Ainsworth Game Technology Ltd
ABN 37 068 516 665

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

www.agtslots.com

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ASX Release

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Ainsworth Game Technology Limited (AGT) – FY21 Preliminary Financial Results

Further to the business update provided to ASX on 18 May 2021, AGT is pleased to provide the following update.

AGT now expects, subject to audit finalisation, the Profit before Tax for the second half of FY21 (2HFY21), excluding one-off items and currency translations, will be approximately $1.6 million – refer to reconciliation provided below. This compares to the estimated Profit before Tax of approximately $1 million announced on 18 May.

Revenue for 2HFY21 is expected to be around $88 million, compared to $72 million in the first half of FY21, an increase of 22%. AGT's underlying EBITDA for 2HFY21, excluding any one-off items and currency translations, is expected to be around $14.4 million, compared to the $13.2 million previously advised in May.

Australia revenue contribution was $20 million in 2HFY21, resulting in total revenue for FY21 of $39 million, an increase of 39% over the $28 million in the Prior Corresponding Period (PCP) in FY20. Further extended lockdowns across New South Wales and other states within Australia have created an element of uncertainty and risk associated with the timing of when operations across domestic markets will resume.

Given these potential risks, it was considered prudent to embed additional risks in our forecast cashflows when assessing asset values in the Australian and Other (comprising of Rest of World) and Latin America Cash Generating Units (CGU's). These additional risks may not eventuate, however considering the detrimental impact the Delta variant of COVID-19 is having on society and the consequential restrictions governments are imposing on our customers, it was considered prudent to further risk adjust the forecast cashflows for these CGU's. As a result, AGT will record an additional non-cash impairment charge in 2HFY21 of $10.3 million against the value of these assets in the FY21 audited results.

The key market of North America has continued to perform strongly in the period with total revenue in FY21 of $88 million, an increase of 22% on the $72 million in the PCP. Additional opportunities are being pursued for AGT's leading Historical Horse Racing (HHR) products in new jurisdictions following the passing of new legislation.

In addition, a cash sale to Kentucky Downs of 400 HHR units previously operating under participation was recently completed in July 2021. The sale provides for on-going revenue connection fees continuing into FY22. The blended Average Selling Price on this sale was above our average for the region and represented a mixture of hardware configurations including a portion of the newly released A-Star curve cabinets.

AGT further advises that strong cash flows in the second half, along with the effective management of operational expenses, resulted in cash held as at the reporting date of $42 million, an increase of 56% over the PCP. The cash balance excludes any contribution from the previously announced exclusive agreement with GAN Limited, where an initial USD5.0 million was received in early July 2021.

A reconciliation of the 2HFY21 normalised Profit before Tax (PBT) based on unaudited financial results is provided as follows:

	2HFY21 A$'000
Normalised PBT	1,576
Add/(Less)	
Foreign currency gains	1,925
Profit on sale of surplus land	3,315
USA employment retention tax credits	3,137
Non-cash impairment charges	(12,521)
Draft reportable PBT	**(2,568)**

AGT expects to release FY21 full year audited results after close on Thursday 26 August 2021.

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

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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