



NOVOMATIC ARGENTINA SRL



SECTOR
ENTERTAINMENT

REGION
AMERICAS

NOVOMATIC Argentina SRL is part of one of Europe's most successful gaming technology businesses. Founded in Austria in 1980, NOVOMATIC operates around 1,900 gaming facilities worldwide, and is the European market leader in electronic casino operation. It is also Europe's largest supplier of video lottery terminals. Its commitment to innovation means it does not just manufacture equipment and machines, but also pioneers new gaming experiences. The business has subsidiaries in around 50 countries, a global workforce of over 22,000 and revenues of around EUR 2.6 billion (USD 3 billion). The Austrian parent company owns 90% of NOVOMATIC Argentina SRL.

CHALLENGE

UHY Macho & Asociados has worked with NOVOMATIC Argentina since 2007 and it is very much a team effort according to Mr. Fabián Grous, general manager at NOVOMATIC Argentina. "They are involved in our daily operation, maintaining accounting and tax issues in accordance with local legal requirements," he says.

Led by UHY Macho & Asociados partner Tomas Merlos and his team in Buenos Aires, the work can be complex. NOVOMATIC only operates in markets with defined regulatory networks around gaming and casinos and takes its corporate responsibility seriously. The Argentinian operation is no exception – regulations must be met to ensure legal compliance.

Argentina's volatile economic situation means local businesses face exchange rate and tax changes, fluctuating market

regulations and inflation. The pandemic has left a third of the country's workforce unemployed and a significant economic contraction reported for 2020. It has been UHY Macho's challenge to steer its client through these uncertain times .

SOLUTION

Around 12 UHY Macho employees work on the account, which covers accounting, tax and corporate reporting. The firm also provides bookkeeping and payroll.

These services are complicated by the country's economic instability, adding a level of business consultancy to UHY Macho's work. "UHY helps us run our business in Argentina with high levels of service," says Mr. Grous. "That means facing different challenges, sometimes in complex scenarios."

This can make it difficult to implement five-year business plans, and complicates monthly, quarterly, and annual reporting to NOVOMATIC's Austrian parent company. UHY Macho has taken these difficulties in its stride, providing accurate and timely auditing and reporting regardless of wider economic circumstances. "UHY Macho has always been collaborative and diligent, working alongside NOVOMATIC's Argentinian and Austrian Finance teams to meet each challenge. They always work with a high degree of professionalism, as a unique part of our team."

RESULT

NOVOMATIC Argentina SRL is succeeding in difficult circumstances and UHY Macho has smoothed the flow of financial information between subsidiary and parent by bringing the Argentinian operation (which includes a second subsidiary, Octavian Argentina SA) in line with the wider Group's reporting standards. That is not easy in a hyperinflationary economy, but the process is now well established and working efficiently.

"NOVOMATIC Austria consolidates in IFRS, and UHY Macho has been in charge of the migration from Argentinian GAAPs to IFRS, which it has done successfully for both entities and for the

last three years," says Mr. Grous. "Now both local subsidiaries are in line with Austrian reporting standards and guidelines."

UHY Macho is also in charge of the annual transfer pricing study, which it completes for both subsidiaries in Argentina.

The relationship between UHY Macho and NOVOMATIC Argentina SRL can only strengthen as they meet the challenges of 2021, including the effects of the pandemic. Mr. Fabián Grous is confident for a future which many predict will see the Argentinian economy return to growth by 2022. "UHY Macho is our trusted advisor, helping us face the challenges of a very dynamic business. They have provided an invaluable contribution to the company."

UHY IN THE ENTERTAINMENT SECTOR

Expert advice can deliver long-term benefits for entertainment clients and doubly so during the pandemic when the entertainment business landscape has had to change and adapt so rapidly. Meanwhile ongoing technology evolution continues to drive changes in consumer behaviour and buying patterns. As well as accountancy services, many clients in the sector use management consulting services provided through UHY to address specific projects or business needs.



Novomatic headquarters, Gumpoldskirchen, Austria