22 to assist in reviewing current compensation levels for all KMP's and the establishment of LTI grants to ensure alignment to Board objectives and shareholder interests. The grant of performance rights in CY22 and on 1 March 2023 were in line with recommendations provided by RS who confirmed that the LTI and total employment costs for KMP's and other senior executives who were granted performance rights were reasonable as compared to benchmarking against comparative companies. No amounts were paid to RS in the current or prior periods.

DIRECTORS' REPORT

15. REMUNERATION REPORT (CONTINUED)

15.6 Directors' and Executive Officers' Remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company, and other key management personnel of the consolidated entity are:

		Short-term				Post-Employment	Other Long-term Benefits		Share-based payments			
In AUD		*Salary & fees $*	*STI cash bonus (A) $*	*Reimbursements and non-monetary benefits $*	*Total $*	*Super-annuation benefits $*	*(C) $*	*Termination benefits $*	*Rights / Options (B) $*	*Total $*	*Proportion of remuneration performance related-STI %*	*Proportion of remuneration performance related share based payments. %*
Non-executive Directors												
Current												
Mr GJ Campbell	Current Period	148,000	-	-	148,000	15,910	-	-	-	163,910	-	-
	31/12/2022	74,000	-	-	74,000	7,770	-	-	-	81,770	-	-
Mr CJ Henson	Current Period	168,000	-	-	168,000	18,060	-	-	-	186,060	-	-
	31/12/2022	84,000	-	-	84,000	8,820	-	-	-	92,820	-	-
Mr DE Gladstone	Current Period	262,000	-	-	262,000	28,165			-	290,165	-	-
	31/12/2022	131,000	-	-	131,000	13,755	-	-	-	144,755	-	-
Ms HA Scheibenstock	Current Period	128,000	-	-	128,000	13,760	-	-	-	141,760	-	-
	31/12/2022	57,406	-	-	57,406	5,454	-	-	-	62,860	-	-
Dr HE Asenbauer[1] (Appointed on 22 March 2023)	Current Period	-	-	-	-	-	-	-	-	-	-	-
	31/12/2022	-	-	-	-	-	-	-	-	-	-	-
Sub-total Non-executive Directors' Remuneration	Current Period	706,000	-	-	706,000	75,895	-	-	-	781,895	-	-
	31/12/2022	346,406	-	-	346,406	35,799	-	-	-	382,205	-	-

(1) *Dr Haig Asenbauer does not receive any compensation.*

DIRECTORS' REPORT

15. REMUNERATION REPORT (CONTINUED)

		Short-term				Post-Employment	Other Long-term Benefits		Share-based payments			
In AUD		*Salary & fees* $	*STI cash bonus (A)* $	*Reimbursements and non-monetary benefits* $	*Total* $	*Super-annuation benefits* $	*(C)* $	*Termination benefits* $	*Rights/ Options (B)* $	*Total* $	*Proportion of remuneration performance related-STI* %	*Proportion of remuneration performance related share based payments.* %
Executives												
Current												
Mr HK Neumann	Current Period	902,527	276,000	10,907	1,189,434	-	28,816	-	370,706	1,588,956	17%	23%
Chief Executive Officer (CEO)	31/12/2022	447,427	-	5,138	452,565	-	34,417	-	186,877	673,859	-	28%
Mr D Bollesen	Current Period	340,000	207,000	-	547,000	59,320	26,154	-	79,437	711,911	29%	11%
Chief Technology Officer (CTO)	31/12/2022	170,000	-	-	170,000	17,850	13,077	-	40,045	240,972	-	17%
Mr R Comstock	Current Period	526,474	138,000	28,343	692,817	25,465	18,337	-	93,948	830,567	17%	11%
Chief Operating Officer (CCO)	31/12/2022	212,044	-	27,431	239,475	12,723	16,311	-	47,918	316,427	-	15%
Ms L Mah[1]	Current Period	393,860	138,000	26,825	558,685	48,851	31,210	-	27,496	666,242	21%	4%
Chief Financial Officer (CFO)	31/12/2022	-	-	-	-	-	-	-	-	-	-	-
Executives												
Former												
Mr ML Ludski – CFO/*Company*	Current Period	-	-	-	-	-	-	-	-	-	-	-
Secretary	31/12/2022	199,152	-	61,402	260,554	20,911	18,638	-	69,014	369,117	-	19%
Total Executive's Remuneration	Current Period	2,162,861	759,000	66,075	2,987,936	133,636	104,517	-	571,587	3,797,676	20%	15%
	31/12/2022	1,028,623	-	93,971	1,122,594	51,484	82,443	-	343,854	1,600,375	-	21%
Total Director's & Executive Officers Remuneration	Current Period	2,868,861	759,000	66,075	3,693,936	209,531	104,517	-	571,587	4,579,571	17%	12%
	31/12/2022	1,375,029	-	93,971	1,469,000	87,283	82,443	-	343,854	1,982,250	-	17%

(1) *Ms L Mah was appointed Chief Financial Officer on 1 January 2023 and in November 2023 relocated to the Group's facility in Las Vegas, Nevada. The remuneration disclosed relates to the current period only as she was not classified as a KMP until her appointment.*

15. REMUNERATION REPORT (CONTINUED)

Notes in Relation to the Table of Directors and Executive Officer– Remuneration

A. The STI's identified reflect performance during the 31 December 2023 financial year, unless otherwise identified (refer 15.7 below) and uses the financial targets established and approved by the RNC and Board on 22 December 2022. These STI amounts were achieved in the current period and it was determined that the eligible participants had met the financial targets.

B. The fair value of performance rights granted on 01 March 2023 is calculated at the date of grant using the *Monte Carlo binomial valuation method* and the fair value of performance rights granted on 24 June 2022 is calculated at the date of grant using the *Monte Carlo expected valuation method*. The fair value of options is calculated at the date of grant using the using the *Black-Scholes-Merton formula* after taking into account the impact of share price growth conditions during the vesting period. The value disclosed is the portion of the fair value of the rights or options recognised as an expense in each reporting period.

C. In accordance with AASB 119 *Employee Benefits*, annual leave and long service leave (where relevant) are classified as other long-term employee benefit.

A change in annual leave arrangements were introduced during the current period whereby a flexible leave was introduced, and all previous annual leave entitlements as at 30 June 2023 were paid out to eligible employees (US based KMP's only) with no further annual leave expense from 1 July 2023. This resulted in payments on 4 August 2023 to HK Neumann (CEO) of $97,163 and Ryan Comstock (COO) of $38,510. Further to the above and resultant from the change in employment arrangements and the relocation of Lynn Mah (CFO) to the USA (Las Vegas), annual leave entitlements accrued of $43,597 in Australia as at the transfer date were paid. No further annual leave entitlements will be applicable from the transfer date.

Details of Performance Relate– Remuneration

Details of the Group's policy in relation to the proportion of remuneration that is performance related is discussed in section 15.1 of this Remuneration Report. STI bonuses have been provided to the extent that these are payable as of 31 December 2023.

15.7 Analysis of Bonuses included in Remuneration

Details of the vesting profile of the STI cash bonuses included as remuneration to each director of the Company, and other key management personnel for CY23 are detailed below:

	STI cash bonus			
Executives	STI Entitlement $ (A)	Included in Remuneration $ (A)	% Vested in Year (B)	%Forfeited in Year (C)
Mr HK Neumann	276,000	276,000	100%	-%
Mr D Bollesen	207,000	207,000	100%	-%
Mr R Comstock	138,000	138,000	100%	-%
Ms L Mah	138,000	138,000	100%	-%

A. *STI bonuses included in remuneration for the 2023 financial year relate to achievement of financial targets established and approved by the RNC and Board on 22 December 2022. It was noted that all KMP's had agreed that given the change in financial reporting period to 31 December no STI Plan was established or any STI payments for the previous six-month period ended 31 December 2022.*

B. *The amount vested in the 2023 year represented all current and previous STI amounts awarded in the current period. There is no further STI amounts outstanding at 31 December 2023.*

C. *The amounts forfeited are due to the performance criteria not being met in relation to the current financial year.*

15. REMUNERATION REPORT (CONTINUED)

15.8 Equity Instruments

All performance rights and share options refer to rights and options over ordinary shares of Ainsworth Game Technology Limited, unless otherwise stated, which are exercisable on a one-for-one basis under the RST plans.

(a) Rights and options over equity instruments granted as compensation

Performance rights were issued to KMP's in June 2022.

(b) Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including performance rights and options granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

(c) Exercise of options granted as compensation

During the reporting period no shares (2022: nil shares) were issued on the exercise of rights or options previously granted as compensation.

(d) Details of equity incentives affecting current and future remuneration

Details of vesting profiles of rights and options held by each key management person of the Group are detailed below:

Executives	Instrument	Number	Maximum value in future years $	Grant date	% vested in year	% forfeited in a year (A)	Financial years in which grant vests (B)
Mr H Neumann	Rights	2,800,000	378,873	24 June 2022	-%	-%	2024-2025
Mr D Bollesen	Rights	600,000	81,187	24 June 2022	-%	-%	2024-2025
Mr R Comstock	Rights	700,000	94,718	24 June 2022	-%	-%	2024-2025
Ms L Mah	Rights	200,000	27,062	24 June 2022	-%	-%	2024-2025

A. *The % forfeited in the year represents the reduction from the maximum number of rights and options available to vest at the beginning of the year.*
B. *Financial years refer to 31 December balance dates.*

15. REMUNERATION REPORT (CONTINUED)

(e) Analysis of movements in equity instruments

The movement during the reporting period, by value, of rights and options over ordinary shares in the Company held by each key management person of the Group is detailed below:

	Instrument	Total value $	Granted in year $	Amount paid on exercise $	Value of rights exercised in year $ (A)	Forfeited in year $
Mr H Neumann	Rights	942,550	370,706	-	-	-
Mr D Bollesen	Rights	201,975	79,437	-	-	-
Mr R Comstock	Rights	235,638	92,677	-	-	-
	Options	15,834	1,271	-	-	15,834
Ms L Mah	Rights	67,325	26,479	-	-	-
	Options	12,668	1,017	-	-	12,668

A. No rights or options were exercised during the year.

(f) Rights and options over equity instruments

The movement during the reporting period, by number of rights and options over ordinary shares in Ainsworth Game Technology Limited held, directly, indirectly, or beneficially, by each key management person, including their related parties, is as follows:

	Held at 31 December 2022	Granted as compensation	Exercised	Other changes*	Held at 31 December 2023	Vested during the year	Vested & exercisable at 31 December 2023
Rights / Share Options							
Mr H Neumann	2,800,000	-	-	-	2,800,000	-	-
Mr D Bollesen	600,000	-	-	-	600,000	-	-
Mr R Comstock	825,000	-	-	(125,000)	700,000	-	-
Ms L Mah	300,000	-	-	(100,000)	200,000	-	-

** Other changes represent options that were forfeited during the year.*

Rights and options held by key management personnel that are vested and exercisable at 31 December 2023 were nil (2022: nil). No rights or options were held by related parties of key management personnel.

15. REMUNERATION REPORT (CONTINUED)

(g) Movements in shares

The movement during the reporting period in the number of ordinary shares in Ainsworth Game Technology Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 31 December 2022	Purchases	Sales	Dividend Re-Investment Plan (DRP) allotment	Held at 31 December 2023
Current					
Mr GJ Campbell	389,241	-	-	-	389,241
Mr CJ Henson	135,189	-	-	-	135,189
Ms HA Scheibenstock	15,344	-	-	-	15,344
Mr DE Gladstone	177,146	-	-	-	177,146
Ms L Mah	19,407	-	-	-	19,407

No shares were acquired by or granted as compensation to key management personnel during the reporting period in 2023 or 2022.

There were no loans made to key management personnel or their related parties at any time in the current or prior reporting period.

There were no other changes in key management personnel in the period after the reporting date and prior to the date when the Financial Report was authorised for issue.

This directors' report is made out in accordance with a resolution of the directors.

D. Gladstone

D.E Gladstone
Chairperson

Dated at Sydney this 26 day of March 2024

INDEX TO NOTES TO THE FINANCIAL REPORT	PAGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of AUD	*Note*	31 December 2023	31 December 2022 Restated*
Assets			
Cash and cash equivalents	*19*	19,834	29,861
Receivables and other assets	*18*	103,837	92,895
Current tax assets		3,055	2,697
Inventories	*17*	72,604	90,124
Prepayments		7,077	7,701
Investment in financial assets	*31*	3,818	7,537
Total current assets		**210,225**	**230,815**
Receivables and other assets	*18*	15,547	22,641
Deferred tax assets	*16*	21,558	18,803
Property, plant and equipment	*13*	95,116	70,189
Right-of-use assets	*28*	5,931	7,631
Intangible assets	*14*	70,071	77,247
Total non-current assets		**208,223**	**196,511**
Total assets		**418,448**	**427,326**
Liabilities			
Trade and other payables	*25*	34,855	43,384
Loans and borrowings	*22*	357	596
Lease liabilities	*28*	996	2,111
Employee benefits	*23*	13,176	9,149
Deferred income	*15*	5,079	8,281
Current tax liability		6,357	4,678
Provisions	*26*	32,898	24,321
Total current liabilities		**93,718**	**92,520**
Trade and other payables	*25*	79	1,051
Lease liabilities	*28*	8,747	11,492
Employee benefits	*23*	330	367
Total non-current liabilities		**9,156**	**12,910**
Total liabilities		**102,874**	**105,430**
Net assets		**315,574**	**321,896**
Equity			
Share capital		207,709	207,709
Reserves		134,784	134,564
Accumulated losses		(26,919)	(20,377)
Total equity		**315,574**	**321,896**

Refer to note 2 for further information on the restatements.

The notes on pages 51 to 126 are an integral part of these consolidated financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS

In thousands of AUD	*Note*	12 months ended 31 December 2023	6 months ended 31 December 2022 Restated*
Revenue	7	284,862	124,147
Cost of sales	6	(109,617)	(44,409)
Gross profit		**175,245**	**79,738**
Other income	8	1,072	393
Sales, service and marketing expenses	6	(64,340)	(31,151)
Research and development expenses	6	(45,712)	(19,446)
Administrative expenses	6	(28,285)	(12,871)
Writeback / (impairment) of loss allowance on trade	9	757	(1,170)
Write-down of investment in financial assets	6	(13,179)	-
Impairment of non-current assets	6	(6,104)	(3,879)
Other expenses	10, 27	(1,590)	(5,531)
Results from operating activities		**17,864**	**6,083**
Finance income	12	7,185	3,868
Finance costs	12	(892)	(573)
Net finance income		**6,293**	**3,295**
Foreign exchange losses	6	(21,517)	(2,101)
Profit before tax		**2,640**	**7,277**
Income tax expense	16	(9,182)	(4,635)
(Loss) / Profit for the year		**(6,542)**	**2,642**
Other comprehensive (loss) / income			
Items that may be reclassified to profit and loss:			
Foreign operations - foreign currency translation differences		(1,022)	2,328
Total other comprehensive (loss) / income		**(1,022)**	**2,328**
Total comprehensive (loss) / income for the period		**(7,564)**	**4,970**
(Loss) / Profit attributable to owners of the Company		**(6,542)**	**2,642**
Total comprehensive (loss) / income attributable to the of the Company		**(7,564)**	**4,970**
Earnings per share:			
Basic earnings per share (AUD)	21	$ (0.02)	$ 0.01
Diluted earnings per share (AUD)	21	$ (0.02)	$ 0.01

Refer to note 2 for further information on the restatements.

The notes on pages 51 to 126 are an integral part of these consolidated financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of AUD	Note	Issued Capital	Equity compensation reserve	Fair value reserve	Translation reserve	Profit reserve	Retained Earnings / (Accumulated losses)	Total Equity
		Attributable to owners of the Company						
Balance as at 1 July 2022 as previously reported		**207,709**	**5,431**	**9,684**	**21,022**	**95,438**	**(27,956)**	**311,328**
Restatement of prior period balances	*2*	-	-	-	-	-	4,937	4,937
Balance as at 1 July 2022 (Restated)		**207,709**	**5,431**	**9,684**	**21,022**	**95,438**	**(23,019)**	**316,265**
Profit		-	-	-	-	-	2,642	2,642
Other comprehensive income								-
Foreign currency translation reserve		-	-	-	2,328	-	-	2,328
Total other comprehensive income		-	-	-	2,328	-	-	2,328
Total comprehensive income for the period		-	-	-	2,328	-	2,642	4,970
Transactions with owners, recorded directly in equity								
Share-based payment expense	*11*	-	661	-	-	-	-	661
Total transactions with owners		-	661	-	-	-	-	661
***Balance at 31 December 2022**		**207,709**	**6,092**	**9,684**	**23,350**	**95,438**	**(20,377)**	**321,896**
Balance at 1 January 2023		**207,709**	**6,092**	**9,684**	**23,350**	**95,438**	**(20,377)**	**321,896**
Loss		-	-	-	-	-	(6,542)	(6,542)
Other comprehensive income								
Foreign currency translation reserve		-	-	-	(1,022)	-	-	(1,022)
Total other comprehensive income		-	-	-	(1,022)	-	-	(1,022)
Total comprehensive income for the period		-	-	-	(1,022)	-	(6,542)	(7,564)
Transactions with owners, recorded directly in equity								
Share-based payment expense	*11*	-	1,242	-	-	-	-	1,242
Total transactions with owners		-	1,242	-	-	-	-	1,242
Balance at 31 December 2023		**207,709**	**7,334**	**9,684**	**22,328**	**95,438**	**(26,919)**	**315,574**

Refer to note 2 for further information on the restatements.

The notes on pages 51 to 126 are an integral part of these consolidated financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of AUD		12 months ended 31 December 2023	6 months ended 31 December 2022 Restated*
Cash flows generated from / (used in) operating activities			
Cash receipts from customers		285,946	117,687
Cash paid to suppliers and employees		(253,962)	(123,407)
Cash generated / (used in) from operations		**31,984**	**(5,720)**
Interest received		7,185	3,868
Income taxes paid		(11,239)	(3,486)
Net cash generated from / (used in) operating activities		**27,930**	**(5,338)**
Cash flows used in investing activities			
Proceeds from sale of property, plant and equipment		68	101
Proceeds from sale of investments in financial assets	*15, 31*	3,140	-
Acquisitions of property, plant and equipment	*13*	(11,209)	(2,042)
Development expenditure	*14*	(4,895)	(1,898)
Investment in financial assets		(16,845)	(4,877)
Net cash used in investing activities		**(29,741)**	**(8,716)**
Cash flows used in financing activities			
Borrowing costs paid		(892)	(573)
Proceeds from borrowings		382	412
Repayment of borrowings		(626)	(419)
Proceeds from leases		-	657
Payment for leases		(1,675)	(1,077)
Net cash used in financing activities		**(2,811)**	**(1,000)**
Net decrease in cash and cash equivalents		(4,622)	(15,054)
Cash and cash equivalents at start of period		29,861	45,776
Effect of exchange rate fluctuations on cash held		(5,405)	(861)
Cash and cash equivalents at end of period		**19,834**	**29,861**

Refer to note 2 for further information on the restatements.

The notes on pages 51 to 126 are an integral part of these consolidated financial report.

NOTES TO THE FINANCIAL REPORT

1. REPORTING ENTITY

Ainsworth Game Technology Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 10 Holker Street, Newington, NSW, 2127. The consolidated financial report of the Company as at and for the year ended 31 December 2023 comprised of the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is a for-profit entity and primarily is involved in the design, development, manufacturing, sales and distribution of gaming content and platforms including electronic gaming machines, other related equipment and services and online social and real money games.

The consolidated financial report of the Group as at and for the 12 months ended 31 December 2023 is available upon request from the Company's registered office at 10 Holker Street, Newington, NSW, 2127 or at www.agtslots.com.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report comprises of the consolidated financial reports of the Group. For the purposes of preparing the consolidated financial report, the Company is a for-profit entity.

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The preparation of the consolidated financial report is in conformity with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

Compliance with Australian Accounting Standards ensures that the financial report and notes of the Group comply with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with International Financial Reporting Standards as issued by the IASB.

The Company is on their new reporting schedule from 1 January 2023 onwards, with the first year of the new financial report ended 31 December 2023 and the 6 months ended 31 December 2022 as the comparative period which is the last audited results.

The consolidated financial report was authorised for issue by the Board of Directors on 26 March 2024.

(b) Going Concern

The directors have, at the time of approving the financial report, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the current financial report.

(c) Basis of measurement

The consolidated financial report has been prepared on the historical cost basis except where stated in 'Note 3 – Material accounting policy information'.

2. BASIS OF PREPARATION (CONTINUED)

(d) Presentation currency and rounding

This financial report is presented in Australian Dollars ($). Foreign operations are included in accordance with the policies set out in note 3.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Report) Instrument 2016/191 and in accordance with the legislative Instrument, amounts in the annual financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(e) Judgements and Estimates

The preparation of this financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

For the 12 months ended 31 December 2023, the changes to the Group's key sources of estimation uncertainty, including restatement of balances were the following:

i. Functional currency determination

The Group has a subsidiary which operates in Argentina. Historically this subsidiary has had a United States Dollar ("USD") functional currency as key commercial arrangements are priced and denominated in USD. Due to the deteriorating economic conditions in Argentina and the devaluation of the Argentinian peso, the government has imposed strict foreign exchange regulations which has limited the amount of foreign currency within the country and therefore, sales to customers are now being settled in Argentinian pesos. In December 2023, a new President was elected and has started to initiate economic reforms to stabilise the Argentinian peso. However, given there is still a significant amount of uncertainty related to the outcomes of these reforms, this remains a critical judgement at 31 December 2023. The Group has continued to reassess the functional currency of the Argentinian subsidiary by considering both the primary and secondary indicators in AASB 121 *The Effects of Changes in Foreign Exchange Rates* and it was ultimately determined that since the revenue and cost of sales continue to be set and recognised in USD, USD remains the appropriate functional currency. However, the Group acknowledges that should the macro-economic conditions in Argentina continue to deteriorate this would increase the Group's exposure to changes in the Argentinian peso and could result in a change to the functional currency from USD to Argentinian peso. The Group will continue to monitor the conditions and other factors in Argentina to ensure that the functional currency remains appropriate. Should the functional currency be changed to the Argentinian peso in the future, the Group may need to adopt AASB 129 *Financial Reporting in Hyperinflationary Economies*.

ii. Impairment Testing of Non-current Assets

In accordance with AASB 136 *Impairment of Assets*, the Group is required to perform an annual impairment assessment to estimate the recoverable amount of goodwill, intangible assets under development and indefinite life intangible assets or when indicators of impairment are present in the identified cash generating units ("CGUs") within the Group. As a result, all 4 CGUs were assessed for impairment as at 31 December 2023 (noting that the recoverable amount of assets in Argentina were tested separately first – refer note 14).

2. BASIS OF PREPARATION (CONTINUED)

The value in use was determined as the recoverable amount for each CGU. When the impairment assessment was performed at the reporting date, it was identified that the Latin America/Europe CGU had a recoverable amount which was lower than the carrying value of $29,150 thousand. In allocating the impairment loss pertaining to this deficiency, the Group has exercised significant judgement and has not reduced the carrying amount of an asset below the higher of: (a) its fair value less costs of disposal (if measurable); (b) its value in use (if determinable); and (c) zero. This has resulted in $6,104 thousand being recorded as an impairment loss in the current year related to the non-current assets within the Latin America/Europe CGU. Should the fair value of these assets change in the future, the Group will need to reperform an impairment assessment and recognise an impairment loss against those assets respectively.

Errors identified during the reporting period and re-statements of prior reporting period (i.e., 31 December 2022 financial report)

The following errors have been identified during the reporting period:

i. Recognition of cash and cash equivalents on 31 December 2022

An error was identified during this reporting period whereby $37,094 thousand of cash and cash equivalents as at 31 December 2022 did not meet the definition of cash equivalents as they were not held for the purpose of meeting short-term cash commitments and rather they were held as investments that cannot be readily converted to cash (as described in AASB 107 *Statement of cashflows*). Furthermore, the majority of these investments had original maturity of more than 3 months. Instead, these balances should have been classified as 'investments in financial assets' and recorded at amortised cost as required under AASB 9 *Financial instruments*. Refer to note 31 for more details on the investment. Similarly, $8,005 thousand of prepayments did not meet the definition of prepayments as these were not in relation to any prepaid expense for any good or service that has been paid for but not yet incurred.

Following the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Group has restated the Consolidated Statement of Financial Position, including any impact of foreign exchange fluctuations on cash balances held for the comparative period, i.e., 31 December 2022. This restatement has also resulted in adjustments to investments in financial assets and the reclassification of related interest received on these investments into operating activities within the Consolidated Statement of Cash Flows. The investment balance as at 1 July 2022 of $4,542 thousand has also been restated from Cash and Cash equivalents to Investments in Financial Assets included within investing activities in the Consolidated Statement of Cash Flows. The relevant changes made in the financial report are outlined as below:

NOTES TO THE FINANCIAL REPORT

2. BASIS OF PREPARATION (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022
In thousands of AUD

	As previously Stated	Adjustments	As restated
Assets			
Cash and cash equivalents	37,094	(7,233)	29,861
Prepayments	8,005	(304)	7,701
Investments in financial assets	-	7,537	7,537
Total current assets	**227,855**	**-**	**227,855**

CONSOLIDATED STATEMENT OF CASHFLOWS

For the six months ended 31 December 2022
In thousands of AUD

	As previously Stated	Adjustments	As restated
Cash flows used in operating activities			
Interest received	1,245	2,623	3,868
Net cash used in operating activities	**(7,961)**	**2,623**	**(5,338)**
Cash flows used in investing activities			
Interest received	2,623	(2,623)	-
Payments for investments	-	(4,877)	(4,877)
Net cash used in investing activities	**(1,216)**	**(7,500)**	**(8,716)**
Cash flows used in financing activities			
Net decrease in cash and cash equivalents	(10,177)	(4,877)	(15,054)
Cash and cash equivalents at start of period	50,318	(4,542)	45,776
Effect of exchange rate fluctuations on cash held	(3,047)	2,186	(861)
Cash and cash equivalents at end of period	**37,094**	**(7,233)**	**29,861**

ii. Presentation of depreciation expenses placed under rental and participation arrangement as 'sales, service and marketing expenses' for six months ended 31 December 2022.

An error was identified during this reporting period regarding the presentation of depreciation expenses for cabinets placed under rental and participation arrangements. This depreciation expense was previously presented as 'sales, service and marketing expenses' for six months ended 31 December 2022, instead of appropriately presenting this depreciation expense as 'cost of sales'.

NOTES TO THE FINANCIAL REPORT

2. BASIS OF PREPARATION (CONTINUED)

The depreciation expenses relate to capitalised machines recognised in property, plant and equipment that are leased to customers and therefore are directly attributable to generating revenue.

Following the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Group has restated the Consolidated Statement of Profit or Loss and other comprehensive income or loss for the comparative period, i.e., for the six months ended 31 December 2022. The relevant changes made in the financial report are outlined as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS

For the six months ended 31 December 2022

In thousands of AUD

	As previously Stated	Adjustments	As restated
Cost of sales	(40,510)	(3,899)	(44,409)
Gross profit	**83,637**	**(3,899)**	**79,738**
Sales, service and marketing expenses	(35,050)	3,899	(31,151)
Profit for the year	**5,925**	-	**5,925**

iii. Recognition of deferred tax assets as at 31 December 2022

During the current reporting year, certain errors in prior period tax computations were identified.

These related to the non-recognition of deferred tax assets on Research & Development ('R&D') tax offsets and the non-recognition of deferred tax liabilities on written down values of capitalised development costs that have been subject to R&D claims which resulted in a net increase in deferred tax assets of $8,534 thousand as at 1 July 2022 and $5,983 thousand as at 31 December 2022 respectively.

Errors were also identified with regard to the deferred tax impact of CGU impairment which resulted in a decrease in deferred tax assets of $3,233 thousand as at 1 July 2022 and $3,233 thousand as at 31 December 2022.

Further, errors were identified in relation to attributable controlled foreign company ('CFC') foreign income derived in some of the overseas subsidiaries which resulted in a decrease in deferred tax assets of $656 thousand as at 1 July 2022 and $1,388 thousand as at 31 December 2022.

Finally, other individually immaterial PY corrections, resulting in a net increase of DTA by $292 thousand as at 1 July 2022 and 31 December 2022 were also identified.

All the errors identified were in respect of one tax jurisdiction and only impacted deferred tax assets and liabilities and tax expense.

Consequently, this resulted in an increase in deferred tax assets of $4,937 thousand as of 1 July 2022 and increase in deferred tax assets of $1,654 thousand as of 31 Dec 2022, an increase in retained earnings of $4,937 thousand as at 1 July 2022 and an increase in income tax expense of $3,283 thousand for the 6 months ended 31 December 2022.

NOTES TO THE FINANCIAL REPORT

2. BASIS OF PREPARATION (CONTINUED)

Following the requirements of paragraph 42 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Group has restated the Consolidated Statement of Financial Position for the 6-month comparative period, i.e., 31 December 2022. This restatement has also resulted in adjustments to the income tax expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss for the six months ended 31 December 2022 and accumulated losses in the Consolidated Statement of Changes in Equity at 31 December 2022.

The opening balance at 1 July 2022 retained accumulated losses in the Consolidated Statement of Changes in Equity was also restated and the increase on the deferred tax asset balance as of 1 July 2022 was $4,937 thousand. The relevant changes made in the financial report are outlined as below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022
In thousands of AUD

	As previously Stated	Adjustments	As restated
Assets			
Deferred tax assets	17,149	1,654	18,803
Total non-current assets	**197,817**	**1,654**	**199,471**
Equity			
Decrease to accumulated losses in opening balance - 1 July 2022	-	4,937	4,937
Increase to accumulated losses during the period	-	(3,283)	(3,283)
Accumulated losses	(22,031)	1,654	1,654
Total equity	**320,242**	**1,654**	**321,896**

NOTES TO THE FINANCIAL REPORT

2. BASIS OF PREPARATION (CONTINUED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS

For the six months ended 31 December 2022

In thousands of AUD

	As previously stated	Adjustments	As restated
Income tax expense	(1,352)	(3,283)	(4,635)
Profit after tax for the year	**5,925**	**(3,283)**	**2,642**
Total comprehensive income for the period	**8,253**	**(3,283)**	**4,970**
Profit attributable to owners of the Company	**5,925**	**(3,283)**	**2,642**
Total comprehensive income attributable to the owners of the Company	**8,253**	**(3,283)**	**4,970**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 31

In thousands of AUD

	Attributable to owners of the Company						
	Issued Capital	Equity compensation reserve	Fair value reserve	Translation reserve	Profit reserve	Earnings / (Accumulated losses)	Total Equity
Balance at 1 July 2022	**207,709**	**5,431**	**9,684**	**21,022**	**95,438**	**(27,956)**	**311,328**
Restatement of prior period balances	**-**	**-**	**-**	**-**	**-**	**4,937**	**4,937**
*** Restated Balance at 1 July 2022**	**207,709**	**5,431**	**9,684**	**21,022**	**95,438**	**(23,019)**	**316,265**
Total comprehensive income for the period	-	-	-	2,328	-	-	2,328
Profit after tax for the year	-	-	-	-	-	5,925	5,925
Restatement of prior period balances	-	-	-	-	-	(3,283)	(3,283)
*** Restated total comprehensive income for the period**	-	-	-	2,328	-	2,642	4,970
*** Restated balance at 31 December 2022**	**207,709**	**5,431**	**9,684**	**23,350**	**95,438**	**(20,377)**	**321,896**

NOTES TO THE FINANCIAL REPORT

2. BASIS OF PREPARATION (CONTINUED)

Deferred Tax Assets (In thousands of AUD)	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
Gross deferred tax assets		
Employee benefits	3,789	3,017
Provisions	6,210	5,353
Property, plant and equipment	269	255
Tax loss carry-forwards	2,185	10,842
Research and development	10,936	1,797
Imputed interest	3,979	2,161
Foreign tax credits	5,292	3,468
Deferred revenue	217	1,219
Uniform capitalisation	1,450	1,771
Other	2,216	2,433
Gross deferred tax assets	36,543	32,316
Movements:		
Opening balance at 1 January 2023 / 1 July 2022	32,316	29,364
Recognised in the income statement (profit or loss)	4,227	2,952
Balance at 31 December	36,543	32,316

Deferred Tax Liabilities (In thousands of AUD)	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
Gross deferred tax liabilities		
Property, plant and equipment	(6,129)	(4,250)
Unrealised foreign exchange loss / (gain)	332	(509)
Foreign withholding taxes	(3,053)	(1,747)
Research and development	(3,078)	(4,241)
Intangibles	(2,113)	(1,746)
Other	(944)	(1,020)
Gross deferred tax liabilities	(14,985)	(13,513)
Movements:		
Opening balance at 1 January 2023 / 1 July 2022	(13,513)	(12,560)
Recognised in the income statement (profit or loss)	(1,472)	(953)
Balance at 31 December	(14,985)	(13,513)

2. BASIS OF PREPARATION (CONTINUED)

Net movement of Deferred Tax (In thousands of AUD)	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
Movements		
Balance at the start of the year	18,803	11,868
Credited to profit or loss	2,755	6,935
Balance at the end of the year	21,558	18,803

Refer to Note 21 reflecting the impact of the restatement on basic and diluted Earnings Per Share.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in this consolidated financial report and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The financial reports of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial report in accordance with Australian Accounting Standards.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance date are retranslated to the functional currency at the foreign exchange rate at that date. Non-monetary assets & liabilities that are measured at fair value in a foreign currency are translated into the functional currency at exchange rate when the fair value was determined.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at the average exchange rates for the period.

Foreign currency differences are recognised in other comprehensive income and presented in the translation reserve in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the profit or loss, as part of gain or loss on disposal.

When the Group disposes of only a part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of cumulative amounts is re-attributed to non-controlling interest.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation, are recognised in other comprehensive income and are presented in the translation reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial assets comprise trade and other receivables, investments in financial assets (investments in non bank financial institution and investments in shares – refer to note 31 for more details on the nature of the investment) and cash and cash equivalents. Investments in non bank financial institution refers to investments made in financial entity that offers loans and financing to consumers.

Recognition and initial measurement

Trade and other receivables are financial assets with a contractual right to receive cash from another entities. Trade and other receivables are recognised initially at fair value on the date that they are originated adjusted for directly attributable transaction costs. After initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured by the following:
- Fair Value Through Profit and Loss (Mandatorily measured);
- Amortised Cost.

The determination of current and non-current receivables involves reviewing the contractual term and how it compares to the current payment trend. When the current payment trend is not in line with actual contractual terms, then the Group will base the current and non-current split on payment trend.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A financial asset is measured at fair value through profit or loss when the financial asset is held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.
Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities comprise loans and borrowings and trade and other payables.

Recognition and initial measurement

Financial liabilities are initially recognised on the date that they are originated at which the Group becomes a party to the contractual provisions of the instrument.

Loans and borrowings and trade and other payables are recognised initially at fair value plus any directly attributable transaction costs.

Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Machines previously held as inventory are transferred to property, plant and equipment when a rental or participation agreement is entered into. When the rental or participation agreements cease and the machines become held for sale, they are transferred to inventory at their carrying amount. Proceeds are reflected in revenue while value disposed are recognised as cost of sale. These are treated as an operating cash flow.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within “other income” or “other expenses” in profit and loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

- buildings 40 years
- leasehold improvements 10 years or remaining lease period, whichever is less
- plant and equipment 2.5 - 20 years

The useful lives of capitalised machines leased under rental or participation agreements are included in the plant and equipment useful lives.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted where appropriate.

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3(a)(v). Goodwill is subsequently carried at cost less accumulated impairment losses (refer Note 3(h)).

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design to produce new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Generally, other development expenditure and discontinued projects that are expected to have no further economic benefit are recognised in profit or loss when incurred. However, Project Team

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Meetings and Project Management Activities relating to the development phase are capitalised. Tracking of such activities are performed by employees signing off timesheets, allocated by project. These are signed off by the respective managers handling the projects.

Research and development costs cease to be capitalised when the project is completed and ready for use after which the capitalised costs are transferred to the appropriate class of intangible assets and amortisation based on its useful life commences. The project is determined to be completed when the project is readily available to be sold or subject to regulatory approval date.

(iii) Other intangible assets

Other intangible assets, which include intellectual property, technology and software assets, customer relationships, tradenames and trademarks, and service contracts, that are acquired by the Group through business combinations, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(v) Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefit embodied in the asset. The estimated useful lives are as follows:

• intellectual property	3 - 10 years
• technology and software	5 - 10 years
• customer relationships and contracts acquired	3 - 10 years
• tradenames and trademarks	3 years
• service contracts	3 years
• goodwill	N/A – not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Impairment

(i) Non-derivative financial assets

The Group recognises expected credit losses ("ECLs") on financial assets, such as trade receivables and investments in financial assets, measured at amortised cost using the simplified method. The Group measures expected credit losses at an amount equal to the lifetime ECLs. The provision matrix contains the Group's receivables grouped by geographical region as customers in the same locations have similar credit characteristics. Historical default rates (or loss rates) for each geographical region are based on aging profile, past due analysis and historical write off data. The loss rates are adjusted for forward looking assumptions and then applied to receivables to compute the general lifetime ECL for these different geographical region customers. At every reporting date, the Group assesses the credit risk when estimating the ECL and in making the assessment considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, credit assessment based on external economic conditions and any available forward-looking information such as inflation and GDP.

In addition, the Group also performs regular reviews of past due receivables at an individual customer level and recognises additional specific loss allowances for individual customers where credit risk is deemed significant.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- a breach of contract such as a default or shortfall of agreed payment plans; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

During the year, the Group recognised credit impairment for receivables and other assets and investments in financial assets – Refer to note 18 and note 31 for further details.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual and corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Indicators include amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. The Group expects no significant recovery from amounts written off. However, financial assets that are written off could still be subject to enforcement activities in accordance with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (refer note 3 (f)) and deferred tax assets (refer note 3 (n)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (the "CGU"). The goodwill acquired in a business combination for the purpose of impairment testing, is allocated to CGU that is expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis. In allocating an impairment loss to a CGU to which goodwill or corporate assets have been allocated the Group does not reduce the carrying value of an asset below the higher of its fair value, value in use (if determinable) or zero.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Employee benefits

(i) Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield rate at the reporting date on corporate bonds that have maturity dates approximating the terms of the Group's obligations.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and long service leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers remuneration insurance and payroll tax. Non-accumulating non-monetary benefits, such as cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees. A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Equity-settled share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

performance conditions at the vesting date. Where such adjustments result in a reversal of previous expenses these are recognised as a credit to profit or loss in the period that it is assessed that certain vesting conditions will not be met.

(i) Provisions

A provision is recognised if, because of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The unwinding of the discount is recognised as a finance cost.

(j) Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(k) Revenue

Recognised under AASB15 *Revenue from contracts with customers*

Type of product/ service	Revenue recognition methods and timing of payments	Description of revenue recognition
Machine and part sales	Point in time recognition. Timing of payments vary and are dependent on negotiations with customers.	Revenue is recognised when customers obtain control of machines. This is typically when the goods are physically delivered, and the customer has accepted the goods. At this point the customer has the significant risks and rewards of ownership and the Group has an entitlement to payment of the goods. For machine sales in which the Group is also responsible for fulfilling performance obligations related to installation of the machines sold, under AASB 15 the installation is considered as a separate performance obligation. This is because the promise to install is implicit in the contract based on established business practices and creates a valid expectation that the Group will provide the service to the customer. Revenue is only recognised when this performance obligation is met. The transaction price for each contract is allocated to separate performance obligations based on the standalone selling price for each performance obligation.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Type of product/ service	Revenue recognition methods and timing of payments	Description of revenue recognition
Multi element arrangements	Point in time and over time recognition, depending on the various performance obligations. Payments are received monthly.	Multi-element arrangements could consist of the sale of any combination of machine hardware, software (including an initial game), installation and the option to convert the game. The option to convert the game represents a material right provided to the customer and is treated as deferred revenue. The deferred revenue is recognised when the material right is exercised or when the option lapses at the end of the contract. These arrangements are similar to machine and part sales however payment terms on multi-elements are monthly over the term of the contract. Machine hardware, software, installation and game conversions are recognised at a point in time. The transaction price for each contract is allocated to separate performance obligations based on the standalone selling price for each performance obligation. Any discounts are allocated proportionally to all performance obligations in a contract. Payment terms which extend beyond 12 months, include a significant financing component and the interest income is recognised over the term of the contract.
Rendering of services	Point in time and over time recognition. Payments are received monthly.	Revenue from services rendered include provision of servicing and preventative maintenance which are recognised over the period of the service agreement. Revenue is recognised based on a fixed daily fee per machine serviced.
License income	Point in time and over time recognition. Payments are received either upfront or on a periodical basis.	The timing of the recognition of license income is dependent on the type of performance obligations to be delivered to the customers. For license income that is recognised at a point in time, the performance obligations relates to the integration of another manufacturers machines into AGT's proprietary HHR system. For license income that is recognised over time, the performance obligations relate to provision of hosting services of remote gaming servers in the online market (this mainly relates to GAN exclusivity agreement) and recurring connection fees from other manufacturers utilising AGT's proprietary HHR system. For license income that are recognised over time, any contract liabilities relating to advance consideration received from customers are recognised and assessed at every reporting date. The contract liability is recognised as revenue as and when the performance obligations are carried out.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Recognised under AASB16 *Leases*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset. At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

Type of product/ service	Revenue recognition methods and timing of payments	Description of revenue recognition
Rental and Participation	Rental and Participation are classified as operating leases and not finance leases when the Group does not transfer the significant risks and rewards of ownership of the machines to the customer. Revenue is generated based on share of turnover of net wins of the participation machines. Payments are received monthly for both products.	Operating lease rental revenue is recognised on a straight-line basis over the term of the lease contract. Rental revenue is calculated by multiplying the daily fee by the total number of days the machine has been operating on the venue floor. Participation revenue represents variable lease payments based on a share of turnover of net win of the participation machine. The variable lease payments are recognised in the profit & loss as participation revenue as incurred. Participation revenue amounted to $69,696 thousand for the year (6 months ended 31 December 2022: $34,821 thousand).
Finance leases	Finance leases are classified as finance leases and not operating leases when the Group transfers the significant risk and rewards of ownership of the machines to the customer. Timing of payments vary and are dependent on negotiations with customers.	At commencement date, revenue is recognised at an amount being the lower of the fair value of the machines or the present value of lease payments discounted using a market interest rate. Finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

Refer to Note 3(k)

(m) Finance income and finance costs

Finance income comprises of interest income from customers, investment and bank term deposits. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance costs comprise interest expense on lease liabilities and insurance premium funding.

(n) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets. Deferred tax assets and liabilities are only netted off within the same tax authorities.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, see Note 16.

(o) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the adjusted profit or loss attributable to ordinary shareholders of the Company, and the weighted average number of ordinary shares outstanding, both for the effects of all dilutive potential ordinary shares, which comprise of performance rights and share options granted to employees.

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(q) Changes in new standards and interpretations not yet adopted

Several new standards and amendments to standards are effective for annual periods beginning after 1 January 2023. The following new standards and interpretations are considered by the Group:

Insurance-related amendments:

- AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts*
- AASB 17 *Insurance Contracts*
- AASB 2021-7 Amendments *to Australian Accounting Standards – Effective date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information*
- AASB 2022-8 *Amendments to Australian Accounting Standard – Insurance Contracts: Consequential Amendments*

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The Group does not anticipate that the amendments listed above will have a material impact on the Group but may change the disclosure of accounting policy information included in the annual financial report.

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*.

The Group does not anticipate that the amendments will have a material impact on the Group but may change the disclosure of accounting policy information included in the annual financial report.

- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

The Group currently accounts for deferred taxes arising from leases, and similar items in respect of the transaction. For example, in respect of leases, the entity seeks to reflect the linkage between the right-of-use asset and the lease liability and recognise deferred tax on an aggregate temporary difference basis. On application of the amendments, deferred tax amounts will instead be recognised in respect of each separate part of the overall transaction, e.g., in respect of each of the right-of-use asset and lease liability.

Therefore, the amendments would not impact the net assets of the group but may change the makeup of net deferred taxes recognised in the consolidated statement of financial position.

- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*.

The Group does not anticipate that the amendments will have a material impact on the Group but may change the disclosure of accounting policy information included in the annual financial report.

- AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules*.

The Group currently has operations in Australia, New Zealand, LATAM, and North America. The Pillar Two Model Rules will apply for Multinational Groups that have a consolidated accounting revenue of EUR $750 million. Management is assessing applicability of Pillar Two Model Rules as part of Novomatic AG (Group's majority shareholder) meeting its requirements. However, currently the legislation has not been substantially enacted in any of the operating jurisdictions.

Apart from the new standards and interpretations outlined above, there are currently no new standards, amendments to standards or accounting interpretations that are expected to affect the Group's consolidated financial report in future periods.

4. DETERMINATION OF FAIR VALUES

Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in measuring fair values is included in the following notes:

4. DETERMINATION OF FAIR VALUES (CONTINUED)

- Note 14: Intangible assets;
- Note 24: share-based payments;
- Note 27: financial instruments; and
- Note 31 Investment in financial assets.

(a) Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Financial Instruments are recognised at fair value based on quoted prices in active markets for identical assets or liabilities. For finance leases the market rate of interest is determined by reference to similar lease agreements. For loans and borrowings, fair value is calculated based on the amortised cost. The fair value of Investment in shares is based on the listed closing price on the stock exchange at the reporting date.

(b) Equity-settled share-based payment transactions

The fair value as defined under AASB 2 of employee performance rights are measured using the Monte Carlo expected valuation method or Monte Carlo binomial valuation method. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not considered in determining fair value.

(c) Non-current assets

Fair value measurements for non-current financial assets including property, plant and equipment, intangible assets and right-of-use assets may be determined for the purpose of testing impairment as set out in Note 14. These fair values are primarily market-based fair values for underlying assets in a CGU such as gaming machines and buildings and have been determined using recent transaction values adjusted for market specific conditions. Refer to note 14 for further information.

5. FINANCIAL RISK MANAGEMENT

Risk management framework

The Board of Directors have an overall responsibility for the establishment and oversight of the risk management framework. The Board has established processes through the Group's Audit and Risk Committee ("ARC"), which is responsible for developing and monitoring risk management policies. The ARC reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's ARC oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARC is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the ARC.

Further information about the Group's exposure to each of the above risks, its objectives, policies, and processes for measuring and managing risk, and the management of capital quantitative disclosures are included throughout this financial report and the Group's exposure to these risks are further elaborated in Note 27.

Guarantees

The Group's policy is to provide financial guarantees only for wholly owned subsidiaries. At 31 December 2023, no guarantees were outstanding (six months ended 31 December 2022: none).

Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board continues to monitor group performance to ensure sufficient flexibility to fund operation demands of the business, to support any strategic opportunities and that dividends can be provided to ordinary shareholders.

The Board continues to review alternatives to ensure present employees will hold equity in the Company's ordinary shares. This is expected to be an ongoing process establishing long-term incentive plans to further align shareholders and employees' interests.

The Group has managed its capital through debt ratio and debt to equity ratio and attempts to decrease these ratios to maintain a strong capital base:

Debt Ratios	**31-Dec-23**	**31-Dec-22**
Debt Ratio (Total Liabilities / Total Assets)	24.58%	24.67%
Debt to Equity Ratio (Total Liabilities / Total Equity)	32.60%	32.75%

6. OPERATING SEGMENTS

The activities of the entities within the Group are predominantly within a single business which is the design, development, manufacture, sale and service of gaming machines and other related equipment and services.

During the current reporting period, Management has reviewed and determined that there has been a change in the operating segments. This change is consistent with how information is now reported to the Group's Chief Executive Officer (CEO) as the chief operating decision maker for the purposes of resource allocation.

The assessment of performance is focused on the geographical location of customers of gaming machines and online business segment. As such, effective 1 January 2023, the Group's reportable segments are as follows:

6. OPERATING SEGMENTS (CONTINUED)

- Asia Pacific (consists of Australia, New Zealand and Asia);
- North America;
- Latin America and Europe; and
- Online Gaming.

Performance of each reportable segment is based on segment revenue and segment results as included in internal management reports that are reviewed by the Group's CEO. Segment results includes segment revenues and expenses that are directly attributable to the segment, which management believes is the most relevant approach in evaluating segment performance. Items that are not part of the ordinary course of business or one-off items do not form part of the segment results. Segment revenues, expenses and results exclude intercompany transactions. The revenue from external parties reported to the CEO is measured in a manner consistent within the consolidated statement of profit or loss and other comprehensive income or loss.

The comparative table for 6 months ended 31 December 2022 has also been restated to reflect the current operating segments. The Group has changed the presentation of operating segments without changes to the total segment results for the prior reporting period.

FOR THE 12 MONTHS ENDED 31 DECEMBER 2023

In thousands of AUD	**Asia Pacific**	**North America**	**Latin America / Europe**	**Online**	**Total**
Reportable segment revenue	48,780	140,347	80,099	15,636	284,862
Cost of goods sold	(33,920)	(45,597)	(30,095)	(5)	(109,617)
Gross Margin	14,860	94,750	50,004	15,631	175,245
Sales service and marketing expenses	(11,826)	(30,107)	(21,475)	(932)	(64,340)
Other items allocated to segment	354	391	4,602	(752)	4,595
Segment result	3,388	65,034	33,131	13,947	115,500
Segment result (%)	7%	46%	41%	89%	41%
Segment EBITDA	4,132	77,335	32,334	13,947	127,748
Interest revenue not allocated to segments					4,394
Interest expense					(892)
Foreign currency loss					(21,517)
R & D expenses					(45,712)
Corporate and administrative expenses					(28,285)
Write-down of investment in financial assets					(13,179)
Impairment of non-current assets					(6,104)
Other expenses not allocated to segments					(1,565)
Profit before tax					2,640
Income tax expense					(9,182)
Net loss after tax					(6,542)

Provision for Mexican duty and other charges have been recognised in "Other expenses not allocated to Segments". Please refer to Note 10 for more information.

NOTES TO THE FINANCIAL REPORT

6. OPERATING SEGMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2022

In thousands of AUD	Asia Pacific	North America	Latin America / Europe	Online	Total
Reportable segment revenue	24,899	59,705	33,162	6,381	124,147
Cost of goods sold	(16,933)	(16,306)	(11,170)	-	(44,409)
Gross Margin	7,966	43,399	21,992	6,381	79,738
Sales service and marketing expenses	(5,877)	(13,792)	(10,634)	(848)	(31,151)
Other items allocated to segment	259	1,216	(1,007)	-	468
Segment result	2,348	30,823	10,351	5,533	49,055
Segment result (%)	9%	52%	31%	87%	40%
Segment EBITDA	3,055	36,661	9,686	5,533	54,935
Interest revenue not allocated to segments					2,623
Interest expense					(573)
Foreign currency loss					(2,101)
R & D expenses					(19,446)
Corporate and administrative expenses					(12,871)
Write-down of investment in financial assets					-
Impairment of non-current assets					(3,879)
Other expenses not allocated to segments					(5,531)
Profit before tax					7,277
Income tax expense					(4,635)
Net profit after tax					2,642

7. REVENUE

The Group's operations and main revenue streams remained consistent with those described in the financial report for the six months ended 31 December 2022. The Group's revenue is derived from contracts with customers.

There are no individual customers accounting for more than 10% of revenue during the 12 months ended 31 December 2023 (12 months ended 31 December 2022: nil).

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. To ensure consistency of the geographical market presentation outlined in Note 6 Operating Segments, the presentation by geographical market within this note has been updated as well for current and prior period.

NOTES TO THE FINANCIAL REPORT

7. REVENUE (CONTINUED)

FOR THE 12 MONTHS ENDED 31 DECEMBER 2023

In thousands of AUD	Asia Pacific	North America	Latin America / Europe	Online	Total
Major products/service lines					
Recognised under AASB15					
Machine and part sales	35,012	57,307	37,663	-	129,982
Multi element arrangements	8,844	-	-	-	8,844
Rendering of services	4,923	26,837	5	-	31,765
License income	-	6,925	1,144	15,636	23,705
Total revenue recognised under AASB15	48,779	91,069	38,812	15,636	194,296
Recognised under AASB16					
Rental and participation	1	47,081	22,615	-	69,697
Finance leases	-	2,197	18,672	-	20,869
Total revenue recognised under AASB16	1	49,278	41,287	-	90,566
	48,780	**140,347**	**80,099**	**15,636**	**284,862**
Timing of revenue recognition					
Products and services transferred at a point in time	43,781	61,918	56,826	-	162,525
Products and services transferred over time	4,999	78,429	23,273	15,636	122,337
	48,780	**140,347**	**80,099**	**15,636**	**284,862**

FOR THE 6 MONTHS ENDED 31 DECEMBER 2022

In thousands of AUD	Asia Pacific	North America	Latin America / Europe	Online	Total
Major products/service lines					
Recognised under AASB15					
Machine and part sales	18,359	19,947	14,060	-	52,366
Multi element arrangements	4,088	-	-	-	4,088
Rendering of services	2,451	11,438	79	-	13,968
License income	-	4,274	395	6,381	11,050
Total revenue recognised under AASB15	24,898	35,659	14,534	6,381	81,472
Recognised under AASB16					
Rental and participation	1	23,654	10,553	-	34,208
Finance leases	-	392	8,075	-	8,467
Total revenue recognised under AASB16	1	24,046	18,628	-	42,675
	24,899	**59,705**	**33,162**	**6,381**	**124,147**
Timing of revenue recognition					
Products and services transferred at a point in time	22,420	23,253	22,145	-	67,818
Products and services transferred over time	2,479	36,452	11,017	6,381	56,329
	24,899	**59,705**	**33,162**	**6,381**	**124,147**

8. OTHER INCOME

In thousands of AUD	Note	12 months ended 31 December 2023	6 months ended 31 December 2022
Rent received		328	107
Other income		744	-
Gain on sale of property plant and equipment		-	286
		1,072	393

9. EXPENSES BY NATURE

In thousands of AUD	Note	12 months ended 31 December 2023	6 months ended 31 December 2022
Cost of goods sold*		92,429	32,128
Employee benefits expense	11	77,421	32,985
Depreciation and amortisation expense	13,14,28	23,749	10,950
Write-down of investment in financial assets		13,179	-
Sales commission expense		8,196	3,793
Evaluation and testing expenses		7,619	3,976
Travel and entertainment expenses		5,535	2,695
Property related expenses		5,445	2,604
Marketing expenses		4,663	2,592
Computer and communications expenses		4,130	1,495
License fees		3,672	1,713
Warranty expenses		3,530	1,636
Impairment of intangibles	14	3,149	-
Impairment of property, plant and equipment	13	2,778	3,249
Legal expenses		1,883	867
Duty charges		1,801	2,010
Provision for Mexican duty and other charges	10	1,565	5,531
Impairment of ROU Assets	28	177	631
(Writeback) / accrual for loss allowance on trade receivables	27	(757)	1,170
Other expenses not listed above		7,906	8,432
		268,070	118,457

*Cost of goods sold in the table above includes direct cost relating to machines and parts as well as production and inventory variances.

*Indirect costs such as employee benefits expense and depreciation and amortisation expenses relating to cost of goods sold have been shown separately in the table above.

NOTES TO THE FINANCIAL REPORT

10. OTHER EXPENSES

In thousands of AUD	Note	12 months ended 31 December 2023	6 months ended 31 December 2022
Provision for Mexican duty and other charges	26	1,565	5,531
Loss on sale of property plant and equipment		25	-
		1,590	5,531

11. EMPLOYEE BENEFIT EXPENSES

In thousands of AUD	Note	12 months ended 31 December 2023	6 months ended 31 December 2022
Wages and salaries		68,229	29,668
Short-term incentives		3,467	247
Contributions to defined contribution superannuation funds		3,877	1,754
(Decrease) / increase in liability for annual leave	23	(9)	198
Increase in liability for long service leave	23	368	237
Termination benefits		247	220
Equity settled share-based payment transactions		1,242	661
		77,421	32,985

12. FINANCE INCOME AND FINANCE COSTS

In thousands of AUD	Note	12 months ended 31 December 2023	6 months ended 31 December 2022
Interest income from customers, investments and bank term deposits		7,185	3,868
Finance income		7,185	3,868
Interest expense on financial liabilities – lease liabilities and insurance premium funding		(892)	(573)
Finance costs		(892)	(573)
Net finance income recognised in profit or loss		6,293	3,295

NOTES TO THE FINANCIAL REPORT

13. PROPERTY, PLANT AND EQUIPMENT

In thousands of AUD	Note	Land & buildings	Plant & equipment	Leasehold improvements	Total
Cost					
Balance at 1 July 2022		61,224	144,620	4,361	210,205
Classification of inventory to plant and equipment		-	10,036	-	10,036
Re-classification of plant and equipment back to inventory		-	(7,232)	-	(7,232)
Additions		302	1,740	-	2,042
Disposals		-	(1,060)	(3)	(1,063)
Effect of movements in foreign exchange		1,030	1,970	7	3,007
Balance at 31 December 2022		62,556	150,074	4,365	216,995
Balance at 1 January 2023		62,556	150,074	4,365	216,995
Classification of inventory to plant and equipment		-	32,766	-	32,766
Re-classification of plant and equipment back to inventory		-	(16,605)	-	(16,605)
Additions		290	10,919	-	11,209
Disposals		-	(1,074)	-	(1,074)
Effect of movements in foreign change		(594)	(1,161)	(5)	(1,760)
Balance at 31 December 2023		62,252	174,919	4,360	241,531

NOTES TO THE FINANCIAL REPORT

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In thousands of AUD	Note	Land & buildings	Plant & equipment	Leasehold improvements	Total
Depreciation and Impairment Losses					
Balance at 1 July 2022		17,479	122,199	3,395	143,073
Depreciation charge for the half year		866	5,133	111	6,110
Impairment Loss	14	-	3,249	-	3,249
Re-classification of plant and equipment back to inventory		-	(6,520)	-	(6,520)
Disposals		-	(958)	-	(958)
Effect of movements in foreign exchange		285	1,560	7	1,852
Balance at 31 December 2022		18,630	124,663	3,513	146,806
Balance at 1 January 2023		18,630	124,663	3,513	146,806
Depreciation charge for the year		1,394	12,550	132	14,076
Impairment Loss	14	-	2,242	536	2,778
Re-classification of plant and equipment back to inventory		-	(14,651)	-	(14,651)
Disposals		-	(1,056)	-	(1,056)
Effect of movements in foreign exchange		(216)	(1,317)	(5)	(1,538)
Balance at 31 December 2023		19,808	122,431	4,176	146,415
Carrying Amounts					
At 1 July 2022		43,745	22,421	966	67,132
At 31 December 2022		43,926	25,411	852	70,189
At 31 December 2023		42,444	52,488	184	95,116

Machines previously held as inventory are transferred to property, plant and equipment when a rental or participation agreement is entered into. When the rental or participation agreements ceases and the machines become held for sale, they are transferred back to inventory at their carrying amount.

The carrying amount of plant and equipment on participation and fixed rental leases is $39,625 thousand (31 December 2022: $20,977 thousand).

Impairment loss of $2,778 thousand (six months ended 31 December 2022: $3,249 thousand) recognised during the year relates to the recoverability of the carrying value of assets within the 'Latin America' cash generating unit. See 'Note 14 – Intangible assets' for further details.

14. INTANGIBLE ASSETS

In thousands of AUD	Note	Goodwill	Development Costs	Nevada Licence Costs	Technology & Software	Customer Relationships	Tradenames & Trademarks	Total
Cost								
Balance at 1 July 2022		43,918	3,357	1,583	50,524	16,848	1,133	117,363
Additions		-	1,898	-	-	-	-	1,898
*Transfers		-	(329)	-	329	-	-	-
Intangible assets fully amortised and written off		-	-	-	(7,258)	-	-	(7,258)
Effects of movements in foreign currency		698	-	-	181	284	18	1,181
Balance at 31 December 2022		44,616	4,926	1,583	43,776	17,132	1,151	113,184
Balance at 1 January 2023		44,616	4,926	1,583	43,776	17,132	1,151	113,184
Additions		-	4,895	-	-	-	-	4,895
*Transfers		-	(8,197)	-	8,197	-	-	-
Intangible assets fully amortised and written off		-	-	-	-	-	-	-
Effects of movements in foreign currency		(401)	(1)	-	(104)	(163)	(11)	(680)
Balance at 31 December 2023		44,215	1,623	1,583	51,869	16,969	1,140	117,399

NOTES TO THE FINANCIAL REPORT

14. INTANGIBLE ASSETS (CONTINUED)

In thousands of AUD	Note	Goodwill	Development Costs	Nevada Licence Costs	Technology & Software	Customer Relationships	Tradenames & Trademarks	Total
Amortisation and impairment losses								
Balance at 1 July 2022		2,436	-	-	26,559	9,290	525	38,810
Amortisation for the half year		-	-	-	3,262	815	116	4,193
Intangible assets fully amortised and written off		-	-	-	(7,258)	-	-	(7,258)
Impairment losses		-	-	-	-	-	-	-
Effects of movement in foreign currency		-	-	-	36	148	8	192
Balance at 31 December 2022		2,436	-	-	22,599	10,253	649	35,937
Balance at 1 January 2023		2,436	-	-	22,599	10,253	649	35,937
Amortisation for the year		-	-	-	6,583	1,644	235	8,462
Intangible assets fully amortised and written off		-	-	-	-	-	-	-
Impairment losses		-	362	-	2,787	-	-	3,149
Effects of movement in foreign currency		-	-	-	(62)	(144)	(14)	(220)
Balance at 31 December 2023		2,436	362	-	31,907	11,753	870	47,328
Carrying amounts								
At 1 July 2022		41,482	3,357	1,583	23,965	7,558	608	78,553
At 31 December 2022		42,180	4,926	1,583	21,177	6,879	502	77,247
At 31 December 2023		41,779	1,261	1,583	19,962	5,216	270	70,071

* During this reporting period, hardware and software developments were capitalized as development costs. Capitalization of costs takes place during production of hardware and software and these costs are not amortized until the asset are ready for use. On completion and being ready for use they are transferred to Technology and Software and amortisation begins at that time. Development costs are tested for impairment on an annual basis at the end of the reporting period.

14. INTANGIBLE ASSETS (CONTINUED)

Impairment testing

In accordance with the Group's accounting policies, the Group has evaluated whether the carrying amount of a cash generating units ("CGU") or group of CGUs exceeds the recoverable amount as at 31 December 2023 due to the presence of impairment indicators at reporting date. Every year, goodwill and development cost assets are tested annually for impairment.

The determination of CGUs for the purposes of testing goodwill and other intangible assets for impairment has changed since the last audited financial period (six months ended 31 December 2022).

Management began assessing the CGUs differently effective from 1 January 2023. The change in CGUs structure was due to the change in the Group's strategic direction which triggered certain CGUs to no longer generate independent cash inflows. The Group's CGUs, after allocation of goodwill and corporate assets as appropriate, effective 1 January 2023 are as follows:

- Asia Pacific (comprised of Australia, New-Zealand, and Asia);
- North America;
- Latin America/Europe; and
- Online.

Previously, the four main CGUs were: Australia and other (comprised of Australia, New-Zealand, Asia, Europe), North America, Latin America and Development.

Development costs are now treated as corporate costs and allocated to each CGU. Previously, product development costs were recharged from the Development CGU to individual CGUs, based on the forecasted unit sales of each individual CGU. Other corporate assets largely comprise building facilities, IT infrastructure, manufacturing equipment and Right of Use assets. Corporate assets are allocated to underlying CGUs where such allocation can be made on a reasonable and consistent basis. Where corporate assets cannot be allocated to underlying CGUs on a reasonable and consistent basis the Group first tests the CGUs for impairment without allocation of corporate assets and then allocates corporate assets to the smallest group of CGUs to which allocation of corporate assets can be made on a reasonable and consistent basis and tests that group for impairment. Corporate assets are primarily allocated to CGUs based on the expected usage pattern of the corporate assets by each CGU.

Other assets, consisting of intangible assets and Property, Plant and Equipment are allocated to the individual CGUs to which they relate. Property, Plant and Equipment largely comprises building facilities, capitalised machines placed under participation and lease, IT infrastructure and manufacturing equipment.

The allocation of goodwill and intangible assets have been updated to reflect the change of CGUs in the current period. The goodwill arising from the acquisition of Nova Technologies in 2016 and MTD Gaming Inc. in 2020 have been allocated to the North America CGU (and were similarly allocated to the North America CGU in prior years as well). There has been no movement in the carrying value of goodwill compared to 31 December 2022 other than foreign currency translation differences at reporting date.

Due to changes in CGUs, the comparative information has been excluded as it will not provide meaningful information to the user of this financial statement.

NOTES TO THE FINANCIAL REPORT

14. INTANGIBLE ASSETS (CONTINUED)

The allocation of goodwill, indefinite useful life intangible assets and other assets to the Group's identified CGUs, including allocation of corporate assets, before impairment charge recognition, are as follows:

CGUs	Goodwill '$000	Development, Technology and Software Costs '$000	Other Indefinite life intangible assets '$000	Other assets '$000	Total Carrying Value of CGU '$000 (A)	Working Capital '$000 (B)	Total CGU Assets (A+B)	Impairment Recognised '$000 [1]
North America	41,779	16,895	1,583	78,639	138,896	70,675	209,571	-
Latin America / Europe	-	3,149	-	26,000	29,149	67,469	96,618	(6,104)
Asia Pacific	-	2,230	-	3,608	5,838	13,036)	18,874	-
Online	-	2,098	-	1,182	3,280	(1,587)	1,693	-

[1] The impairment has been recorded against property, plant and equipment including corporate assets ($2,778 thousand), Right of Use assets ($178 thousand) and corporate assets mainly relating to Development Costs and Technology Software ($3,149 thousand).

Due to the current macro-economic conditions in Argentina (including political instability, high inflation and restrictions on the transfer of funds outside of the country), and Mexico (changing regulations impacting the gaming industry) in conjunction with reduced revenue projections. The Group considered that there were indicators of impairment and the CGUs were tested for impairment. The Group determined that it would be appropriate to first test the underlying CGUs within Argentina and Mexico for impairment before allocation of corporate assets, before testing the Latin America/Europe CGU as a whole. No impairment charge was recorded for Argentina and Mexico as individual CGUs as the fair value less costs of disposal of the predominant asset class being gaming machines included in property, plant and equipment exceeded their value in use.

Corporate assets were then allocated to the Latin America/Europe CGU, being the lowest level that such assets could be allocated on a reasonable and consistent basis which was primarily done on a specific Latin America/Europe CGU basis supplemented by a usage basis. In testing the Latin America/Europe CGU inclusive of the allocation of corporate assets, an impairment charge of $6,104 thousand was recorded relating primarily to corporate asset allocations to Latin America for property, plant and equipment, Right of Use assets and Intangible Assets comprising Development Costs and Technology Software. Additionally certain items of Property, Plant and Equipment in other CGU in Latin America were also impaired.

In determining the impairment charge for the Latin America/Europe CGU consideration was given to the fair value of the underlying assets of the Latin America/Europe CGU, primarily gaming participation machines (included in property, plant and equipment) and allocated corporate assets including allocations of the Group's building in Las Vegas and the Right of Use asset for the Group's office and facilities in Australia. When allocating an impairment loss pro rata against the non-current assets of a CGU including allocated corporate assets AASB 136 *Impairment of Assets* (AASB 136) does not permit the impairment of such assets below their fair value. Fair value for the participation gaming machines was primarily based on consideration of the prices that the Group considered obtainable in the market based on recent and expected transaction experience for such machines in

14. INTANGIBLE ASSETS (CONTINUED)

an arm's length sales transaction given their current location and condition, remaining useful life and number of machines. Fair value of the allocated portion of the Las Vegas building was based on the fair value in a current sales transaction for a comparable building in a similar location, and fair value of the allocated Australian Right of Use asset was based on comparable rental market rates based on the available facilities within this asset and the location. Significant judgement was required in the determination of the fair value of these assets, especially the gaming machines and the Las Vegas building.

Key assumptions used in determining the recoverable amount

The recoverable amount of each CGU was estimated based on its value in use ("VIU"). VIU for each individual CGU was determined by discounting the future cash flows generated from continuing operations of that CGU over a five-year period. The key assumptions used when assessing the recoverable amount of each CGU is outlined as follows:

	31 December 2023		
CGUs	**Pre-tax Discount rate**	**Average annual revenue growth rate[1]**	**Terminal Year growth rate**
North America	14.8%	18.9%	2.1%
Latin America / Europe	23.0%	1.1%	4.0%
Asia Pacific	14.0%	14.5%	2.5%
Online	14.5%	4.2%	2.1%

[1] The 5 years forecast average annual revenue growth rates (CY24 to CY28) has been calculated based on CY23 revenue as the base year.

Further, as noted above, the Group also determined the fair value less costs of disposal for individual assets where potential impairment was identified. The fair value less costs of disposal for machines under participation contracts was determined with reference to past sales history of such machines, and comparable sales / rental information was considered in determining the fair value less cost of disposal for the building in Las Vegas and the right of use asset in Australia.

<u>The impact of possible changes in key assumptions</u>

<u>North America CGU</u>

As at 31 December 2023, this CGU has significant headroom, therefore the Group does not believe that a reasonable possible change in key assumptions will result in a material impairment charge due to the headroom in forecasted recoverable amount when compared to its carrying amount.

<u>Latin America / Europe CGU</u>

While games within this region continue to perform and the CY2023 budgets were achieved, the challenging operating conditions in the Latin America region, in particular Argentina and Mexico, provides uncertainty on the future recoverable amount of the Latin America/Europe CGU. Any adverse change to the key assumptions when determining the recoverable amount, including assumptions of fair value less cost of disposal of assets, may result in additional impairment charges recognised in future periods.

14. INTANGIBLE ASSETS (CONTINUED)

Asia Pacific CGU

Given the minimal headroom in this CGU, any adverse change to the key assumptions when determining the recoverable amount, may result in impairment charges recognised in future periods.

Assumptions	Model Assumption	Sensitivity	Asia Pacific CGU Headroom Impact '$000	Triggers Impairment for Asia Pacific CGU
Change in average annual revenue growth rate	14.5%	+ 100 basis points	6,036	No
		- 100 basis points	(9,688)	Yes
Change in discount rate	11.1%	+ 100 basis points	(4,336)	Yes
		- 100 basis points	5,545	No
Change in terminal year growth rate	2.5%	+ 100 basis points	2,241	No
		- 100 basis points	(1,807)	No

Online CGU

Given the significant headroom in this CGU, any adverse change to the key assumptions when determining the recoverable amount, would not result in impairment charges recognised in future periods.

In addition, for all CGUs, whilst the achievement of forecast revenue growth rates is dependent on the success of current strategic initiatives, market conditions and improved product performance, management, based on historical experience and industry specific factors, has reviewed and assessed that forecast revenue growth rates are expected to be achieved.

15. DEFERRED INCOME

In thousands of AUD	12 months ended 31 December 2023	6 months ended 31 December 2022
Opening balance	8,281	10,111
Additional deferred income recognised	10,961	3,370
Amortisation of deferred income	(14,185)	(5,391)
Effects of movements in foreign exchange	22	191
Closing balance	5,079	8,281

The carrying value of deferred income in the consolidated statement of financial position predominantly relates to contracts with customers that have prepaid for performance obligations that are yet to be met by the Group. It is expected that as payments are received, these payments are recognised as deferred income and revenue will be recognised over the life of the contract, subject to meeting the Group's performance obligations and revenue recognition policies. The life the contract ranges from 1 to 5 years. As at 31 December 2023, all deferred income balances are classified as current as they are expected to be realised within 12 months after 31 December 2023.

The revenue is recognised in profit or loss on a straight-line basis over the contract term. There are no unfulfilled conditions or other contingencies attaching to the below mentioned contracts.

15. DEFERRED INCOME (CONTINUED)

There are two main contracts that contribute to the carrying value recognised in deferred income and details are as follows:

Golden Gaming Contract

One of the contracts within the deferred income relates to the execution of an exclusivity contract with Golden Gaming (subsequently acquired by J&J Ventures) to distribute Ainsworth's products in Montana. The total consideration of this contract was for $3,655 thousand (USD2,500 thousand) paid upfront. The exclusivity is for a period of 12 months and amortised straight line over the life of the contract. This exclusivity will expire on 30 October 2024. As of 31 December 2023, of the $5,079 thousand carrying value recognised in deferred income, $2,741 thousand relates to this contract.

GAN Contract

One of the contracts within the deferred income relates to the execution of a partnership with GAN Limited ("GAN") for real money online game assets within the U.S. GAN contract contributes $1,952 thousand (31 December 2022: $8,281 thousand) of the deferred income carrying value and further details on this contract are outlined below:

On 31 March 2023, an amended and restated integration and content distribution agreement ("Amended Agreement") was executed, replacing the previously executed Content Distribution Agreement ("Previous Agreement"). Under the Previous Agreement, the Group provided GAN with the exclusive use of current and future Ainsworth real money online game assets within the U.S. for a minimum guaranteed cash consideration of US$30 million for a period of 5 years, commencing 1st July 2021. It was expected that as payments are received, these payments are recognised as deferred income and revenue will be recognised over the life of the contract, subject to meeting the Group's performance obligations and revenue recognition policies.

Under the Amended Agreement, the following took effect:

1) A revised total minimum guaranteed cash consideration of US$15 million (previously US$30 million) with termination of GAN's exclusivity on 31 March 2024 (previously 1 July 2026); and

2) GAN provided additional compensation of 1,250,000 ordinary shares in GAN. The initial recognition on the value of these ordinary shares were at US $1.48 per share (closing share price on 29 March 2023 as published on the US stock exchange, NASDAQ). The shares received were recorded as 'Investments in Financial Assets'.

   The change in the GAN contract terms was accounted for as a contract modification and not as a separate contract under AASB 15 as there was no increase in scope because of the amended contract. The Group determined that the remaining services are not distinct from the previous services provided and are therefore accounted for as part of the existing contract instead of a termination of the existing contract and creation of a new contract. Therefore, the Group has reassessed its transaction price and measure of progress towards the completion of the performance obligations. This has resulted in additional revenue of $1,930 thousand of revenue being recognised at the date of the contract modification as a cumulative catch-up.

   During the same period and as at 31 December 2023, all shares in GAN were sold for a total consideration of $1,974 thousand and the Group has recognised a loss of $752 thousand.

NOTES TO THE FINANCIAL REPORT

16. TAXES

Current Tax Expense

In thousands of AUD	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
Tax recognised in profit or loss		
Current tax expense		
Current year	(12,504)	(6,543)
Prior year adjustments	(341)	(401)
Recognition of R&D tax credits	910	311
	(11,935)	(6,633)
Deferred tax benefit		
Origination and movement of timing differences	2,753	1,998
Total income tax expense	(9,182)	(4,635)

Reconciliation of effective tax rate

In thousands of AUD	12 months ended 31 December 2023		6 months ended 31 December 2022 restated*	
Profit before income tax		2,640		7,277
Income tax expense using the Company's domestic tax rate	(30.00%)	(793)	(30.00%)	(2,183)
Effective tax rates in foreign jurisdictions	(9.58%)	(253)	1.22%	89
Non-deductible expenses	(469.70%)	(12,409)	(77.42%)	(5,634)
Non-assessable income and concessions	154.69%	4,087	48.01%	3,494
Prior year tax credit carried forward	23.50%	621	0.00%	-
Prior year adjustments	(16.5%)	(436)	(5.51%)	(401)
	(347.54%)	(9,182)	(63.69%)	(4,635)

NOTES TO THE FINANCIAL REPORT

16. TAXES (CONTINUED)

Deferred Tax Assets (In thousands of AUD)	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
Gross deferred tax assets		
Employee benefits	3,789	3,017
Provisions	6,210	5,353
Property, plant and equipment	269	255
Tax loss carry-forwards	2,185	10,842
Research and development	10,936	1,797
Imputed interest	3,979	2,161
Foreign tax credits	5,292	3,468
Deferred revenue	217	1,219
Uniform capitalisation	1,450	1,771
Other	2,216	2,433
Gross deferred tax assets	36,543	32,316
Movements:		
Opening balance at 1 January 2023 / 1 July 2022	32,316	29,364
Recognised in the income statement (profit or loss)	4,227	2,952
Balance at 31 December	36,543	32,316

For more meaningful presentation, the Group has reclassified and presented the components of deferred tax assets included in "Others" as of 31 December 2022 within the "Research and development", "Imputed interest", "Foreign tax credits", "Deferred revenue" and "Uniform capitalisation".

Deferred Tax Liabilities (In thousands of AUD)	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
Gross deferred tax liabilities		
Property, plant and equipment	(6,129)	(4,250)
Unrealised foreign exchange loss / (gain)	332	(509)
Foreign withholding taxes	(3,053)	(1,747)
Research and development	(3,078)	(4,241)
Intangibles	(2,113)	(1,746)
Other	(944)	(1,020)
Gross deferred tax liabilities	(14,985)	(13,513)
Movements:		
Opening balance at 1 January 2023 / 1 July 2022	(13,513)	(12,560)
Recognised in the income statement (profit or loss)	(1,472)	(953)
Balance at 31 December	(14,985)	(13,513)

16. TAXES (CONTINUED)

Net movement of Deferred Tax (In thousands of AUD)	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
Movements		
Balance at the start of the year	18,803	11,868
Credited to profit or loss	2,755	6,935
Balance at the end of the year	21,558	18,803

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the Group's provision for income taxes and carrying value of deferred tax assets. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of relevant tax laws. The deductible temporary differences and tax losses do not expire under current tax legislation. R&D non-refundable tax offset credits are available to be applied against income tax payable in future years and do not expire under current tax legislation.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A reassessment of the carrying amount of all deferred tax assets is performed at each reporting period. Management has assessed that the carrying amount of the deferred tax assets of $21,558 thousand should be recognised as management considers that it is probable that future taxable profits would be available against which they can be utilised based on current estimates on the Group's future trading performance and the change in global macroeconomic conditions such as rising inflation rates and interest rates on future near-term profitability.

No deferred tax assets of $45,884 thousand (31 December 2022: 23,494 thousand) are recognised in the Latin America entities due to the uncertainty in the political and economic conditions in these regions.

Where the outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Management has assessed that the carrying amount of deferred tax assets of $21,558 thousand (six months ended 31 December 2022: $18,803 thousand) can be recognised as management considers it probable that future taxable profits would be available against which they can be utilised.

17. INVENTORIES

In thousands of AUD	31 December 2023	31 December 2022
Raw materials and consumables	44,120	54,133
Finished goods	24,283	32,987
Stock in transit	4,201	3,004
Inventories stated at the lower of cost and net realisable value	72,604	90,124

During the year ended 31 December 2023 raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to $89,422 thousand (six months ended 31 December 2022: $30,414 thousand).

A re-classification from inventory to property, plant and equipment of $32,766 thousand (six months ended 31 December 2022: $10,036 thousand) was recorded to reflect gaming products for which rental and participation agreements were entered into during the year.

During the year ended 31 December 2023, the write down of inventories to net realisable value amounted to $5,918 thousand (six months ended 31 December 2022: $6,148 thousand). The write down in this period related to older style cabinets, predominately the A600 series cabinets. With the increased uptake of the A-Star series cabinets including the recently launched Raptor A-star cabinet in the market, management assessed the saleability of these cabinets, and has determined it was necessary to write down these inventories to their net realisable value.

Write-downs of inventory are included in cost of sales in the consolidated statement of profit or loss and other comprehensive income or loss.

18. RECEIVABLES AND OTHER ASSETS

In thousands of AUD	Note	31 December 2023	31 December 2022
Current			
Trade receivables		111,066	95,093
Less: loss allowance	27	(9,335)	(7,922)
		101,731	87,171
Other assets		1,921	3,357
Right of return		-	1,912
Amount receivable from shareholder-controlled entities	30	185	455
		103,837	92,895
Non-current			
Trade receivables		16,121	25,601
Less: loss allowance	27	(574)	(2,960)
		15,547	22,641

The Group measures expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A provision matrix is then determined based on the historic credit loss rate for each group, adjusted for forward looking information including economic risks on factors affecting the ability of the customers to settle trade receivables.

18. RECEIVABLES AND OTHER ASSETS (CONTINUED)

The Group's loss allowance for trade receivables was $9,909 thousand as at 31 December 2023 compared to $10,882 thousand as at 31 December 2022. The reduction in the loss allowance predominantly related to Latin America (other than Argentina) with operations returning to pre-pandemic levels resulting in improved collections from customers.

The Group continues to reassess its expected credit loss at each reporting period taking into account new information that has arisen during the period.

Information about the Group's exposure to credit and market risks and impairment losses for trade and other receivables is included in Note 27.

Operating lease receivables

Included in trade receivables are receivables from gaming machines that are on rental and participation arrangement. The lease payments receivable under these contracts is as follows:

In thousands of AUD	31 December 2023	31 December 2022
Lease payments under rental and participation are receivable as follows:		
Less than one year	5,817	4,719
	5,817	4,719

Finance leases arrangements

Included in trade receivables are receivables from gaming machines that have been sold under finance lease arrangement. The lease payments receivable under these contracts is as follows:

In thousands of AUD	31 December 2023	31 December 2022
Minimum lease payments under finance leases are receivable as follows:		
Less than one year	13,129	11,601
One to two years	4,875	6,619
Two to three years	-	888
	18,004	19,108
Unearned finance income as follows:		
Less than one year	69	62
One to two years	47	18
Two to three years	-	-
	116	80
The present value of minimum lease payments and lease receivables classification is as follows:		
Less than one year	13,060	11,539
One to two years	4,828	6,601
Two to three years	-	888
	17,888	19,028

19. CASH AND CASH EQUIVALENTS

In thousands of AUD	31 December 2023	31 December 2022 Restated*
Bank balances	17,642	28,369
Cash Deposits	-	3
	17,642	28,372
Restricted Cash:		
Bank Balances	427	190
Cash Deposits	1,765	1,299
	2,192	1,489
Cash and cash equivalents in the statement of cash flows	19,834	29,861

As at 31 December 2023, cash balances in Argentina were $2,192 thousand (31 December 2022: $1,489 thousand) and these were considered restricted due to the government imposing strict foreign exchange regulations which has limited the amount of foreign currency within the country.

Apart from the cash balances in Argentina, the remaining cash within the Group was not restricted at 31 December 2023 and 31 December 2022.

The Group's exposure to interest rate risk, currency risk, and a sensitivity analysis for financial assets and liabilities are disclosed in Note 27.

19A. Reconciliation of cash flows from operating activities

In thousands of AUD	Note	12 months ended 31 December 2023	6 months ended 31 December 2022
Cash flows from operating activities			
(Loss) / profit for the period		(6,542)	2,642
Adjustments for:			
Equity-settled share-based payment transactions	11	1,242	661
Net finance income	12	(6,293)	(3,295)
Depreciation	13,28	15,287	6,757
(Writeback) / accrual for loss allowance on trade receivables		(757)	1,170
Provision for stock obsolescence		5,918	6,148
Write-down of investment in financial assts	31	13,179	-
Amortisation of intangible assets	14	8,462	4,193
Impairment of non-current assets	14	6,104	3,880
Provision for Mexican duty and other charges		1,565	5,531
Gain / (loss) on sale of property, plant and equipment		25	(286)
Unrealised currency translation movements		4,651	1,755
Income tax expense	16	9,182	1,352
Operating profit before changes in working capital & provisions		52,023	30,508
Change in trade and other receivables		(3,848)	(7,063)
Change in inventories		17,520	(24,409)
Net transfers between inventory and leased assets		(32,766)	(9,325)
Change in other assets		(2,489)	(7,419)
Change in trade and other payables		(7,821)	10,328
Change in deferred income		(3,202)	(1,830)
Change in provisions and employee benefits		12,567	3,490
Cash generated from / (used in) operations		31,984	(5,720)
Interest received		7,185	3,868
Income taxes paid		(11,239)	(3,486)
Net cash generated from / (used in) operating activities		27,930	(5,338)

20. CAPITAL & RESERVES

(a) Share Capital

In thousands of shares	Ordinary shares	
	12 months ended 31 December 2023	6 months ended 31 December 2022
In issue at 1 January	336,794	336,794
Shares issued during the year	-	-
In issue at 31 December – fully paid	336,794	336,794

(i) Ordinary Shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Issue of ordinary shares

During the year, no ordinary shares were issued.

(b) Nature and purpose of reserve

(i) Equity compensation reserve

The equity compensation reserve represents the expensed cost of share options issued to employees.

(ii) Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of historical related party loans and borrowings where interest was charged at below market rates.

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial report of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(iv) Profits reserve

This reserve is comprised wholly of the profits generated by the Australian entity which would be eligible for distribution as a frankable dividend.

(c) Dividends

No dividends were paid by the Company during the year (six months ended 31 December 2022: nil).

The amount of franking credits available to shareholders for subsequent financial years is $28,017 thousand (six months ended 31 December 2022: $28,017 thousand). The ability to utilise the franking credits is dependent upon the ability to declare dividends.

21. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the 12 months ended 31 December 2023 was based on the loss attributable to ordinary shareholders of $6,542 thousand (six months ended 31 December 2022: profit of $2,642 thousand) and a weighted average number of ordinary shares outstanding as at 31 December 2023 of 336,794 thousand (31 December 2022: 336,794 thousand) calculated as follows:

(Loss) / profit attributable to ordinary shareholders

In thousands of AUD	Note	12 months ended 31 December 2023	6 months ended 31 December2022 restated*
(Loss) / profit for the period		(6,542)	2,642
(Loss) / profit attributable to ordinary shareholders		(6,542)	2,642

Weighted average number of ordinary shares

In thousands of shares	Note	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
Issued ordinary shares at 1 Jan / July	20	336,794	336,794
Weighted average number of ordinary shares at 31 December		336,794	336,794
Total basic earnings per share attributable to the ordinary equity holders of the Company		($0.02)	$0.01

Diluted earnings per share

As at 31 December 2023, 9,261 thousand rights (31 December 2022: nil rights) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

The calculation of diluted earnings per share for the 12 months ended 31 December 2023 was based on the loss attributable to ordinary shareholders of $6,542 thousand (six months ended 31 December 2022: profit of $3,303 thousand) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 336,794 thousand as at 31 December 2023 (31 December 2022: 352,974 thousand), calculated as follows:

(Loss) / profit attributable to ordinary shareholders (diluted)

In thousands of AUD	Note	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
(Loss) / profit attributable to ordinary shareholders		(6,542)	2,642
Share-based payment expense		-	661
(Loss) / profit attributable to ordinary shareholders (diluted)		(6,542)	3,303

21. EARNINGS PER SHARE (CONTINUED)

Weighted average number of ordinary shares (diluted)

In thousands of shares	Note	12 months ended 31 December 2023	6 months ended 31 December 2022 restated*
Weighted average number of ordinary shares at 31 December	20	336,794	336,794
Effect of rights and options on issue		-	16,180
Weighted average number of ordinary shares (diluted) at 31 December		336,794	352,974
Total diluted earnings per share attributable to the ordinary equity holders of the Company		($0.02)	$0.01

22. LOANS & BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency, and liquidity risk, see Note 27.

In thousands of AUD	31 December 2023	31 December 2022
Current		
Insurance premium funding	357	317
Secured bank loan		279
	357	596

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

			31 December 2023		31 December 2022	
In thousands of AUD	Nominal interest rate	Year of maturity	Face value	Carrying Amount	Face value	Carrying Amount
Insurance premium funding	5.29%	2024	362	357	323	317
Secured bank loan (BBVA)	IBR + 6.64%	2023	-	-	279	279
Total interest-bearing liabilities			362	357	602	596

Terms of Group's secured facility

The Group's secured bank loan (WAB) relates to a US$32.0 million facility with Western Alliance Bancorporation (WAB). In this facility, the Company's US-based operating subsidiary, Ainsworth Game Technology Inc., is established as the borrower and party to the relevant credit agreements while its parent entities within the AGT Group of companies, AGT Pty Ltd and Ainsworth Game Technology Limited, serve as guarantors. This facility is currently undrawn. All financial covenants under the WAB facility were met during this reporting period and prior reporting periods.

Other key points regarding this facility:

- Term of facility: 5 years commencing 17 February 2021.
- Interest rate: Secured Overnight Financing Rate ("SOFR") plus Applicable Margin plus 3% per annum.
- Financial covenants: Total leverage ratio (no longer required after 4 quarters from commencement of facility, minimum liquidity and fixed charge coverage ratios).
- Non-usage fees: 0.50% per annum.

23. EMPLOYEE BENEFITS

In thousands of AUD	31 December 2023	31 December 2022
Current		
Accrual for salaries and wages	1,265	933
Accrual for short-term incentive plan	3,321	22
Liability for annual leave	4,363	4,372
Liability for long service leave	4,227	3,822
	13,176	9,149
Non-Current		
Liability for long service leave	330	367

24. SHARE-BASED PAYMENTS

On 31 December 2023, the Group had the following share-based payment arrangements:

(a) 24 June 2022 Performance Rights

(i) Description of programme

On 24 June 2022, the Group granted to eligible employees and executives the opportunity to participate in the grant of performance rights over ordinary shares in Ainsworth Game Technology Limited, under the Ainsworth Game Technology Limited Rights Share Trust (RST). To be eligible to participate in the RST, the employees were selected by the directors and reviewed by the Remuneration and Nomination Committee. The performance rights were granted at $nil consideration or exercise price however are dependent on service conditions, vesting conditions and share price performance hurdles. The performance rights convert to ordinary shares of the Company on a one-for-one basis with no voting or dividend rights until this conversion. The total issued performance rights under this programme were 8,900,000 units. As at 31 December 2023, 100,000 performance rights lapsed due to cessation of employment resulting in 8,800,000 performance rights still outstanding.

The key terms and conditions related to the grants under the programme are as follows, with all rights to be settled by the physical delivery of shares.

Employee entitled	Number of instruments issued at grant date	Vesting conditions	Contractual life of rights
Rights granted to key management personnel	4,300,000	Service conditions and performance hurdles from grant date as per RST below	5 years
Rights granted to senior and other employees	4,600,000	Service conditions and performance hurdles from grant date as per RST below	5 years
Total performance rights granted	**8,900,000**		

24. SHARE-BASED PAYMENTS (CONTINUED)

Performance hurdles
▪ Tranche 1 - 25% will vest if the VWAP for 20 consecutive trading days preceding to 30 June 2024 is equal or greater than A$2.00. ▪ Tranche 2 - 25% will vest if the VWAP for 20 consecutive trading days preceding to 31 December 2024 is equal or greater than A$2.40. ▪ Tranche 3 - 50% will vest if the VWAP for 20 consecutive trading days preceding to 30 June 2025 is equal or greater than A$2.76.

The Rights granted are cumulative whereby should the performance hurdles not be met at the respective vesting dates, the grant relating to these tranches will be re-tested at the next applicable performance vesting date subject to higher performance conditions. If the performance conditions at the end of the next applicable performance period are satisfied, then the Rights for the current performance period and any non-vested Rights from prior performance periods will vest. The last date whereby all tranches can be re-tested is on the final vesting date, being 30 June 2025, at which time any unvested Rights will lapse.

(ii) Measurement of fair value

The fair value of the Rights granted on 24 June 2022 under the RST are as follows:

	Fair Value per right
Fair value determined at grant date	
Tranche 1 - Vesting date 30 June 2024	$0.3717
Tranche 2 - Vesting date 31 December 2024	$0.3476
Tranche 3 - Vesting date 30 June 2025	$0.3136

The fair value of the Rights has been measured using the Monte Carlo expected valuation method. The inputs used in the measure of the fair value at grant date of the equity settlement shared based payment plan under the RST were as follows:

	RST plan
Share price at grant date	$0.995
Exercise price	Nil
Expected volatility	62.4%
Expected life	5 years
Expected dividend yield	Nil
Risk-free interest rate (based on Treasury Bonds)	2.92%

The volatility rate has been determined using historical data from the three years immediately prior to the grant date. This has been based on an evaluation of the historical volatility of the Company's compounded share price returns.

24. SHARE-BASED PAYMENTS (CONTINUED)

(b) 1 March 2023 Performance Rights

(i) Description of programme

On 1 March 2023, the Group granted to eligible executives, the opportunity to participate in the grant of performance rights over ordinary shares in Ainsworth Game Technology Limited, under the Ainsworth Game Technology Limited Rights Share Trust (RST). To be eligible to participate in the RST, the employees were selected by the directors and reviewed by the Remuneration and Nomination Committee. The performance rights were granted at $nil consideration or exercise price however are dependent on service conditions, vesting conditions and share price performance hurdles. The performance rights convert to ordinary shares of the Company on a one-for-one basis with no voting or dividend rights until this conversion. The total issued performance rights under this programme were 550,000 units. As at 31 December 2023, nil performance rights lapsed due to cessation of employment resulting in 550,000 performance rights still outstanding.

The key terms and conditions related to the grants under the programme are as follows, with all rights to be settled by the physical delivery of shares.

Employee entitled	Number of instruments issued at grant date	Vesting conditions	Contractual life of rights
Rights granted to senior and other employees	550,000	Service conditions and performance hurdles from grant date as per RST below	5 years
Total performance rights granted	**550,000**		

The performance hurdles and vesting dates of this performance rights is the same as the 24 June 2022 performance rights.

Performance hurdles

- Tranche 1 - 25% will vest if the VWAP for 20 consecutive trading days preceding to 30 June 2024 is equal or greater than A$2.00.
- Tranche 2 - 25% will vest if the VWAP for 20 consecutive trading days preceding to 31 December 2024 is equal or greater than A$2.40.
- Tranche 3 - 50% will vest if the VWAP for 20 consecutive trading days preceding to 30 June 2025 is equal or greater than A$2.76.

The Rights granted are cumulative whereby should the performance hurdles not be met at the respective vesting dates, the grant relating to these tranches will be re-tested at the next applicable performance vesting date subject to higher performance conditions. If the performance conditions at the end of the next applicable performance period are satisfied, then the Rights for the current performance period and any non-vested Rights from prior performance periods will vest. The last date whereby all tranches can be re-tested is on the final vesting date, being 30 June 2025, at which time any unvested Rights will lapse.

24. SHARE-BASED PAYMENTS (CONTINUED)

(ii) Measurement of fair value

The fair value of the Rights granted on 1 March 2023 under the RST are as follows:

	Fair Value per right
Fair value determined at grant date	
Tranche 1 - Vesting date 30 June 2024	$0.3896
Tranche 2 - Vesting date 31 December 2024	$0.3511
Tranche 3 - Vesting date 30 June 2025	$0.3388

The fair value of the Rights has been measured using the Monte Carlo binomial valuation method. The inputs used in the measure of the fair value at grant date of the equity settlement shared based payment plan under the RST were as follows:

	RST plan
Share price at grant date	$1.06
Exercise price	Nil
Expected volatility	66.7%
Expected life	5 years
Expected dividend yield	Nil
Risk-free interest rate (based on Treasury Bonds)	3.007%

The volatility rate has been determined using historical data from the three years immediately prior to the grant date. This has been based on an evaluation of the historical volatility of the Company’s compounded share price returns.

(c) 30 August 2019 Share Options

The last vesting date for these options was on 30 August 2023. The performance hurdles were not met and these options have now lapsed.

25. TRADE AND OTHER PAYABLES

In thousands of AUD	Note	31 December 2023	31 December 2022
Current			
Trade payables		15,801	23,252
Other payables and accrued expenses		13,685	10,791
Deferred consideration on MTD Gaming Inc acquisition		3,883	7,803
Amount payable to shareholder-controlled entities	30	1,486	1,538
		34,855	43,384
Non-Current			
Trade Payables		79	1,051

The deferred consideration on MTD Gaming Inc. acquisition relates to the asset acquisition of a US privately held company, MTD Gaming Inc, on 9 March 2020. At acquisition, the total contingent consideration of $10,563 thousand is subject to meeting cumulative Gross Profit target which is represented by the fair value of contractual cash flow or equity in equivalent of cash amounting to US$8,000 thousand and measured based on the income approach. This deferred consideration was allocated in three tranches. The second tranche was achieved in CY22 and was paid in CY23 in cash. The carrying value of $3.8 million at reporting date relates to the third and final tranche which was paid in January 2024.

26. PROVISIONS

In thousands of AUD	Service/ warranties	Legal	Mexican Tax Administration Service (“SAT”)	Total
Balance as at 1 July 2022	919	14	17,419	18,352
Provisions made during the current period	1,636	163	5,473	7,272
Provisions used during the current period	(1,598)	(14)	-	(1,612)
Foreign exchange movement	15	-	294	309
Balance as at 31 December 2022	972	163	23,186	24,321

In thousands of AUD	Service/ warranties	Legal	Mexican Tax Administration Service (“SAT”)	Total
Balance at 1 January 2023	972	163	23,186	24,321
Provisions made during the year	3,530	2,067	3,997	9,594
Provisions used during the year	(3,426)	(2,137)	-	(5,563)
Foreign exchange movement	9	(3)	4,540	4,546
Balance at 31 December 2023	1,085	90	31,723	32,898

The Mexican Tax Administration Service (“SAT”) provision is a result of audits being carried out by SAT on the Group’s subsidiary, AGT Pty Mexico S. de. R.L. de C.V., on import duties and other associated charges for prior periods. This matter has progressed and discussions with SAT continued throughout the current period. Based on these discussions, the Group has reached an in-principle agreement for the relevant years and the provision has been updated to reflect this agreement. It is expected that the Group will conclude on this matter, once all administrative procedures are undertaken (expected to be completed in the next 6 months), and as such the provision has been classified as current.

26. PROVISIONS (CONTINUED)

When determining the provision, the Group applied the 'expected value approach' as per AASB 137 which incorporates the best estimates of the probable outcomes and the associated exposure for these outcomes. Judgement was required to determine the probability of the outcome and to make a reasonable estimate of the potential obligation and the timing of the outflow that may arise.

As required under AASB 137, the Group has re-assessed the provision at the reporting date. Based on the Group's best estimate of the outcome and estimated expenditure required to settle the obligation at the reporting date, the Group recorded an additional provision of $3,997 thousand in the current period relating to estimated unpaid duty and associated charges. In addition, $4,541 thousand foreign exchange movement (loss) was recorded due to the strengthening of the local currency Mexican Pesos against the US Dollar. The provisions made during the year comprised of $1,565 thousand recognised in the Statement of Profit or Loss and Other Comprehensive Income under 'Other expenses' and $2,432 thousand relating to tax credits recognised in the Statement of Financial Position under 'Receivables and other assets'.

27. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, including the default risk of the industry and country in which customers operate. The Group's concentration of credit risk is disclosed below.

Each new customer is assessed by the compliance division as to suitability and analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes investigations, external ratings when available and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Board. Customers that fail to meet the Group's creditworthiness criteria may only transact with the Group within established limits unless Board approval is received or otherwise only on a prepayment basis.

In monitoring the customer credit risk, customers are reviewed by grouped geographic region and at an individual level in computing general lifetime ECL allowances and specific loss allowances respectively. Further information is detailed in 3(g) above. Customers in certain regions are considered to have 'high-risk' profiles due to historical dealings, political instability in the region of operation and challenging economic conditions. For such customers, the company requires future sales to be made on a prepayment basis within sales limits approved by the Chief Executive Officer and Chief Financial Officer, and thereafter only with Board approval.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Goods are sold subject to retention of title clauses, so that in the event of non-payment, the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group has established an allowance for impairment that represents its estimate of incurred and expected credit losses in respect of trade and other receivables. The main component of this allowance is a general loss component that relates to overall gross receivable exposure.

(i) Exposure to credit risk

The Group's gross maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

In thousands of AUD	31 December 2023	31 December 2022
Asia Pacific / Online	21,823	19,339
North America	40,133	33,862
Latin America	65,416	67,948
	127,372	121,149

The Group's concentration of credit risk arises from its two most significant receivable amounts represented by two individual customers in North America and Latin America. They account for $4,290 thousand (31 December 2022: $2,444 thousand) and $3,538 thousand (31 December 2022: $4,416 thousand) of the trade receivables carrying amount as at 31 December 2023 respectively.

Cash and cash equivalents

As at 31 December 2023, cash balances in Argentina were $2,192 thousand (31 December 2022: $1,489 thousand) and these were considered restricted due to the government imposing strict foreign exchange regulations which has limited the amount of foreign currency within the country. Apart from the cash balances in Argentina, the remaining cash within the Group was not restricted at 31 December 2023 and 31 December 2022.

Impairment loss allowance on trade receivables

Latin American region customers remain to have the highest concentrated risk by geographic region for the Group as at 31 December 2023 due to the nature of credit term offerings which typically entails extended payment terms and unstable economic conditions. The Group recognised net impairment writeback of $757 thousand (6 months ended 31 December 2022: $1,170 thousand impairment expense) for trade receivables predominately relating to the Latin America region due to factors outlined above. Included in the net impairment writeback of $757 thousand is $2,204 thousand impairment loss recognised for receivables in Argentina relating to funds that was not transferred to the investment trust in Argentina within the current year (six months ended 31 December 2022: $nil thousand). Refer to Note 31 for further details.

Impairment loss allowance on investment in non-bank institution (Wenance)

During the year, $13,179 thousand was recognised as loss allowance for investment held in Wenance, a non-bank lender based in Argentina. The loss allowance was recognised as a result of financial difficulties faced by Wenance, which were triggered when Wenance was not able to meet its interest payments owed to its creditors, including interests that were due to the Group.

27. FINANCIAL INSTRUMENTS (CONTINUED)

In thousands of AUD	31 December 2023		
Geographical region	Loss rate	Trade receivables	Impairment loss allowance under AASB 9
Asia Pacific / Online	7.2%	21,823	1,571
North America	1.4%	40,133	568
Latin America	11.9%	65,416	7,770
		127,372	9,909

In thousands of AUD	31 December 2022		
Geographical region	Loss rate	Trade receivables	Impairment loss allowance under AASB 9
Asia Pacific / Online	8.4%	19,339	1,623
North America	0.9%	33,862	298
Latin America	13.2%	67,948	8,961
		121,149	10,882

The Group notes that average credit terms in Latin America for 12 months ended 31 December 2023 represent approximately 266 days (for 12 months ended 31 December 2022: 346 days). The improvement in the average credit terms was a result of improved collections from customers as operations returned to pre-pandemic level for full year in 12 months ended 31 December 2023 as well as tightening of Group's internal credit controls.

The movement in the loss allowance in respect of trade receivables during the financial periods was as follows:

In thousands of AUD	12 months ended 31 December 2023	6 months ended 31 December 2022
Balance as at 1 January / July	10,882	11,051
Impairment loss written off	(139)	(1,526)
Provision during the year	3,783	1,170
Reversal of provision	(4,540)	-
Effect of exchange rate fluctuations	(77)	187
Balance as at 31 December	9,909	10,882

Based on historic default rates and current repayment plans in place, the Group believes that apart from the above, no further impairment is necessary in respect of trade receivables not past due or on amounts past due as these relate to known circumstances that are not considered to impact collectability.

The allowance for impairment losses in respect of receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Further details of the Group's credit risk is presented as follows:

In thousands of AUD	31 December 2023 Total	Not past due	Past due
Gross receivables			
Asia Pacific / Online	21,823	12,595	9,228
North America	40,133	30,279	9,854
Latin America	65,416	52,782	12,634
	127,372	95,656	31,716
Loss allowance on receivables			
Asia Pacific / Online	(1,571)	(7)	(1,564)
North America	(568)	(568)	-
Latin America	(7,770)	(3,269)	(4,501)
	(9,909)	(3,844)	(6,065)
Net receivables			
Asia Pacific / Online	20,252	12,588	7,664
North America	39,565	29,711	9,854
Latin America	57,646	49,513	8,133
	117,463	91,812	25,651

In thousands of AUD	31 December 2022 Total	Not past due	Past due
Gross receivables			
Asia Pacific / Online	19,339	16,719	2,620
North America	33,862	13,660	20,202
Latin America	67,948	45,698	22,250
	121,149	76,077	45,072
Loss allowance on receivables			
Asia Pacific / Online	(1,623)	(42)	(1,581)
North America	(298)	(120)	(178)
Latin America	(8,961)	(5,190)	(3,771)
	(10,882)	(5,352)	(5,530)
Net receivables			
Asia Pacific / Online	17,716	16,677	1,039
North America	33,564	13,540	20,024
Latin America	58,987	40,508	18,479
	110,267	70,725	39,542

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has access to sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and pandemics. The Group has completed a cashflow projection which supports this 60-day assumption.

The Company through its US-based operating subsidiary, Ainsworth Game Technology Inc, has a secured bank facility of US$32 million with Western Alliance Bancorporation (WAB). Ainsworth Game Technology Inc. acts as the borrower and party to the relevant credit agreements while its parent entities within the AGT Group of companies, AGT Pty Ltd and Ainsworth Game Technology Limited, serve as guarantors. This facility imposes certain customary financial covenants which includes minimum liquidity and fixed charge coverage ratios measured on a quarterly and annual basis. During the year, all imposed financial convents were met with no drawdowns.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

31 December 2023						
In thousands of AUD	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years	5 years or above
Non-derivative financial liabilities						
Insurance premium funding	357	(362)	(326)	(36)	-	-
Lease liabilities	9,743	(11,930)	(848)	(792)	(9,161)	(1,129)
Secured bank loan	-	-	-	-	-	-
Trade and other payables	34,934	(34,934)	(34,855)	-	(79)	-
	45,034	(47,226)	(36,029)	(828)	(9,240)	(1,129)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

31 December 2022						
In thousands of AUD	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years	5 years or above
Non-derivative financial liabilities						
Insurance premium funding	317	(323)	(282)	(41)	-	-
Lease liabilities	13,603	(15,637)	(1,377)	(1,351)	(9,466)	(3,443)
Secured bank loan	279	(279)	(140)	(139)	-	-
Trade and other payables	44,435	(44,435)	(43,384)	-	(1,051)	-
	58,634	(60,674)	(45,183)	(1,531)	(10,517)	(3,443)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and financial instruments share price at reporting date, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

The Group does not account for any fixed-rate financial assets or all financial liabilities, excluding secured bank loan, at profit and loss. Therefore, a change in the interest rate does not have an impact to the Group's profit and loss. There was no drawdown from the Group's bank facilities as at 31 December 2023.

(ii) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The functional currencies of Group entities are primarily the Australian dollar (AUD) and the US dollar (USD). The currencies in which these transactions are primarily denominated are AUD, USD, Euro, New Zealand Dollar and Argentinian Peso.

The Group continually monitors and reviews the financial impact of currency variations to determine strategies to minimise the volatility of changes and adverse financial effects in foreign currency exchange rates. The Group measures its currency risk exposure using sensitivity analysis and cash flow forecast. No hedging arrangements were utilised during the reporting period.

Exposure to currency risk

The Group's significant exposures to foreign currency risk at balance date were as follows, based on notional amounts:

	31 December 2023						31 December 2022					
In thousands of AUD	USD	Euro	NZD	ARS	COP	MXN	USD	Euro	NZD	ARS	COP	MXN
Cash and cash equivalents	12,229	239	231	2,192	-	2,274	16,574	1,876	1,407	1,489	-	2,647
Trade and other receivables	99,130	513	212	-	-	-	95,620	285	352	-	-	-
Investment in financial assets	-	-	-	3,439	379	-	-	-	-	7,233	304	-
Secured bank loan	-	-	-	-	-	-	(279)	-	-	-	-	-
Trade and other payables	(26,025)	(10)	-	(344)	-	(287)	(30,999)	(30)	-	(1,305)	-	(3,076)
Provisions	(621)	-	-	(11)	379	(32,216)	(589)	-	-	(31)	-	(23,511)
Net exposure in statement of financial position	84,713	742	443	5,276		(30,229)	80,327	2,131	1,759	7,690		(23,940)

27. FINANCIAL INSTRUMENTS (CONTINUED)

The Group has limited exposure to currency risk in Latin America as sales prices are determined and denominated in USD.
The following significant exchange rates applied during the financial periods:

	Average rate		Reporting date spot rate	
	12 months ended 31 December 2023	6 months ended 31 December 2022	31-Dec-23	31-Dec-22
USD	0.6648	0.6705	0.6840	0.6775
Euro	0.6144	0.6617	0.6181	0.6359
MXN	11.7883	13.3818	11.5626	13.2575
ARS	196.1580	99.6841	552.3185	120.5417
NZD	1.0821	1.1019	1.0768	1.0711

Sensitivity analysis

In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term however, permanent changes in foreign exchange will have an impact on profit or (loss).

A 10 percent strengthening of the Australian dollar against the following currencies as at 31 December 2023 would have decreased equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables remain constant. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

The Group also has operations in Argentina, which is experiencing significant economic uncertainty, including hyperinflation and significant movement in foreign exchange. During the year, the Argentinian peso devalued by 78% against the USD (CY2022: 42%). The Group is closely monitoring developments in that country and will take appropriate measures to optimise returns, as necessary.

The table below represents AUD exposure for different types of currencies of which the Group operates in.

Effect In thousands of AUD	Equity	Profit & Loss
31 December 2023		
USD	(22,952)	(12,725)
Euro	(46)	(46)
NZD	(19)	(19)
31 December 2022		
USD	(22,810)	(11,702)
Euro	(23)	(23)
NZD	(32)	(32)

A 10 percent weakening of the Australian dollar against the following currencies as at 31 December 2023 would have increased equity and profit or loss by the amounts shown as

27. FINANCIAL INSTRUMENTS (CONTINUED)

follows. This analysis assumes that all other variables remain constant. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

Effect In thousands of AUD	Equity	Profit & Loss
31-Dec-23		
USD	32,806	15,553
Euro	56	56
NZD	24	24
31-Dec-22		
USD	32,719	14,281
Euro	28	28
NZD	39	39

(d) Fair values

(i) Estimates of fair values

The methods used in determining the fair values of financial instruments are discussed in Note 4.

(ii) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve as at 31 December 2023 plus an adequate constant credit spread and are as follows:

	31 December 2023	31 December 2022
Receivables	6.00% - 8.69%	6.00% - 8.39%
Secured bank loan (WAB)	SOFR + 3.00%	SOFR + 3.00%
Secured bank loan (BBVA)	IBR + 6.64%	IBR + 6.64%
Insurance premium funding	5.29%	4.63%
Finance leases	7.35%	5.19%
Trade and other payables	6.00%	6.00%

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

In thousands of AUD	**Carrying Amounts** 31-Dec-23	**Fair Value** 31-Dec-23
Investments in financial assets	3,818	3,818
Receivables and other assets	119,384	119,384
Trade and other payables	34,934	34,934
Loans and borrowings	357	357

NOTES TO THE FINANCIAL REPORT

27. FINANCIAL INSTRUMENTS (CONTINUED)

In thousands of AUD	**Carrying Amounts** 31-Dec-22	**Fair Value** 31-Dec-22
Investments in financial assets	7,537	7,537
Receivables and other assets	115,536	115,536
Trade and other payables	44,435	44,435
Loans and borrowings	596	596

Apart from the assets that outlined above, all other financials assets and liabilities have carrying values that approximates to their fair values.

Classification of financial instruments

Ainsworth classifies its financial instruments into categories in accordance with AASB 9 Financial instruments depending on the purpose for which the financial instruments were acquired, which is determined at initial recognition based on the business model. They are valued in the following categories.

1. Fair Value Through Profit and Loss (Mandatorily measured);
2. Amortised Cost

The following table presents the Group's financial instruments including the classifications that are not recognised at cost.

As at 31 December 2023	Financial Assets		Financial Liabilities
In thousands of AUD	FVTPL - mandatorily measured	Amortised Cost	Amortised Cost
Receivables and other assets	-	119,384	-
Investments in Financial Assets	3,818	-	-
Trade and other payables	-	-	34,934
Loans and borrowings	-	-	357

As at 31 December 2022	Financial Assets		Financial Liabilities
In thousands of AUD	FVTPL - mandatorily measured	Amortised Cost	Amortised Cost
Receivables and other assets	-	115,536	-
Investments in Financial Assets	304	7,233	-
Trade and other payables	-	-	44,435
Loans and borrowings	-	-	596

27. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying value of investment in financial asset as at 31 December 2022 of $7,233 thousand relates to the investment in a non-bank lender within Argentina. During the year, further investments were made in this instrument amounting to $10,039 thousand and these amounts were fully written down at 31 December 2023. Refer to Note 31 Investments in Financial Assets for further details.

Fair value hierarchy

The following section explains the judgements and estimates made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial report. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments and non-financial assets into the three levels prescribed under the Accounting Standards. An explanation of each level is as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets and liabilities measured and recognised at their fair value are as follows:

As at 31 December 2023	Carrying Value		
In thousands of AUD	Level 1	Level 2	Level 3
Investment in Financial Asset	3,818	-	-

As at 31 December 2022	Carrying Value		
In thousands of AUD	Level 1	Level 2	Level 3
Investment in Financial Asset	-	-	-

There were no transfers between level 1 and 2 or 3 investments for any fair value measurements during the financial year.

The $3,818 thousand of investments in the Level 1 hierarchy relates to shares in companies listed on the Buenos Aires stock exchange in Argentina. Please refer to Note 31 for further information.

28. LEASES

(a) Leases as lessee

The Group leases several warehouses and office facilities. The leases run for a period of 1-10 years, with an option to renew the lease after that date. Lease payments are increased every year either by annual increases of 2-4%, or by market rental reviews at stipulated dates. None of the leases include contingent rentals.

The warehouse and office facilities were entered into many years ago as combined leases of land and buildings.

The Group leases plant and equipment. The leases typically run for a period of 5 years.

28. LEASES (CONTINUED)

The Group leases other IT equipment with contract terms of one to three years. These leases are short-term and/or of low value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented as follows.

(i) Right-of-use assets

In thousands of AUD	Note	Land & Buildings	Plant and Equipment	Total
Written down value				
Balance at 1 July 2022		8,159	91	8,250
Additions to right-of-use assets		657	-	657
Disposals to right-of-use assets		-	-	-
Depreciation charge for the year		(623)	(24)	(647)
Impairment loss for the year		(631)	-	(631)
Effect of movements in foreign exchange		2	-	2
Balance at 31 December 2022		7,564	67	7,631
Balance at 1 January 2023		7,564	67	7,631
Additions to right-of-use assets		166	571	737
Disposals to right-of-use assets		-	(39)	(39)
Modification to Right-of-use assets		(1,011)	-	(1,011)
Depreciation charge for the year		(1,132)	(79)	(1,211)
Impairment loss for the year		(64)	(113)	(177)
Effect of movements in foreign exchange		4	(3)	1
Balance at 31 December 2023		5,527	404	5,931

(ii) Lease Liabilities

In thousands of AUD	Note	Land & Buildings	Plant and Equipment	Total
Outstanding Liabilities				
Balance at 1 July 2022		(13,268)	(672)	(13,940)
Additions of lease liabilities		(657)	-	(657)
Disposals of lease liabilities		-	-	-
Payments made		1,244	113	1,357
Interest expense		(349)	(8)	(357)
Effects of movements in foreign exchange		(6)	-	(6)
Balance at 31 December 2022		(13,036)	(567)	(13,603)
Balance at 1 January 2023		(13,036)	(567)	(13,603)
Additions of lease liabilities		(166)	(571)	(737)
Disposals of lease liabilities		-	61	61
Modification to lease liabilities		3,011	-	3,011
Payments made		1,887	268	2,155
Interest expense		(606)	(29)	(635)
Effects of movements in foreign exchange		5	-	5
Balance at 31 December 2023		(8,905)	(838)	(9,743)

NOTES TO THE FINANCIAL REPORT

28. LEASES (CONTINUED)

Maturity analysis – contractual undiscounted cash flows

The table below presents the contractual undiscounted cash flows associated with the Group's lease liabilities, representing principal and interest. The figures will not necessarily reconcile with the amount disclosed in the consolidated statement of financial position.

In thousands of AUD	31 December 2023	31 December 2022
Less than one year	1,639	2,728
One to five years	9,161	9,466
More than five years	1,129	3,443
Total undiscounted lease liabilities at 31 December 2023	11,929	15,637

The Group's split between Current and Non-Current split for lease liabilities is shown below:

In thousands of AUD	31 December 2023	31 December 2022
Current	996	2,111
Non-current	8,747	11,492
Lease liabilities included in the consolidated statement of financial position	9,743	13,603

(iii) Amounts recognised in profit or loss

In thousands of AUD	12 months ended 31 December 2023	6 months ended 31 December 2022
Interest on lease liabilities	(653)	(357)
Depreciation charge for the year	(1,211)	(647)
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	(91)	(38)

We have recognised $177 thousand in ROU Impairment through profit and loss (for the 12 months ended 31 December 2023.

(iv) Amounts recognised in statement of cash flows

In thousands of AUD	12 months ended 31 December 2023	6 months ended 31 December 2022
Payments for finance leases	(2,155)	(1,357)

28. LEASES (CONTINUED)

(v) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. Management can only be reasonably certain on leases that will critically affect business operations and will require longer period of planning shall a change in lease location be considered. The most material lease for the Group relates to the Group's facility in Sydney, Australia and it was determined that it is reasonably certain that the lease will be extended for a further five years upon expiry of its initial term on 30 June 2024. On 1 May 2023, the Group renewed the lease facility in Sydney, Australia, which resulted in a lease modification for a further 5 years which resulted in the end of the lease by June 2029. As a result, there was a modification to the lease liability and the right-of-use assets for this lease, resulting in a derecognition and re-recognition with an updated discount rate.

29. CAPITAL AND OTHER COMMITMENTS

In thousands of AUD	31 December 2023	31 December 2022
Plant and equipment		
Contracted but not yet provided for and payable:		
Within one year	1,152	1,016
Development Costs		
Contracted but not yet provided for and payable:		
Within one year	135	135
Employee compensation commitments		
Key management personnel		
Commitments under non-cancellable employment contracts not		
provided for in the financial report and payable:	878	1,286
Within one year	878	1,286

30. RELATED PARTIES

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive Directors Current	Executives Current
Mr DE Gladstone	Mr HK Neumann (Chief Executive Officer (CEO), Ainsworth Game Technology Limited)
Mr GJ Campbell	Ms L Mah (Chief Financial Officer (CFO), Ainsworth Game Technology Limited), appointed on 1 January 2023

30. RELATED PARTIES (CONTINUED)

Non-executive Directors Current	Executives Current
Mr CJ Henson	Mr D Bollesen (Chief Technology Officer (CTO), Ainsworth Game Technology Limited)
Ms H Scheibenstock	Mr R Comstock (Chief Operating Officer (COO), Ainsworth Game Technology Limited)
Dr HE Asenbauer (appointed 22 March 2023)	

(a) Key management personnel compensation

The key management personnel compensation included in 'employee benefit expenses' (see Note 11) is as follows:

In AUD	12 months ended 31 December 2023	6 months ended 31 December 2022
Short-term employee benefits	3,693,936	1,469,000
Post-employment benefits	209,531	87,283
Share based payments	571,587	343,854
Other long-term benefits	104,517	82,443
	4,579,571	1,982,580

(b) Individual Directors and Executives Compensation disclosures

Information regarding individual directors and executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in this note, no director has entered a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

(c) Related party transactions and outstanding balances

The aggregate value of transactions and outstanding balances relating to related parties were as follows:

In AUD	Note	Transactions value		Balance receivable/ (payable) as at 31 Dec	
Transaction		**12 months ended 31 December 2023**	**6 months ended 31 December 2022**	**31 December 2023**	**31 December 2022**
Sales to Novomatic and its related entities	*(i)*	40,798	55,714	15,904	454,813
Purchases from Novomatic and its related entities	*(i)*	3,058,757	407,884	(1,307,693)	(421,268)
Other charges made on behalf of Novomatic	*(i)*	435,604	-	169,105	-
Purchases and other charges made on behalf of the Group	*(i)*	173,119	1,125,073	(177,965)	(1,116,898)

(i) Transactions with Novomatic AG and its related entities are considered related party transactions as Novomatic AG holds a controlling interest in the Group.

30. RELATED PARTIES (CONTINUED)

Amounts receivable from and payable to related parties at reporting date arising from these transactions were as follows:

In AUD	31 December 2023	31 December 2022
Assets and liabilities arising from the above transactions		
Current receivables and other assets		
Amount receivable from shareholder-controlled entities	185,009	454,813
Current trade and other payables		
Amount payable to shareholder-controlled entities	1,485,658	1,538,166

(d) Transactions with key management personnel

Payments of $126,667 were paid to Innovation of Business Pty Ltd on behalf of Ms HA Scheibenstock for services as a non-executive director. The amount payable to Innovation of Business Pty Ltd as at 31 December 2023 is $2,000 (31 December 2022: $667).

31. INVESTMENTS IN FINANCIAL ASSETS

In thousands of AUD	31 December 2023	31 December 2022
Term deposit held in Colombia	379	304
Investment in shares listed in Buenos Aires stock exchange in Argentina	3,439	-
Investment in non-bank lender in Argentina	-	7,233
	3,818	7,537

During the year, the Group held three types of investments:

- Investment in shares held in GAN held at FVTPL;
- Investment in shares listed in Buenos Aires stock exchange in Argentina held at FVTPL; and
- Investment in a non-bank lender within Argentina held at amortised cost.

These investments were a response to the introduction of increased limitations within Argentina to allow the transfer out of monies held in this region.

Investment in shares held in GAN

The Group obtained shares in GAN during the current period. As at 31 December 2023, all shares in GAN were sold for a total consideration of $1,974 thousand and the Group has recognised a loss of $752 thousand. Refer to Note 15: Deferred Income for details of this investment.

Investment in shares listed in Buenos Aires stock exchange in Argentina

During the current year, the Group invested in shares listed on the Buenos Aires stock exchange in Argentina to diversify its investment portfolio in Argentina and to mitigate further devaluation of the peso against USD. This investment is measured at fair value through profit and loss.

31. INVESTMENTS IN FINANCIAL ASSETS (CONTINUED)

In thousands of AUD	12 months ended 31 December 2023	6 months ended 31 December 2022
Opening balance	-	-
Investment made	6,427	-
Gain made on share price movement	1,149	-
Effects of movements in foreign exchange	(4,137)	-
Closing balance	3,439	-

Investment in a non-bank lender within Argentina

The Group held investment amounting to $13,179 thousand at 31 December 2023 (prior to any expected credit loss recorded) in an Argentinian non-bank lender within Argentina, Wenance S.A.'s ("Wenance"). The terms of the investments held in Argentina ranges from 60 days to 365 days with a fixed interest rate. These investments are measured at amortised cost. The investments within Argentina generated interest income of $3,336 thousand which was recognised in the first half of 2023 (six months ended 31 December 2022: $2,623 thousand). As this investment was fully impaired at 30 June 2023, no additional interest was recognised in the second half of 2023. This investment is measured at amortised cost at every reporting period.

In August 2023, the Group was notified by the non-bank lender that a reorganisation petition had been filed by the trustee of the investments, following difficulties in meeting its payment obligations. While the Court proceedings relating to the proposed reorganisation petition continues to progress, the ability to access any reliable information to assess recoverability remains limited resulting in a full write-down of $13,179 thousand (six months ended 31 December 2022: $nil thousand).

As at 31 December 2023, there has been no additional information available that could trigger a change in the current provision and this investment remains fully written down. As more information becomes available, the Group will reassess the recoverability of this investment in future periods.

In thousands of AUD	12 months ended 31 December 2023	6 months ended 31 December 2022 Restated*
Opening balance	7,233	4,451*
Investment made	6,703	2,254
Interest earned	3,336	2,623
Withdrawal	(1,166)	-
Write down on funds in trust	(13,179)	-
Effects of movements in foreign exchange	(2,927)	(2,095)
Closing balance	-	7,233

*Balance as at 30 June 2022 was restated. Refer to Note 2 for detailed description.

In addition to the above, $2,204 thousand that was not transferred to the trust was also written off within the current year (six months ended 31 December 2022: $nil thousand).

32. GROUP ENTITIES

	Country of incorporation	Ownership Interest		Part of Closed Group	Part of Tax Consolidated Group
Parent entity		**2023**	**2022**		
Ainsworth Game Technology Limited	Australia	100%	100%	Yes	No
Subsidiaries					
AGT Pty Ltd	Australia	100%	100%	No	No
• AGT Pty Mexico S. de R.L. de C.V.	Mexico	100%	100%	No	No
• AGT Pty Peru S.R.L.	Peru	100%	100%	No	No
• AGT Pty Argentina S.R.L.	Argentina	100%	100%	No	No
• AGT Pty Colombia SAS	Colombia	100%	100%	No	No
• AGT Alderney Limited	Alderney	100%	100%	No	No
• Ainsworth Game Technology Inc	USA	100%	100%	No	No
• Ainsworth Interactive Pty Ltd	Australia	100%	100%	Yes	No
• AGT Interactive S. de R.L de C.V.	Mexico	100%	100%	No	No
• Nova Technologies LLC	USA	100%	100%	No	No
• AGT Brasil - Technologia LTDA.	Brasil	100%	100%	No	No
AGT Service Pty Ltd	Australia	100%	100%	Yes	No
• AGT Service (NSW) Pty Ltd	Australia	100%	100%	Yes	No
• J & A Machines Pty Ltd	Australia	100%	100%	No	No

33. DEED OF CROSS-GUARANTEE

Some of the Group and subsidiaries included in the table per Note 32 have entered a Deed of Cross Guarantee under which each of the companies guarantees the debts of the other and are relieved from the requirement to prepare financial statements under ASIC Class Order No. 2016/785. They are collectively known as the Closed Group (refer Note 32).

It is a condition of the Instrument that the Company and each of the participating subsidiaries enter a Deed of Cross Guarantee (Deed). The effect of the Deed, dated 28 August 2019, is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the participating subsidiaries under certain provisions of the Corporations Act. If a winding up occurs under other provisions of the Corporations Act, the Company will only be liable if after six months, any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event the Company is wound up.

The Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position for the Deed of Cross Guarantee is presented as follows.

33. DEED OF CROSS-GUARANTEE (CONTINUED)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS			
In thousands of AUD	***Note***	**12 months ended 31 December 2023**	**6 months ended 31 December 2022**
Revenue		7,354	3,689
Cost of sales		(6,493)	(3,429)
Gross profit		**861**	**260**
Other income		60	184
Sales, service and marketing expenses		(1,051)	(528)
Writeback / (impairment) of trade receivables		2	(2)
Other expenses		-	(1,005)
Results from operating activities		**(128)**	**(1,091)**
Finance costs		(16)	(3)
Net finance income		**(16)**	**(3)**
Profit before tax		**(144)**	**(1,094)**
Income tax expense		-	-
(Loss) / Profit for the year		**(144)**	**(1,094)**

33. DEED OF CROSS-GUARANTEE (CONTINUED)

STATEMENT OF FINANCIAL POSITION

In thousands of AUD

	Note	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents		384	475
Receivables and other assets		969	768
Inventories		1,557	1,683
Prepayments		70	58
Total current assets		**2,980**	**2,984**
Deferred tax assets		537	537
Property, plant and equipment		319	-
Right-of-use assets		21	-
Total non-current assets		**877**	**537**
Total assets		**3,857**	**3,521**
Liabilities			
Trade and other payables		210	240
Loans and borrowings		82	46
Lease liabilities		167	158
Employee benefits		1,094	1,056
Total current liabilities		**1,553**	**1,500**
Loans and borrowings		6,463	5,856
Lease liabilities		187	369
Employee benefits		46	45
Total non-current liabilities		**6,696**	**6,270**
Total liabilities		**8,249**	**7,770**
Net assets		**(4,392)**	**(4,249)**
Equity			
Accumulated losses		(4,392)	(4,249)
Total equity		**(4,392)**	**(4,249)**

34. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

35. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company.

In AUD	12 months ended 31 December 2023	6 months ended 31 December 2022*
Deloitte Touche Tohmatsu Australia		
Audit and review of financial report	645,000	406,500
Other regulatory audit services	-	27,500
Total Deloitte Touche Tohmatsu Australia	645,000	434,000
Deloitte Touche Tohmatsu related practices		
Taxation and other services	729,436	60,750
Total Deloitte Touche Tohmatsu related practices	729,436	60,750
Total Remuneration of auditors	1,374,436	494,750

*For the comparative six months ended 31 December 2022, the Group's auditor was KPMG.

36. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 31 December 2023 the parent entity of the Group was Ainsworth Game Technology Limited.

In thousands of AUD	12 months ended 31 December 2023	6 months ended 31 December 2022
Result of parent entity		
Profit for the year	2,850	6,702
Total comprehensive income for the year	3,120	7,327
Financial position of parent entity at year end		
Current assets	34,052	40,253
Non-current assets	309,208	296,354
Total assets	343,260	336,607
Current liabilities	19,384	19,019
Non-current liabilities	10,043	12,561
Total liabilities	29,427	31,580
Total equity of parent entity comprising of:		
Share capital	207,709	207,709
Equity compensation reserve	7,333	6,090
Translation reserve	8,877	9,231
Fair value reserve	9,684	9,684
Profit reserves	95,438	95,438
Accumulated losses	(15,208)	(23,125)
Total equity	313,833	305,027

DIRECTORS' DECLARATION

1. In the opinion of the directors of Ainsworth Game Technology Limited (the 'Company'):

   (a) the consolidated financial reports and notes that are set out on pages 47 to 126 and the Remuneration report in sections 15.1 to 15.8 in the Directors' report, are in accordance with the Corporations Act 2001, including:

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

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2023.

3. The directors draw attention to Note 2(a) to the consolidated financial report, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

D. Gladstone

Danny Gladstone
Chairperson

Dated at Sydney this 26 day of March 2024

Deloitte.

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Independent Auditor's Report to the members of Ainsworth Game Technology Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ainsworth Game Technology Limited (the "Company") and its subsidiaries (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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Member of Deloitte Asia Pacific Limited and the Deloitte organization.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Identification of Cash Generating Units (CGUs) and Carrying value of non-current assets for Argentina, Mexico and Latin America/Europe ("Latin America") CGUs As noted in Note 6, there has been a change in operating segments during the year ended 31 December 2023. Further, as set out in Note 14, as at 31 December 2023, the Group has goodwill, capitalized development costs and intangible assets with indefinite useful lives amounting to $70m (31 December 2022: $77m). Indicators of impairment were identified in some CGUs. As required by AASB 136, *Impairment of Assets* and in accordance with the Group's accounting policies, the Group has evaluated whether the carrying amount of cash generating units ("CGU") exceeds their recoverable amount as at 31 December 2023. The Group applied significant judgement in relation to the following: o identification and change in composition of the Group's CGUs reflecting the revised business structure, including whether CGUs generate independent cash flows. Further, during the period, it was identified that due to the unique economic conditions in Argentina (including high inflation and significant restrictions on the transfer of funds outside the country) and due to continually changing regulations impacting the sector in Mexico, that it would be appropriate to first test the underlying CGUs within Argentina and Mexico for impairment before allocation of corporate assets, before testing the remainder of the Latin America CGU as a whole	Our procedures included but were not limited to: • obtaining an understanding of the process flows and key controls associated with the value in use models prepared by management and approved by the Board used to estimate the recoverable amount of each CGU and impairment expense, where applicable; • evaluating management's methodologies and the basis for key assumptions utilised in the discounted cash flow valuation models, which are disclosed in Note 14. Working with our corporate reporting specialists, our procedures included but were not limited to: • critically challenging the Group's assessment of the change in CGUs including obtaining a position paper from Group management and meeting with various key management personnel across the Group. Specifically, we challenged whether Argentina and Mexico should first be tested separately from the overall Latin American CGU. Working with our valuation specialists, our procedures for Argentina, Mexico and Latin America CGUs included: • analyzing key assumptions in the value in use model; • meeting with management to understand the ongoing impacts of the current macro-economic and political conditions; • assessing the integrity of the value in use models used, including the accuracy of the underlying formulas; • assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model and applying increased skepticism to assumptions in areas where previous forecasts were not achieved; • challenging the Group's forecast cash flow and growth rate assumptions by applying our knowledge of the Group, its past performance, and our industry understanding; • agreeing the inputs used in the model to Board approved forecasts; • assessing the reasonability of the discount rate applied by comparing to our independent estimate, third party evidence and broker consensus data; and • considering the sensitivity of the value in use models to changes in the assumptions and the resulting outcomes

after allocation of corporate assets; o specifically for the Argentina CGU, the Mexico CGU and the remainder of the Latin America CGU, determining the forecast cash flows and the growth rates applied to those forecasts, and assessing the sensitivity of the forecasts to the discount rates in light of the macro-economic and political uncertainty in the environment in which these CGUs operates; o determining the fair value less cost of disposal for specific assets subject to impairment in the Argentina CGU, the Mexico CGU and the remainder of the Latin America CGU such as machines under rental and participation revenue arrangements and allocated corporate assets including the Las Vegas office building and right of use assets in Australia and; o allocating the impairment loss to assets within the CGU.	by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates within a reasonably possible range. In addition, our procedures included: • assessing the Group's allocation of corporate assets to the Latin America CGU based on the requirements of the accounting standards; • challenging the Group's recoverable amount analysis, including determination of fair values less cost of disposal for assets in the Argentina, Mexico and Latin America CGUs by reviewing recent sales invoices for participation machines (included in property, plant & equipment) and market analysis / comparable transaction reports for corporate assets allocated to the CGU, including the Group's building in Las Vegas and the Right of Use Assets for the Group's office and facilities in Australia; • independently verifying the allocation of the impairment loss to assets and ensuring that the carrying value of those assets was not reduced below their fair values less cost of disposal, value in use, or zero; and • assessing the adequacy of the disclosures in Notes 14 to the financial statements using our understanding obtained from our testing against the requirements of the accounting standards.
Operations in Argentina and the resultant audit and reporting consequences As set out in Note 2, the Group has a subsidiary which operates in Argentina. Historically this subsidiary has had a United States Dollar ("USD") functional currency as key commercial arrangements were priced and denominated in USD. The deteriorating economic conditions led to the government imposing strict foreign exchange regulations which impacts the	Our procedures included but were not limited to: • obtaining management's position paper on the appropriate determination of functional currency for the Group's operations in Argentina; • testing the design and implementation of relevant review controls in relation to the functional currency assessment; • obtaining and understanding the key commercial arrangements relating to the operations in Argentina;

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currency in which AGT's customers can settle their invoices as well as management's ability to freely withdraw money outside Argentina. The Group applied significant judgement to determine and reassess the Argentine subsidiary's functional currency pursuant to AASB 121 *The Effects of Changes in Foreign Exchange Rates* due to uncertainty related to the outcomes of the economic reforms introduced in Argentina as a result of the deteriorating economic conditions and the devaluation of the Argentinian peso.	• working with our corporate reporting specialists, reviewing and critically challenging management's assessment for the use of USD as the Argentine subsidiary's functional currency; • independently performing an assessment through inquiries with management with reference to accounting standard AASB 121; and • assessing the adequacy of the disclosures in Note 2 to the financial statements.

Other Information

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 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for 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 ability of the Group 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 45 of the Directors' Report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Ainsworth Game Technology Limited, for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

Deloitte.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Harsh Shah
Partner
Chartered Accountants

Sydney, 26 March 2024

Deloitte.

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26 March 2024

The Board of Directors
Ainsworth Game Technology Limited
10 Holker St, Newington NSW 2127

Dear Board Members

Auditor's Independence Declaration to Ainsworth Game Technology Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Ainsworth Game Technology Limited.

As lead audit partner for the audit of the financial report of Ainsworth Game Technology Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Harsh Shah
Partner
Chartered Accountants

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