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**AINSWORTH GAME TECHNOLOGY LIMITED
2022 ANNUAL GENERAL MEETING ADDRESSES**

NON-EXECUTIVE CHAIRMAN

(Presented by Mr Danny Gladstone)

Ladies and Gentlemen,

I am pleased to present the annual review of the 2022 financial year.

Your Company has delivered a much-improved performance with good momentum evidenced in the second half of the year. Trading conditions improved across most of our international markets as customers progressively reopened venues and activity levels continue to recover.

For FY22 AGT delivered a profit after tax of \$11.8 million for the year. This compares to a loss after tax of \$53.4 million in FY21. Profit before tax for FY22, excluding currency impacts and one-off items was \$27.3 million which was more reflective of our trading performance.

In the second half of the year, we benefited from improved product performance in North America and some recovery in Latin America as previous pandemic restrictions were eased. With these improved conditions, our results improved substantially. The second half of FY22 contributed \$17.3 million towards the normalised net profit for the year, an increase of 73% compared to the \$10.0 million reported in the first half of FY22.

North America delivered good results primarily driven by contributions from Ainsworth's leading Historical Horse Racing products and system where we sold 400 machines previously under participation to Churchill Downs in Kentucky. Latin America experienced a strong recovery in the period as venues reopened. Unit sales increased by over 200%. AGT's domestic performance improved as the year progressed however, we still do not consider it to reflect the full potential. We are continuing to invest in product development to improve game performance in all our markets, which is expected to translate into market share gains and sustained success.

I'd like to highlight three other positive features of our business model and performance. First, international revenues increased by 50% versus the prior corresponding period and now account for 82% of the group's total. This demonstrates our effectiveness in delivering on our strategy to grow and build scale in North America. Second, recurring revenues, another key priority for AGT, increased by 29%. Units under operations were 6,389 generating annuity style recurring revenues.



And third, Ainsworth's cash flow and balance sheet are positive features of the Company's results. We closed the year with a net cash position of \$50.3 million which was a \$45.2 million rise compared to 30 June 2021. Cash flow from operations was \$51.3 million, an increase of \$29.1 million. We repaid \$39.1 million of borrowings during the year which was well timed given the current recent interest rate rises being experienced.

Our priority remains to maintain a strong balance sheet to be able to self-fund our growth strategy and product investments. We are improving the outputs of our R&D initiatives and lifting the competitiveness of our products. We are offering more value to our customers and have a new organisational structure and financial capability to support these strategies.

Given the current economic uncertainties combined with supply chain challenges, an increased level of working capital is initially considered necessary to ensure continuity in production to fulfill expected sales volumes in calendar year 2023. Once these conditions stabilize and operational requirements can be reliably determined, the Board is committed to review the recommencing the payment of dividends to shareholders.

I also highlight that the FY22 results incorporated a provision of approximately \$17.0 million to reflect the ongoing position with the Mexican Tax Administration Service. The timing of a final resolution remains uncertain, and we will continue to keep the market informed as and when any material developments arise.

In closing I would like to acknowledge our CEO Harald Neumann for his contribution, my fellow directors for their support, the ever-capable executive team and all my colleagues at Ainsworth for delivering these results. I would also like to thank our shareholders, and as always, our customers.

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

CHIEF EXECUTIVE OFFICER (CEO)

(Presented by Mr Harald Neumann)

Thank you, Danny.

Dear shareholders,

I am pleased to provide my report to shareholders for the FY22 year and share with you our strategy and optimism for the future.

Ainsworth has recovered well from the effects of the pandemic with a return to profitability, a strong balance sheet and a clear strategy to further upgrade game performance to ensure sustained success and financial improvements.

Fortunately, since I started as your CEO in October 2021, venues have reopened across many of our major markets and customers' capital expenditure programs have steadily increased driving more interest in AGT's top performing gaming products.

It is the potential to leverage these growth drivers into sustained results and improved returns for shareholders that initially drew me to the Company and continues to provide me with confidence about Ainsworth today. Along with the Board and my established management team, we are committed to deliver on our potential to be a larger and more profitable company in our major markets.

In FY22 we delivered a recovery in Profit Before Tax (PBT), excluding currency impacts and one-off items, of \$27.3 million in the year with the second half contributing almost two thirds of the total profit. Our results benefitted from growth in the second half of the year as trading conditions recovered.



Group revenue increased to over \$220 million, up 38% on the \$160 million in the prior corresponding period. The gross margin was 63% compared to the 56% in FY21 which reflects the improved volumes and increased recurring revenues through gaming operations in the year. We purposefully continue to build-up inventory to ensure we can mitigate potential supply chain risks and fulfill customer demand in future periods.

Gross operating costs, in constant currency terms were \$191 million, 13% higher than the prior corresponding period. This rise was mainly due to salaries and wages returning to more normal levels following receipt of wage subsidies and reduced working hours in prior periods due to covid impacts. We continue to actively work on measures to mitigate inflationary cost pressures across all regions. Total headcount numbers were consistent compared to twelve months earlier with reductions in resources in Australia reflecting the reduced revenue environment.

Underlying EBITDA was \$49 million with momentum in the second half of the year. Underlying EBITDA in half two was \$28 million, representing growth of 35% compared to the first half of the year, and almost double the result of \$16 million reported for the full year FY21.

Strong product performance in North America supported our improved performance in this region. High denomination games continue to be strengths of AGT in the United States. The Company has regularly delivered five of the top 25 games in this segment.

Alongside the sale of 400 machines to Kentucky Downs, new 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 are providing additional placement opportunities in this high-quality market.

MTD's performance is also improving. Our latest game set combines best in class games from both Ainsworth and MTD. It has been released in South Dakota and Louisiana, leading these markets.

Machines placed under participation and lease contributed 31% of the revenues in this segment. The gaming operations base has continued to perform well with ongoing growth expected in coming periods. With higher average selling prices, increases in recurring revenue and disciplined cost controls, segment profit rose to \$52 million, up 32%.

Latin America enjoyed a sharp recovery in performance in the current year. The recovery was driven by increased customer activity and growing demand for the A-STAR range of cabinets and top performing games such as Pan Chang, Rio Grande and Multi-Win Games.

Improved average selling price and increased revenue contributions under gaming operation drove improved gross margins to 66%. With an increase in revenue and margin expansion, segment profit increased to \$21 million, a sharp improvement on the heavily impacted FY21 loss of \$9 million the year before. At June 30th we had 3,818 machines under participation in the region. Further placement opportunities can be expected as markets continue to recover and purchasing levels improve.

A non-cash impairment charge of \$5.2 million was recorded, primarily from the LATAM region. This non-cash cost reflects inflationary cost increases and uncertainties in this region. It is also due to the timing nature of the current business model within the region where gaming machines are typically first placed on operation which results in assets requiring assessment for impairment purposes despite the generation of participation revenue prior to the potential conversion to sale in future periods.



In addition to this impairment and as outlined by Danny we have recorded a provision in FY22 against potential import duties and other associated charges in Mexico for calendar years 2015 - 2017. The outcome of the Company's submission to establish interdependency of software with its hardware is in progress.

AGT's domestic performance improved following the lock downs in NSW and Victoria early in the period. Annual revenues were consistent at \$39 million although revenues in the second half were 33% higher than half one reflecting the improvement in market conditions as the year went on. Segment profit increased by 158% driven by market recovery and better margin through improved production recoveries.

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 million compared to around \$2 million in the prior corresponding period.

The Rest of the World segment reported a slight improvement in revenue to \$14 million with online revenues now contributing over 69% of this total. The growth in online offset the reduction in land-based sales in New Zealand where pandemic related lock downs impacted performance. Higher margin online revenues enabled segment profit to increase by 38% to \$9 million.

I am pleased to report on another of our key priorities – capital strength. Ainsworth is in the strongest financial position it has been in for many years. We have a net cash position of over \$50 million. The Company has over \$300 million of net assets and effectively no debt. Cash conversion in the second half was over 100%. The receivables closing balance of \$113 million was a decrease due to good cash collections. Encouragingly customers in LATAM recommenced payments as the market recovered.

In 2023, as we have announced, we will formally change our financial year end to 31 December. This change will achieve better alignment to industry business cycles and improve efficiencies of our year end processes and audit. During this transition period we will produce audited financial results for the six months to 31 December 2022 and hold another Annual General Meeting in May 2023.

We have entered the first half of FY23 with good momentum. The new year has started well, and we will continue to execute to plan. Based on current forecasts we expect to achieve approximately \$18 million in PBT pre-currency and one-offs for the six months ending 31 December 2022.

We are seeing ongoing growth in North America with an increase in the number of machines on participation and sales in new and existing venues.

We are pursuing opportunities in existing and new Historical Horse Racing markets, particularly New Hampshire, Texas, Louisiana, and Wyoming. We are continuing to invest to upgrade game performance and hardware to enhance our competitive offering and value for customers. We have established and invested in product development with the creation of two new game studios. These will be overseen by seasoned game developers with proven track records of creating successful games. These two new studios are in addition to our established studios in Australia and Las Vegas.

We will continue to leverage our trusted brand, our highly capable staff, the company's enduring commitment to developing superior game technologies and customer relationships across our major markets.

In closing I would like to acknowledge and thank our directors, my executive team, all the staff at AGT, our shareholders and our customers. Your support, contribution and trust are the strongest foundations on which we will build our sustained success.

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