



Ainsworth Game Technology Ltd

ABN 37 068 516 665

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www.agtslots.com

25 November 2021

ASX Market Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

ELECTRONIC LODGEMENT

2021 Annual General Meeting (AGM) Addresses to Shareholders and Presentation.

We attach a copy of the 2021 AGM Addresses to Shareholders (Chairman and Chief Executive Officer) and Presentation.

For the purposes of ASX Listing Rule 15.5, this document is authorised for lodgment with the ASX by the Board.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Ludski', written over a light grey rectangular background.

Mark Ludski
Company Secretary



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ASX Release

ASX Code: AGI

**AINSWORTH GAME TECHNOLOGY LIMITED
2021 ANNUAL GENERAL MEETING ADDRESSES**

NON-EXECUTIVE CHAIRMAN

(Presented by Mr Danny Gladstone)

Ladies and Gentlemen,

I would like to present the annual review of the 2021 financial year.

2021 has clearly been a challenging year for our customers, communities, and colleagues and I am proud of the support Ainsworth has provided through these difficult times. We have delivered a strong recovery in results in the second half of the financial year and with progress in vaccine roll outs and the gradual reopening of customers' venues across our major markets, we look forward to further improvement in trading conditions in FY22 and beyond.

For FY21, AGT reported a Loss before Tax of \$59.2 million. This loss reflects the impact of the pandemic and government imposed mandatory closures of customers' venues, particularly in the first six months of FY21. The results also included \$42.1 million relating to currency impacts and other one-off non-recurring items, including non-cash impairment charges of \$41.7 million.

Excluding currency translation impacts and one-off items noted above, the Loss before Tax for the year was \$17.1 million. This compares to a loss of \$34.0 million in FY20 on a similar basis.

The results for the second half of FY21 showed a significant improvement on the first half results. Our performance has followed the progress of vaccination programs and increased customer activity. Compared to the \$56.6 million Loss before Tax reported for Half 1 of FY21, AGT delivered improved performance for the second half of the financial year with a loss of \$2.6 million.

While macro conditions have been volatile, our long-term strategies have remained consistent. Our goals are to expand our international footprint, invest in technology to enhance the product suite, and build our participation fleet to improve the quality of earnings. These are the foundations for our future success.



International markets contributed \$120.5 million in revenue for FY21, representing 76% of the group's total revenue. This delivered an improved performance overall with the second half representing \$67.6 million, up 28% on the first half. Recurring revenues continue to grow, accounting for 28% of total revenues compared to 26% in the Prior Corresponding Period (PCP). AGT's units under gaming operation increased by 9% to 7,052, generating annuity style recurring revenues.

Operating costs were well controlled in FY21 with a decrease of 20% on the \$122.7 million in the prior year. Current economic challenges resulted in the instigation of effective management and control of operational expenses, including agreed rental concessions, voluntary employee salary reductions and receipt of available government subsidies.

Despite these significant operational challenges, we remained focused on innovation and developing superior products for our customers. The effectiveness of our R&D investment will continue to be a primary objective with the efficient production of innovative, high performing products being the key to our future success.

The recent appointment of David Bollesen as Chief Product Officer will ensure our commitment to innovation and excellence. David has significant experience within the gaming industry and will be responsible for building on the existing game studios to drive increased game performance and market share in all regions.

AGT's leading Historical Horse Racing (HHR) products and system, continued to perform well in the year. AGT is pursuing new revenue opportunities in current established markets and new jurisdictions where legislation has recently been passed, including New Hampshire, Wyoming, and Louisiana.

The previously launched A-Star cabinet is another example of Ainsworth at its best. We successfully exhibited the A-Star at the National Indian Gaming Association trade show in July 2021, the first to take place since the declaration of the pandemic. The positive customer responses and interest bode well for future growth.

In line with the strategic priority to protect AGT during this challenging period, the Company's balance sheet and liquidity have been strengthened. At 30 June 2021, AGT had a cash balance of \$42.4 million and since then, the cash balance has further increased. As a result of the exclusive distribution agreement for Real Money Gaming within the USA, AGT received the initial US\$5 million contribution from GAN Limited in July 2021.

Given the focus on liquidity and ensuring AGT is well placed during challenging market conditions, the dividend program remains suspended.

While the FY21 results were significantly affected by the pandemic, the proactive measures we have implemented to strengthen AGT and position the Company for further recovery, should lead to improved performance as customer activity continues to increase. As you will have heard me say before, we have a professional workforce, an excellent industry reputation and a well-established footprint across our markets.

We also have a new CEO to lead our growth and recovery. Harald Neumann commenced as CEO on 1st October 2021. As the former successful CEO of Novomatic AG, our major shareholder, and a director of AGT, he brings a wealth of knowledge and experience to the role with a thorough understanding of AGT. I welcome him to his first AGM in his new role.

On behalf of the Board, I would like to acknowledge Lawrence Levy for his contribution, prior to his resignation as CEO in September for personal reasons.



I would like to close by thanking my fellow directors, our highly capable executive team in Australia and the Americas, as well as our dedicated and loyal employees, my fellow shareholders and of course, our customers.

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

CHIEF EXECUTIVE OFFICER (CEO)

(Presented by Mr Harald Neumann)

Thank you, Danny.

Dear shareholders,

I am pleased to provide my first report as your new CEO. It is a privilege to be appointed to this executive leadership position at Ainsworth at such an important and challenging time in the company's development.

As many of you will know, I started in my new role on the 1st October this year. I have been a director of your Company since 2017 and this will be my fifth Annual General Meeting of shareholders. It is a pleasure to present to you today and I add my welcome to all shareholders and guests.

Given my experience in the industry and directorship at Ainsworth, I have been able to build a strong knowledge of the business and a good understanding of our strengths and opportunities. Our key strengths include our trusted brand, our highly capable staff, the company's enduring commitment to developing superior game technologies and our customer relationships across our major markets, particularly in the Americas.

It is the potential to leverage these strengths into large market opportunities to deliver sustained growth and improved returns for shareholders that appeals to me about the role and excites me about Ainsworth.

I have recently visited a number of our operations to review our capabilities and opportunities. I have also had the benefit of talking with customers and many of my colleagues including management, sales and marketing teams and product developers. It is very clear to me that we have the ability, as pandemic restrictions are removed, to deliver on our potential to be a larger and more profitable company in our major markets.

The improved results we delivered in the second half of FY21 highlight this recovery potential. Revenue in Half 2 increased by 21% compared to the first half. Loss after tax for Half 2, including \$12.5 million of non-cash impairments, was \$3.3 million compared to a loss of \$50.1 million in the first six months.

Underlying EBITDA, a more reflective measure of operational performance, vastly improved in Half 2 of FY21, and increased year on year. AGT reported underlying EBITDA of \$15.5 million for FY21 compared to \$5.8 million in the Prior Corresponding Period. Underlying EBITDA for Half 2 of FY21 was \$14.4 million compared to \$1.1 million in the first half. While these results don't reflect Ainsworth's real earnings potential, they are much better results than we reported for the first half.

The North America region was once again the highlight of the results. The region reported revenue of \$88.5 million, up 23%. Customer activity has recovered strongly as many markets reopened once vaccination programs advanced.



Assets on participation were up 17% to 2,712. Participation and lease revenue increased by 66% year on year, and now contribute a greater share of overall regional revenue at 44% (32% in FY20).

Following the close of the financial year, AGT completed a cash sale to Kentucky Downs of 400 machines previously under participation. The sale represents a mixture of hardware configurations including a portion of the newly released A-Star curve cabinets. The agreement provides for AGT to receive connection fees in FY22 and beyond. This sale gives us a good start to the new financial year.

Australia delivered a good result in FY21, with solid growth over the PCP. The new A-Star curve cabinet and suite of innovative games were launched in the year. Revenue grew by 38% and EBITDA by 15% to \$5.4 million (PCP: \$4.7 million). Revenue increased in all states except Victoria.

While the latest lockdowns in some states of Australia created uncertainty, customers are now looking to progressively invest in their gaming floors to ensure they are competitively placed and appropriately resourced. I am pleased to report venues are now reopening and activity levels are slowly recovering.

Latin America was heavily impacted by the pandemic with high transmission rates, Government mandated closures and access restrictions to customer venues in Mexico, Argentina, and Peru. These restrictions affected performance. Revenues for the region were \$18.3 million, a reduction of 56%.

Results in Half 2 of FY21 saw some recovery with revenues of \$13.5 million compared to \$4.8 million reported in Half 1. Of the 625 machines AGT sold in the region last year, 82% were in the second half. As these markets increase vaccination rates, it is expected that Government restrictions will be eased within FY22 and further revenue opportunities can be expected as previously deferred purchasing decisions are progressed across the region.

Online revenue grew by 28% to \$5.9 million in the year following the launch of Real Money Gaming in New Jersey in April 2020 and progressively going live with AGT content with seven (7) major operators. The success of this business led to the US exclusivity agreement AGT executed with GAN Limited, ensuring continued growth for FY22 and beyond.

The gross margin in FY21 was 56%, an increase on the 52% reported in the first half, however an overall reduction on the 61% in the PCP. The reduced margin was primarily due to further write down of older style cabinets, higher production overhead costs resulting from lower production units and sales forecasts in most jurisdictions.

Despite all the challenges of the pandemic across our regions, AGT today is well placed for further recovery and long-term growth. We proactively took the opportunities the pandemic presented to enhance product development, streamline our cost base, expand our market presence and strengthen our balance sheet. These initiatives have improved our financial results. We are conducting a broad review of our operations and investments to ensure we are maximising our assets and opportunities so that we are well positioned for the future.

We have an optimistic outlook. Our North American business is performing well. Markets have effectively reopened over there, with social distancing. We are pursuing new growth opportunities for our market leading Historical Horse Racing (HHR) products in new jurisdictions following the passing of new legislation. We are excited by the opportunities to extend MTD, which we acquired in FY20 across our jurisdictions to drive new sales and we can promote the A-Star cabinet, which is still relatively new in the US given so many trade shows and exhibitions were cancelled last year. Our Australian business is also making progress after the recent lockdowns.



The commitment to employing the best talents available to drive effective and efficient product development is critical to our success. To enhance our efforts in this area and as Danny outlined, we welcome David Bollesen as our new Chief Product Officer. David commenced on 7 October this year and has a wealth of industry knowledge having held senior positions in a career spanning over 25 years. Most recently David held the position as Vice President of Game Studios of a major international gaming company within Australia as well as several key roles within the USA. We look forward to David's involvement at Ainsworth and positive contributions across development strategies in coming periods.

Our strong financial model supports our growth ambitions. 28% of group revenues recur and 76% of our sales are from offshore markets. In FY21 we refinanced a \$50 million flexible loan facility and closed the year with a cash balance of \$42.4 million.

Since 30th June, our financial position has strengthened further as Danny explained. We received the USD \$5 million initial payment from GAN. Churchill Downs paid us USD9.4 million for the sale of 400 participation machines in July and we have been able to repay US\$18 million of borrowings.

AGT is purposefully a different company to the one we were before the pandemic. We have deliberately taken advantage of the opportunities available to us over the last year to become more streamlined, more efficient and more competitive. We are well positioned for recovery and growth.

I am pleased to report AGT's momentum in the second half of the last financial year has continued into FY22. Revenue for the first half of FY22, is expected to be ahead both the prior corresponding period and the previous six months. AGT expects to deliver a profit before tax, excluding currency impacts and one-off items, for the first half of FY22 of around A\$10m.

While domestic markets have been adversely impacted by extended lockdowns, our North American and Latin American operations are delivering growth and improved earnings. AGT's online activities are also contributing positively following the exclusive distribution partnership announced with GAN Limited.

I wish to express my appreciation to Danny Gladstone as the Chairman for his ongoing contribution to the Company. Danny has tremendous industry knowledge and proven expertise and I look forward to working closely with him.

I would also like to thank the other directors on the Board, Mark Ludski our CFO, the executive teams from North America, Latin America and Australia and our talented employees, supportive shareholders and, importantly, our customers for their trust and continued support.

Ends

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Investor Enquires

Ainsworth Game Technology Ltd

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2021 ANNUAL GENERAL MEETING



AINSWORTH GAME TECHNOLOGY LIMITED

25 November 2021

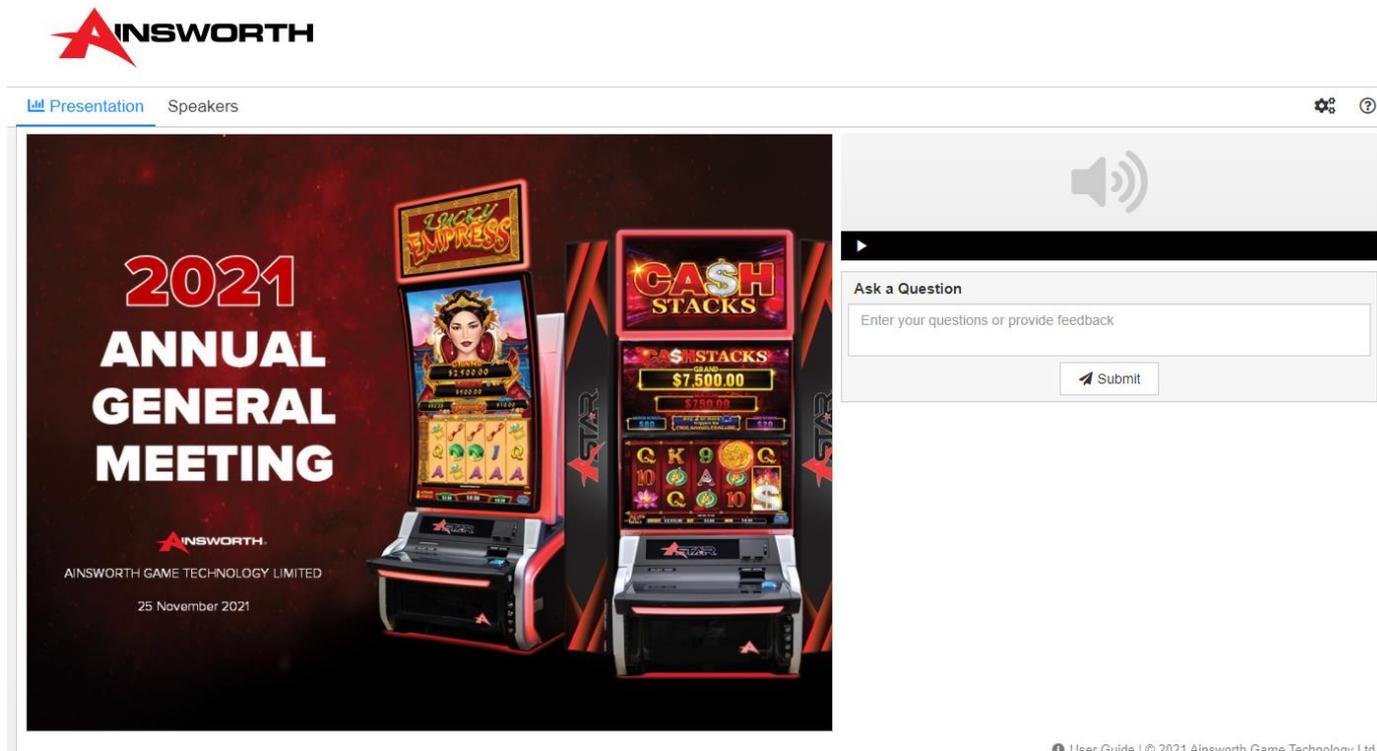


Questions and comments by shareholders at the AGM

❑ In accordance with the Corporations Act, shareholders will be given a reasonable opportunity at the Meeting to ask questions or make comments. Shareholders will similarly be provided a reasonable opportunity to ask questions of the Company’s external auditor, KPMG.

❑ During the meeting, you may ask questions or make comments through the webcast or the telephone conference call.

1. To ask a question via webcast – located on the right-hand side of the webcast screen as shown below.



Questions and comments by shareholders at the AGM (continued)

2. To ask a question via telephone conference call :

- Dial the designated phone number and advise you wish to join the “Ainsworth AGM”.
- Provide operator with your name and shareholder number.
- Once joined to conference, press *1 on your phone to register your question.
- You will be announced into conference to ask your question at the designated time.

Voting process during the AGM

❑ Voting using the Lumi Platform during the Meeting:

- Step 1: Visit <https://web.lumiagm.com/392853039>
- Step 2: Enter username (SRN or HIN) and password (postcode or country code).
- Step 3: When the poll is open, the vote icon will be accessible by selecting the voting icon at the top of the screen – see below.

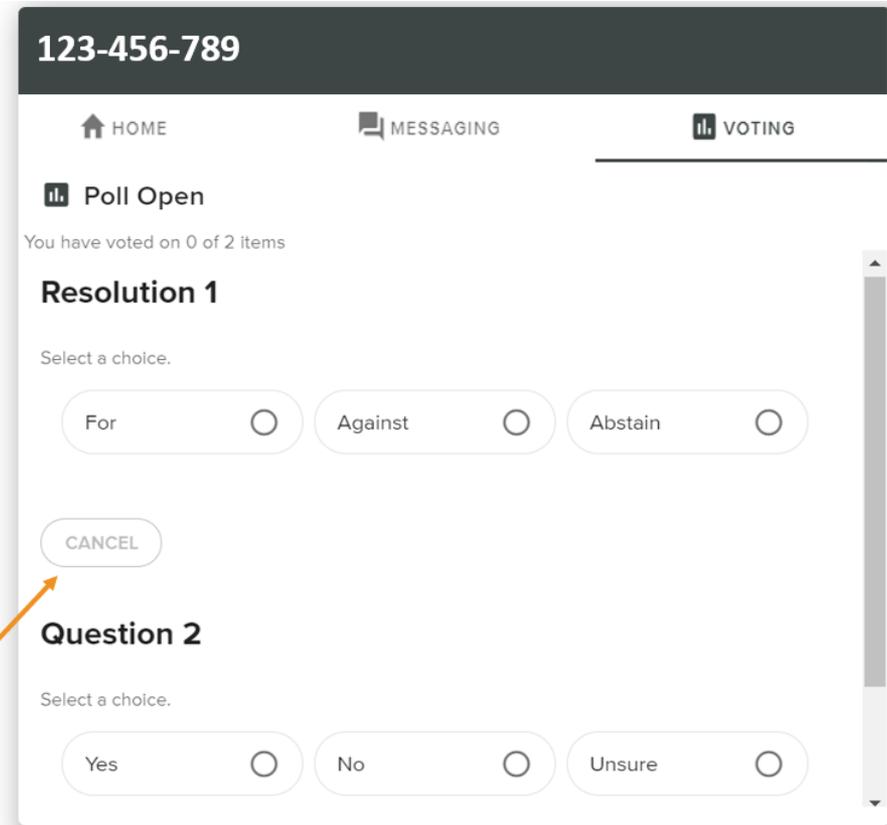
When open, the vote will be accessible by selecting the voting tab at the top of the screen



To vote simply select the direction in which you would like to cast your vote. The selected option will change colour

For Against Abstain

There is no submit or send button, your selection is automatically recorded. You can change your mind or cancel your vote any time before the poll is closed



123-456-789

HOME MESSAGING VOTING

Poll Open

You have voted on 0 of 2 items

Resolution 1

Select a choice.

For Against Abstain

CANCEL

Question 2

Select a choice.

Yes No Unsure

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
Non-Executive Director*

*Member of the Audit and
Risk Committee*

*Appointed Non-Executive
Director 1 July 2019*

*Chairperson since
26 November 2019*



Harald Neumann

*Chief Executive Officer and
Executive Director*

*Former Chief Executive Officer of
Novomatic AG*

Appointed 21 February 2017

*Chief Executive Officer since
1 October 2021 (Subject to
regulatory approval)*



Graeme Campbell

OAM

*Lead Independent
Non-Executive Director*

*Chairperson of the Audit and
Risk Committee*

*Member of the Remuneration
and Nomination Committee*

Appointed 18 September 2007



Colin Henson

Dip-Law BAB, FCPA, FCC (CS, CCG) 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





Chairperson's Address

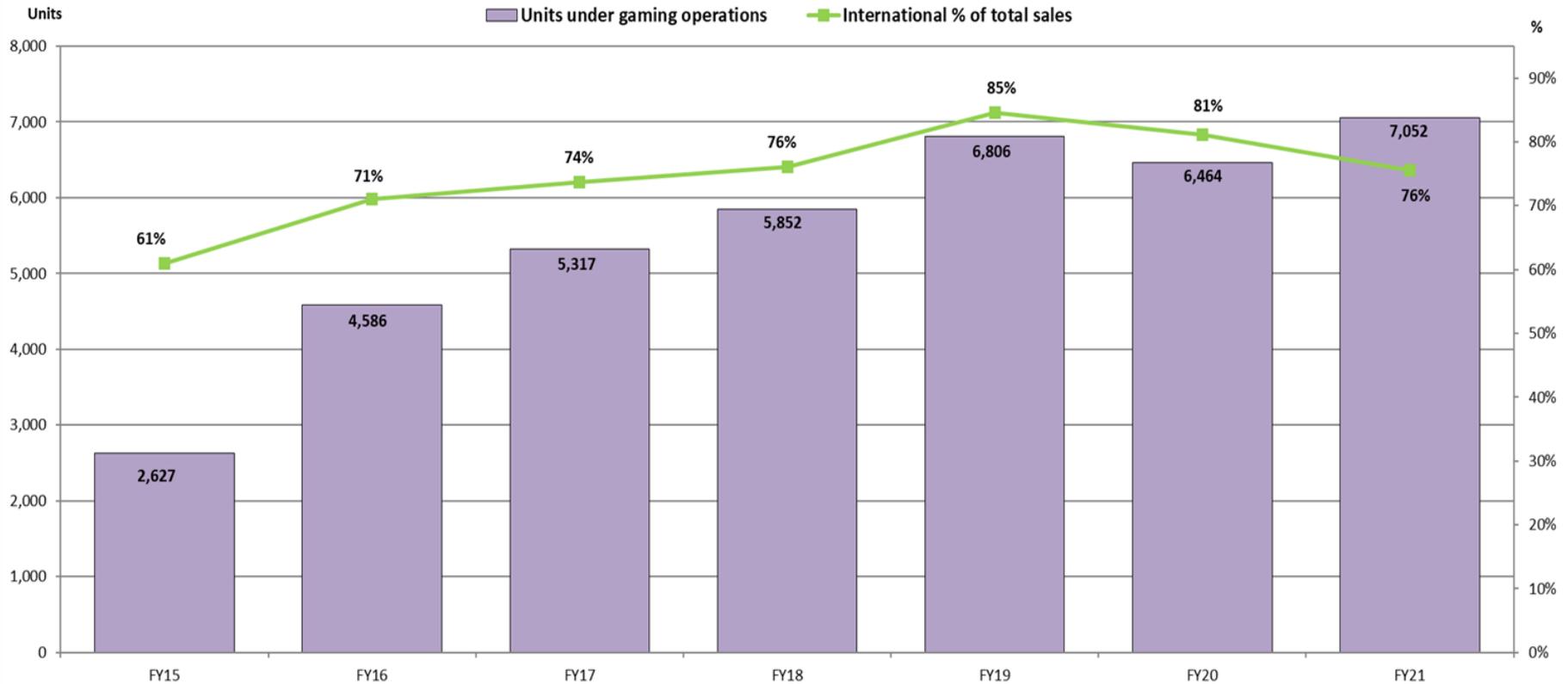
Presentation by Danny Gladstone

Results Summary

A\$m	6 months to 30 Dec 2020	6 months to 30 Jun 2021	12 months to 30 Jun 2021	12 months to 30 Jun 2020
Revenue	72.1	87.4	159.5	149.4
Adjusted EBITDA	1.1	14.4	15.5	5.8
Impairment losses (before tax)	29.2	12.5	41.7	16.1
Loss before tax excluding currency and one-off costs	(18.7)	1.6	(17.1)	(34.0)
Reported Loss after tax	(50.1)	(3.3)	(53.4)	(43.4)

- The effects of COVID-19 impacted FY21 financials which included one-off non-cash impairment charges of the Latin America and Australia and other CGU's and receivables.
- Net cash of \$5.1m with closing cash balance of \$42.4m, an improvement on the net debt position of \$17.5m at pcip.
- North America segment contributed 55% of total revenue. HHR products continue to perform.
- Debt refinancing – The Group, through its US subsidiary, AGT Inc, refinanced its A\$50.0m loan facility with a US-based bank, Western Alliance Bancorporation (“WAB”) on 18 February 2021. This new facility is for US\$35.0m, with an option, subject to WAB conditions to increase to US\$50.0m and has a term of 5 years. This refinancing provides greater certainty and cash flow flexibility to the Group.
- Dividend continues to be suspended to ensure strong liquidity is maintained while markets progressively recover from the effects of COVID-19.

Gaming Operations and International Sales Contribution



Operating Costs

A\$m	12 months to 30 Jun 2021 constant currency basis	12 months to 30 Jun 2021	12 months to 30 Jun 2020	Change (%)
COGS	74.0	70.0	59.0	(19%)
Sales, service and marketing ('SSM')	50.2	46.2	59.3	22%
R&D	34.8	33.4	41.2	19%
Administration	19.9	18.8	22.2	15%
Total Operating costs	178.9	168.4	181.7	7%

COGS

- Increase in costs associated with further write down of older style cabinets, higher production overhead costs resulting from lower production units.
- Favourable translation impact \$4.0m.

SSM Costs

- Decrease in costs associated with reduced depreciation expenses on impaired assets, and cost optimisation initiatives e.g. reduced working hours, and trade shows expenses.
- Favourable translation impact \$4.0m.

R&D Costs

- Decrease in personnel costs as a result of JobKeeper subsidies and reduced working hours due to the COVID-19 pandemic as well as a decrease in evaluation and testing expenses.
- Favourable translation impact \$1.4m.

Administration Costs

- Decrease in personnel costs as a result of JobKeeper subsidies and reduction in salaries and working hours.
- Favourable translation impact \$1.1m.

LAND BASED GAMING PRODUCTS



Key Market Highlights

Americas

- HHR Growth - More than 1,000 units placed in Kentucky, Virginia and Alabama.
- MTD Acquisition led to 150 additional Gambler's Gold™ units placed in the US in South Dakota; Class III product live in California.
- A-STAR™ Curve has more than 20 titles available in the portfolio.
- High Denom and new Three-Reel QuickSpin™ games continue to perform strongly on industry scoreboards.
- LATAM markets - strong performance of PAN CHANG™ LINK in both A-STAR™ Dual and Curve Cabinets.



Australasia

- Strong installs of Player's Paradise Grand in major markets of New South Wales and Queensland
- New Zealand installs for Cash Quest™ and Cash Stacks™ new brands.
- Long term performance of Rise of the Dragon™ provided 81% increase in Electric Cash™ installs.



Balance Sheet

A\$m	As at 30 Jun 2021	As at 30 Jun 2020	Debt Ratios	As at 30 Jun 2021	As at 30 Jun 2020
Total assets	393.1	465.5	Debt Ratio (Total Liabilities/Total Assets)	26.76%	23.82%
Net assets	287.9	354.6	Debt to Equity Ratio (Total Liabilities/Total Equity)	36.54%	31.27%
Total debt	37.3	44.0	Cash Flow to Debt ratio - (Cash Flow from Operating Activities/Total Liabilities)	21.14%	15.06%
Net cash / (debt)	5.1	(17.5)			

- Receivables closing balance of \$116.4m (30 June 20: \$113.9m) – slight increase due to higher sales in quarter 4 of FY21.
- Inventory closing balance of \$56.1m (30 June 20: \$91.4m) – reduction of 39% due to realisation of inventory purchased pre-COVID-19 and write-downs of inventories related to older style cabinets.
- Reduction in closing balance of assets primarily due to the write down of property, plant and equipment and leased assets in Australia and Other, and Latin America CGUs driven by risk adjustments to future cash flow projections due to the uncertainties resulting from the pandemic.
- Refinanced US\$30m for US\$35.0m with WAB on 18 February 2021 with an option to increase to US\$50.0m subject to various conditions with term of 5 years. US\$28.0m from this new facility was drawn down to retire all previous domestic debt obligations.

Cash Flow Statement

- Strong cash flows, along with effective management of operational expenses, resulted in an increase of 60% cash held at the reporting date of \$42.4m compared to the pcp.
- The cash balance excludes any contribution from the previously announced exclusive agreement with GAN Limited, where an initial US\$5.0m was received in early July 2021.
- Proceeds and repayments of borrowings reflect the change of the refinance of the ANZ facility with WAB. US\$2.0m was repaid when the refinance took place, resulting in US\$28.0m loan drawn down from the US\$35.0m facility.

A\$m	As at 30 Jun 2021	As at 30 Jun 2020	Change
Net cash from operating activities	22.2	16.7	5.5
Proceeds from sale of property, plant and equipment	5.5	0.1	5.4
Interest received	-	0.1	(0.1)
Acquisitions of property, plant and equipment	(2.2)	(6.4)	4.2
Payment for business acquisition	-	(27.9)	27.9
Development expenditure	(2.3)	(4.4)	2.1
Net cash from / (used) in investing activities	1.0	(38.5)	39.5
Borrowing costs paid	(2.2)	(2.0)	(0.2)
Proceeds from borrowings	36.6	16.2	20.4
Repayment of borrowings	(39.2)	(27.3)	(11.9)
Proceeds from finance lease	1.1	-	1.1
Payment of lease liabilities	(1.8)	(1.5)	(0.3)
Net cash used in financing activities	(5.5)	(14.6)	9.1
Net increase / (decrease) in cash and cash equivalents	17.7	(36.4)	54.1
Cash and cash equivalents at 1 July	26.5	61.7	(35.2)
Effect of exchange rate fluctuations on cash held	(1.8)	1.2	(3.0)
Cash and cash equivalents at 30 June	42.4	26.5	15.9



Chief Executive Officer's Address

Presentation by Harald Neumann

Reconciliation: Loss Before Tax to EBITDA & Underlying EBITDA

A\$m	6 months to 30 Dec 2020	6 months to 30 Jun 2021	12 months to 30 Jun 2021	12 months to 30 Jun 2020	Change %
Reconciliation:					
Loss Before Tax	(56.6)	(2.6)	(59.2)	(48.8)	(21%)
Net expense / (income)	0.7	0.6	1.3	(0.2)	(750%)
Depreciation and amortisation	19.1	12.2	31.3	40.0	22%
Reported EBITDA	(36.8)	10.2	(26.6)	(9.0)	(196%)
Foreign currency losses / (gains)	13.4	(1.9)	11.5	(1.2)	(1,058%)
Impairment losses (LATAM CGU)	23.2	1.5	24.7	12.0	(106%)
Impairment losses (Australia and Other CGU)	-	8.0	8.0	-	-
Impairment losses (616 Digital LLC)	-	-	-	0.7	-
Impairment losses (Receivables)	6.0	3.0	9.0	3.4	(165%)
Legal costs and settlement claims	-	-	-	2.7	-
JobKeeper subsidies	(4.2)	-	(4.2)	(2.8)	50%
Gain on LV parcel of land sale	-	(3.3)	(3.3)	-	-
Redundancy costs	-	-	-	1.2	-
US payroll tax refund	-	-	-	(0.5)	-
US employment retention tax credit (ERTC)	-	(3.1)	(3.1)	-	-
Rent concessions	(0.5)	-	(0.5)	(0.5)	-
Bad debt recoveries	-	-	-	(0.2)	-
Underlying EBITDA	1.1	14.4	15.5	5.8	167%

⁽¹⁾ In FY21, the Group recognised impairment losses of \$9.0m (FY20: \$3.4m) predominantly relating to the recognition of expected credit losses in trade receivables. The increase in impairment losses of trade receivables was a result of increase credit risk due to the re-evaluation of adverse effects of COVID-19 in certain regions where the Group's trade receivables operate, especially in Latin America. Operators in this region were severely impacted by the subsequent waves of COVID-19.

⁽²⁾ In addition, impairment losses related to property, plant and equipment and leased assets of \$32.7m was recognised in FY21 (FY20: \$12.7m). This was based on an impairment analysis of the Group's CGUs at 30 June 2021. It was considered to be prudent to further risk adjust the forecast cashflows for the Australian and Other, and Latin America CGUs due to the detrimental impact that the Delta variant of COVID-19 is having on society and the consequential restrictions governments are imposing on our customers.

Segment Result Summary – North America

North America		H1FY21	H2FY21	FY21	FY20	Change (%)
Revenue	A\$m	41.0	47.5	88.5	72.1	23%
Segment EBITDA	A\$m	18.6	32.2	50.8	36.8	38%
Segment profit	A\$m	12.3	26.8	39.1	25.3	55%
Sales volume	units	876	827	1,703	1,430	19%
Game Operations – Installed Base	units	2,722	2,712	2,712	2,327	17%

- Increased profit margin by 9% as market recovers from pandemic and delivered an improved revenue and effective cost control management in place.
- Improved participation & lease revenue of \$38.6m, increase of 66% on \$23.3m revenue in pcp, and contributing 44% of the current period's segment revenue. \$22.4m of H2 FY21 revenue increased 38% from \$16.2m in H1 FY21.
- Increase of 42% in average yield on units under Gaming Operation during the period.
- Additional opportunities are being pursued for AGT's leading Historical Horse Racing (HHR) products in current established markets and new jurisdictions:
 - ✓ Legislation for HHR products has recently been passed for New Hampshire, and Louisiana.
 - ✓ AGT's HHR system was approved in Wyoming.
 - ✓ A cash sale to Kentucky Down of 400 HHR units completed in July 2021. The sale represents a mixture of hardware configurations including a portion of the newly released A-STAR™ Curve cabinets.
 - ✓ The agreement provides for AGT to receive connection fees in FY22 and beyond.

Segment Result Summary – Australia

Australia		H1FY21	H2FY21	FY21	FY20	Change (%)
Revenue	A\$m	19.2	19.8	39.0	28.3	38%
Segment EBITDA	A\$m	3.3	2.1	5.4	4.7	15%
Segment profit	A\$m	1.6	0.8	2.4	0.4	500%
Sales volume	units	568	597	1,165	713	63%

- Improved performance from new hardware and recently released game titles resulted in increased revenue compared to the pcp.
 - ✓ \$19.8m revenue in H2 FY21 increased 3% compared to H1 FY21 revenue of \$19.2m, and increased 125% compared to \$8.8m in H2 FY20.
 - ✓ H2 FY21 decreased to \$2.1m EBITDA compared to \$3.3m EBITDA in the prior half.
- 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, resulting in write-down of assets of \$8.0m.
- The \$8.0m one-off non-cash impairment charges in this segment's CGU recognised during the year is not included in the segment result. This impairment is included in 'other expenses' in the consolidated statement of profit or loss and other comprehensive income or loss.
- Maintained high ASP despite challenging market conditions.

Segment Result Summary – Latin America

Latin America		H1FY21	H2FY21	FY21	FY20	Change (%)
Revenue	A\$m	4.8	13.5	18.3	42.0	(56%)
Segment EBITDA	A\$m	(5.4)	1.1	(4.3)	23.8	(118%)
Segment profit	A\$m	(10.2)	1.6	(8.6)	2.3	(474%)
Sales volume	units	111	514	625	1,404	(55%)
Game Operations – Installed Base	units	4,279	4,340	4,340	4,137	5%

- Revenue reduction of 56% compared to pcp due to severe impacts of high COVID-19 transmission rates resulting in further government mandated closures and access restrictions to customers' venues in Mexico, Argentina and Peru during the period.
- Results in H2 FY21 saw some recovery with revenues of \$13.5 million compared to \$4.8 million reported in H1 FY21.
- Of the 625 machines AGT sold in the year, 514 were in H2 FY21 of which 59% were reconditioned units. As these markets increase vaccination rates, it is expected that Government restrictions will be further eased within FY22 and further revenue opportunities can be expected as previously deferred purchasing decisions are progressed across the region.
- Recorded \$24.7m one-off non-cash impairment charges of the segment's CGUs during the year, not included in the segment result. This impairment is included in 'other expenses' in the consolidated statement of profit or loss and other comprehensive income or loss.
- Reduced operating costs as a result of the pandemic.
- At 30 June 2021, 2,713 units from Game Operations were operating.

Segment Result Summary – Rest of the World (ROW)

ROW		H1FY21	H2FY21	FY21	FY20	Change (%)
Revenue	A\$m	7.1	6.6	13.7	7.0	96%
Segment EBITDA	A\$m	3.5	3.6	7.1	3.2	122%
Segment profit	A\$m	3.2	3.4	6.6	2.8	136%
Sales volume	units	165	159	324	87	272%

- Increased revenue, EBITDA, and gross profit compared to pcp due to higher units sale of A-STAR™ and refurbished machines.
- Continuous challenging times within the Asian region due to COVID-19 and border closures.
- Increased unit sale volume primarily in Europe and New Zealand via our well-established distributor network.
- Online revenue \$5.9m contributed 43% of the segment's revenue, an increase of 28% from the pcp of \$4.6m. This increase is primarily from the launch of Real Money Gaming in New Jersey in April 2020 and progressively going live with AGT content with seven major operators.

Profit & Loss summary

- Increased revenue due to recovery in North America and Australia and Rest of the World.
- Increased domestic revenue compared to pcp.
 - ✓ Increased sales in NSW, QLD, NT & SA; and
 - ✓ Improved product performance on new A-STAR™ hardware and suite of innovative games.
- While North America and Rest of the World revenue increased in this period compared to pcp, total international revenue similar to pcp is due to the decline in revenue contribution from Latin America.
- Loss before tax (excluding currency impact) is \$47.7m, compared to loss before tax of \$50.0m in pcp.
- EBITDA of \$(26.6m) includes \$11.5m currency translation losses, \$41.7m one-off non-cash impairment charges predominantly relating to the Australian and Other and Latin America business units and \$7.8m COVID-19 benefits received.
- Maintained international revenue of \$120.5m compared to pcp. International revenue accounted for 76% of group revenues in this period.
- R&D/Revenue at 21% reflects continuation of R&D initiatives.

A\$m	12 months to 30 Jun 2021	12 months to 30 Jun 2020	Change (%)
Domestic revenue	39.0	28.3	38%
International revenue	120.5	121.1	-
Total revenue	159.5	149.4	7%
Gross profit	89.6	90.4	(1%)
EBITDA	(26.6)	(9.0)	(196%)
EBITDA Margin %	(17%)	(6%)	(11%)
Loss Before Tax	(59.2)	(48.8)	(21%)
Income tax benefit	5.8	5.4	7%
Loss After Tax	(53.4)	(43.4)	(23%)
R&D (% of revenue)	21%	28%	(7%)
EPS (diluted) (A\$)	(0.16)	(0.13)	

OUTLOOK



Outlook / Conclusion

- AGT's momentum in the second half of the last financial year has continued into FY22.
- Revenue for H1FY22, is expected to be ahead both the prior corresponding period and the previous six months. AGT expects to deliver a profit before tax, excluding currency impacts and one-off items, for H1FY22 of around A\$10 million.
- While domestic markets have been adversely impacted by extended lockdowns, our North American and Latin American operations are delivering growth and improved earnings. AGT's online activities are also contributing positively following the exclusive distribution partnership announced with GAN Limited.
- North America performing strongly. Continue to build on the success of our HHR products to provide important additional revenue streams.
- Expansion of MTD products following acquisition to established and new markets.
- Continuing strong cashflows have enabled the Company to further reduce borrowings.
- Well placed for further recovery and long-term growth.
- Commencement of industry experienced Chief Product Officer, David Bollesen, in October 2021 is expected to further assist global development and creation of a greater range of diverse, innovative and attractive games.

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 2021.



Julie Cleary
Partner-in-charge



In attendance is Julie Cleary from KPMG, the Company's auditor who is available to answer any questions on the 2021 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 2021 Annual Financial Report; and
- Independence of the auditor in relation to the conduct of their audit.

Resolution 1

Re-election of Mr. Colin John Henson, as Director



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

“That Mr. Colin John Henson, 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	266,244,336	99.5%
AGAINST	1,298,190	0.5%

Included above are 31,009 proxies which were open and usable and the Chairperson has elected to vote these in favour of the resolution.

Resolution 2

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 2021, be adopted.”

THE PROXIES HELD ON THE ABOVE RESOLUTION ARE AS FOLLOWS:

FOR	266,243,679	99.8%
AGAINST	582,787	0.2%

Included above are 31,009 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