



Ainsworth Game Technology Ltd

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www.agtslots.com

29 May 2024

ASX Market Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

ELECTRONIC LODGEMENT

2024 Annual General Meeting (AGM) Addresses to Shareholders and Presentation.

We attach a copy of the 2024 AGM Addresses to Shareholders (Chairman and Chief Executive Officer) and Presentation.

For the purposes of ASX Listing Rule 15.5, this document is authorised for lodgment with the ASX by the Board.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Ludski', written over a light grey rectangular background.

Mark Ludski
Company Secretary



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29 May 2024

ASX Release

ASX Code: AGI

**AINSWORTH GAME TECHNOLOGY LIMITED
2024 ANNUAL GENERAL MEETING ADDRESSES**

NON-EXECUTIVE CHAIRMAN

(Presented by Mr Danny Gladstone)

Ladies and Gentlemen,

At the outset I would firstly like to make a few comments about the previously initiated Strategic Review by Macquarie Capital that we announced and the most recent announcement earlier this month where we advised that it had been determined by the Board to place this on hold at the present time. After consideration by the Board, with consultation with Macquarie and senior management, it was determined that it was more beneficial for our shareholders to ensure this review was not undertaken at a time where the investments in product initiatives were not as yet fully reflective in the current financial results of the Company. This has become even more evident as the expected financial results for half one of the 2024 financial year have been impacted by delays being encountered in product releases coupled with current market conditions experienced in Latin America. As was outlined in our announcements we emphasized that there was no assurances that any transaction would result from the Strategic Review, and we remain focused on the priority of our organic operations to optimize the Company's financial performance and results in the short term.

I will now present the review for the financial year ended 31 December 2023. I will concentrate my address on the headline numbers and Harald Neumann, the Company's Chief Executive Officer (CEO), will provide further detail and an outline on our key operating segments. I do note that as these results represent the first completed 12-month financial period following the change to a calendar year reporting basis and to provide a meaningful comparison, the prior corresponding period I refer to will be the 12 months ended 31 December 2022.

In the financial year ended 31 December 2023, we reported revenue of \$285 million, a 17% increase on the Prior Corresponding Period (PCP). This increase was attributable to international revenue increasing 24% on the PCP to \$245 million in the period. International revenue now contributes to 86% of total revenue compared to 81% in 2022. For the period AGT delivered a Profit before Tax, excluding currency impacts and one-off items, of \$41.5 million. This was a 10% increase on the adjusted Profit before Tax of \$37.6 million for the PCP with the second half broadly consistent with the corresponding half year period in the 2022 calendar year.



Group underlying EBITDA (adjusted for currency and one-off items) reported for the year ended 31 December 2023 was \$59 million, a modest increase of 5.7% on the \$55.8 million in the PCP. These results reflect the planned increase of 25% in Research and Development (R&D) expenses and the focus on ensuring our products are competitive within our global markets. R&D investment activities undertaken, excluding capitalized expenditure, represented 16% of total revenue, compared to 15% in the previous 2022 year. This investment is expected to enable the Group to continue the revenue growth trajectory being achieved and secure positive market share gains in coming periods.

We have continued to progress strategies to improve performance which are expected to result in positive momentum being maintained for the 2024 year. Trading conditions generally have improved across most markets with customer activity levels now showing positive confidence in the recovery.

North America continued to deliver solid results for the year ended 31 December 2023, primarily driven by strong performance and contributions from Ainsworth's leading Historical Horse Racing (HHR) products. Latin America and Europe also experienced a strong recovery in the period primarily assisted by the accelerated deliveries in Argentina, with revenue and segment profit increasing 26% and 57%, respectively compared to the PCP. AGT's performance within Asia Pacific was maintained as the year progressed, however, we still do not consider that it reflects the full potential within this region. We have pursued additional opportunities within Asia and are continuing to invest in product development to improve game performance in these markets, to enable positive market share gains to be achieved in coming periods.

I'd like to highlight the three other positive features of our business model and performance in the year ended 31 December 2023. First, development initiatives previously initiated have now been commercialized with the release of the new A-Star Raptor and A-Star 100 hardware in selected markets during the period. These cabinets, combined with the progressive release of new game combinations have been well accepted by our customers based on feedback received and are expected to provide positive market share gains as they are approved for release across all our markets. Second, participation and lease revenue, including HHR connection fees, generated annuity style recurring revenues within the Americas of \$96.5 million, an increase of 15% compared to the PCP. The total number of units under operation grew to 7,222 at the reporting date.

And third, Ainsworth's cash flow and balance sheet are positive features of the Company's recently reported results. Operating cash flows in the period were \$27.9 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.

Further discussions with the Mexican Tax Administration Service (SAT) on the previously disclosed audit and review of unpaid duties and associated charges in this region progressed in the period and I am pleased to advise that all administrative processes have now been completed. The provision was updated at 31 December 2023 and reflects material changes in line with the agreement made on amounts owing.

The economic conditions prevailing in Latin America remain challenging and combined with the resolution and associated payments for import duties in Mexico, the continued level of investment in product initiatives and working capital requirements, it was determined to maintain the necessary liquidity at the present time. As these conditions stabilise and operational requirements can be reliably



determined, the Board maintains its commitment to review the recommencement of dividend payments to our shareholders.

As we have highlighted, our priority remains to maintain a strong balance sheet to self-fund our growth strategies and product investments. We have implemented processes to ensure improvements in the output of our R&D initiatives which are expected to lift the competitiveness of our products. We are offering more value to our customers and have in place the necessary organisational structure and financial capability to support these strategies.

In closing I thank my fellow directors and our CEO Harald Neumann for their continued contributions and support. I also acknowledge the dedication and loyalty of our highly motivated executive team and the many employees at Ainsworth who have embraced the necessary changes we have made across all operational areas during difficult and challenging circumstances. As always, I thank our shareholders, and our loyal customers across our global markets.

I will now hand over to Harald to provide his CEO address.

CHIEF EXECUTIVE OFFICER (CEO)

(Presented by Mr Harald Neumann)

Thank you, Danny.

Dear shareholders,

It is my pleasure to provide my report to shareholders on the financial results outlined in the Annual Report for the year ended 31 December 2023 and share with you the current progress on strategies undertaken for the 2024 calendar year and beyond.

Within the 2023 year we have maintained good momentum and ensured improvements across all our operations which have assisted us to navigate the challenging economic conditions across global markets. The gaming industry continues to show positive signs of recovery and resilience to difficult economic conditions, and we are confident that our strategies will overcome these short-term difficulties and translate into improved financial results and increased shareholder value in coming periods. Along with the Board and the established Executive Team, we are committed to delivering new and exciting gaming products to deliver on our potential to be a larger and more profitable company across all our major markets.

Investment in development activities undertaken resulted in the commercialization of the new and innovative A-Star Raptor TM cabinet. This cabinet was initially released in North America in late 2023 in specific jurisdictions and is providing an increased level of interest from our customers across this region. This new cabinet has been ranked as the Top Performing Portrait in North America on the prestigious Elier's Game Performance Report which is expected to provide increased opportunities across the key American markets. The planned investment to improve technologies and fundamentally improve game performance has been the key priority undertaken to ensure sustained success and financial improvements.

I am encouraged that Ainsworth has maintained and delivered solid operational results during 2023 with revenue increasing to \$285 million in the period. This represented a 17% increase on the \$244 million in the Prior Corresponding Period (PCP).



Underlying EBITDA for the period was \$59 million, an increase of 6% on the PCP with the second half contributing \$28 million broadly consistent with the first half of the 2023 year.

Profit Before Tax (PBT), excluding currency impacts and one-off items, was \$41.5 million in the period. This resulted in a second half PBT on the same basis of \$18.2 million and in line with the guidance outlined by the Company.

Translational foreign currency losses in the period was \$21.5 million compared to gains of \$2.6 million in the PCP. These were primarily as a result of the significant devaluation in the Argentinian Peso.

Other one-off items outside normal operations included a loss of \$17.4 million, resulting from the profit uplift of \$1.9 million on the amendment to the GAN exclusivity agreement, a write-down in investments in Argentina of \$13.2 million and a non-cash impairment charge of \$6.1 million within Latin America.

As was reported at the first half, we considered it necessary to provide for the full write-down of the carrying value of investments held in Argentina, following a notification by the investment company that a reorganization petition had been filed by the trustor of the investments. The write down was considered necessary given the significant macro-economic uncertainties and political instability experienced in the region and the lengthy and complex recovery actions required. These factors combined with the devaluation of the Argentinian Peso against the US Dollar, with a decline of 50% being experienced within December 2023, necessitated the write-down of these investments.

As I have mentioned revenue increased to \$285 million, up 17% on the \$244 million in the PCP. Revenue increases were achieved across the key regions in both North and Latin America. Reflecting the momentum offshore, international revenue increased to \$245 million, a 24% increase compared to the PCP and represents 86% of the Group's total revenue.

The gross margin achieved in the period was 62%, consistent with the PCP. The strong average selling prices and an increased proportion of high margin recurring revenue compared to the PCP ensured margins were able to be maintained in the current period.

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. The increase in operating costs 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 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 period, consistent with the 15% in the PCP. A consistent level of investment in R&D is expected to continue as the Company expands its capabilities within established game studios in Australia and the US.

AGT's global headcount was 555 employees at the reporting date with 57% within the Americas, our largest market. This represented an increase of 11% (56 employees) compared to the same period in 2022, with increased Research & Development (R&D) resources accounting for 43% of the overall increase.

With the departure of the previous incumbent Chief Technology Officer, the global organisational structure has been restructured to provide all sales regions with the ability to influence the development of products which can be tailored to suit their specific market requirements. This new reporting structure is expected to ensure greater emphasis is placed on meeting customer demands whilst establishing product leadership and clear lines of accountability to provide efficiencies and the on-going development of 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.

North America continued to perform strongly with revenue in the period of \$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 Reel Metrics. Development initiatives initiated to provide greater market share within the low and mid denomination product groupings have resulted in both San Bao Pandas TM and San Bao Dragons TM being reported in the Eilers Top 25 Indexing New Games in 2024. Following the continued success of MTD games in South Dakota, the launch of the games in Louisiana has seen similar success with strong performance of the new Squish Reels TM 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 numbered 3,090, an increase of 9% on the PCP primarily through expansion within Kentucky and Alabama where new placement opportunities occurred in the 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%.

Moving to Latin America and Europe, revenues increased during the current period by 26% compared to the PCP and 142% on the second half of the 2022 calendar year. Unit sales in the current period were 2,264, an increase of 18% on the PCP. This increase was driven by the strong demand and the utilization of import licenses in Argentina which was reported in the first half of CY23.

Demand continues to grow for the A-Star TM range of cabinets and top performing game themes such as Xtension Link TM, and Multi-Win TM games. At the reporting date, a total of 4,132 units were under operation compared to the 3,690 units in prior periods. These units generated \$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.

As Danny outlined, we can confirm the resolution and agreement with the Mexican Tax Administration Service (SAT), following the completion of the necessary administrative processes. Based on these discussions, the provision established at 31 December 2023 was updated to fully reflect the discussions held with SAT on unpaid duties and associated charges for the relevant years within this region.

I note that 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 reassessment 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. This results from the timing nature of the current business model within this region where gaming machines are initially placed under operation which requires these assets to be assessed for



impairment purposes, despite the generation of increased participation revenue prior to the potential conversion to sale.

As you will note we have now consolidated Australia, New Zealand, and Asia under the one region as a result of changed management responsibilities introduced in the period. Asia Pacific revenue was \$48.8 million in the current period, similar to the PCP. Overall domestic revenues fell by 12% to \$39.8 million when compared to the PCP. New South Wales reported an increase of 7%, however both Victoria and Queensland declined and were impacted by minimal corporate sales and competitive market conditions. The release of the new A100 TM hardware at AGE 2023 was positively received and together with a pipeline of new game titles it is expected sales in the Australian region will progressively improve in the second half of the 2024 financial year.

Further market recovery, including changed distribution channels in Asia resulted in revenues of \$9.0 million within Asia and New Zealand in the period, an increase of 328% on the \$2.1 million in the PCP. Average selling prices improved despite competitive market conditions however segment profit was affected by increased marketing and trade show costs, production costs and material costs in the current period compared to the PCP.

The digital segment contributed revenue of \$15.6 million, which included the one-off profit uplift of \$1.9 million resulting from the Game Account Network (GAN) contract amendment. These high margin online revenues resulted in segment profit of \$14.0 million in the current period. It is expected that with the termination of the GAN exclusivity contract in March 2024, the Group can directly explore further flexibility and opportunities with US operators, aligning future digital and land-based strategies.

Operating cash flows in the period were \$27.9 million, an improvement on the \$15.4 million reported in the PCP. 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.

Trading conditions in both domestic and international markets have shown their resilience despite economic challenges. AGT's North American business continues to make progress in both Class II and Class III markets. Opportunities are continually being pursued for existing and new HHR markets.

Despite more volatile market conditions in Latin America, the Group expects to continue its trajectory of growth and profitability in this region in the second half. Current economic conditions within these markets are showing signs of steady recovery, with an increased level of confidence of operators becoming evident. It is expected that the expected relaxation of current restrictions on the import of gaming products in both Mexico and Argentina, coupled with expansionary opportunities with established customers will provide increased financial improvements in the second half of the year. Domestic markets are expected to benefit from the A Star 100 TM hardware released in July 2023 and improved game performance following the progressive release of new game titles.

With a strong balance sheet and commitment to product innovation, AGT is well placed to deliver improved financial performance.

We have good momentum and as announced expect to report a Profit before tax, pre-currency and one-offs, in the six months ending 30 June 2024 within the range of \$13 million - \$15 million. Based on current expectations, it is anticipated that an uplift in earnings will be achieved in the second half of 2024 as market share gains and financial improvements can be realised on the outputs of development initiatives recently commercialized. As we gain greater visibility on the expected financial results for the second half of the 2024 year, we will update the market accordingly.



As I have previously communicated, to ensure continued growth and to sustain our performance, measures introduced are having the desired effects and we are seeing improvements in the outputs of our R&D investments which is expected to lift the competitiveness of our product and provide growth opportunities. We expect that these initiatives will lift the competitiveness of our product and offer more value to our customers. We continue to review our capabilities and talent within R&D in both the Australian and US studios. In addition, the benefits of the new R&D studios now operating are expected to provide more creativity and diversity to our current product offerings. Quality initiatives are continually assessed to improve game designs, mathematics, and graphical arts to create a more diverse and targeted range of product offerings to our customers. The infrastructure to achieve our product road map is in place which we expect to translate into improved and sustainable long-term results across global markets.

The global organisational structure is continually assessed to ensure product leadership and clear lines of accountability are established to enable on-going efficiencies and an exciting range of diverse and new product offerings. We are committed to implementing 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.

Before I close, I would like to finish by thanking all my colleagues at Ainsworth for their contributions to the progress made and their dedication to our customers. I am incredibly proud of the way the team at AGT has taken on the challenges presented to them to ensure we are well placed to improve our financial performance over coming periods, and I want to formally thank them all.

Thank you and I now hand you back to Danny.

Ends

For further information, please contact:

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2024

ANNUAL GENERAL MEETING

29 MAY 2024



AINSWORTH GAME TECHNOLOGY LIMITED

AGENDA

1. Welcome
2. Introduction of Board of Directors
3. Chairperson's Address
4. Chief Executive Officer's Address
5. Formal Business
6. Other Business



Board of Directors

Danny Gladstone

Chairperson and Independent Non-Executive Director

- Member of the Audit and Risk Committee



Graeme Campbell OAM

Independent Non-Executive Director

- Chairperson of the Audit and Risk Committee
- Member of the Remuneration and Nomination Committee



Heather Scheibenstock GAICD, FGIA

Independent Non-Executive Director

- Member of the Remuneration and Nomination Committee



Colin Henson

Dip-Law BAB, FCPA, FCG (CS, CGP) FAICD

Independent Non-Executive Director

- Chairperson of the Remuneration and Nomination Committee
- Chairperson of the Regulatory and Compliance Committee
- Member of the Audit and Risk Committee



Dr. Haig Asenbauer

Attorney at Law, Bar Association of Vienna

Non-Executive Director

Subject to regulatory approval



CHAIRPERSON'S ADDRESS

Presentation by
DANNY GLADSTONE



Results Summary

- Profit before Tax excluding currency and one-off items, of \$41.5m for the 12 months ended December 2023 (“Current period”), an improvement of 10% compared to the 12 months ended 31 December 2022 (“PCP”).
- North America continues to be the strongest segment performer, contributing 49% of total revenue, similar to PCP.

<i>In millions of AUD</i>	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
Underlying EBITDA	59.0	55.8	3.2	26.4
Argentinian investment writedown	(13.2)	-	(13.2)	-
GAN exclusivity revenue	1.9	-	1.9	-
Impairment of non-current assets	(6.1)	(9.1)	3.0	(3.9)
Provision for Mexican duties and other charges	-	(22.0)	22.0	(5.5)
Profit before tax excluding currency and one-off items	41.5	37.6	3.9	18.8
Reported (loss) / profit after tax	(6.5)	10.2	(16.7)	2.7

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

Game Development Investments

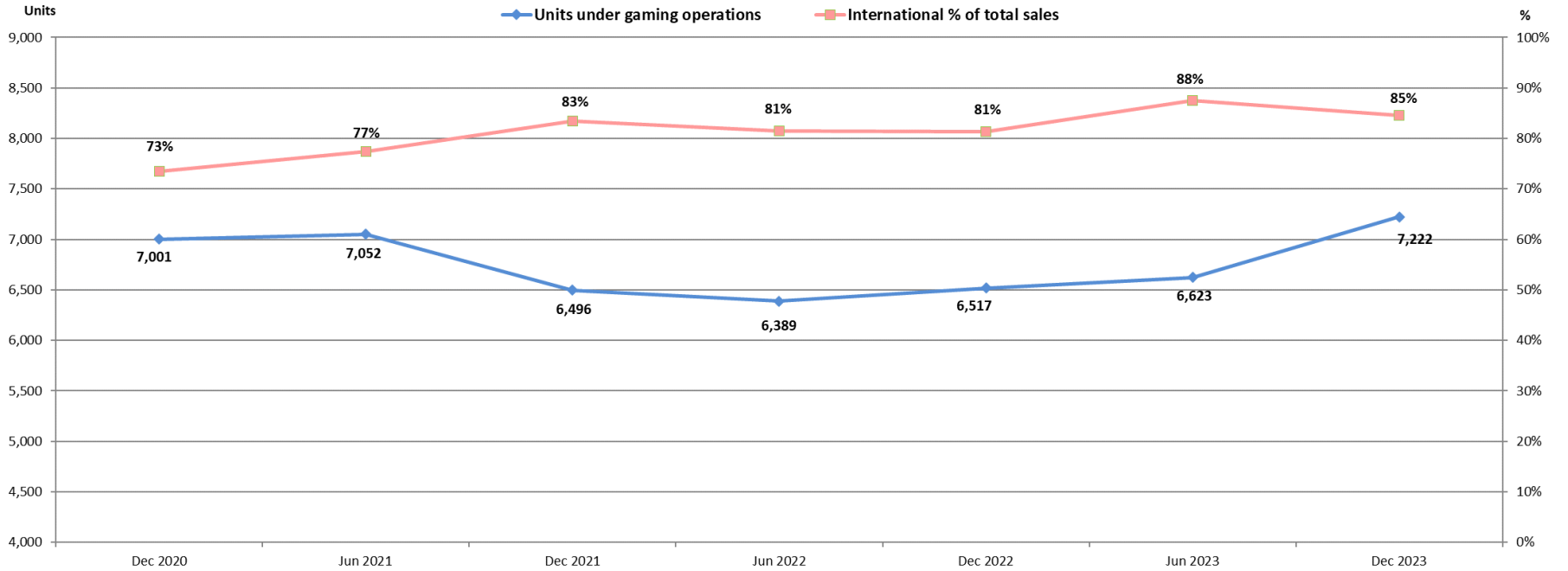
Clear Product Strategy

- Expanding the A-STAR Raptor™ launch throughout the year with exclusive library content and flexibility to bring forward classic games for increased operator choice.
- Continue on globalisation utilising key tentpole products – San Bao™, Grand Fortune™, and Jackpot Kingdom™.
- Improving market response titles for key market gaming segments including collection pot, hold and spin, and emerging mechanics.
- Focus on leveraging High Denom content with new concepts and utilising key brands – Thunder Cash Classic™, and Dollar Streak Classic™.
- Continue rolling out new product branding, visuals, audio to global gaming lines.
- Maintaining global product delivery and quality on product release.



Game Operations

with recurring revenues and steady international sales contribution



Balance Sheet

Debt Ratios	31-Dec-23	31-Dec-22
Debt ratio (Total liabilities / Total assets)	25%	25%
Debt to equity ratio (Total liabilities / Total equity)	33%	33%
Cash flow to debt ratio - (Cash flow from operating activities / Total liabilities)	27%	15%
<i>In millions of AUD</i>	31-Dec-23	31-Dec-22
Total assets	418.4	427.3
Net assets	315.6	321.9
Total debt	0.4	0.6
Net cash	19.4	29.3

- Despite the increase in receivables closing balance of \$119.4m as at 31 December 23 (31 December 22: \$115.5m), the receivable turnover ratio improved compared to PCP due to higher revenue achieved during the current period.
- Inventory closing balance of \$72.6m (31 December 22: \$90.1m). Higher sales achieved during the year and stabilisation of supply chain risk resulted in reduced inventory closing balance.

CHIEF EXECUTIVE OFFICER'S (CEO) ADDRESS

Presentation by
HARALD NEUMANN



Game Development Investments

Growth in R&D Pipelines

- Launching of new Unity engine into Class III and Class II markets in North America and LATAM
- Continuing investments on Next-Gen math builder, improved support for new rapid prototyping, game features, analytics and profiling.
- Focused investment on hardware and cabinet design with attention on global markets and trends.

Future Investments

- Internal upgrades underway for better design tools and improved Sight, Sound and Action.
- Talent development initiatives and competitive recruitment to expand core strengths.

Profit & Loss Summary

<i>In millions of AUD</i>	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Domestic revenue	39.8	45.4	(5.6)	23.2
International revenue	245.1	198.2	46.9	100.9
Total revenue	284.9	243.6	41.3	124.1
Gross profit	175.3	150.9	24.4	79.7
EBITDA	20.1	27.4	(7.3)	14.9
EBITDA Margin %	7%	11%	(4%)	12%
Profit Before Tax	2.6	9.2	(6.6)	7.3
Income tax expense	(9.1)	1.0	(10.1)	(4.6)
(Loss) / profit After Tax	(6.5)	10.2	(16.7)	2.7
R&D (% of revenue)	16%	15%	1%	16%
EPS (diluted) (A\$)	(1.9 cents)	3.0 cents	(4.9 cents)	0.8 cents

- Increased revenue in the current period compared to prior year due to higher sales in Argentina within LATAM market and North America. Sales in Argentina during this period are expected to be limited due to restrictions in importation permits.
- Normalised PBT for currency impact, one-off items was a profit of \$41.5m in the current period compared to \$37.6m in PCP.
- EBITDA of \$20.1m includes \$21.5m currency translation losses, compared to \$2.6m currency translation gains in PCP.

Reconciliation: Profit Before Tax to EBITDA & Underlying EBITDA

<i>In millions of AUD</i>	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)
Reconciliation:				
Profit Before Tax	2.6	9.2	(6.6)	7.3
Net interest income	(6.3)	(4.1)	(2.2)	(3.3)
Depreciation and amortisation	23.8	22.3	1.5	10.9
Reported EBITDA	20.1	27.4	(7.3)	14.9
Foreign currency losses / (gains)	21.5	(2.6)	24.1	2.1
GAN exclusivity revenue	(1.9)	-	(1.9)	-
Argentinian investment writedown	13.2	-	13.2	-
Impairment of non-current assets	6.1	9.1	(3.0)	3.9
Provision for Mexican duties and other charges	-	22.0	(22.0)	5.5
Rent concessions	-	(0.1)	0.1	-
Underlying EBITDA	59.0	55.8	3.2	26.4

- The GAN exclusivity revenue relates to the acceleration of revenue as a result of the GAN contract amendment on 29th March 2023.
- Investment write-down relates to the recoverability on the investments made in Argentina due to uncertainty in local macro conditions.
- Impairment of non-current assets relates to non-cash impairment charges resulting from cash generating unit's impairment testing.

Results Adjusted for Currency Movement and One-off Items

<i>In millions of AUD</i>	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Profit Before Tax	2.6	9.2	(6.6)	7.3
Foreign currency losses / (gains)	21.5	(2.6)	24.1	2.1
GAN exclusivity revenue	(1.9)	-	(1.9)	-
Argentinian investment writedown	13.2	-	13.2	-
Impairment of non-current assets	6.1	9.1	(3.0)	3.9
Rent concessions	-	(0.1)	0.1	-
Provision for Mexican duties and other charges	-	22.0	(22.0)	5.5
Adjusted For Currency and One-off Items Profit Before Tax	41.5	37.6	3.9	18.8

Operating Costs

<i>In millions of AUD</i>	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)	12 months to 31 Dec 2023 at CY22 currency basis
COGS	109.6	92.7	16.9	44.4	106.4
Sales, service and marketing ('SSM')	64.5	58.1	6.4	31.1	62.1
R&D	45.7	36.7	9.0	19.4	44.6
Administration	28.3	23.0	5.3	12.9	27.5
Total Operating costs	248.1	210.5	37.6	107.8	240.6
Gross profit	175.3	150.9	24.4	79.7	168.5

COGS

- Increased in costs attributable to increased sales compared to PCP.
- Favourable translation impact of \$3.2m at CY22 currency basis.

SSM Costs

- SSM costs over total revenue was 23%, compared to 24% at PCP. Increase compared to PCP is directly attributable to increased variable selling costs, personal costs and marketing costs.
- Favourable translation impact of \$2.4m at CY22 currency basis.

R&D Costs

- Increase in costs compared to PCP were attributable to an increase in evaluation and testing expenses, personnel costs, consultancy fees and software impairment charges.
- Favourable translation impacts of \$1.1m at CY22 currency basis.

Administration Costs

- Increase in costs compared to PCP as a result of increase in personnel costs, IT expenses and professional fees.
- Favourable translation impact of \$0.8m at CY22 currency basis.

Staff Headcount

# Staff	31-Dec-23	30-Jun-23	31-Dec-22
Australia and Rest of the World			
Sales	32	31	31
Service	56	56	51
Production	31	30	26
Administration	21	22	22
R&D	98	96	97
Total Staff Numbers - Australia & Rest of the World	238	235	227
Americas			
Sales	30	27	31
Service	64	63	61
Production	58	58	53
Administration	92	87	77
R&D	73	76	50
Total Staff Numbers - North and Latin America	317	311	272
Total Staff Numbers - Consolidated AGT	555	546	499

North America

<i>In millions of AUD</i>	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Revenue	140.4	120.2	20.2	59.7
Gross Profit	94.8	82.2	12.6	43.4
Segment EBITDA	78.5	70.5	8.0	36.7
Segment Profit	65.0	59.3	5.7	30.9
Segment Profit (%)	46%	49%	(3%)	52%
Unit Volume (no.)	2,047	2,044	3	922
ASP (US\$'000's)*	20.5	18.8	1.7	19.4
Game Operations – Class II Installed Base (Including HHR)	2,272	1,979	293	1,979
Game Operations – Class III Installed Base	818	848	(30)	848
Average Fee per Day (US\$)	31	34	(3)	33

*Excludes distributor sales, reworks and on-charges

- Revenue of \$140.4m in the current period, an increase of 17% compared to the \$120.2m revenue in PCP.
- Participation & lease revenue of \$47.1m and contributing 34% of the current period's segment revenue, a decrease of 2% compared to PCP. The increase in Class II installed base predominantly occurred in Alabama.
- HHR connection fees now contributes 19% of this segment total revenue, an increase on the 17% in PCP. We currently have 8,118 units (+2,608 units compared to 31 December 2022) connected to our HHR system, generating recurring revenue.
- Continued strong performance in game operations in Class II continues to drive this segment's performance. New installs occurred in additional properties in Kentucky, Alabama and Texas. These locations are driving win per day at up to double the rate of previous Class III and Class II installations. We anticipate additional opportunities in new jurisdictions following the passing of new legislation in Kansas and Texas.

Key Market Highlights

NORTH AMERICA

- A-STAR Raptor™ Cabinet launched in US in late December 2023. Current metrics from Eilers Report show it is the #1 Performing New Upright Cabinet in the market with performance above 2.5x. Cabinets released in select markets only with full release in Q1-Q2 2024.

San Bao Pandas and San Bao Dragons debuted on Raptor in Class III markets with performance of above 2x House Average in every installation. Games continue to be proliferated in additional markets. On the A-STAR Curve and XL cabinets the titles continue to be top performers in Class II and HHR properties. Two new titles to be added to the series.

- Grand Fortune™ series initially released on XL and Curve cabinets and showing performance in the 1.3x range. Games to be utilised on Raptor cabinets as next released titles.

HHR System Connected to 90 Percent of game at new Churchill Downs Derby City Gaming Downtown property.

- Placed 60 games and HHR System at Sandy's Racing and Gaming in Kentucky.

Showcased Legacy to Create branding; Raptor cabinet; and more than 40 unique titles at G2E 2023 in October.

- High Denom content continues to thrive, regularly having multiple games on industry Top 25 indexes (Eilers and ReelMetrics).



Latin America & Europe

<i>In millions of AUD</i>	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Revenue	80.1	63.4	16.7	33.1
Gross Profit	50.0	40.2	9.8	21.8
Segment EBITDA	32.3	19.7	12.6	9.7
Segment Profit	33.1	21.1	12.0	10.4
Segment Profit (%)	41%	33%	8%	31%
Unit Volume (no.)	2,264	1,918	346	911
ASP (US\$'000's)*	18.3	18.3	-	18.4
Game Operations – Installed Base	4,132	3,690	442	3,690
Average Fee per Day (US\$)	12	11	1	12

- Delivered higher than expected revenue and profit due to incremental sales levels on strong performance results, reflecting an increase of 26% in revenue and an increase of 57% in segment profit, compared to the PCP. Approximately \$9.0m in sales revenue this period is a result of accelerated deliveries to Argentina which is expected not to repeat in next period due to importation restrictions.
- Of the 2,264 machines AGT sold in the period, 17% were reconditioned units, compared to 26% in PCP.
- Game operations install base increased 12% compared to PCP. Increase in installation base occurred primarily in Mexico and Peru.
- Demand continues to grow for the A-STAR™ range of cabinets, in particular Xtension Link™. Game themes such as Pan Chang™, and Multi-Win™ range of games are amongst the region's top performers.

Key Market Highlights



LATIN AMERICA

- A-STAR™ Series cabinet has over 2,000 recurring revenue units in market performing on average 1.31x in route.
- Xtension Link in our link library still one of top performing products in market.
- Newly released Eilers LATAM market report, Ainsworth held the #1 and #2 spots in the multi-game segment with our Legacy multi games.
- Highly anticipated titles releasing into market in FY24 on the A-STAR Raptor cabinet include San Bao™, Grand Fortune™, and Jackpot Kingdom™. Additional titles for classic A-STAR cabinet include Lucky Stars Deluxe™, and Strike it Gold™.



Asia Pacific (Australia, NZ and Asia)

<i>In millions of AUD</i>	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Revenue	48.8	47.7	1.1	24.9
Gross Profit	14.9	15.5	(0.6)	8.0
Segment EBITDA	4.1	6.6	(2.5)	3.1
Segment Profit	3.4	5.1	(1.7)	2.3
Segment Profit (%)	7%	11%	(4%)	9%
Unit Volume (no.)	1,545	1,625	(80)	830
AU ASP (ex rebuilds) (\$A'000's)	25.3	23.2	2.1	23.6

*Excludes distributor sales, reworks and on-charges

- Minimal corporate sales and competitive market conditions in this period compared to PCP.
- Segment profit decreased due to higher fixed costs in CY23 despite a higher revenue achieved this year.
- Improved ASP despite competitive market conditions, however overall reduction in Gross Profit % with continuing inflationary pressures and weakening of AUD against USD, adversely impacting costs of production.
- The drop in units sales for this period mainly contributed from Australia sales. The showcase of A100 in AGE 2023 was positive and is expected to lift sales in CY2024. This cabinet almost exclusively contributed to Q4 revenues.
- Increase in unit sales related to Asia with market recovery post pandemic. Change in sales distributor and new venue openings specifically in Philippines is expected to drive revenue in this market in future periods.

Key Market Highlights

Asia Pacific

- Grand Fortune™ continues to show solid and consistent performance across NSW and QLD with over 1,200 installs and above floor performance after 12 months. The brand now consists of six games and will shortly be released in the Philippines
- The new A-STAR 100™ cabinet has now been released with four brands across AU and will soon roll out in NZ. The cabinet is showing improved performance in comparison to the A-Star cabinet
- Oriental Gongs™ saw the approval of the SAP and Link brands within a two-month period which is a marked improvement from previous brands. The same has been achieved for Jackpot Kingdom which will allow for a national release within Q1CY24



Online

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

- The increase in online revenue predominantly resulted from the acceleration of GAN revenue and 1,250,000 GAN shares issued to AGT based on the GAN contract amendment executed on 29th March, 2023. As part of the amendment, GAN's exclusivity will terminate on 31st March 2024. Upon termination of this contract, AGT will directly integrate with USA operators.
- Despite the revenue increase of 28%, the Group during the period invested in more talent to remain competitive in the online industry, resulting in a similar segment profit margin.



B2B Real Money Gaming (RMG)

Ainsworth Interactive delivered on its 2023 online game development commitments with our US exclusive partner GAN.

This partnership has driven Ainsworth's growth in the US iGaming segment by expanding distribution of our global omni-channel product portfolio with online casino operators in New Jersey, Michigan and Pennsylvania.

In addition, we have established Ainsworth as a leading online gaming supplier in Latin America and are continuing our growth in Canada via our partnership with Loto-Québec and look to launch into Ontario via partnerships with Light and Wonder and Pariplay.

In 2024, Ainsworth Interactive will be distributing our latest games to US online casino operators directly via localised remote gaming servers and supported by a newly formed Americas online operations team.



Cash Flow Statement

- Cash balance as at 31 December 2023 was affected by payments for investments in Argentina to hedge the rapid devaluation of Pesos against USD.
- Improvement in operating activities cash flow driven by discipline working capital management.

<i>In millions of AUD</i>	12 months ended 31 Dec 2023 (CY23)	12 months ended 31 Dec 2022 (CY22)	CY23 vs CY22	6 months ended 31 Dec 2022 (H2 CY22)
Net cash from / (used) in operating activities	27.9	15.4	12.5	(5.3)
Proceeds from sale of property, plant and equipment	0.1	0.1	-	0.1
Proceeds from investment	3.1	-	3.1	-
Interest received		0.1	(0.1)	-
Acquisitions of property, plant and equipment	(11.2)	(2.9)	(8.3)	(2.0)
Development expenditure	(4.9)	(3.3)	(1.6)	(1.9)
Payments for investments	(16.8)	(9.8)	(7.0)	(4.9)
Net cash used in investing activities	(29.7)	(15.8)	(13.9)	(8.7)
Borrowing costs paid	(0.9)	(1.4)	0.5	(0.6)
Proceeds from borrowings	0.4	0.6	(0.2)	0.4
Repayment of borrowings	(0.6)	(15.0)	14.4	(0.4)
Proceeds from finance lease	-	0.8	(0.8)	0.7
Payment of lease liabilities	(1.7)	(2.1)	0.4	(1.1)
Net cash used in financing activities	(2.8)	(17.1)	14.3	(1.0)
Net change in cash and cash equivalents	(4.6)	(17.5)	12.9	(15.0)
Opening cash and cash equivalents	29.9	46.3	(16.4)	45.8
Effect of exchange rate fluctuations on cash held	(5.5)	1.1	(6.6)	(0.9)
Cash and cash equivalents at reporting date	19.8	29.9	(10.1)	29.9

CONCLUSION



Conclusion

- Good momentum and expected PBT (excluding currency and one-off items) for the six months ending 30 June 2024 within the range of \$13 million - \$15 million.
- Earnings uplift expected across key markets in the second half of FY24 compared to the first half.
- AGT's North American business continues to make progress in Class II and HHR markets. Opportunities are continually being pursued in existing and new HHR markets, in particular Kentucky, New Hampshire and Wyoming.
- Continued focus in R&D investment with clear product strategy to drive sustained, long-term growth. Broadening of R&D team and third-party developers to deliver high quality innovative games and diversity in product offerings.



FORMAL
BUSINESS



Financial Statements and Reports

To receive and consider the Annual Financial Report, including the Director's and Auditor's Reports in respect of the financial year ended 31 December 2023.

In attendance is Mr David Sartorio from Deloitte Touche Tohmatsu Limited, the Company's auditor who is available to answer any questions on the Annual Financial Report relating to:

- The conduct of their audit;
- Preparation and content of their Auditor's Report;
- Accounting policies adopted by the Company in the preparation of the Annual Financial Report; and
- Independence of the auditor in relation to the conduct of their audit.

Resolution 1

Re-election of Mr. Daniel Eric Gladstone, as Director



To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr. Daniel Eric Gladstone, who retires in accordance with Rule 7.1(f) of the Company Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a non-executive director of the Company.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	226,382,140	82.9%
AGAINST	46,802,105	17.1%

Included above are 176,033 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

Resolution 2

Election of Dr. Colin John Henson, as Director



To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Colin John Henson, who retires in accordance with Rule 7.1(f) of the Company Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a non-executive director of the Company.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	243,715,281	89.2%
AGAINST	29,468,964	10.8%

Included above are 176,033 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

Resolution 3

Approval of Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That the Remuneration Report for the Company required by section 250R(2) of the *Corporations Act 2001 (Cth)*, which is included in the Directors’ Report in respect for the year ended 31 December 2023, be adopted.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	246,078,902	90.3%
AGAINST	26,386,501	9.7%

Included above are 176,033 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

OTHER
BUSINESS





AINSWORTH GAME TECHNOLOGY Limited

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www.agtslots.com