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**ASX Release**

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**Ainsworth Game Technology Limited (AGT or Company)  
Full Year Results to 30 June 2022 (FY22) – Improved Performance**

Ainsworth Game Technology Limited (AGT) is today pleased to announce improved preliminary unaudited results for the twelve months ended 30 June 2022 with Profit After Tax of \$11.8 million for the year. This compares to a Loss After Tax of \$53.4 million for the pandemic impacted prior corresponding period (PCP).

AGT reported a recovery in Profit Before Tax, excluding currency impacts and one-off items, of \$27.3 million in the period, with H2 contributing \$17.3 million, an increase of 73% compared to the \$10.0 million in H1.

AGT delivered a solid performance in the second half of the year due to improved product performance and improved market conditions in Latin America as pandemic restrictions eased further during the current period.

Below is a summary of the key financials (unaudited) for FY22:

A\$m	H1 FY22	H2 FY22	FY22	FY21	FY22 vs FY21
<b>Revenue</b>	<b>100.7</b>	<b>119.5</b>	<b>220.2</b>	<b>159.5</b>	<b>60.7</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA)	24.6	12.5	37.1	(26.6)	63.7
<b>Underlying EBITDA <sup>(1)</sup></b>	<b>20.7</b>	<b>27.9</b>	<b>48.6</b>	<b>15.5</b>	<b>33.1</b>
Profit / (loss) before tax (PBT)	13.9	1.9	15.8	(59.2)	75.0
<b>Underlying PBT <sup>(1)</sup></b>	<b>10.0</b>	<b>17.3</b>	<b>27.3</b>	<b>(17.1)</b>	<b>44.4</b>
Profit / (loss) after tax (PAT)	9.1	2.7	11.8	(53.4)	65.2
<b>Underlying PAT <sup>(1)</sup></b>	<b>6.1</b>	<b>16.9</b>	<b>23.0</b>	<b>(17.6)</b>	<b>40.6</b>
Total Assets	381.4	406.5	406.5	393.1	13.4
<b>Net Assets</b>	<b>301.7</b>	<b>311.3</b>	<b>311.3</b>	<b>287.9</b>	<b>23.4</b>

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



Revenue increased to \$220.2 million, up 38% on the \$159.5 million in the PCP. Underlying EBITDA was \$48.6 million, compared to \$15.5 million in the PCP. Profit Before Tax, excluding currency effects and one-off items, was \$27.3 million, a positive change versus the underlying Loss Before Tax of \$17.1 million in the PCP.

Reflecting the improvement in trading conditions offshore, international revenues increased by 50% versus the PCP, and now account for 82% of the Group's total revenue. Recurring revenues, another strong feature of AGT's business model increased by 28%.

AGT benefited from solid growth in the second half of the year as trading conditions continued to recover across the Americas. Revenue in H2 was \$119.5 million, a rise of 19% on the first half of the year. Underlying EBITDA in H2 was \$27.9 million, representing growth of 35% compared to the first half of the year, and almost double the result of \$15.5 million reported for the pandemic impacted FY21.

The improved results were primarily driven by strong product performance in North America. High denomination games continue to be a strength of AGT in the United States. The Company has regularly delivered 5 of the top 25 performing games in this segment. Historical Horse Racing (HHR) also made a material contribution to the results with the sale of 400 machines previously placed under participation to Kentucky Downs in H1 which was a highlight of the year. New HHR installations in Kentucky, Wyoming, Louisiana and most recently New Hampshire also made initial contributions in the period. Newly approved HHR legislation in Kansas along with continued expansion in New Hampshire and Louisiana is expected to provide additional placement opportunities in this high-quality market. Machines placed under participation and lease (including connection fees), which generate recurring revenue, contributed 45% of this segment revenues. Average selling prices and recurring revenue increases along with disciplined cost controls resulted in a rise in segment profit to \$51.5 million versus \$39.1 million in the PCP, up 32%.

Revenues in Latin America increased by 185%. The recovery was driven by venue re-openings, and a significant increase in unit sales of over 200%. Demand continues to grow for the A-STAR™ range of cabinets and top performing game themes such as Pan Chang™, Rio Grande Los Toritos™, and Multi-Win Games™. Segment profit increased to \$20.8 million compared to a heavily pandemic impacted loss of \$8.6 million in the year before. At 30 June 2022, a total of 3,818 units were under operation, generating \$16.8 million in recurring revenue, an increase of 147% on the PCP. Further revenue opportunities can be expected as markets continue to recover and purchasing decisions return to pre COVID-19 levels across the region.

The Board determined to record a provision of \$17.4 million on AGT's balance sheet at 30 June to reflect the current and ongoing position with the Mexican Tax Administration Service (SAT) as disclosed to ASX on 12 July 2022. The Company maintains and will strongly defend its position that both software (including game) and hardware should be considered as a whole for the calculation of regional value content and USA origin under the North American Free Trade Agreement (NAFTA).

Further to the above, a non-cash impairment charge of \$5.2 million was recorded, primarily for the LATAM region. The impairment charge to the carrying value of assets reflects inflationary cost pressures and uncertainties inherent in validating expected revenue improvements in future periods within this region. This has resulted in the reduction in available headroom due to a lower recoverable amount for this Cash Generating Unit (CGU). This impairment charge results from the timing nature of the current business model within LATAM region 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.

AGT's domestic performance improved as the year progressed although revenues overall were impacted by the lockdowns in NSW from July to October 2021. Encouragingly, within Queensland, revenues in H2 FY22 increased by 26% compared to H1 FY22 and 36% for the full year compared to PCP. An increase in unit sales drove the growth, offsetting reductions in regulatory changes introduced in Victoria and



South Australia which generated additional revenue in the PCP. Average selling prices remained consistent despite competitive market conditions. Overall game performance improved across all domestic markets, a key priority at AGT, with both Cash Stacks™ and Treasure Spirits™ series showing sustained performance. Segment profit improved to \$6.2 million compared to \$2.4 million in the PCP.

The Rest of the World segment reported a slight improvement in revenue to \$14.0 million with online revenues contributing 69% of the segment total, compared to 43% in the PCP. This increase in online revenue assisted to offset reduction in land-based sales in New Zealand where pandemic related lockdowns impacted activity levels. Higher margin online revenues enabled segment profit to increase 38% to \$9.1 million compared to \$6.6 million in the PCP.

Operating costs were carefully controlled in the period, rising by 15%. The increase in operating costs was mainly attributable to the increase in salaries and wages as no government subsidies were received in the current period. Reduction in depreciation costs on assets that were previously impaired for the Latin America and Australia and Rest of the World Cash Generating Unit's (CGU's) offset a portion of the increase in operating costs.

AGT is actively working on measures to mitigate inflationary cost pressures across its regions. Group operating costs in constant currency terms were \$190.5 million, 13% higher than in the PCP. Total headcount numbers were consistent to those twelve months earlier with reductions in resources in Australia reflecting the reduced revenue environment.

AGT has also established a new global organizational structure with new product leadership and clear lines of accountability. Management has also implemented a range of 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.

Strong operating cash flows of \$51.3 million were used to support investments in technology and game development, increased inventory purchase to protect AGT from supply chain disruptions and retired \$39.1 million of debt. Net cash held at the reporting date of \$50.3 million, an increase on the \$42.4 million reported in the prior period. Despite a higher revenue reported in this period, receivables balance of \$112.7 million was reduced by \$3.7 million compared to the balance reported at 30 June 2021. Customers recommenced regular payments in Latin America as markets recovered.

Mr Harald Neumann, AGT's new CEO noted, "I am pleased to report much improved earnings from Ainsworth this year. AGT's performance continued to improve through the year driven by re-openings and recovery in many of our major international markets. While our domestic performance does not yet reflect our potential, I am encouraged with the investments we have made to fundamentally upgrade and further improve game performance which we expect to deliver further improvement in our results. This is key to our long term sustained success and I look forward to updating you as we make continued progress."

FY22 audited results are due to be released in September 2022.

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

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