

# 2023

## ANNUAL GENERAL MEETING

19 MAY 2023



# AGENDA

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



# Board of Directors

## DANNY GLADSTONE

*Chairperson and Independent Non-Executive Director*

Member of the Audit and Risk Committee



## GRAEME CAMPBELL DAM

*Independent Non-Executive Director*

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



## COLIN HENSON Dip Law BBA, 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



## HEATHER SCHEIBENSTOCK GNCD, FGA

*Independent Non-Executive Director*

Member of the Remuneration and Nomination Committee



## DR HAIG ASENBAUER

*Non-Executive Director*

*(Subject to regulatory approval)*



# CHAIR PERSON'S ADDRESS

Presentation by  
**DANNY GLADSTONE**



# Results Summary

<i>In millions of AUD</i>	6 months ended 31 Dec 2022 (Current period)	6 months ended 31 Dec 2021 (PCP)	6 months ended 30 Jun 2022 (Prior half)	12 months ended 30 Jun 2022	Current period vs PCP	Current period vs Prior half
Revenue	124.1	100.7	119.5	220.2	23.4	4.6
Underlying EBITDA	26.4	20.7	29.4	50.1	5.7	(3.0)
Provision for Mexican duties and other charges	5.5	-	16.5	16.5	5.5	(11.0)
Impairment losses – LATAM and Australia and Other CGU	3.9	-	5.2	5.2	3.9	(1.3)
Profit before tax excluding currency and one-off items	18.8	10.0	18.8	28.8	8.8	-
Reported Profit after tax	5.9	9.1	2.7	11.8	(3.2)	3.2

- Profit before tax normalised for currency and one-off items of \$18.8m for the 6 months ended December 2022 (“Current period”), improvement of 88% compared to pandemic-impacted 6 months ended 31 December 2021 (“pcp”) with government restrictions in place in LATAM and Australia during that period.
- Delivered similar results for the 6 months ended 30 June 2022 (“prior half”) despite continued rising costs pressures in the current period.
- North America segment contributed 48% of total revenue, similar to prior half.
- Net cash position of \$36.5m, compared to the net cash position of \$32.2m at 31 December 2021, and net cash position of \$50.3m at 30 June 2022. Reduction in net cash balance compared to 30 June 2022, resulted from further investments in working capital (inventories in particular) to navigate global supply chain challenges.
- Dividend continues to be suspended to provide strong liquidity to allow the Company to continue to invest in R&D to deliver competitive products and to navigate the uncertainties in global supply chain shortages and continuing inflationary cost pressures.

# Reconciliation: Profit Before Tax to EBITDA & Underlying EBITDA

<i>In millions of AUD</i>	6 months ended 31 Dec 2022 (Current period)	6 months ended 31 Dec 2021 (PCP)	6 months ended 30 Jun 2022 (Prior half)	12 months ended 30 Jun 2022	Current period vs PCP	Current period vs Prior half
<b>Reconciliation:</b>						
<b>Profit Before Tax</b>	<b>7.3</b>	<b>13.9</b>	<b>1.9</b>	<b>15.8</b>	<b>(6.6)</b>	<b>5.4</b>
Net interest income	(3.3)	(0.1)	(0.8)	(0.9)	(3.2)	(2.5)
Depreciation and amortisation	10.9	10.8	11.4	22.2	0.1	(0.5)
<b>Reported EBITDA</b>	<b>14.9</b>	<b>24.6</b>	<b>12.5</b>	<b>37.1</b>	<b>(9.7)</b>	<b>2.4</b>
Foreign currency losses / (gains)	2.1	(3.5)	(4.7)	(8.2)	5.6	6.8
Rent concessions	-	(0.4)	(0.1)	(0.5)	0.4	0.1
Provision for Mexican duties and other charges	5.5	-	16.5	16.5	5.5	(11.0)
Impairment losses – LATAM and Australia and Other CGU	3.9	-	5.2	5.2	3.9	(1.3)
<b>Underlying EBITDA</b>	<b>26.4</b>	<b>20.7</b>	<b>29.4</b>	<b>50.1</b>	<b>5.7</b>	<b>(3.0)</b>

The \$3.9m impairment charge recognised in the six-month period ended 31 Dec 22 predominately relates to reduction in available headroom in the LATAM CGU due to a lower recoverable amount for this CGU. This non-cash impairment resulted from the timing nature of the current business model within LATAM where gaming machines are initially placed under operation which results in assets requiring assessment for impairment purposes despite the generation of increased participation revenue prior to the potential conversion to sale. Increasing inflationary cost pressures also impacted the recoverable amount for this CGU.

# Balance Sheet

<i>In millions of AUD</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>30-Jun-22</b>
Total assets	425.7	381.4	406.5
Net assets	320.2	301.7	311.3
Total debt	0.6	14.1	-
Net cash	36.5	32.2	50.3

<b>Debt Ratios</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>30-Jun-22</b>
Debt ratio (Total liabilities / Total assets)	25%	21%	23%
Debt to equity ratio (Total liabilities / Total equity)	33%	26%	31%
Six-month cash flow to debt ratio - (Cash flow from operating activities / Total liabilities)	(8%)	39%	21%

- Receivables closing balance of \$115.5m as at 31 Dec 22 (31 Dec 21: \$103.5m, 30 June 22: \$112.7m) resulted in an improved receivable turnover ratio compared to 31 Dec 21, a pandemic affected period.
- Inventory closing balance of \$90.1m (31 Dec 21: \$55.7m, 30 June 22: \$68.3m). Increase in inventory holding at balance date to mitigate supply chain challenges.

# CHIEF EXECUTIVE OFFICER'S ADDRESS

Presentation by  
**HARALD NEUMANN**





# Profit & Loss summary

<i>In millions of AUD</i>	6 months ended 31 Dec 2022 (Current period)	6 months ended 31 Dec 2021 (PCP)	6 months ended 30 Jun 2022 (Prior half)	12 months ended 30 Jun 2022	Current period vs PCP	Current period vs Prior half
Domestic revenue	23.2	16.7	22.2	38.9	6.5	1.0
International revenue	100.9	84.0	97.3	181.3	16.9	3.6
<b>Total revenue</b>	<b>124.1</b>	<b>100.7</b>	<b>119.5</b>	<b>220.2</b>	<b>23.4</b>	<b>4.6</b>
<b>Gross profit</b>	<b>83.6</b>	<b>63.0</b>	<b>75.0</b>	<b>138.0</b>	<b>20.6</b>	<b>8.6</b>
<b>EBITDA</b>	<b>14.9</b>	<b>24.6</b>	<b>12.5</b>	<b>37.1</b>	<b>(9.7)</b>	<b>2.4</b>
EBITDA Margin %	12%	24%	10%	17%	(12%)	2%
<b>Profit Before Tax</b>	<b>7.3</b>	<b>13.9</b>	<b>1.9</b>	<b>15.8</b>	<b>(6.6)</b>	<b>5.4</b>
Income tax (expense) / benefit	(1.4)	(4.8)	0.8	(4.0)	3.4	(2.2)
<b>Profit After Tax</b>	<b>5.9</b>	<b>9.1</b>	<b>2.7</b>	<b>11.8</b>	<b>(3.2)</b>	<b>3.2</b>
R&D (% of revenue)	16%	18%	14%	16%	(2%)	2%
EPS (diluted) (A\$)	1.8 cents	2.7 cents	0.7 cents	3.4 cents	(0.9 cents)	1.1 cents

- Increased revenue in the current period compared to pcp due to strong recovery of the LATAM market. Slight improvement of revenue compared to prior half, predominately from LATAM, Australia and ROW region.
- Profit before tax (excluding currency impact) is \$9.4m, compared to \$10.4m in pcp, and (\$2.8m) loss in prior half.
- Normalised PBT for currency impact, one-off items was a profit of \$18.8m in the current period compared to \$10.0m in pcp and \$18.8 in the prior half.
- EBITDA of \$14.9m includes \$2.1m currency translation losses.
- Increased international revenue of \$16.9m compared to pcp, and \$3.6m from the prior half. International revenue accounted for 81% of group revenues in this period.

## Segment Result Summary – North America

<i>In millions of AUD</i>	6 months ended 31 Dec 2022 (Current period)	6 months ended 31 Dec 2021 (PCP)	6 months ended 30 Jun 2022 (Prior half)	12 months ended 30 Jun 2022	Current period vs PCP	Current period vs Prior half
Revenue	59.7	54.6	60.5	115.1	5.1	(0.8)
Gross Profit	47.1	36.8	42.1	78.9	10.3	5.0
Segment EBITDA	36.7	28.4	33.8	62.2	8.3	2.9
<b>Segment Profit</b>	<b>30.9</b>	<b>23.1</b>	<b>28.4</b>	<b>51.5</b>	<b>7.8</b>	<b>2.5</b>
Segment Profit (%)	52%	42%	47%	45%	10%	5%
Unit Volume (no.)	922	1,175	1,122	2,297	(253)	(200)
ASP (US\$'000's)*	19.4	18.0	17.2	17.6	1.4	2.2
Game Operations – Class II Installed Base (Including HHR)	1,979	1,453	1,679	1,679	526	300
Game Operations – Class III Installed Base	848	952	892	892	(104)	(44)
<b>Average Fee per Day (US\$)</b>	<b>33</b>	<b>32</b>	<b>34</b>	<b>33</b>	<b>1</b>	<b>(1)</b>

\*Excludes distributor sales, reworks and on-charges

- Revenue of \$59.7m in the current period, an increase of 9% compared to the \$54.6m revenue in the pcp. Current period revenue decreased by 1% compared to the prior half.
- Participation & lease revenue of \$23.7m and contributing 40% of the current period's segment revenue, increase of 45% over pcp and 20% over prior half. No improvement in Class III installed base due to game performance, however, continued strong performance in Class II products continues to drive total participation and lease revenue upwards.
- HHR connection fees now contributes 19% of this segment total revenue, an increase of 4% compared to pcp and 3% compared to prior half. We have now 5,510 units (+1,316 units compared to 30 June 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 and New Hampshire and the newly approved jurisdiction in Texas. These locations are driving win per day at up to double the rate of previous Class III and Class II installations. We anticipate continued momentum in this area as new installations occur in Kentucky, Alabama, New Hampshire and Wyoming.

## Segment Result Summary – Latin America

<i>In millions of AUD</i>	6 months ended 31 Dec 2022 (Current period)	6 months ended 31 Dec 2021 (PCP)	6 months ended 30 Jun 2022 (Prior half)	12 months ended 30 Jun 2022	Current period vs PCP	Current period vs Prior half
Revenue	33.1	22.2	30.0	52.2	10.9	3.1
Gross Profit	22.2	15.0	19.4	34.4	7.2	2.8
Segment EBITDA	9.7	9.3	10.0	19.3	0.4	(0.3)
<b>Segment Profit</b>	<b>10.4</b>	<b>10.0</b>	<b>10.8</b>	<b>20.8</b>	<b>0.4</b>	<b>(0.4)</b>
Segment Profit (%)	31%	45%	36%	40%	(14%)	(5%)
Unit Volume (no.)	908	889	991	1,880	19	(83)
ASP (US\$'000's)*	18.4	14.3	18.2	16.5	4.1	0.2
Game Operations – Installed Base	3,690	4,091	3,818	3,818	(401)	(128)
<b>Average Fee per Day (US\$)</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>1</b>	<b>1</b>

\*Excludes distributor sales, reworks and on-charges

- Revenue increase of 49% compared to pcp, current period revenue increased 10% compared to the prior half.
- Segment profit increase of 4% in current period compared to pcp and decrease 4% compared to the prior half.
- Of the 908 machines AGT sold in the period, 20% were reconditioned units, compared to 39% in pcp and 33% in prior half, contributing higher revenue.
- Drop in game operations installed base, predominantly from Mexico, resulting from introduction of smoking ban in gaming venues and gaming tax law, limiting operators' capabilities to operate at full capacity.
- Demand continues to grow for the A-STAR™ range of cabinets. Game themes such as Pan Chang™, Fiesta Grande™, Rio Grande Los Toritos™, and Multi-Win™ games are amongst the regions' top performers.

## Segment Result Summary – Australia

<i>In millions of AUD</i>	6 months ended 31 Dec 2022 (Current period)	6 months ended 31 Dec 2021 (PCP)	6 months ended 30 Jun 2022 (Prior half)	12 months ended 30 Jun 2022	Current period vs PCP	Current period vs Prior half
Revenue	23.2	16.7	22.2	38.9	6.5	1.0
Gross Profit	7.3	6.6	7.4	14.0	0.7	(0.1)
Segment EBITDA	2.7	3.8	3.6	7.4	(1.1)	(0.9)
<b>Segment Profit</b>	<b>2.1</b>	<b>3.3</b>	<b>2.9</b>	<b>6.2</b>	<b>(1.2)</b>	<b>(0.8)</b>
Segment Profit (%)	9%	20%	13%	16%	(11%)	(4%)
Unit Volume (no.)	792	591	781	1,372	201	11
ASP (ex rebuilds) (\$A'000's)	23.6	21.7	22.9	22.3	1.9	0.7

- Improvement in segment revenue of \$23.2m in the current period compared to pandemic-affected pcp of \$16.7m.
- Segment profit decreased by 36% compared to the pcp and 28% compared to prior half, driven by increasing pressures on costs of production.
- 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.
- Total unit volume increased to 792 units from 591 units in pcp and from 781 from the prior half.
- Treasure Spirits™ continued to outperform in NSW, resulting in improvement in the current period compared to pcp and prior half. NSW contributed over 50% of the Australian segment revenue.
- Steady performance in Queensland in the current period.

## Segment Result Summary – Rest of the World (ROW)

<i>In millions of AUD</i>	6 months ended 31 Dec 2022 (Current period)	6 months ended 31 Dec 2021 (PCP)	6 months ended 30 Jun 2022 (Prior half)	12 months ended 30 Jun 2022	Current period vs PCP	Current period vs Prior half
Revenue	8.1	7.2	6.8	14.0	0.9	1.3
Gross Profit	7.0	4.7	6.0	10.7	2.3	1.0
Segment EBITDA	5.8	4.1	5.2	9.3	1.7	0.6
<b>Segment Profit</b>	<b>5.7</b>	<b>4.0</b>	<b>5.1</b>	<b>9.1</b>	<b>1.7</b>	<b>0.6</b>
Segment Profit (%)	70%	56%	75%	65%	14%	(5%)
Unit Volume (no.)	41	63	30	93	(22)	11
<b>Online Revenue</b>	<b>6.4</b>	<b>3.7</b>	<b>5.9</b>	<b>9.6</b>	<b>2.7</b>	<b>0.5</b>

- The online revenue contributed \$6.4m in the current period and continues to account for the majority of total revenue from this segment. New Zealand and Asia also contributed to the revenue achieved in the current period.
- Minimal unit sales related to New Zealand. Recent change in operational structure in the land based markets within Rest of the World expects to improve segment profit in the coming periods.
- EBITDA and segment profit improved as online revenue with high margin contributed to 79% of the segment's total revenue. Online revenue previously contributed 51% of total revenue in pcp.

# Key Market Highlights

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## **NORTH AMERICA**

- Treasure Spirits™ off to strong start with test banks performing well in extremely competitive environments.
- HHR product live in multiple New Hampshire locations on reoccurring revenue model.
- Cash Stacks Gold™ and Ultra Shot™ series expected to be commercially available in Q2-2023.
- GOU Route stable in HHR and Class II with release of key new products.
- High Denom™ content continues to thrive, regularly having 5+ games appear on industry performance indexes (ReelMetrics and Eilers).
- Continued Game Development growth to be showcased at annual Indian Gaming Association Show in March with debut of Grand Fortune games.
- Placed 200 games in route at Speaking Rock in Texas.
- Now live in 6 locations in New Hampshire, all reoccurring revenue units.

## **LATIN AMERICA**

- Demand continues to grow for the new A-STAR™ cabinets.
- Pan Chang™, Cash Stacks™, Xtension Link™ and Multi-Win™ games remain top-performing products.
- Xtension Link™ performing very well and driving expanded placements in the region.

## **AUSTRALASIA**

- Strong installs backed by solid performance of Cash Stacks™ in Qcom markets and continued rollout of Treasure Spirits™ in multiple markets with exceptional performance in NSW.
- Launch of new Ultra Shot™ Series. Strong performance maintained across all jurisdictions.
- Introduction of the new A-STAR™ Slant cabinet was well received, and installations have continued to increase as supply has increased.

# CONCLUSION



# Conclusion

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- Based on current forecasts and as announced we expect to report approximately \$20 million in PBT, pre-currency and one-offs for the first half of 2023.
- Revenue improvements across all major markets compared to pcp and fairly consistent revenue compared to prior half. AGT enters the calendar year 2023 with good momentum and expects to have continued growth in North America, further improvements in Latin America markets and steady performance from Australia.
- Risk mitigation strategies put in place to minimise inherent challenges brought about from COVID-19, primarily relating to global supply chain disruptions, talent recruitment and increasing inflationary cost pressures.
- 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 New Hampshire, Louisiana, Alabama and Wyoming HHR markets and new locations within Kentucky.
- 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

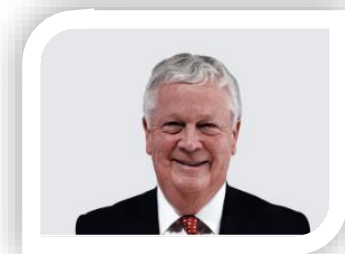
To receive and consider the Annual Financial Report, including the Director's and Auditor's Reports in respect of the six month period ended 31 December 2022.

In attendance is Kevin Pyeun from KPMG, 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. Graeme John Campbell, as Director



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

“That Mr. Graeme John Campbell, 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.”

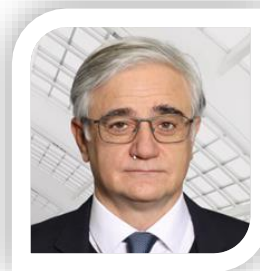
### THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

<b>FOR</b>	<b>242,744,299</b>	<b>88.43%</b>
<b>AGAINST</b>	<b>31,758,057</b>	<b>11.57%</b>

Included above are 442,855 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

## Resolution 2

### Election of Dr. Haig Asenbauer, as Director



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

“That Dr Haig Asenbauer, who was appointed as an additional director on 22 March 2023 in accordance with Rule 7.1(d) of the Company Constitution and retires in accordance with Rule 7.1(d) of the Company Constitution and ASX Listing Rule 14.4, and being eligible offers himself for election, be elected as a non-executive director of the Company.”

#### THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

<b>FOR</b>	<b>273,996,947</b>	<b>99.97%</b>
<b>AGAINST</b>	<b>85,429</b>	<b>0.03%</b>

Included above are 447,395 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

## Resolution 3

### Appointment of Auditor

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

“That, for the purposes of section 327B(1) of the Corporations Act 2001 (Cth) (**Corporations Act**) and for all other purposes, Deloitte Touche Tohmatsu (**Deloitte**), having been appointed as auditor of the Company until this annual general meeting under section 327C of the Corporations Act and having been duly nominated by a shareholder of the Company and having consented in writing to act, be appointed as auditor of the Company, with effect from the end of this AGM.”

#### THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

<b>FOR</b>	<b>274,059,025</b>	<b>99.99%</b>
<b>AGAINST</b>	<b>18,687</b>	<b>0.01%</b>

Included above are 422,855 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

## Resolution 4

### 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 2022, be adopted.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

<b>FOR</b>	<b>272,717,251</b>	<b>99.61%</b>
<b>AGAINST</b>	<b>1,073,752</b>	<b>0.39%</b>

Included above are 440,134 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

# OTHER BUSINESS





AINSWORTH GAME TECHNOLOGY

10 Holker St, Newington NSW

[www.agtslots.com](http://www.agtslots.com)