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Name: I G T (AUSTRALIA) PTY LTD
ACN : 002 904 690

<i>Document ID</i>	<i>No. of Pages</i>	<i>Date Lodged</i>
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Form 388
Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

I G T (AUSTRALIA) PTY LTD

ACN

002 904 690

Lodgement details

Registered agent number

17535

Registered agent name

PIPER ALDERMAN

Reason for lodgement of statement and reports

A large proprietary company that is not a disclosing entity

Dates on which financial year ends

Financial year end date

31-12-2020

Details of large proprietary company

What is the consolidated revenue of the large proprietary company and the entities that it controls?

81306000

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

117174000

How many employees are employed by the large proprietary company and the entities that it controls?

279

How many members does the large proprietary company have?

1

Form 388 - Copy of financial statements and reports
I G T (AUSTRALIA) PTY LTD ACN 002 904 690

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Current auditor

Date of appointment **13-02-2020**

Name of auditor

BDO AUDIT PTY LTD

Address

**LEVEL 11
1 MARGARET STREET
SYDNEY NSW 2000**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Agent

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been authenticated by

Name PIPER ALDERMAN

This form has been submitted by

Name Gabor PAPDI

Date 21-07-2021

For more help or information

Web www.asic.gov.au

Form 388 - Copy of financial statements and reports
I G T (AUSTRALIA) PTY LTD ACN 002 904 690

Ask a question? www.asic.gov.au/question
Telephone 1300 300 630

IGT (Australia) Pty Limited

ACN 002 904 690

Annual Report for the Year Ended 31
December 2020

IGT (Australia) Pty Limited

Annual Financial Report
For the Financial Period Ended 31 December 2020

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General information

IGT (Australia) Pty Limited is a company limited by shares.

The financial statements were authorised for issue in accordance with a resolution of directors on 30 April 2021. The directors have the power to amend and reissue the financial statements.

IGT (Australia) Pty Limited

Directors' Declaration

The directors of IGT (Australia) Pty Limited submit herewith the annual financial report on the consolidated entity for the financial period ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial period are:

Andrew Neagle removed on 30 November 2020
Claudio Marco Demolli appointed on 1 February 2020
Dallas Orchard appointed on 12 November 2020

Principal Activities

The consolidated entity's principal activities in the course of the financial period were the sale and servicing of gaming machines and related products.

Review of Operations

The directors consider that the attached financial statements fairly represent the operations of the consolidated entity during the financial period.

The total comprehensive income of the consolidated entity for the period, after income tax expense was \$4,390,000 (2019: \$10,266,000).

The Coronavirus (COVID-19) pandemic has had a negative impact on the Company which has experienced a significant decline in demand as a result of the impact of imposed health and social distancing measures which has severely impacted IGT's customers and the related demand for products and services.

Changes in State of Affairs

There were no significant changes during the financial period in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent Events

There have not been any matters or circumstances that have arisen since the end of the financial period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Dividends

No dividends have been paid or declared since the start of the financial period, and in respect of the financial period ended 31 December 2020 (2019: nil), no dividends have been paid or declared.

The directors do not recommend the payment of a dividend.

IGT (Australia) Pty Limited

Directors' Declaration

Environmental Regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares Under Option

There were no unissued ordinary shares of IGT (Australia) Pty Limited under option outstanding at the date of this report.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Indemnification of Officers and Auditors

During the financial period, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Rounding Off of Amounts

The company is a company of the kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors



Dallas Orchard
Director

Sydney, 30 April 2021



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www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF IGT (AUSTRALIA) PTY LTD

As lead auditor of IGT (Australia) Pty Ltd for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of IGT (Australia) Pty Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Clayton Eveleigh', is written over a light blue horizontal line.

Clayton Eveleigh
Director

BDO Audit Pty Ltd

Sydney, 30 April 2021

IGT (Australia) Pty Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Financial Period Ended 31 December 2020

	<u>Note</u>	<u>Consolidated</u>	
		<u>Year to 31 Dec 2020</u>	<u>Year to 31 Dec 2019</u>
		<u>\$'000</u>	<u>\$'000</u>
Revenue from the sale of goods	3(a)	81,306	145,358
Cost of sales	3(b)	(37,851)	(83,566)
Gross profit		43,455	61,792
Selling, general and administrative		(20,238)	(24,534)
Research and development		(10,721)	(14,825)
Depreciation and amortisation		(4,583)	(4,871)
Other expense		(856)	(2,534)
Profit from ordinary activities before income tax expense		7,057	15,028
Income tax expense	4(a)	(2,276)	(4,622)
Profit for the period		4,781	10,406
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss.</i>			
Exchange differences on translation of foreign operations		(391)	(140)
Total comprehensive income for the period		4,390	10,266

IGT (Australia) Pty Limited
Consolidated Statement of Financial Position
As at 31 December 2020

	<u>Note</u>	<u>Consolidated</u>	
		<u>2020</u>	<u>2019</u>
		<u>\$'000</u>	<u>\$'000</u>
<i>Current Assets</i>			
Cash and cash equivalents	6	5,593	9,056
Trade and other receivables	7	74,185	50,278
Inventories	8	11,370	14,232
Current tax receivable	4 (b)	-	149
Other current assets	9	2,234	1,895
<i>Total Current Assets</i>		<u>93,382</u>	<u>75,610</u>
<i>Non-Current Assets</i>			
Trade and other receivables	10	2,186	14,612
Property, plant and equipment	11	3,175	4,419
Right-of-use assets	13	7,987	10,512
Deferred tax asset	4 (c)	7,143	9,203
Intangibles	12	3,301	3,301
<i>Total Non-Current Assets</i>		<u>23,792</u>	<u>42,047</u>
<i>Total Assets</i>		<u>117,174</u>	<u>117,657</u>
<i>Current Liabilities</i>			
Trade and other payables	14	18,850	16,930
Lease liabilities	15	2,714	2,999
Current tax payables	4 (b)	22	-
Provisions	16	8,956	8,404
<i>Total Current Liabilities</i>		<u>30,542</u>	<u>28,333</u>
<i>Non-Current Liabilities</i>			
Trade and other payables	17	19,505	24,506
Lease liabilities	18	6,892	9,109
Provisions	19	658	534
<i>Total Non-Current Liabilities</i>		<u>27,055</u>	<u>34,149</u>
<i>Total Liabilities</i>		<u>57,597</u>	<u>62,482</u>
<i>Net Assets</i>		<u>59,577</u>	<u>55,175</u>
<i>Equity</i>			
Issued capital	20	35,330	35,330
Reserves	21	13,173	13,552
Retained profits	22	11,074	6,293
<i>Total Equity</i>		<u>59,577</u>	<u>55,175</u>

IGT (Australia) Pty Limited

Consolidated Statement of Changes in Equity
For the Financial Period Ended 31 December 2020

	Share Capital \$'000	Reserves \$'000	Retained Profits \$'000	Total equity \$'000
Balance at 1 January 2019	35,330	13,071	(4,113)	44,288
Profit after income tax expense for the year	-	-	10,406	10,406
Other comprehensive income for the year, net of tax	-	(140)	-	(140)
Total comprehensive income for the period	-	(140)	-	(140)
Transactions with owners in their capacity as owners:				
Employee share plan – value of employee services	-	621	-	621
Balance at 31 December 2019	35,330	13,552	6,293	55,175
Balance at 1 January 2020	35,330	13,552	6,293	55,175
Profit after income tax expense for the year	-	-	4,781	4,781
Other comprehensive loss for the year, net of tax	-	(391)	-	(391)
Total comprehensive income for the period	-	(391)	4,781	4,390
Transactions with owners in their capacity as owners:				
Employee share plan – value of employee services	-	12	-	12
Balance at 31 December 2020	35,330	13,173	11,074	59,577

IGT (Australia) Pty Limited

Consolidated Statement of Cash Flows
For the Financial Period Ended 31 December 2020

	Consolidated	
	Inflows/(Outflows)	
	2020	2019
	\$'000	\$'000
<i>Cash Flows From Operating Activities</i>		
Receipts from customers	77,061	159,493
Payments to suppliers and employees	(71,326)	(128,821)
Interest received	511	765
Interest and other finance costs paid	(1,352)	(2,836)
Income tax paid	(33)	(134)
	4,861	28,467
<i>Cash Flows From Investing Activities</i>		
Payment for property, plant and equipment	(373)	(690)
Loans to related parties	330	(1,803)
	(43)	(2,493)
<i>Cash Flows From Financing Activities</i>		
Repayment for leases	(3,281)	(3,113)
Repayment of borrowings	(5,000)	(19,000)
	(8,281)	(22,113)
<i>Net (Decrease)/Increase In Cash and Cash Equivalents</i>	(3,463)	3,861
<i>Cash At The Beginning Of The Financial Period</i>	9,056	5,195
<i>Cash At The End Of The Financial Period</i>	5,593	9,056

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies

Basis of Preparation

This is a reduced disclosure financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

This reduced disclosure financial report has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standard Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

This reduced disclosure financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments which, as noted, are at fair value. Unless otherwise indicated, all amounts are presented in Australian dollars.

The accounting policies set out below have been applied in preparing the financial statements for the period 1 January 2020 to 31 December 2020 and the comparative information presented in these financial statements for the period 1 January 2019 to 31 December 2019.

(i) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the Directors Report, the Coronavirus (COVID-19) has had a negative impact on the Company which has experienced a significant decline in demand as a result of the impact of imposed health and social distancing measures which has severely impacted IGT's customers and the related demand for products and services. Therefore, the Company is unable to reliably estimate the full extent of the impact on its results and cash flows over the coming 12 months period. These events and conditions may cast doubt on the ability of the Company to continue as a going concern.

The Directors believe that it is reasonable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following:

1. The ultimate parent entity has provided the Company with written assurance and has not withdrawn this assurance at the date of this report that neither it nor other group companies will demand repayment of loans made or funds advanced to the Company until such time as the Company is able to repay such amounts without detriment to its ability to pay its debts as and when they become due and payable for at least 12 months from the date of signing of these financial statements;

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

Going concern (Continued)

2. The ultimate parent entity, by way of a letter of financial support, has undertaken to provide sufficient financial assistance to the Company as and when it is needed to enable the Company to continue its operations; and
3. Based on the cash flow forecasts prepared by management, the cash flows of the Company, supported by intercompany purchases of inventory from related entities, appear sufficient to support the Company on an ongoing basis for a period of 12 months from the date of this report whilst noting the significant difficulties noted above in forecasting these cash flows.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

(a) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(b) Property, Plant and Equipment

Land and buildings, plant and equipment, leasehold improvements, gaming machines and furniture and fittings are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of the acquisition.

Depreciation is provided on property, plant and equipment, leasehold improvements, gaming machines and furniture and fittings, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed and adjusted if appropriate, at the end of each annual reporting period.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(b) Property, Plant and Equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

The following estimated useful lives are used in the calculation of depreciation:

- Buildings 40 years
- Leasehold improvements Shorter of useful life or the lease term
- Plant and equipment 3-10 years
- Furniture and fittings 3-10 years
- R&D Gaming Machines 2 years

(c) Impairment of Assets

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimated the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

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

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

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

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(d) Employee Benefits

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

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Employee benefits expenses are recognised net of the JobKeeper benefits received.

(e) Share Based Payments

Share-based compensation benefits are provided to employees via the IGT (Australia Pty) Limited Employee Option Plan. The share options granted are for shares in the ultimate parent entity. In the Information relating to this scheme is set out below.

The fair value of options granted under the IGT (Australia Pty) Limited Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions, but excludes the impact of any service and non-market performance vesting conditions. There are no market performance conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(f) Foreign Currency

(i) Functional and Presentation Currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is IGT (Australia) Pty Limited's functional and presentation currency.

(ii) Foreign Currency Transactions

All foreign currency transactions during the financial period are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise except that:

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(f) Foreign Currency (Continued)

(ii) Foreign Currency Transactions (Continued)

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

(iii) Foreign Operations

The assets and liabilities of the company's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the foreign operation.

(g) Goods and Services Tax

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

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

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

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

(h) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(h) Income Tax (Continued)

Deferred Tax

Deferred tax is accounted for using the liability method in respect of timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

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

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis

Current and deferred tax for the period

Current and deferred tax is recognised as an expense in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(i) Inventories

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

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(j) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries. A list of controlled entities appears in note 24 (b) to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(k) Provisions

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

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

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

Warranties

Provision for hardware and game performance warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the company's liability.

(l) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(l) Trade and Other Receivables (Continued)

Trade receivables and other receivables are recorded at amounts due less any expected credit losses.

(m) Research and Development Costs

Research and development costs are recognised as an expense when incurred.

(n) Revenue Recognition

The company account for a contract with a customer when:

- i. It has written approval;
- ii. the contract is committed;
- iii. the rights of the parties, including payment terms, are identified;
- iv. the contract has commercial substance; and
- v. collectability of consideration is probable.

A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct. If the company enter into two or more contracts at or near the same time, the contracts may be combined and accounted for as one contract, in which case the company determine whether the services or products in the combined contract are distinct. A service or product that is promised to a customer is distinct if both of the following criteria are met:

- The customer can benefit from the service or product either on its own or together with other resources that are readily available to the customer; and
- The company promise to transfer the service or product to the customer is separately identifiable from other promises in the contract.

Revenue is recognised when (or as) control of a promised service or product transfers to a customer, in an amount that reflects the consideration (which represents the transaction price) to which the company expect to be entitled in exchange for transferring that service or product. If the consideration promised in a contract includes a variable amount, the company estimate the amount to which it expects to be entitled using either the expected value or most likely amount method. The company's contracts may include terms that could cause variability in the consideration, including, for example, rebates, volume discounts, service-level penalties, and performance bonuses or other forms of contingent revenue.

The company's standard payment terms dictate that payment is due upon receipt of invoice, payable within 30 days. Invoices are generally issued as control transfers and/or as services are rendered. Additionally, in determining the transaction price, the company adjust the promised amount of consideration for the effects of the time value of money if the payment terms are not standard and the timing of payments agreed to by the parties to the contract provide the customer or the company with a significant benefit of financing, in which case the contract contains a significant financing component. Most arrangements that contain a significant financing component include explicit financing terms.

The company may include subcontractor services or third-party vendor services or products in certain arrangements. In these arrangements, revenue from sales of third-party vendor services or products are recorded net of costs when the company is acting as an agent between the customer

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(n) Revenue Recognition (Continued)

and the vendor, and gross when we are the principal for the transaction. To determine whether the company is an agent or principal, the company considers whether it obtain control of the services or products before they are transferred to the customer. In making this evaluation, several factors are considered, most notably whether the company have primary responsibility for fulfillment to the customer, as well as inventory risk and pricing discretion.

Service Revenue

Service revenue is derived from the following sources:

- Machine Gaming; and
- Other Services.

Machine Gaming

Service revenue is generated from the provision of services and maintenance of gaming machines for customers under mostly recurring revenue arrangements and also through a subcontractor arrangement. Service revenue is generally recognised in the period the service is performed (i.e. all at a point in time).

Product Sales

Product sales are derived from:

- Gaming machines, including game content and
- Gaming systems

Gaming machines, including game content

The company's revenue from the sale of gaming machines includes game content, gaming machines related equipment, and component parts (including game themes and electronics conversion kits). The company's credit terms are predominantly short-term in nature. Revenue from the sale of gaming machines is recognised based upon the contractual terms of each arrangement, but predominantly upon transfer of physical possession of the goods or the lapse of customer acceptance provisions. If the sale of the gaming machines includes multiple performance obligations, these arrangements are accounted for under arrangements with multiple performance obligations, discussed below.

Gaming systems

The company's revenue from the sale of gaming systems typically includes the delivery and/or installation of equipment and parts and licensing of gaming software for a fixed price, and the customer subsequently operates the system. These arrangements generally include customer

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(n) Revenue Recognition (Continued)

acceptance provision. Such arrangements include hardware, software, and professional services. In these arrangements, the performance obligation is satisfied over time if the customer controls the asset as it is created (i.e., when the asset is built at the customer site) or if our performance does not create an asset with an alternative use and the company have an enforceable right to payment plus a reasonable profit for performance completed to date. If revenue is not recognised over time, it is recognised based upon the contractual terms of each arrangement, but predominantly upon the transfer of physical possession of the goods or the satisfaction of customer acceptance provisions.

Arrangements with Multiple Performance Obligations

To the extent that a service or product in an arrangement with multiple performance obligations is subject to other specific accounting guidance, that service or product is accounted for in accordance with such specific guidance. For all other distinct services and products in these arrangements, the arrangement transaction price is allocated to each performance obligation on a relative standalone selling price basis or another method that depicts the amount of consideration to which we expect to be entitled in exchange for transferring the promised services or products. If the services and products are not distinct, we determine an appropriate measure of progress based on the nature of our overall promise for the single performance obligation.

Standalone Selling Price

The company allocate the transaction price to each performance obligation on a relative standalone selling price ("SSP") basis. The SSP is the price at which the company would sell a promised service or product separately to a customer. In some instances, the company are able to establish SSP based on the observable prices of services or products sold separately in comparable circumstances to a similar customer.

The company typically establish an SSP range for our services and products that are reassessed on a periodic basis or when facts and circumstances change.

In other instances, the company may not be able to establish an SSP range based on observable prices and the company estimate the SSP by considering multiple factors including, but not limited to, overall market conditions, including geographic or regional specific factors, competitive positioning, competitor actions, internal costs, profit objectives and pricing practices. Estimating SSP is a formal process that includes review and approval by management.

Interest revenue

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

(o) Intangible Assets

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(o) Intangible Assets (Continued)

Other intangibles are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their expected useful lives.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

(p) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(q) Current and non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(r) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and bank overdrafts. Cash and cash equivalents comprise cash on hand and cash in banks net of any outstanding bank overdrafts.

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(s) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(t) Parent Entity Information

The financial information for the parent entity, IGT (Australia) Pty Limited, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries are accounted for at cost in the financial statements of IGT Australia Pty Limited.

(u) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(w) Issued capital

Ordinary shares are classified as equity.

(x) New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(x) New or amended Accounting Standards and Interpretations adopted (Continued)

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(y) Financial assets

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

Other financial assets

Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to

receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

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.

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

1. Summary of Accounting Policies (Continued)

(y) Financial assets (Continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the consolidated entity's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

Judgments made by management in the application of the accounting policies that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(a) Impairment of goodwill

The group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1(o). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

(b) Provision for warranty claims

The provision for warranty claims represents the directors' best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends.

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(c) Income taxes

The company is subject to income taxes in Australia. Significant judgement is required in determining the taxation balances. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company estimates its tax liabilities based on the company's understanding of the tax law. Where the final tax 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.

Utilisation of the tax losses depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Management made judgements about the company's ability to utilise tax losses and did recognise deferred taxes accordingly due to significant tax losses position

(d) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(e) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(f) Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

	Consolidated	
	2020	2019
	\$'000	\$'000

3. Profit From Ordinary Activities

Profit from ordinary activities before income tax includes the following items of revenue and expense:

(a) Operating Revenue

Sales and service revenue:		
Sale of goods and services	80,796	144,594
Interest revenue	510	764
	81,306	145,358

Disaggregation of revenue from contracts with customers

Revenue segment:		
Product revenue	44,976	100,531
Service revenue	35,820	43,722
	80,796	144,253
Timing of revenue recognition:		
At a point in time	73,067	130,286
Over time	7,729	13,967
	80,796	144,253

The company derives all its' revenue from the sale of goods and services at a point in time

(b) Expenses

Cost of sales	37,851	83,566
Depreciation of property, plant and equipment:		
as part of operating expenses	1,279	1,254
Expected credit losses/(gain)	1,203	(293)
Net foreign exchange (gain)/losses	(1,936)	262
Profit from sale of property plant and equipment	-	35
Inventory; write-downs and other losses	2,266	695
Variable lease payments	178	1,172
Short-term lease payments	64	60
Employee benefits expenses	29,840	40,955

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

	Consolidated	
	2020	2019
	\$'000	\$'000
4. Income tax expense		
a) Tax expense comprises:		
Current tax expense/(benefit)	102	(39)
Under/(over) provision in previous years	114	169
Movements in deferred tax balances	2,060	4,492
Income tax expense/(benefit)	2,276	4,622
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	2,711	1,338
Increase/(decrease) in deferred tax liabilities	(651)	3,154
Deferred tax - origination and reversal of temporary differences	2,060	4,492
Income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from operations	7,057	15,028
Income tax expense calculated at 30%	2,117	4,508
Non-deductible expenses	127	99
Difference in overseas tax rates	(34)	(85)
Under provision in previous year	114	169
Research and development tax credit	(48)	(69)
Income tax expense/(benefit)	2,276	4,622
b) Current tax (payable)/receivable	(22)	149
c) Deferred tax balances		
Deferred tax balances comprise:		
Temporary differences:		
Employee benefits	2,991	3,354
Expected credit losses	564	214
Deferred revenue	78	114
Inventories	1,441	652
Property, plant & equipment	94	(32)
Provisions	187	202
Leases	377	479
Other	(952)	(596)
Recognised tax losses	2,363	4,816
Total	7,143	9,203

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

	Consolidated	
	2020	2019
	\$'000	\$'000
4. Income tax expense (Continued)		
Movements in deferred tax assets:		
Opening balance	9,203	13,695
Credited/(debited) to the income statement	198	565
Tax losses utilised in current period	(2,258)	(5,057)
Closing balance	7,143	9,203
5. Remuneration of Auditors		
Auditing the financial reports	215	210
Other services - taxation	-	28
	215	238
6. Current Trade - Cash and cash equivalents		
Cash on hand	9	9
Cash at bank	5,584	9,047
	5,593	9,056
7. Current Trade and Other Receivables		
Trade receivables	36,422	39,217
Less: allowance for expected credit losses	(1,854)	(624)
	34,568	38,593
Amounts receivable from:		
Ultimate parent entity (1)	26,319	4,609
Related entities	1,533	7,076
	27,852	11,685
Loan to Ultimate Parent Entity (2):		
Opening balance	-	-
Amount transferred from Non-Current Trade and Other Receivables	12,096	-
Foreign exchange loss	(331)	-
End of period	11,765	-
	74,185	50,278

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

7. Current Trade and Other Receivables (Continued)

- (1) Includes AUD \$139,000/(NZD \$159,000) that is receivable in NZD equivalent (2019: AUD \$246,000/(NZD \$256,000))
- (2) NZD \$12,600,000 dollar (AUD \$11,764,816) denominated 12 months revolving loan to International Game Technology PLC is interest bearing at a fixed interest rate of 2.33% p.a. The loan will be due for repayment on 26 July 2021. However, management will extend the loan for another 12 months.

	Consolidated	
	2020	2019
	\$'000	\$'000
8. Inventories		
Raw materials:		
At cost	9,995	11,070
Less provision for obsolescence	(4,062)	(1,917)
	5,933	9,153
Work in progress:		
At cost	4,456	3,566
Finished goods:		
At cost	1,698	1,767
Less provision for obsolescence	(717)	(254)
	981	1,513
	11,370	14,232

Inventories recognised as an expense during the year ended 31 December 2020 amounted to \$25,200,865 (2019: \$61,545,114). These were included in cost of sales in profit or loss.

Revaluation of inventories to net realisable value amounted to \$658,995 (2019: \$783,811). These were recognised as an expense during the year ended 31 December 2020 and included in 'cost of sales' in profit or loss.

9. Other Current Assets

Other receivables and prepayments (1)	2,234	1,895
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(1) Contains a NZ interest bearing fixed rate of 2.85% p.a. Term Deposit for NZD \$0.955m with restricted access under trading terms with NZ Customs.

10. Non-Current Trade and Other Receivables

Trade and other receivables.	2,210	2,605
Less: allowance for expected credit losses	(24)	(89)
	2,186	2,516

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

	Consolidated	
	2020	2019
	\$'000	\$'000
10. Non-Current Trade and Other Receivables (Continued)		
Loan to Ultimate Parent Entity:		
Opening balance	12,096	10,294
Loans advanced	-	1,722
Amounts transferred to Current Trade and Other Receivables	(12,096)	-
Foreign exchange gain	-	80
End of period	-	12,096
	2,186	14,612
11. Property, Plant and Equipment		
Freehold land at fair value:		
Opening net book amount	250	452
Disposal	-	(174)
Exchange differences	-	(28)
Closing net book amount	250	250
Buildings:		
Opening net book amount	269	497
Disposals	-	(188)
Depreciation charge	(9)	(14)
Exchange differences	-	(26)
Closing net book amount	260	269
Leasehold improvements:		
Opening net book amount	2,045	2,424
Disposals	(10)	-
Depreciation charge	(360)	(379)
Closing net book amount	1,675	2,045
Plant and equipment:		
Opening net book amount	1,625	1,446
Additions	91	1,018
Disposals	(288)	(66)
Depreciation charge	(829)	(788)
Exchange differences	17	15
Closing net book amount	616	1,625
Furniture and fittings:		
Opening net book amount	230	203
Additions	281	101
Disposals	(18)	-
Depreciation charge	(114)	(80)
Exchange differences	(4)	6
Closing net book amount	375	230
Total Property, plant and equipment	3,175	4,419

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

	Consolidated	
	2020	2019
	\$'000	\$'000
11. Property, Plant and Equipment (Continued)		
Freehold land at fair value	250	250
Buildings:		
At cost	375	375
Accumulated depreciation	(115)	(106)
	260	269
Leasehold improvements:		
At cost	4,067	4,165
Accumulated depreciation	(2,392)	(2,120)
	1,675	2,045
Plant and equipment:		
At cost	6,930	7,666
Accumulated depreciation	(6,314)	(6,041)
	616	1,625
Furniture and fittings:		
At cost	8,308	8,200
Accumulated depreciation	(7,933)	(7,970)
	375	230
Total Property, plant and equipment	3,175	4,419
12. Intangibles		
Goodwill	3,301	3,301
Less: accumulated impairment	-	-
	3,301	3,301
13. Right-of-use assets		
Land and buildings - right-of-use	8,286	8,384
Less: Accumulated depreciation	(2,051)	(191)
	6,235	8,193
Plant and equipment - right-of-use	3,004	2,351
Less: Accumulated depreciation	(1,252)	(32)
	1,752	2,319
Total right-of-use assets	7,987	10,512

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

13. Right-of-use assets (Continued)

The majority of leases relate to property leases with the remaining comprising of operating leases on motor vehicles. The property leases are generally structured in such a way that there is a base rent which is subject to increases as a result of CPI and also periodic market reviews.

All property leases are for a fixed term. Operating leases on motor vehicles are at fixed rentals for a predetermined period of time. The current leases do not have any purchase options, restrictive covenants or contingent rental payments. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated	
	2020	2019
	\$'000	\$'000
14. Current trade and other payables		
Trade payables	2,894	3,513
Amounts due to ultimate parent entity ⁽¹⁾	12,561	7,287
Amounts due to related entities	72	234
Goods and services tax (GST) payable	703	1,007
Other payables and accruals	2,620	4,889
	18,850	16,930

⁽¹⁾ AUD \$13,595,281 of the balance is payable in the USD \$9,000,268 (2019: AUD \$6,847,000 of the balance is payable in USD \$4,678,000)

15. Current lease liabilities

Lease liabilities	2,714	2,999
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16. Current provisions

Warranty:		
Opening	804	872
Expense/(Credit) to the P&L	71	439
Utilised	(239)	(507)
Closing	636	804
Employee entitlements:		
Opening	7,600	7,423
Expense to the P&L	2,697	2,248
Utilised	(1,977)	(2,071)
Closing	8,320	7,600
	8,956	8,404

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

	Consolidated	
	2020	2019
	\$'000	\$'000
17. Non-current trade and other payables		
Amounts due to related entities	5	6
Other payables and accruals	-	-
	5	6
Loans from ultimate parent entity		
Beginning of the year	24,500 ⁽¹⁾	43,500 ⁽¹⁾
Loans - advanced	-	-
Loan repayments made	(5,000)	(19,000)
End of period	19,500	24,500
	19,505	24,506

⁽¹⁾ AUD dollar denominated 5 years revolving loan from IGT PLC is interest bearing at a fixed interest rate of 5%. The loan shall be repaid on 16 October 2023.

18. Non-current lease liabilities

Lease liability	6,892	9,109
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19. Non-current Provisions

Employee entitlements	658	534
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20. Issued Capital

9,722,014 (2019: 9,722,014) fully paid ordinary shares	35,330	35,330
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Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised share capital and issued shares do not have a par value.

	Consolidated	
	2020	
	No. '000	\$ '000
<u>Fully Paid Ordinary Share Capital</u>		
Balance at beginning of financial period	9,722	35,330
Balance at end of financial period	9,722	35,330

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

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

	Consolidated	
	2020	2019
	\$'000	\$'000
21. Reserves		
<i>(a) Reserves Comprise</i>		
Share based payments	13,283	13,271
Foreign currency translation*	(110)	281
	13,173	13,552
<i>(b) Movements in Reserves</i>		
Foreign currency translation reserve:		
Balance at beginning of financial period	281	421
Translation of foreign operations	(391)	(140)
	(110)	281
Share based payments reserve:		
Balance at beginning of financial period	13,271	12,650
Movement in reserve – share-based payment	12	621
	13,283	13,271
Balance at end of financial period	13,173	13,552
<i>*Foreign currency translation reserve: Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.</i>		
22. Retained Profits		
Balance at beginning of financial period	6,293	(4,113)
Net profit	4,781	10,406
	11,074	6,293
23. Subsequent Events		
There have not been any matters or circumstances, that have arisen since the end of the financial period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.		

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

24. Related Party Transactions

(a) Parent entities

IGT (Australia) Pty Limited is a proprietary company, incorporated and domiciled in Australia. Its immediate parent company is International Game Technology Inc. and the ultimate holding company is International Game Technology PLC, a company incorporated in the United Kingdom.

Registered Office

Level 5, Building B, 11 Talavera Road
Macquarie Park NSW 2113
Tel: (02) 9812 2300

Principal Place of Business

Level 5, Building B, 11 Talavera Road
Macquarie Park NSW 211
Tel: (02) 9812 2300

(b) Subsidiaries

Name of Entity	Country of Incorporation	Ownership Interest	
		2020 %	2019 %
Parent Entity IGT (Australia) Pty Limited	Australia		
Controlled Entities International Game Technology (NZ) Limited The immediate parent company is IGT (Australia) Pty Limited and the ultimate holding company is International Game Technology PLC, a company incorporated in the United Kingdom.	New Zealand	100	100

(c) Key management personnel compensation

	Consolidated	
	2020	2019
	\$'000	\$'000
Short-term employee benefits	5,291	3,563
Long-term benefits	-	-
Share-based payments	12	621
	5,303	4,184

The share-based payments issued to the directors were made directly by the ultimate parent entity.

(d) Transactions with related parties

Sale of inventory and parts to parent entity	242	300
Sale of inventory and parts to associates	1,697	16,205
Sale of services to parent entity	25,374	27,168
Purchases of inventory and parts from parent entity	15,666	37,270
Purchases of royalties from the parent entity	30	8

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

	Consolidated	
	2020	2019
	\$'000	\$'000
24. Related Party Transactions (Continued)		
Purchases of inventory and parts from associates	63	3,882
Outstanding balances; borrowing and loan from the parent entity	19,500	24,500
Outstanding balances; borrowing and loan to the parent entity	11,765	12,096
Interest charged on intercompany revolving loan from ultimate parent entity	909	1,726
Interest received on intercompany revolving loan from ultimate parent entity	300	450
<i>(e) Outstanding balances arising from sales/purchases of goods and services</i>		
Current payables:		
To parent entity	12,561	7,287
To associated entities	72	234
Current receivables:		
From parent entity	26,319	4,609
From associated entities	1,533	7,076

25. Capital Commitments

Capital expenditure contracted for at reporting date but not recognised as liabilities were nil. (2019: nil)

	Company	
	2020	2019
	\$'000	\$'000

26. Parent Entity Financial Information

(a) Summary Financial Information

The individual financial statements for the parent entity show the following aggregate amounts:

Balance Sheet

Current Assets	79,911	74,043
Total Assets	103,510	103,768
Current Liabilities	(29,138)	(26,815)
Total Liabilities	(56,193)	(60,964)

IGT (Australia) Pty Limited

Notes to the Consolidated Financial Statements For the Financial Period Ended 31 December 2020

	Company	
	2020	2019
	\$'000	\$'000
26. Parent Entity Financial Information (Continued)		
Shareholders' equity		
Issued Capital		
Balance at beginning of the financial period	35,330	35,330
Balance at end of the financial period	35,330	35,330
Reserves		
Share based payments	13,285	13,273
Accumulated losses	(1,297)	(5,799)
	47,318	42,804
Income for the period	4,502	8,901
Total Comprehensive Income	4,502	8,901

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2020 or 31 December 2019.

IGT (Australia) Pty Limited

Directors' Declaration

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent disclosed in Note 1.

The directors declare that:

- (a) In the directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, the Australian Accounting Standard- Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) In the directors' opinion, the attached consolidated financial statements and notes thereto give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the financial year ended on that date and
- (c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the *Corporations Act 2001*.

On behalf of the Directors



Dallas Orchard
Director

Sydney, 30 April 2021



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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of IGT (Australia) Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of IGT (Australia) Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of IGT (Australia) Pty Ltd, is 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 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

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

We 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.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, but does not include the financial report and our auditor's report thereon.



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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 - Reduced Disclosure Requirements 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

A handwritten signature in blue ink that reads 'BDO'.

A handwritten signature in blue ink, appearing to be 'Clayton Eveleigh'.

Clayton Eveleigh
Director

Sydney, 30 April 2021