H1FY20 Results Announcement

Ainsworth Game Technology Limited

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AGENDA

1. CEO's Address
2. Results Summary
3. Consolidated Results
4. Segment Performance
5. Gaming Products
6. Online
7. Outlook

CEO's Address

Strengthening AGT for improved results - transition underway

- Highly regarded and established recognition across all global markets
- Significant scale, footprint and excellent market reputation
- Key strategic priorities as previously outlined– making good progress
  - H1FY20 adjusted PBT – ahead of guidance
  - Refocused R&D
    - ✓ exciting, reworked, market-specific suite of new and legacy games already in production
    - ✓ new agreements with external game design experts to develop quality titles faster
  - Making AGT more profitable and efficient – streamlined management structure in Americas, lower headcount in Australia
  - Driving organic growth; new hardware launched, sharper sales focus – more units sold in AU in H1FY20 than the pcp
  - On-going assessment of M&A strategies and opportunities to drive earnings growth
  - Leverage strategic partnership with Novomatic; share games, utilise joint manufacturing, enter new markets together
- FY20 transition year – moving to new hardware and game suite to improve competitiveness in challenging markets
- Expected return to profitability in H2FY20 and reaffirm profit for full year FY20

Results Summary

H1FY20 results down:

- Total sales revenue of $107.3m, decrease of 9% on the pcp
- Loss before tax (excluding currency impacts) is -$3.8m, 143% decrease on the pcp
- Loss before tax, excluding currency and one off items, -$0.2m, ahead of -$4m guidance
- EPS down to -1.2 cents (pcp: 3.6 cents)
- Reported EBITDA is $14.6m. Underlying EBITDA is $17.2m (pcp: $23.9m)

Resilient contribution from international markets in competitive environment:

- International revenue $87.8m, -11%, 82% of total
- North America revenues -6%, profit -1%
- Latin America revenues -8%, profit -33%

Slight decline in gaming operations. Recurring revenues account for 23% of group total:

- 6,604 units under gaming operations at 31 December 2019, 3% decrease on FY19

Strong balance sheet

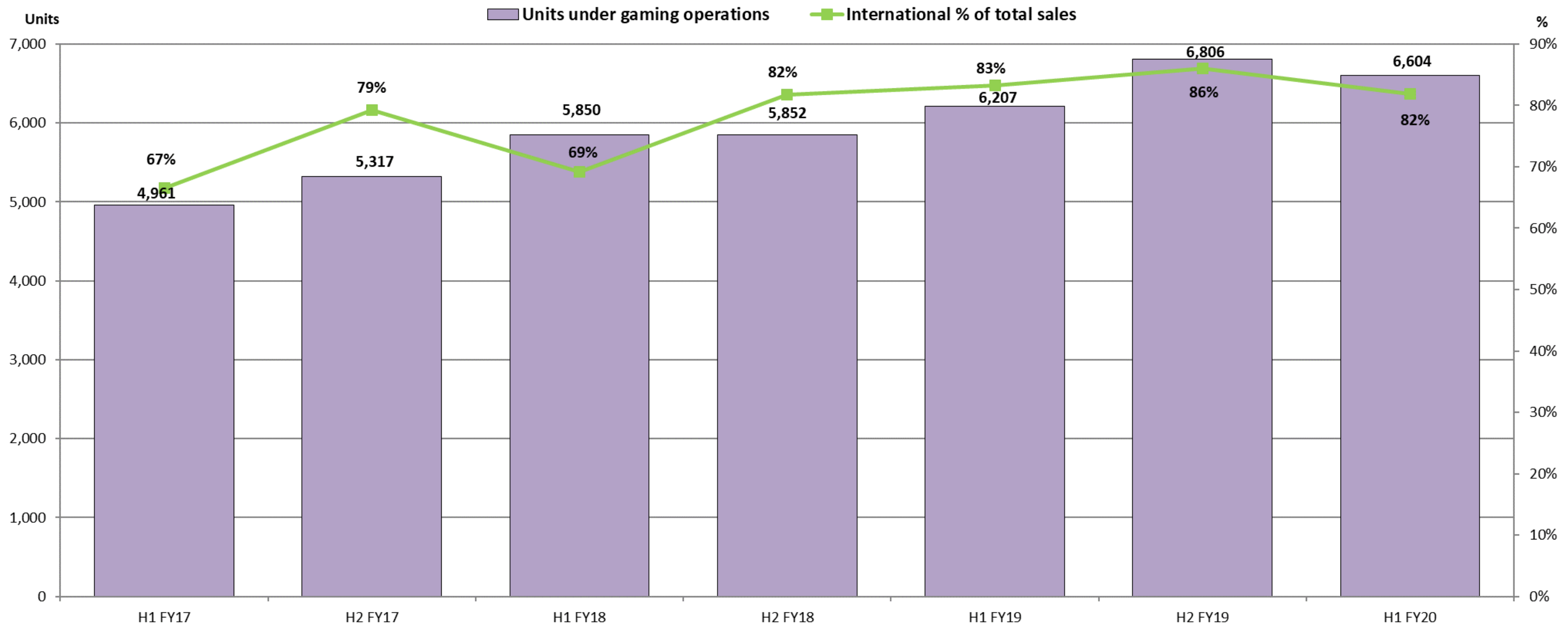
- Repaid $26.8m debt in H1FY20 with $42.3m cash balance at 31 December 2019
- Net cash position of $13.0m in H1FY20 compared to $6.2m in FY19

New hardware and product suite set to improve domestic and international game performance:

- Transition to new hardware and software expected to drive improved profitability in H2
- New A-Star cabinet in production and generating sales in all major markets

CONSOLIDATED RESULTS

Continued execution of a clear strategy: Grow international revenues and higher quality earnings



Profit & Loss summary

- Loss before tax (excluding currency impacts) is $3.8m, 143% decrease on the pcp
- Loss before tax, excluding currency impacts and $3.6m one off items relating to settlement of outstanding legal matters is $0.2m – ahead of $4m loss before tax guidance
- International sales decline 11% v pcp. International sales account for 82% of group revenues
- 1% decline in domestic revenue compared to the pcp
- Increased investment in R&D to increase future profitability: 20% on revenue, pcp 16%
- Adverse FX movement impact of $6.1m contributed to the drop in EBITDA margin %

A$m	H1 FY20 Statutory	AASB 16 *Leases*	H1 FY20 Underlying	H1 FY19 Underlying	Change %
Domestic revenue	19.5		19.5	19.7	(1%)
International revenue	87.8		87.8	98.3	(11%)
Total revenue	**107.3**		**107.3**	**118.0**	**(9%)**
Gross profit	66.0		66.0	71.4	(8%)
EBITDA	**14.6**	**(1.3)**	**13.3**	**29.7**	**(55%)**
EBITDA Margin %	**14%**		**12%**	**25%**	(13%)
(Loss) / Profit before tax	**(4.1)**	**0.3**	**(3.8)**	**14.7**	**(126%)**
Income tax benefit / (expense)	0.1	(0.1)	-	(2.6)	(100%)
(Loss) / Profit after tax	**(4.0)**	**0.2**	**(3.8)**	**12.1**	**(131%)**
R&D (% of revenue)	20%		20%	16%	4%
EPS (diluted) (A$)	(0.01)		(0.01)	0.04	(125%)

Note : Statutory reports have been adjusted to reverse the impact of AASB 16 *Leases*

Results adjusted for currency movement and out of ordinary items

A$m	H1 FY20	H1 FY19	Change %
(Loss) / Profit Before Tax	(4.1)	14.7	(128%)
Currency losses / (gains) (before tax)	0.3	(5.8)	(105%)
Legal costs and settlement claims	3.6		N/A
Underlying (Loss) / Profit Before Tax adjusted for currency	**(0.2)**	**8.9**	**(102%)**

A$m	H1 FY20	H1 FY19	Change (%)
(Loss) / Profit After Tax	(4.0)	12.1	(133%)
Currency losses / (gains) (after tax)[1]	0.2	(4.9)	(104%)
Adjusted for currency (Loss) / Profit After Tax	**(3.8)**	**7.2**	**(153%)**

[1] No tax effect on $0.0m currency loss in H1 FY20 (H1 FY19: $2.9m currency gain). Calculation of currency loss after tax: H1FY20: ($0.0m - ($0.3m x 0.7) = $0.2m loss), H1 FY19: ($2.9m + ($2.9m x 0.7) = $4.9m gain). These net currency (gains) / loss predominantly relate to balance sheet translation originated from investment in the Americas.

Reconciliation: (Loss) / Profit Before Tax to EBITDA

A$m	H1 FY20 Statutory	AASB 16 *Leases*	H1 FY20 Underlying	H1 FY19 Underlying	Change %
Reconciliation:					
(Loss) / Profit before tax	**(4.1)**	**0.3**	**(3.8)**	**14.7**	**(126%)**
Net interest	(0.5)	(0.4)	(0.9)	(1.6)	(44%)
Depreciation and amortisation	19.2	(1.2)	18.0	16.6	8%
Reported EBITDA	**14.6**	**(1.3)**	**13.3**	**29.7**	**(55%)**
Foreign currency losses / (gains)	0.3		0.3	(5.8)	(105%)
Legal costs and settlement claims	3.6		3.6	-	N/A
Underlying EBITDA	**18.5**	**(1.3)**	**17.2**	**23.9**	**(28%)**

Note : Statutory reports have been adjusted to reverse the impact of AASB 16 *Leases*

Operating Costs

A$m	H1 FY20 constant currency basis	H1 FY20	H1 FY19	Change %
Sales, service and marketing ('SSM')	31.8	33.3	32.3	3%
R&D	20.9	21.4	19.1	12%
Administration	11.3	11.6	12.8	(9%)
Total Operating costs	**64.0**	**66.3**	**64.2**	**3%**

SSM Costs

- Increase due to depreciation recognised for leased assets and additional operating costs in relation to Mustang Money

R&D Costs

- Increase resulted from the increase in evaluation and testing expenses as well as an increase in amortisation costs due to of commercialisation of previously capitalised projects and investment in product offerings initiatives

Admin Costs

- Decrease resulting from cost rationalisation initiatives implemented

Staff Headcount

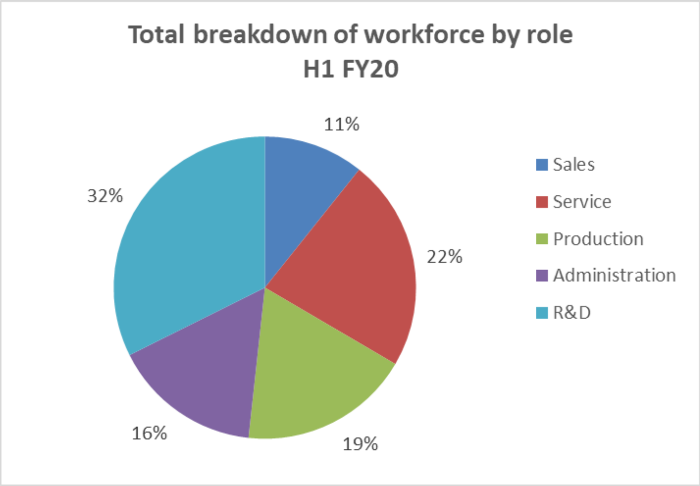
Australia and Rest of the World

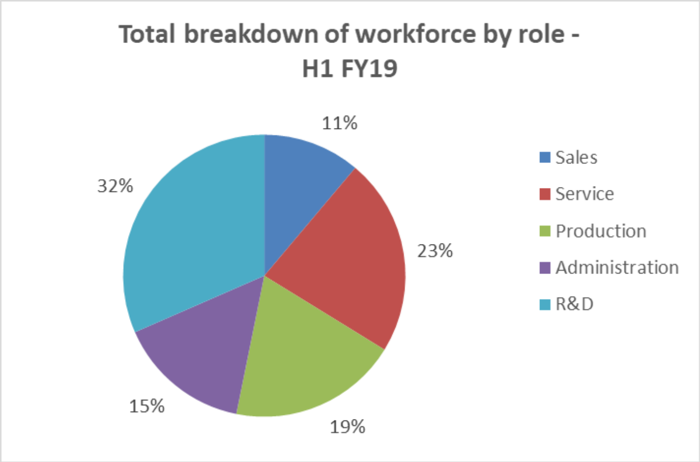
# Staff	H1 FY20	H1 FY19
Sales	32	34
Service	72	79
Production	32	33
Administration	37	40
R&D	132	136
Total Staff Numbers - Australia & Rest of the World	**305**	**322**

Americas

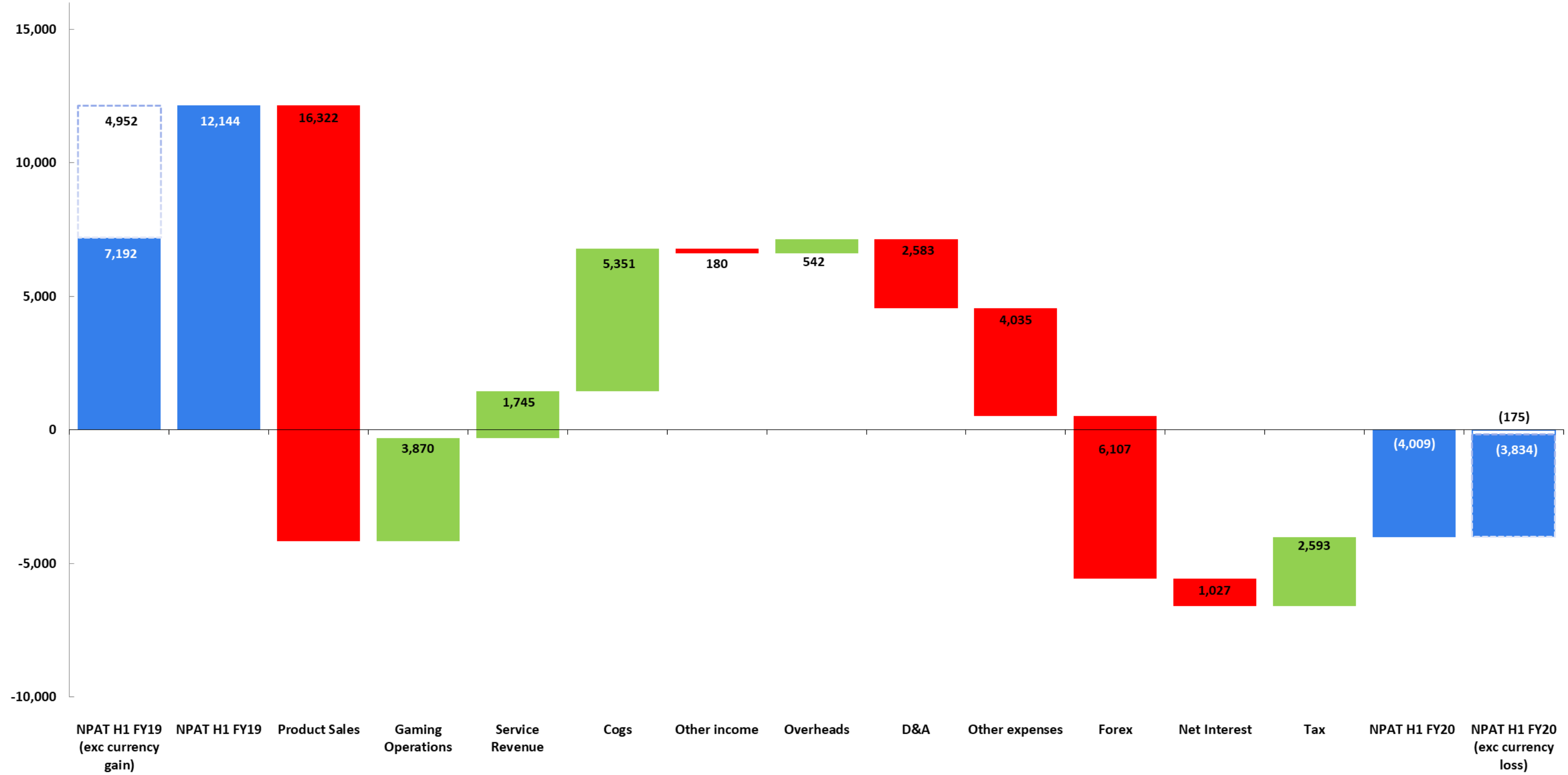
# Staff	H1 FY20	H1 FY19
Sales	28	31
Service	55	53
Production	76	80
Administration	52	49
R&D	49	48
Total Staff Numbers - North and Latin America	**260**	**261**

	H1 FY20	H1 FY19
Total Staff Numbers Consolidated AGT	**565**	**583**





Net Profit Bridge



- $16.3m decrease in product sales due to reduction in unit sales from international markets
- $5.4m decrease in cogs as a direct result of reduction in units sales
- $3.8m currency adjusted loss after tax in H1 FY20 (versus $7.2m PAT pcp), excludes $0.2m after tax currency loss (versus $4.9m currency gain pcp) (1)

(1) No tax effect on $0.0m currency loss in H1 FY20 (H1 FY19: $2.9m currency gain).
Calculation of currency loss after tax: H1 FY20: ($0.0m - ($0.3m x 0.7) = $0.2m loss), H1 FY19: ($2.9m + ($2.9m x 0.7) = $4.9m gain). These currency gains relate to balance sheet translation originated from investment in the Americas.

Balance Sheet

A$m	H1 FY20 Statutory	AASB 16 *Leases*	H1 FY20 Underlying	FY19
Total assets	478.0	(16.9)	461.1	483.3
Net assets	389.9	0.3	390.2	393.5
Total debt	46.6	(17.3)	29.3	55.4

Financial covenants ratios	H1 FY20 Statutory
Interest ratio - (EBITDA/Interest Expense)	19.2
Gearing ratio - (Debt)/(Debt + Equity)	6.99%
Leverage ratio - (Debt/EBITDA)	0.88

Debt Ratios	H1 FY20 Statutory	H1 FY20 Underlying	FY19
Debt Ratio (Total Liabilities/Total Assets)	18.42%	15.36%	18.56%
Debt to Equity Ratio (Total Liabilities/Total Equity)	22.58%	18.15%	22.80%
Cash Flow to Debt ratio - (Cash Flow from Operations/Total Liabilities)	20.33%	23.46%	68.22%

- Strong balance sheet to self fund growth strategies
- Receivables closing balance of $142.5m (30 June 19 : $148.6m) – reduction of 4%
- Loan payment of $26.8m in this period resulted in net cash of $13.0m (excluding lease liabilities)

Cash Flow Statement

- Decrease in net cash operating activities resulting from reduction in profitability
- Increase cash used in investing activities as a result of the development work and tooling costs for A-Star
- Repaid $26.8m loan during this half
- Net cash position of $13.0m at Dec 19 compared to $6.0m at June 19

A$m	H1 FY20 Statutory	AASB 16 *Leases*	H1 FY20 Underlying	H1 FY19 Underlying	Change
Net cash from operating activities*	**17.9**	**(1.3)**	**16.6**	**30.8**	**(14.2)**
Interest received *	0.0		0.0	2.7	(2.7)
Proceeds from sale of PPE	0.0		0.0		0.0
Acquisitions of PPE	(5.8)		(5.8)	(3.0)	(2.8)
Development expenditure	(3.3)		(3.3)	(1.6)	(1.7)
Net cash used in investing activities	**(9.1)**		**(9.1)**	**(1.9)**	**(7.2)**
Proceeds from borrowings	0.5		0.5		0.5
Borrowing costs paid	(1.0)	0.4	(0.6)		(0.6)
Proceeds from finance leases				0.7	(0.7)
Payment of finance lease liabilities	(0.9)	0.9		(0.2)	0.2
Repayment of borrowings	(26.8)		(26.8)	(11.3)	(15.5)
Dividend paid				(3.6)	3.6
Net cash (used in) / from financing activities	**(28.2)**	**1.3**	**(26.9)**	**(14.4)**	**(12.5)**
Net (decrease) / increase in cash and cash equivalents	(19.4)		(19.4)	14.5	(33.9)
Cash and cash equivalents at 1 Jul	61.7		61.7	35.7	26.0
Effect of exchange rate fluctuations on cash held	0.0		0.0	1.5	(1.5)
Cash and cash equivalents at 31 December	**42.3**		**42.3**	**51.7**	**(9.4)**

* Interest received from customers in H1 FY19 was classified in 'Net cash from Operating activities'.

Note : Statutory reports have been adjusted to reverse the impact of AASB 16 *Leases*

SEGMENT PERFORMANCE

North America

- Consistent profit performance with segment profit of $21.3m
- Despite drop in ASP, improvement in segment profit % was assisted by production efficiencies and margin expansion
- Game operations and fee per day relatively stable compared to the pcp
- Expanded our Historical Horse Racing install base and finalized contracts for additional growth in the second half
- Drop in ASP due to convert to sale from Game Operations while maintaining the same margin
- Change in North America management structure to ensure a more agile and customer facing focus

A$m	H1 FY20	H1 FY19	Change %
Revenue	50.7	53.8	(6%)
Gross Profit	35.4	35.4	0%
Segment EBITDA	26.6	26.8	(1%)
Segment Profit	**21.3**	**21.6**	**(1%)**
Segment Profit (%)	42%	40%	2%
Unit Volume (no.)	1,104	1,342	(18%)
ASP (US$'000's) *	16.8	17.8	(6%)
Game Operations – Installed Base	2,336	2,303	1%
Ave per Day (US$)	**25**	**26**	**(4%)**

*Excludes distributor sales, reworks and on-charges.

Latin America

- Revenue, -8% and profitability, -33% due to lower unit volume and game operations fee per day
- Challenging economic conditions in Argentina, Peru, Columbia and Chile
- Reduction in segment profit due to increase in costs relating to Mustang Money and reduction in interest income
- Increased ASP despite competitive market conditions
- Increase in gaming operations units to 4,268 units, +9% from the pcp – generating recurring revenues

A$m	H1 FY20	H1 FY19	Change %
Revenue	32.8	35.7	(8%)
Gross Profit	20.7	22.3	(7%)
Segment EBITDA	13.5	15.5	(13%)
Segment Profit	**8.9**	**13.3**	**(33%)**
Segment Profit (%)	27%	37%	(10%)
Unit Volume (no.)	1,205	1,391	(13%)
ASP (US$'000's)*	16.7	16.3	2%
Game Operations – Installed Base	4,268	3,904	9%
Ave per Day (US$)	**10**	**12**	**(17%)**

*Excludes distributor sales, reworks and on-charges.

Australia

- Delivered a resilient performance with revenue broadly consistent with the pcp
- Drop in ASP as a result of change in pricing strategy in this half as part of the transition to the new hardware
- Units increased to 556, +2% from the pcp with segment profit of $1.4m
- New hardware launch, A-Star, is expected to drive sales growth in H2

A$m	H1 FY20	H1 FY19	Change %
Revenue	19.5	19.7	(1%)
Gross Profit	7.1	7.9	(10%)
Segment EBITDA	3.4	3.4	0%
Segment Profit	**1.4**	**2.0**	**(30%)**
Segment Profit (%)	7%	10%	(3%)
Unit Volume (no.)	556	545	2%
ASP (ex rebuilds) ($A'000's)	19.4	22.8	(15%)
Service Revenue	**3.5**	**4.4**	**(20%)**

Rest Of World

- Disappointing results, revenue -51% with lower contribution from Europe and Asia
- Units fell sharply to 73 from 409 (includes 300 kits to Novomatic)
- Online revenue contributed $2.5m of total revenue, -10% decrease from the pcp.
- Leveraging our strategic partnership with Novomatic to drive additional revenues in new markets within the region

A$m	H1 FY20	H1 FY19	Change %
Revenue	4.3	8.8	(51%)
Gross Profit	2.8	5.8	(52%)
Segment EBITDA	2.4	5.2	(54%)
Segment Profit	**2.2**	**5.0**	**(56%)**
Segment Profit (%)	51%	57%	(6%)
Unit Volume (no.)*	73	409	(82%)

*Unit volume include kits sold to Europe (Novomatic).

GAMING PRODUCTS

Key Highlights

- AGT is well underway in transitioning to a new hardware and game technology suite – FY21 benefits
- Delivered a diverse range of new game brands from the portfolio to key markets
- North American expansion of the Quick Spin TM portfolio into link and persistence state game segments, with launch of Turbo Charged 7's and Super Lit Vegas with strong solid performance
- New approvals and roll out of Lucky Break TM brand
- Further approvals of Loaded with Loot TM and Electric Cash TM games series

New market leading hardware

- Executing on our global game strategy with:
- Global launch of new AStar TM cabinet range
  - Incorporates the company's experience and extensive knowledge of the industry, into a new product for its customers with best-in-class reliability
  - Meticulously crafted cabinet, sleek modular design, spectacular new curved and dual-screen formats

Game Pipeline

- Release a broad range of new innovative Class III proprietary brands across the AStar ™ cabinets including:
  - Rise Up / Money Up
  - Ultimate Upgrade
  - Fiesta Grande
  - Pan Chang
  - Cash Quest
  - Ca$h Stacks
  - Path to Wealth
  - Vault of Riches
- Expansion of the Class II game portfolio to support growing demand
- Well advanced FY21 game roadmap in development

ONLINE

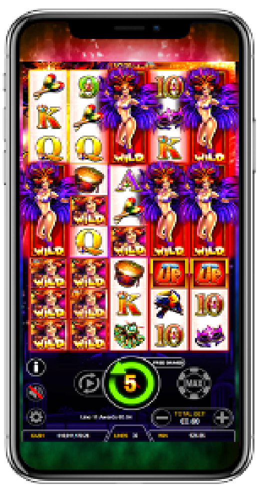

MUSTANG MONEY
RGS
KANGA CASH
KING OF THE JUNGLE
SUPER CHARGED 7s
QUICK SPIN
WILD Nights
CRAZY FEATURE
DOLPHINS
SLOTS
Desktop
Tablet
móvil
CSS
HTML

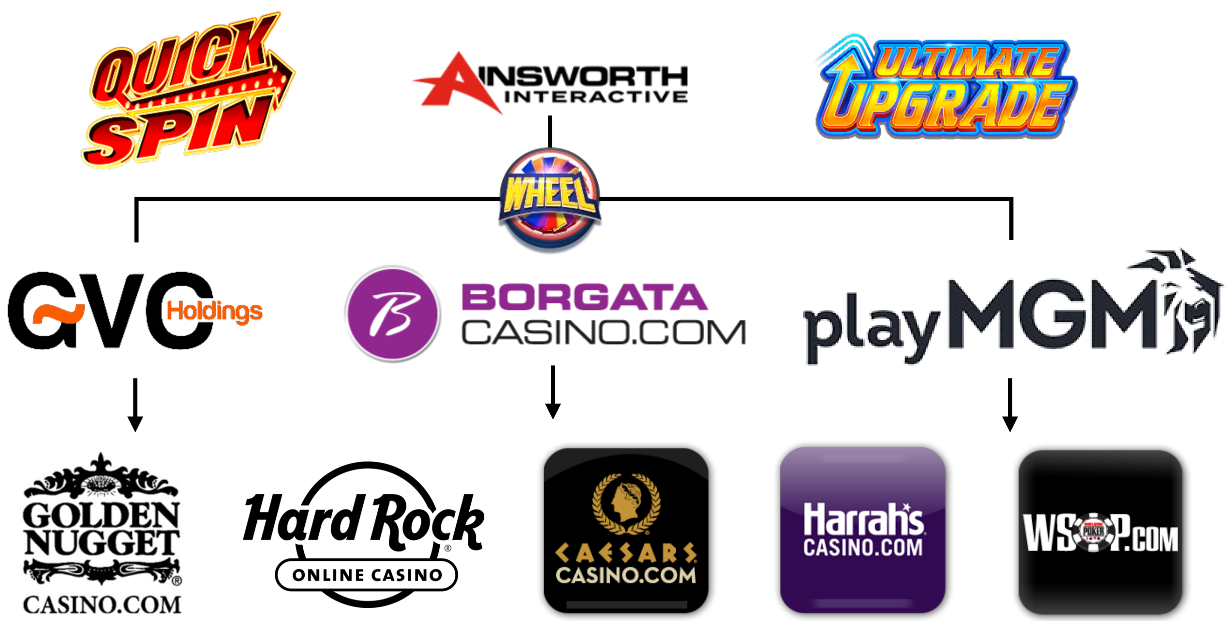
Interactive: B2B Online - USA

Ainsworth continues to expand our content distribution in the US, New Jersey online market via our Remote Gaming Server (RGS). We look to incorporate and launch the latest US land-based game titles online for the first time.

Our exclusive agreement in New Jersey with the sports betting and gaming group, GVC is expected to go live in Q3 in Borgata casino and Play MGM, subject to regulatory approvals.

The New Jersey online segment will establish a new RGS revenue business model in the US and we look to expand into Pennsylvania and Michigan with relevant corporate partners.





Interactive: B2C Online Casino - Mexico

- Mustang Money online casino continues to grow each month. In our tenth month of operation, we have a cumulative player database of 115,000 registered players
- Deposits continue to grow as well reaching 10x the amount of deposits in earlier months
- Competition remains strong with new operators entering the market. However, we continue to position ourselves with brand related social media and marketing campaigns for new users
- We also target new users using our sports related apps to support and grow the Mustang Money sportsbook vertical
- We continue to fine tune our processes to improve the player experience and to gain efficiencies wherever possible while investing in marketing initiatives that yield increased player acquisition and retention
- We are also distributing Ainsworth content to other online platforms in LATAM via our Mustang Money RGS starting Q3, 2020

AINSWORTH INTERACTIVE

MUSTANG MONEY casino

MUSTANG MONEY SPORTS

MUSTANG MONEY RGS

Outlook

Strengthening AGT for improved results – transition well underway

- Highly regarded and established recognition across all global markets

- Significant scale, footprint and excellent market reputation

- Rationalisation of cost structures for greater efficiencies across the Group

- Key strategic priorities as previously outlined – making good progress
  - Refocused R&D
    - ✓ exciting, reworked, market-specific suite of new and legacy games already in production
    - ✓ new agreements with external game design experts to develop quality titles faster
  - Game development roadmap – revitalized and refocused team are reworking math models and game features with new suite of titles mapped for the next 15 months
  - Making AGT more profitable and efficient – streamlined management structure in Americas, lower headcount in Australia
  - Driving organic growth; new hardware launched, sharper sales focus – more units sold in AU in H1FY20 than the pcp
  - On-going assessment of M&A strategies and opportunities to drive earnings growth
  - Leverage strategic partnership with Novomatic; share games, utilise joint manufacturing, enter new markets together

- Expected return to profitability in H2FY20 and reaffirm profit for full year FY20

AINSWORTH GAME TECHNOLOGY

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