



2022

ANNUAL GENERAL MEETING

29 NOVEMBER 2022



AINSWORTH GAME TECHNOLOGY LIMITED

AGENDA

1. Welcome
2. Introduction to Board of Directors
3. Chairperson's Address
4. Chief Executive Officer's Address
5. Formal Business
6. Other Business



Board of Directors

Danny Gladstone

Chairperson and Independent Non-Executive Director

Member of the Audit and Risk Committee

Appointed Non-Executive Director 1 July 2019

Chairperson since 26 November 2019



Colin Henson

Dip-Law BAB, FCPA, FCG (CS, CGP) FAICD

Independent Non-Executive Director

Chairperson of the Remuneration and Nomination Committee

Chairperson of the Regulatory and Compliance Committee

Member of the Audit and Risk Committee

Appointed 3 April 2013



Graeme Campbell

OAM

Independent Non-Executive Director

Chairperson of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Appointed 18 September 2007



Heather Scheibenstock

GAICD, FGIA

Independent Non-Executive Director

Appointed 11 July 2022





Chairperson's Address

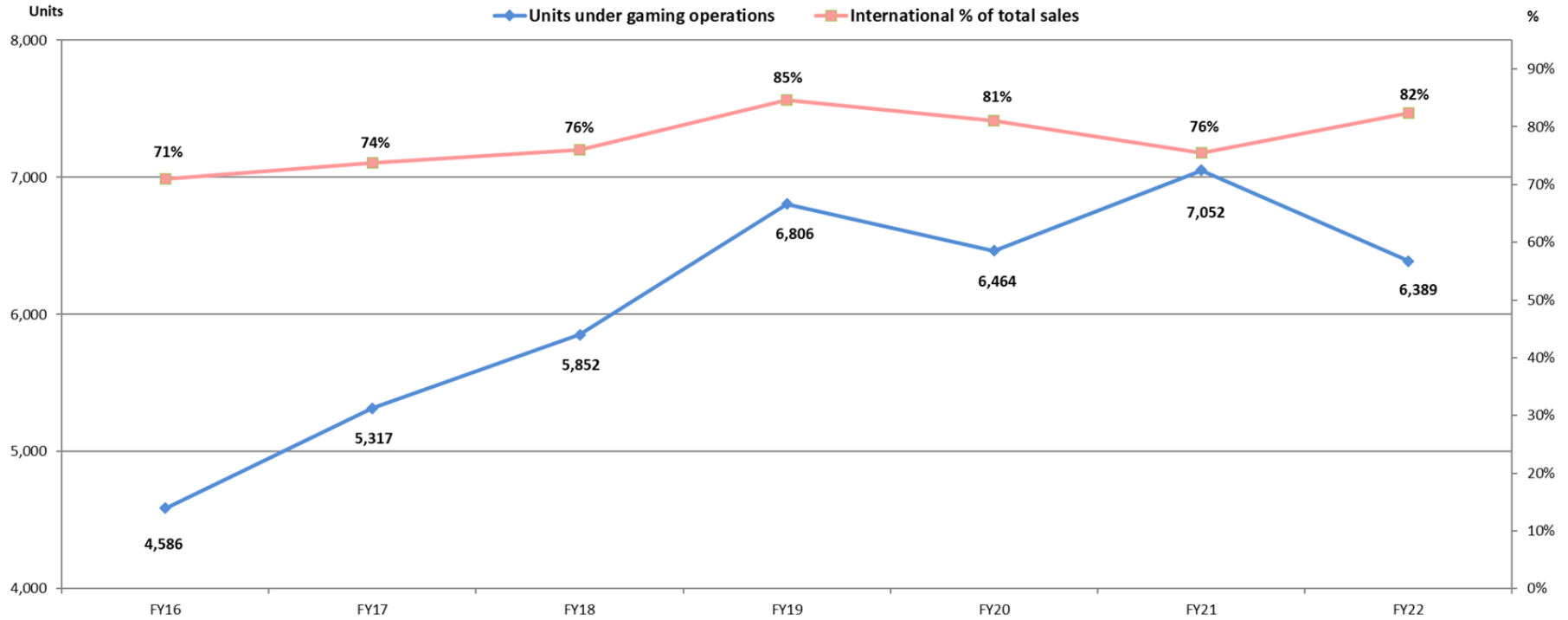
**Presentation by
Danny Gladstone**

Results Summary

<i>In millions of AUD</i>	H1 FY22	H2 FY22	FY22	FY21	FY22 vs FY21
Revenue	100.7	119.5	220.2	159.5	60.7
Underlying EBITDA	20.7	27.9	48.6	15.5	33.1
Impairment losses (before tax) – receivables and CGU	-	3.7	3.7	41.7	(38.0)
Profit / (Loss) before tax excluding currency and one-off items	10.0	17.3	27.3	(17.1)	44.4
Reported Profit / (Loss) after tax	9.1	2.7	11.8	(53.4)	65.2

- Improved performance in FY22 compared to FY21, Latin America in particular, demonstrated strong recovery from the pandemic.
- North America segment contributed 52% of total revenue. HHR products continue to perform.
- Signs of recovery in Latin America region contributing to the Group's improved results.
- Net cash position of \$50.3m, an improvement on the net cash position of \$5.1m at pcp, and net cash position of \$32.2m at the prior half.
- Dividend continues to be suspended to provide strong liquidity to allow the Company to continue to invest in R&D to deliver competitive products.

Gaming Operations and International Sales Contribution



Balance Sheet

<i>In millions of AUD</i>	31-Dec-21	30-Jun-22	30-Jun-21
Total assets	381.4	406.5	393.1
Net assets	301.7	311.3	287.9
Total debt	14.1	-	37.3
Net cash	32.2	50.3	5.1

Debt Ratios	31-Dec-21	30-Jun-22	30-Jun-21
Debt Ratio (Total Liabilities/Total Assets)	20.9%	23.4%	26.8%
Debt to Equity Ratio (Total Liabilities/Total Equity)	26.4%	30.6%	36.5%
Cash Flow to Debt ratio - (Cash Flow from Operating Activities/Total Liabilities)	38.9%	53.9%	21.1%

- Receivables closing balance of \$112.7m (31 Dec 21: \$103.5m, 30 June 21: \$116.4m) resulted from improved working capital on receivables. Customers are recommencing payments in Latin America as the market recovers.
- Inventory closing balance of \$68.3m (31 Dec 21: \$55.7m, 30 June 21: \$56.1m). Increase in inventory holding at balance date to mitigate supply chain challenges.
- Total debt reduction resulted from \$38.6m (US\$28.0m) repayment of bank facility made during this current period and strong cash position resulted to improved cash flow to debt ratio in the current period.

Key Market Highlights

NORTH AMERICA

- HHR growth continues – 400 units sold to Kentucky Downs in the current period, installed base expected to increase in new and existing markets.
- First manufacturer to install HHR units in newly opened New Hampshire market with focus on leveraging system capabilities. Also entered Louisiana and Wyoming HHR markets.
- High-Denom content continues to excel, regularly having 5+ titles appear on multiple industry wide performance chats (*Eilers* and *ReelMetrics*).
- A-STAR™ Curve XL launched in North America with Take It or Leave It™ game series. Additional titles being released by end of 2022.
- Strategic development efforts to be showcased at G2E 2022 with three key product lines: Treasure Spirits™, Cash Stack Gold™ and Ultra Shot™.

LATIN AMERICA

- Demand continues to grow for the new A-STAR™ cabinets.
- Pan Chang™, Fiesta Grande™, Rio Grande Los Toritos™ and Multi-Win Games™ remain top-performing products.

AUSTRALASIA

- Strong installs backed by solid performance of Cash Stacks™ and Treasure Spirits™ in multiple markets.
- Launch of new Ultra Shot™ Series.
- Introduction of the new A-STAR™ Slant cabinet at AGE 2022.



Chief Executive Officer's Address

Presentation by Harald Neumann

Profit & Loss summary

<i>In millions of AUD</i>	H1 FY22	H2 FY22	FY22	FY21	FY22 vs FY21
Domestic revenue	16.7	22.2	38.9	39.0	(0.1)
International revenue	84.0	97.3	181.3	120.5	60.8
Total revenue	100.7	119.5	220.2	159.5	60.7
Gross profit	63.0	75.0	138.0	89.6	48.4
EBITDA	24.6	12.5	37.1	(26.6)	63.7
EBITDA Margin %	24.4%	10.5%	16.8%	(16.7%)	33.5%
Profit / (Loss) Before Tax	13.9	1.9	15.8	(59.2)	75.0
Income tax (expense) / benefit	(4.8)	0.8	(4.0)	5.8	(9.8)
Profit / (Loss) After Tax	9.1	2.7	11.8	(53.4)	65.2
R&D (% of revenue)	17.9%	14.5%	16.0%	20.9%	(4.9%)
EPS (diluted) (A\$)	2.7 cents	0.7 cents	3.4 cents	(15.9 cents)	19.3 cents

- Increased revenue due to strong product performance in North America and re-opening of the LATAM market.
- Extended lockdowns in the primary market of New South Wales affected sales in H1, resulting in a flat revenue in FY22 compared to FY21.
- Profit before tax (excluding currency impact) is \$7.6m, compared to (\$47.7m) loss in pcp.
- Normalised PBT for currency impact, one-off items including normalising HHR sales in H1 was a profit of \$3.1m. On a similar basis, H2 normalised PBT increased by \$14.2m to \$17.3m profit.
- EBITDA of \$37.1m includes \$8.2m currency translation gains.
- Increased international revenue of \$60.8m compared to pcp, and \$13.3m in H2 FY22 from the prior half. International revenue accounted for 82% of group revenues in this period.

Operating Costs

<i>In millions of AUD</i>	H1 FY22	H2 FY22	FY22	FY22 at pcp currency basis	FY21	FY22 vs FY21	FY22 vs FY21 %
COGS	37.7	44.5	82.2	80.6	69.9	12.3	17.6%
Sales, service and marketing ('SSM')	25.0	30.8	55.8	54.5	46.2	9.6	20.8%
R&D	18.0	17.3	35.3	34.8	33.4	1.9	5.7%
Administration	10.9	10.1	21.0	20.6	18.8	2.2	11.7%
Total Operating costs	91.6	102.7	194.3	190.5	168.3	26.0	15.4%

COGS

- Increase in costs attributable due to increased sales compared to the pcp.
- Adverse translation impact \$1.6m at pcp currency basis.

SSM Costs

- Increase in costs compared to the pcp due to decrease in COVID-19 related government subsidies, increase in duty, trade show related expenses, royalties payable and staffing costs.
- Adverse translation impact of \$1.3m at pcp currency basis.

R&D Costs

- Increase in personnel costs compared to the pcp as a result of a decrease in COVID-19 related government subsidies, increase in staffing costs to ensure the Company remains competitive in the labour market and retains talented employees.
- Adverse translation impact of \$0.5m at pcp currency basis.

Administration Costs

- Increase in personnel costs compared to the pcp as a result of a decrease in COVID-19 related government subsidies and increase in headcount to support business recovery requirements.
- Adverse translation impact of \$0.4m at pcp currency basis.

Reconciliation: Profit /(Loss) Before Tax to EBITDA & Underlying EBITDA

<i>In millions of AUD</i>	H1 FY22	H2 FY22	FY22	FY21	FY22 vs FY21
Reconciliation:					
Profit / (Loss) Before Tax	13.9	1.9	15.8	(59.2)	75.0
Net interest (income) / expense	(0.1)	(0.8)	(0.9)	1.3	(2.2)
Depreciation and amortisation	10.8	11.4	22.2	31.3	(9.1)
Reported EBITDA	24.6	12.5	37.1	(26.6)	63.7
Foreign currency (gains) / losses	(3.5)	(4.7)	(8.2)	11.5	(19.7)
Impairment (writeback) / losses on receivables	-	(1.5)	(1.5)	9.0	(10.5)
Rent concessions	(0.4)	(0.1)	(0.5)	(0.5)	-
COVID-19 related government subsidies	-	-	-	(7.3)	7.3
Gain on LV parcel of land sale	-	-	-	(3.3)	3.3
Impairment losses – LATAM and Australia and Other CGU	-	5.2	5.2	32.7	(27.5)
Provision for Mexican duties and other charges	-	16.5	16.5	-	16.5
Underlying EBITDA	20.7	27.9	48.6	15.5	33.1

The \$5.2m impairment charge recognised in FY22 predominately relates to reduction in available headroom in the LATAM CGU due to a lower recoverable amount for this CGU. This non-cash impairment resulted from the timing nature of the current business model within LATAM 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.

Segment Result Summary – North America

<i>In millions of AUD</i>	H1 FY22	H2 FY22	FY22	FY21	FY22 vs FY21
Revenue	54.6	60.5	115.1	88.5	26.6
Gross Profit	36.8	42.1	78.9	60.1	18.8
Segment EBITDA	28.4	33.8	62.2	50.8	11.4
Segment Profit	23.1	28.4	51.5	39.1	12.4
Segment Profit (%)	42%	47%	45%	44%	1%
Unit Volume (no.)	1,175	1,122	2,297	1,703	594
ASP (US\$'000's)*	18.0	17.2	17.6	17.2	0.4
Game Operations – Class II Installed Base (Including HHR)	1,453	1,679	1,679	1,731	(52)
Game Operations – Class III Installed Base	952	892	892	981	(89)
Average Fee per Day (US\$)	32	34	33	37	(4)

*Excludes distributor sales, reworks and on-charges

- Higher selling costs in FY22 driving similar profit margin compared to pcp.
- Strong growth with \$115.1m revenue in FY22 increased 30% compared to the \$88.5m revenue in the pcp. H2 FY22 revenue increased by 11% compared to the prior half. Good achievement in H2 when normalising the 400 HHR units from H1.
- Participation & lease revenue of \$36.2m and contributing 31% of the current period's segment revenue.
- Continued strong performance in game operations was driven by the high-quality locations in which we have secured through long term placement agreements. The quality of the locations was primarily driven by new HHR installations in Kentucky, Wyoming, and most recently New Hampshire. These locations are driving win per day at up to double the rate of previous Class III and Class II installations. We anticipate continued momentum in this area as new installations occur in Kentucky, Louisiana and New Hampshire.
- Newly approved HHR legislation in Kansas will provide an additional placement opportunity in a quality market.
- Recent positive Supreme Court Opinion in Texas will give us long term stability with one of our highest performing installations and provide an additional opportunity at another Class II tribal location.

Segment Result Summary – Latin America

<i>In millions of AUD</i>	H1 FY22	H2 FY22	FY22	FY21	FY22 vs FY21
Revenue	22.2	30.0	52.2	18.3	33.9
Gross Profit	15.0	19.4	34.4	11.1	23.3
Segment EBITDA	9.3	10.0	19.3	(4.3)	23.6
Segment Profit / (Loss)	10.0	10.8	20.8	(8.6)	29.4
Segment Profit / (Loss) (%)	45%	36%	40%	(47%)	87%
Unit Volume (no.)	889	991	1,880	625	1,255
ASP (US\$'000's)*	14.3	18.2	16.5	16.7	(0.2)
Game Operations – Installed Base	4,091	3,818	3,818	4,340	(522)
Average Fee per Day (US\$)	11	11	11	10	1

- Revenue increase of 185% compared to pcp, H2 FY22 revenue increased 35% compared to the first half of FY22 as the market progressively recovered from the effects of the pandemic.
- Segment profit increase of 8% in H2 FY22 compared to H1 FY22 resulted in full year segment profit of \$20.8m, compared to \$8.6m loss in a heavily pandemic impacted PCP.
- Of the 1,880 machines AGT sold in the period, 36% were reconditioned units. Further revenue opportunities can be expected as markets progressively recover.
- At 30 June 2022, 3,554 units (93%) from Game Operations are now operating, an improved position compared to the 2,713 units operating at 30 June 2021.
- Demand continues to grow for the A-STAR™ range of cabinets. Game themes such as Pan Chang™, Fiesta Grande™, Rio Grande Los Toritos™, and Multi-Win Games™ are amongst the regions' top performers.

Segment Result Summary – Australia

<i>In millions of AUD</i>	H1 FY22	H2 FY22	FY22	FY21	FY22 vs FY21
Revenue	16.7	22.2	38.9	39.0	(0.1)
Gross Profit	6.6	7.4	14.0	10.6	3.4
Segment EBITDA	3.8	3.6	7.4	5.4	2.0
Segment Profit	3.3	2.9	6.2	2.4	3.8
Segment Profit (%)	20%	13%	16%	6%	10%
Unit Volume (no.)	591	781	1,372	1,165	207
ASP (ex rebuilds) (\$A'000's)	21.7	22.9	22.3	22.4	(0.1)
Service Revenue	2.0	2.9	4.9	6.0	(1.1)

- Improvement in segment revenue of \$22.2m in H2 FY22 compared to \$16.7m in the prior half, and segment profit increased by 158% compared to the pcp, driven by market recovery and better margin achieved through improved production recoveries in the current period.
- Maintained ASP despite competitive market conditions. Units increased which drove outright machine revenue up, offset by reduction in parts and conversions sales, resulting in revenue for FY22 similar to pcp.
- Game performance has overall improved with Cash Stacks Link™ as Ainsworth's top performing product. Treasure Spirits™ also outperformed in NSW.
- Service rationalisation of non-profitable contracts has led to a reduction in revenue as well as imposed lockdowns in H1 FY22. The market in NSW was affected due to lockdowns in Greater Sydney from July to October 2021. Other markets, particularly QLD, have resumed to a normal ship share number.

Segment Result Summary – Rest of the World (ROW)

<i>In millions of AUD</i>	H1 FY22	H2 FY22	FY22	FY21	FY22 vs FY21
Revenue	7.2	6.8	14.0	13.7	0.3
Gross Profit	4.7	6.0	10.7	7.8	2.9
Segment EBITDA	4.1	5.2	9.3	7.1	2.2
Segment Profit	4.0	5.1	9.1	6.6	2.5
Segment Profit (%)	56%	75%	65%	48%	17%
Unit Volume (no.)	63	30	93	324	(231)
Online Revenue	3.7	5.9	9.6	5.9	3.7

- Slight improvement in revenue – The online revenue contributed \$9.6m in FY22 of which \$6.0m was achieved through the GAN agreement. The increase in online revenue contribution was offset by the reduction of land-based sales in New Zealand, Europe and Asia.
- EBITDA and segment profit improved as online revenue with high margin contributed to 69% of the segment's total revenue. Online revenue previously contributed 43% of total revenue in pcp.
- Underperforming unit volume in FY22 compared to the pcp due to COVID/Omicron periods of lockdown across New Zealand.

OUTLOOK



Outlook / Conclusion

- Revenue improvements across all major markets. AGT enters the second half of calendar year 2022 with good momentum and expects to have continued growth in North America, further improvements in Latin America markets and steady performance from Australia.
- Based on current forecasts, we expect to achieve approximately \$18.0m in PBT, pre-currency and one-offs, for the six months ending 31 December 2022.
- Risk mitigation strategies put in place to minimise inherent challenges brought about from COVID-19, primarily relating to global supply chain disruptions, talent recruitment and increasing inflationary cost pressures.
- AGT's North American business continues to make progress in both Class II and Class III markets. Opportunities are continually being pursued in existing and new HHR markets, in particular New Hampshire, Louisiana and Wyoming HHR markets.
- Continued focus in R&D investment to drive sustained, long-term growth. Broadening of R&D team through establishment of two additional US-based game studios to deliver high quality innovative games.
- As outlined in the 2 June 2022 ASX release, the Company's financial year end will change from 30 June to 31 December (calendar year basis) which will be effective on 1 January 2023. The Company will have a six-month transitional financial year beginning on 1 July 2022 and ending on 31 December 2022.

Formal Business

Financial Statements and Reports

To receive and consider the Annual Financial Report, including the Director's and Auditor's Reports in respect of the financial year ended 30 June 2022.



Julie Cleary
Partner-in-charge



In attendance is Kevin Pyeun from KPMG, the Company's auditor who is available to answer any questions on the 2022 Annual Financial Report relating to:

- The conduct of their audit;
- Preparation and content of their Auditor's Report;
- Accounting policies adopted by the Company in the preparation of the 2022 Annual Financial Report; and
- Independence of the auditor in relation to the conduct of their audit.

Resolution 1

Re-election of Mr. Daniel Eric Gladstone, as Director



To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr. Daniel Eric Gladstone, who retires in accordance with Rule 7.1(f) of the Company Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a non-executive director of the Company.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	268,696,213	98.66%
AGAINST	3,658,483	1.34%

Included above are 188,608 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

Resolution 2

Election of Ms. Heather Alice Scheibenstock, as Director



To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Ms. Heather Alice Scheibenstock, who retires in accordance with Rule 7.1(f) of the Company Constitution and ASX Listing Rule 14.4, and being eligible, offers herself for re-election, be re-elected as a non-executive director of the Company.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	272,174,966	99.93%
AGAINST	179,899	0.07%

Included above are 196,580 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

Resolution 3

Approval of Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That the Remuneration Report for the Company required by section 250R(2) of the *Corporations Act 2001 (Cth)*, which is included in the Directors’ Report in respect for the year ended 30 June 2022, be adopted.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	268,428,090	99.07%
AGAINST	2,514,734	0.93%

Included above are 100,143 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

OTHER BUSINESS



AINSWORTH GAME TECHNOLOGY

10 Holker St, Newington NSW

www.agtslots.com