



Ainsworth Game Technology Ltd
ABN 37 068 516 665

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

www.agtslots.com

23 February 2022

ASX Release

ASX Code: AGI

Ainsworth Game Technology Limited (AGT or Company) Half Year Results to 31 December 2021 (H1 FY22) – Improved Performance

Ainsworth Game Technology Limited (AGT) today announced Profit After Tax of \$9.1 million for H1 FY22. This compares to a Loss After Tax of \$50.1 million for the heavily pandemic impacted prior corresponding period (PCP).

AGT reported a Profit Before Tax, excluding currency impacts and one-off items, of \$10.0 million in the period. This result is in line with the expected profit guidance outlined at the 2021 Annual General Meeting in November 2021.

Following widespread vaccination programs and increases in industry activity levels across the Company's major international markets, AGT is pleased to report an improved performance for the first half of FY22.

Below is a summary of the key financials for H1 FY22:

A\$m	H1 FY22	H1 FY21	Current period vs H1 FY21
Revenue	100.7	72.1	28.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	24.6	(36.8)	61.4
Underlying EBITDA ⁽¹⁾	20.7	1.1	19.6
Profit / (loss) before tax (PBT)	13.9	(56.6)	70.5
Underlying PBT ⁽¹⁾	10.0	(18.7)	28.7
Profit / (loss) after tax (PAT)	9.1	(50.1)	59.2
Underlying PAT ⁽¹⁾	6.1	(16.8)	22.9
Total Assets	381.4	389.4	(8.0)
Net Assets	301.7	289.2	12.5

⁽¹⁾ Underlying EBITDA, PBT and PAT adjusts for currency impacts and significant items outside ordinary business activities



Revenue increased to \$100.7 million, up 40% on the \$72.1 million in the PCP. Underlying EBITDA was \$20.7 million, compared to \$1.1 million in the PCP. Underlying Profit Before Tax, excluding currency effects and one-off items, was \$10.0 million, compared to an underlying Loss Before Tax of \$18.7 million in the PCP.

The improved results were primarily driven by increased revenue resulting from recurring revenues on HHR installations and outright sales, including the conversion to sale of 400 Historical Horse Racing (HHR) units previously placed on participation in North America, an improvement in Latin America driven by recovery and venue re-openings, and a higher contribution achieved from the online division.

Reflecting the improvement in trading conditions offshore, international revenues increased by 59% versus the PCP, and now account for 83% of the Group's total revenue. Recurring revenues, another priority in the Group's strategy to achieve sustained performance, increased by 28%.

Operational challenges and extended lock downs within Australia impacted domestic results. Revenue in Australia decreased by 13% compared to the PCP. This reduction in domestic revenue compared to the PCP was primarily a result of revenue achieved in PCP from regulatory changes within South Australia and a reduction in revenues in New South Wales in this period which were impacted by government restrictions and venue closures during the first quarter.

The North American region delivered a strong result with sales of \$54.6 million, an increase of 33% compared to the PCP. The recovery seen in H2 FY21 has continued into H1 FY22 with both an increase in unit sales and the average selling price (ASP) per unit. With a continued disciplined approach to cost control, segment profit increased by 88% and margins expanded by 1,200 basis points to 42% compared to PCP.

Operations in several countries in the Latin American region have seen signs of recovery, driving an improved performance overall. Sales increased significantly to \$22.2 million, an increase of 363% on the \$4.8 million in the pandemic affected PCP. The region returned to profitability with a segment profit of \$10.0 million compared to a segment loss of \$10.2 million in the PCP. Mexico, traditionally Ainsworth's largest contributor to the region's results, continues to have travel and venue restrictions in place and is expected to provide further revenue opportunities in coming periods.

Within the Rest of the World segment, growth in online revenue supported an improved result in the current period. Segment profit rose by 25% to \$4.0 million compared to PCP. The partnership with GAN Limited continues to progress with the certification of gaming servers occurring in November 2021 in the remaining two states of Michigan and Pennsylvania. The revenue contribution from GAN is expected to increase in future periods with the certification of these two states. Travel restrictions and border closures continued across Asia and lockdowns in New Zealand between August to December 2021 resulted in minimal revenue contribution from these regions in this current period.

Operating costs were carefully controlled in the period, rising by 6%. 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 CGU's offset a portion of the increase in operating costs.

AGT is actively working on strategies to upgrade game performance and to achieve sustainable long-term results across global markets. Following the appointment of Mr David Bollesen as Chief Product Officer, quality initiatives have commenced to improve game designs, mathematics and graphical arts to create a more diverse and targeted range of product offerings to our customers over coming periods.

Ainsworth's strong cash flow and balance sheet have been key priorities of the Company. Cash flow from operations was \$31.0 million, an increase of \$28.6 million compared to PCP. Net cash also increased significantly to \$32.2 million compared to \$5.1 million at 30 June 2021. The initial US\$5 million contribution from GAN was received in the current period under the distribution agreement to provide



exclusive access to Real Money Gaming in the United States. The Company is well placed to self-fund investments in product and technology whilst supporting required levels of working capital to satisfy customer demand.

Mr Harald Neumann, AGT's CEO highlighted, "We are pleased to deliver an improved result for the half year, driven by re-openings and recovery in many of our major international markets. While we can look forward to further recovery especially in Australia and Latin America, we are also actively pursuing a range of initiatives to fundamentally upgrade AGT's game design and technology capabilities. The ability to quickly deliver new products to market that can provide sustained performance for our customers is critical to our long-term success. I look forward to updating you as we progress."

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

Ends

For further information, please contact:

Pegasus Advisory

Michael Brown

Email: mbrown@pegasusadvisory.com.au

Mobile: 0400 248 080

Ainsworth Game Technology Ltd

Mark Ludski

CFO/Company Secretary

Email: Company.Secretary@agtslots.com

Ph: +61 2 9739 8021