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Ainsworth Game Technology Limited (AGT or the Company) Financial Results (unaudited) for the Twelve Months ended 31 December 2023 (CY23) Continued Investment and Performance

AGT reported strong performance in the second half of CY23 resulting in a full year Profit Before Tax, excluding currency impacts and one-off items (normalised), of \$41.5 million, an increase of 10.4% compared to the \$37.6 million reported in the previous 12-month period ended 31 December 2022 (Prior Corresponding Period (PCP)). This resulted in a second half normalised contribution in CY23 of \$18.3 million, in line with the \$18.0 million market guidance provided.

Strategies to develop and release new products have progressively improved product performance across global markets in the current period with revenue increases across all regions and segments compared to the PCP.

AGT's Chairman Mr Danny Gladstone, commented "I am pleased and encouraged by the progress and the investments the Company has made in the current period. These investments have laid the foundations to develop and release new and innovative products to further improve the Group's financial results in coming periods".

Mr Gladstone added "Following the announcement made in November 2023 where the Company advised on the engagement of Macquarie Capital as the Company's financial advisor, a strategic review of all potential opportunities has progressed in the period. This strategic review encompasses a number of potential alternatives to maximise shareholder value. While there is no assurance that any transaction will result from this strategic review, we will continue to keep the market updated".



Below is a summary of the key financials for the current period:

A\$m	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	284.9	243.6	41.3	124.1
Earning before interest, tax, depreciation and amortisation (EBITDA)	18.9	27.4	(8.5)	14.9
Underlying EBITDA⁽¹⁾	57.8	55.8	2.0	26.4
Profit before tax (PBT)	2.6	9.2	(6.6)	7.3
Underlying PBT⁽¹⁾	41.5	37.6	3.9	18.8
(Loss) / Profit after tax (PAT)	(9.0)	10.2	(19.2)	2.7
Underlying PAT⁽¹⁾	23.8	35.3	(11.5)	12.3
Total Assets	418.4	427.3	(8.9)	427.3
Net Assets	313.1	321.9	(8.8)	321.9

⁽¹⁾ Underlying EBITDA, PBT and PAT adjusted for currency impacts and significant one-off items outside ordinary business activities.

AGT's momentum continued with solid revenue growth in the current period. Revenue increased to \$284.9 million, up 17% on the \$243.6 million in the PCP. Underlying EBITDA was \$57.8 million, compared to \$55.8 million in the PCP. Profit Before Tax, excluding currency effects and one-off items, was \$41.5 million, a positive change of 10.4% versus the PCP.

Reflecting the improved momentum, international revenues increased by 24% versus the PCP, and now account for 86% of the Group's total revenue. Recurring revenues, another strong feature of AGT's business model increased to \$69.7 million in CY23, an increase of 10% on the \$63.3 million in the PCP. Total machines under operation at 31 December 2023 were 7,222, an increase on both the 6,623 units at 30 June 2023 and the 6,517 at 31 December 2022.

North America revenue in the current period was \$140.4 million, an increase of 17% on the PCP, representing 57% of total international revenue. High denomination games continue to be the strength of AGT in the United States with multiple games consistently included in Top 25 indexes reported by Eilers and ReelMetrics. Development initiatives initiated to provide greater market share within the low and mid denomination product groupings have resulted in both San Bao Pandas™ and San Bao Dragons™ being reported in the Eilers Top 25 Indexing New Games in February 2024. Following the continued success of MTD games in South Dakota, the launch of the games in Louisiana have seen similar success with strong performance of the new Squish Reels™ game in these markets. The exclusive distribution agreement within Montana was extended for an additional year and further opportunities are expected within this state once exclusivity expires.

Machines under operation in North America at the reporting date were 3,090, an increase of 9% on the PCP primarily through expansion within Kentucky and Alabama where new placement opportunities occurred in the current period. Machines placed under participation and lease (including connection fees), which generate recurring revenue, contributed 53% of segment revenues. Historical Horse Racing ("HHR") products continue to perform with 8,118 units connected to AGT's HHR system at 31 December 2023 with the anticipation of further growth as new installations occur in Kentucky and Alabama during calendar year 2024. Strong average selling prices and increased recurring revenues, along with disciplined cost controls resulted in a rise in segment profit to \$65.0 million versus \$59.3 million in the PCP, up 10%.



Revenues of \$80.1 million were achieved in Latin America/Europe in CY23, an increase of 26% compared to the PCP. This momentum was driven by continued demand in Argentina and a return in venue re-openings within Mexico and Peru. In the current period unit sales in Mexico represented 25% of total unit sales compared to 10% in the PCP. Demand continues to grow for the A-STAR™ range of cabinets with Xtension Link™ being consistently one of the top performing products in the region. Recent released Eilers Latin American market report detailed that AGT held both the number one and two spots in the multi-game segment with legacy multi game products. Gross profit was consistent at 63%, with a segment profit of \$33.1 million in the period. At 31 December 2023, a total of 4,132 units were under operation, generating \$22.6 million in recurring revenue, an increase of 14% on the PCP. Despite the reduction in units under operation reported in the first half of CY23, primarily due to the introduction of regulatory changes in Mexico, strong demand in Peru and Mexico resulted in the installed base of machines under operation increasing 16% in the second half of CY23 with the average yield being maintained at US\$12 per day.

Discussions with Mexican Tax Administration Service (SAT) on the previously disclosed audit and review of unpaid duties and associated charges in this region have progressed in the period. Based on these discussions, the Group has reached an in-principal agreement with SAT, subject to administrative procedures, and the provision at 31 December 2023 has been updated to reflect this agreement. It is expected that this matter will be finalised with SAT once all administrative processes are completed.

A non-cash impairment charge of \$6.1 million was recorded in the current period, for the Latin America Cash Generating Unit (CGU). As in previous periods, this impairment charge to the carrying value of assets reflects the re-assessment of discount rates, inflationary cost pressures and uncertainties inherent in validating expected revenue in future periods within these regions. These factors contributed to a reduction in the available headroom resulting in a lower recoverable amount for this CGU due to the timing nature of the current business model within this region. Gaming machines are initially placed under operation with these assets requiring assessment for impairment purposes, despite the generation of increased participation revenue prior to the potential conversion to sale.

AGT's Asia Pacific (Australia, New Zealand, and Asia) performance was consistent in the period as competitive market conditions continued. Revenue increased to \$48.8 million, a slight increase on the \$47.6 million in the PCP. The region achieved 1,545 unit sales in the period with Australia representing 1,286 of total units. Average selling prices improved to \$25.3 thousand despite competitive market conditions with segment profit declining to \$3.4 million, compared to \$5.1 million in the PCP. This decline was experienced due to higher fixed costs, inflationary pressures and higher costs of production resulting from the weakening of the Australian Dollar against the US dollar. Positive momentum with the release of the new A-star 100™ cabinet and the new games Grand Fortune™ and Oriental Gongs™ have seen consistently improved performance. The recently released Jackpot Kingdom Link™ in Queensland has continued to show initial positive performance improvements with the expectation that this brand will be rolled out in New South Wales and other markets in Quarter 1 of CY24.

The Online segment reported revenue of \$15.6 million which included the acceleration of Game Account Network (GAN) revenue through the shares issued and contract amendment terminating exclusivity at 31 March 2024. Following the expiry of exclusivity with GAN, the Company will directly integrate with USA operators.

Operating costs were carefully controlled in the current period, rising by 18%. Group operating costs in constant currency terms were \$134.2 million, 14% higher compared to the PCP. The increase in operating costs was mainly attributable to the increase in overall headcount in the current period to ensure talent retention to support business growth and implemented strategies. Operating costs increase was also attributable to increased variable selling costs on the 17% increase in revenue achieved during the period.



Research & Development (R&D) expenses increased by 25% compared to the PCP reflecting the Company's continued focus on product development investment to produce competitive products. R&D expenses as a percentage of total revenue were 16% in the current period, consistent with the 15% in the PCP. A consistent level of investment in R&D is expected to continue following the revamping of development studios in Sydney, Las Vegas, Austin, Texas and Reno, Nevada which are all led by experienced gaming veterans.

The global organisational structure is now established and in place, providing new product leadership and clear lines of accountability which continue to provide on-going efficiencies and an exciting range of diverse and new product offerings. Management continues to implement 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.

Operating cash flows in the period was \$27.4 million, an improvement on the \$15.4 million reported in CY22. The improvement was primarily due to prudent working capital management, particularly in a reduction in inventory holding of 19% at 31 December 2023, compared to the prior year. While operating cash flows have improved during the period, investments were made in Argentina and capital expenditure to support the release of new hardware during the year. This resulted in net cash held at the reporting date of \$19.4 million, a decrease on the \$29.3 million reported at 31 December 2022.

Mr Harald Neumann, AGT's Chief Executive Officer commented, "I am pleased to report that we are well advanced to capitalize on opportunities and progress to further establish the Ainsworth name as a leading provider within the gaming industry sector. Progress made in the current period further exemplifies the confidence in the strategies implemented which are expected to ensure progressive improvements in the Company's earnings in coming periods. The investments we have made have enabled us to upgrade our technology, hardware and improve game performance which are expected to deliver further improvements in our financial results and ensure our long term sustained success."

The Company advised that the CY23 audited results are expected to be released in March 2024 once all necessary auditing procedures have been completed.

This announcement was authorised for lodgement by the Board of Directors.

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