



**Ainsworth Game Technology Ltd**

ABN 37 068 516 665

10 Holker Street,  
Newington NSW 2127  
Tel: +61 2 9739 8000

www.agtslots.com

27 August 2024

**ASX Release**

**ASX Code : AGI**

**Ainsworth Game Technology Limited (AGT or the Company)  
Financial Results for the six months ended 30 June 2024 (H1CY24)**

AGT reported its financial results for H1CY24 resulting in a half year underlying Profit Before Tax, excluding currency impacts and one-off items, of \$14.3 million. The result was within the upper range of guidance provided on 9 May 2024, which indicated an expected result within \$13 million - \$15 million for the current period. Strategies to develop and release new products have resulted in improved product performance and progress on implemented objectives across global markets in the current period.

Further details on these business strategies are expected to result in additional revenue opportunities in the second half of CY24 are set out below, and additional guidance will be provided in the latter part of the year as more information becomes available on trading conditions.

AGT's Chairman Mr Danny Gladstone, commented "I am encouraged by the investments the Company has and continues to pursue. These investments are expected to further establish the necessary foundations to enable the development and release of new and innovative products to achieve improvements in the Group's financial results."

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

A\$m	6 months ended 30 Jun 2024 (Current period)	6 months ended 30 Jun 2023 (PCP)	6 months ended 31 Dec 2023 (Prior half)	Current period vs PCP	Current period vs Prior half
<b>Revenue</b>	<b>121.4</b>	<b>143.6</b>	<b>141.3</b>	<b>(22.2)</b>	<b>(19.9)</b>
Earning before interest, tax, depreciation and amortisation (EBITDA)	28.2	14.0	6.1	14.2	22.1
<b>Underlying EBITDA<sup>(1)</sup></b>	<b>26.8</b>	<b>29.4</b>	<b>29.6</b>	<b>(2.6)</b>	<b>(2.8)</b>
Profit / (loss) before tax	15.7	7.9	(5.3)	7.8	21.0
<b>Underlying PBT<sup>(1)</sup></b>	<b>14.3</b>	<b>23.3</b>	<b>18.2</b>	<b>(9.0)</b>	<b>(3.9)</b>
Profit / (loss) after tax	14.0	2.0	(8.5)	12.0	22.5
<b>Underlying PAT<sup>(1)</sup></b>	<b>12.7</b>	<b>16.3</b>	<b>10.0</b>	<b>(3.6)</b>	<b>2.7</b>
Total Assets	422.6	427.4	418.4	(4.8)	4.2
<b>Net Assets</b>	<b>333.9</b>	<b>325.7</b>	<b>315.6</b>	<b>8.2</b>	<b>18.3</b>

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



AGT's revenue in the current period was \$121.4 million, a reduction of 15% on the PCP. As was highlighted by the Company in its previous guidance, the Latin America/Europe segment contributed the majority (73%) of the revenue shortfall experienced in the current period. This revenue shortfall was a result of significant revenue contributions in CY23 within Argentina relating to the securing of import licenses and resultant sales which were not repeated in the H1CY24 period. Underlying EBITDA was \$26.8 million, compared to \$29.4 million in the PCP. Profit Before Tax, excluding currency effects and one-off items, was \$14.3 million, a reduction of 39% compared to the PCP.

International revenues were \$104.7 million reflecting a reduction of 17% versus the PCP and represented 86% of the Group's total revenue. Recurring revenues (including Historical Horse Racing (HHR) connection fees), continued to be a strong feature of AGT's business model increasing to \$48.9 million in H1CY24, an increase of 3% on the \$47.5 million in the PCP. Total machines under operation at 30 June 2024 were 6,790, an increase on the 6,623 units at 30 June 2023, however a reduction on the 7,222 units noted at 31 December 2023.

North America revenue in the current period was \$67.9 million, consistent with the \$68.5 million in the PCP, representing 65% of total international revenue. High denomination games continue to exhibit strong performance in the United States with multiple games consistently included in Top 25 indexes reported by Eilers' and ReelMetrics.

Development initiatives and the release of the A-Star Raptor™ cabinet continues to be well received by operators and after seven months was ranked 3<sup>rd</sup> in Eilers' Top Indexing Portrait Upright Cabinet report. The success within the low and mid denomination product groupings are expected to provide market share gains with the San Fa™ range of titles being consistently reported in the Eilers Top 25 Indexing New Games throughout the current period. MTD games in South Dakota and Louisiana continued to positively contribute to the North American segment, with strong performance being maintained on Gambler's Gold™ in these markets. The next generation of this product and incorporation of the successful San Fa™ titles with additional Keno options are currently under development and are expected to provide further revenue opportunities.

Machines under operation in North America at the reporting date were 3,030, relatively consistent with both the PCP and Prior half (H2CY23). Additional new placement opportunities within Kansas and Texas are expected following the introduction of legislation, as well as expansions in Alabama, New Hampshire, Wyoming and Kentucky. Machines placed under participation and lease (including connection fees), which generate recurring revenue, contributed 54% of segment revenues. HHR products continue to perform and generate recurring revenues with 8,543 units connected to AGT's HHR system at 30 June 2024. Strong Average Selling Prices (ASP's) and increased recurring revenues, along with disciplined cost controls resulted in a rise in segment profit to \$32.6 million versus \$29.5 million in the PCP, up 11%.

The Company advises that it has agreed to an extension of its exclusivity agreement for a further three-year term for VLT products within Montana. The exclusivity fee will be progressively recognised as revenue over the term. In addition to the exclusivity fee, the agreement provides for a commitment to purchase 75 Bear Elite cabinets in the second half of CY24, with on-going software purchases each year over the term.

Revenues of \$29.3 million were achieved in Latin America/Europe in H1CY24, a decrease of 36% compared to the PCP. This decrease was consistent with the Company's trading update indicating the benefits achieved in the PCP within Argentina to utilise import permits received prior to the introduction of changes in import regulations. In the current period minimal unit sales in the regions key market of Mexico were achieved and primarily represented convert to sale of units under gaming operations due to on-going changes in new import regulations.



These restrictions have now resulted in the establishment of importation protocols, and it is expected that approvals should be progressively received over the second half which should result in increased revenue for this region. Demand continues to grow for the A-STAR™ range of cabinets with Xtension Link™ and Multi-Win™ being consistently within the top performing products in the region.

Segment profit was \$13.7 million and despite a reduced ASP in the current period due to previous Argentina sales, was consistent at 47% as a percentage of sales, compared to 49% in the PCP.

At 30 June 2024, a total of 3,760 units were under operation, generating \$12.2 million in recurring revenue, an increase of 8% on the PCP. This increase in recurring revenue was achieved despite the reduction in units under operation at 30 June 2024 from those reported at 31 December 2023. This reduction was primarily due to the removal of older products and the introduction of regulatory changes in Mexico. The average yield was maintained at US\$12 per day with strong demand expected in the second half of CY24 assisted by the planned release of the A-Star Raptor™ cabinet. Initial installations of products within Europe are delivering strong performance results and are expected to positively contribute to this region in coming periods.

AGT's Asia Pacific (Australia, New Zealand, and Asia) performance was impacted in the period as competitive market conditions continued. Revenue in the region was \$19.1 million, a reduction of 10% on the \$21.2 million in the PCP. The region sold 553 new unit sales at an improved ASP of \$25.9 thousand despite competitive market conditions. Segment profit improved to \$1.6 million, compared to a loss of \$0.2 million in the PCP. This improvement was experienced due to higher gross margins and cost containment measures put in place throughout the current period. Positive momentum with the A-star 100™ cabinet and the new games Year of the Dragon™ and Fortune Bull Gold™ have assisted to maintain improved product performance.

The Online segment reported revenue of \$5.1 million, a reduction on the \$8.4 million in the PCP which reflected the acceleration of GameAccount Network (GAN) revenue in the PCP through the contract amendment terminating exclusivity at 31 March 2024. The Company has continued to pursue direct integrations within USA, Canada and Latin American operators.

Operating costs were carefully controlled in the current period, rising by 4% compared to the PCP. On a constant currency basis operating costs were \$67.2 million, 2% higher compared to the PCP. Continued efforts to identify efficiencies and achieve cost reductions are in place across all the Group's operations.

Research & Development (R&D) expenses increased by 18% 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 21% in the current period, an increase on the 15% in the PCP primarily due to lower revenue. It is expected that a consistent level of investment in R&D will be maintained in the second half which includes expansion of the recently created studio in Monterrey in Mexico and established development studios in Sydney, Las Vegas, Austin and Reno.

Net operating cash outflows in the period were \$28.4 million, which included the payment of \$29.1 million to the Mexican Tax Administration Service (SAT). This payment was made through a drawdown from the Group's established facility resulting in net debt at the reporting date of \$11.1 million.

Mr Harald Neumann, AGT's Chief Executive Officer commented, "As we secure the remaining approvals of the A-Star Raptor™ across additional jurisdictions in conjunction with the progressive release of newly developed gaming titles we expect the second half to provide increased revenue opportunities. Despite the challenging market and economic conditions within Latin America we continue to explore opportunities in this region whilst we navigate the recent hurdles which have been introduced within these markets."



Mr Neumann added “The investments we have made, underpin our commitment to our stakeholders, ensuring upgrades in technology and hardware, whilst maintaining the momentum of improving game performance to ensure long-term sustained success. Management continues to pursue and 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. I am pleased to report that we are well advanced in our strategies to ensure AGT is recognised as a leading provider within the gaming industry sector.”

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

Ends

---

For further information, please contact:

Ainsworth Game Technology Ltd

Mark Ludski (Company Secretary)

Email: [Company.Secretary@aqtslots.com](mailto:Company.Secretary@aqtslots.com)

Ph: +61 2 9739 8021