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ELECTRONIC LODGEMENT

FY20 Full Year Results Teleconference Script

We attach a copy of the FY20 Full Year Results Teleconference Script in respect to Ainsworth Game Technology's full year results.

Yours faithfully

This announcement is authorised for release by;
Mark Ludski
Company Secretary

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FY20 Full Year Results Teleconference Script

LAWRENCE LEVY, CEO

Thank you, operator (Miles)

Good morning everyone and thank you for joining me on the Ainsworth FY20 results conference call.

With me is Mark Ludski, our CFO. We will be presenting the results for the full year FY20. I would like to highlight that these results are unaudited at this stage, due to additional procedures required and travel restrictions having delayed the completion of the necessary auditing requirements within the Americas, as has been the Company's past practise. We expect to provide our usual Investor Presentation and the audited Annual Financial Report mid-September as allowed under the Australian Securities and Investment Commission (ASIC) and Australian Securities Exchange (ASX) lodgement concessions.

I appreciate you are busy with results so I will concentrate my remarks on the key points and the regional review. Mark will take you through the financials. At the end of the presentation we would be pleased to answer any questions as usual.

The key messages from me today are;

1. First, we are clearly living and operating in extraordinary times with Covid-19. The majority of customers across AGT's major markets suspended operations from mid-March onwards. As you'd expect, the pandemic severely impacted our results, primarily in quarter 4 which is usually our busiest period.

   Throughout the pandemic, AGT's top priorities have been the health and wellbeing of its employees and the preservation of shareholders' funds. The company is providing flexibility for staff to continue to work safely and remotely in affected regions.

   I advise that all numbers quoted throughout the call are denominated in Australian dollars unless otherwise specified.

Revenues are down 63% in H2 versus the previous corresponding period (PCP). Subject to final audit, we reported a Loss after Tax of $45 million for the twelve months ended 30 June 2020.

Excluding currency and one-off items (including acquisition related expenses and impairment charges) the loss before tax was $35 million for the year. We prudently took a $12m non-cash one off impairment charge to reduce the carrying value of our LATAM assets this year. The net loss also excludes Job Keeper subsidies.

2. Secondly when COVID hit, we moved quickly to protect the company's security. We took proactive measures to streamline our overheads to ensure AGT can endure a protracted downturn. In addition to voluntary salary and other overhead reductions, the Group has reduced employee numbers by eliminating 107 roles at an annualised saving of $10 million. This is expected to carry forward into FY21.

   The Company has also focused on liquidity and balance sheet strength throughout the period. We are securing more flexible financing arrangements with our loan provider ANZ Bank. This facility has now been restructured with covenants being replaced with minimum liquidity and quarterly sales targets. These new conditions are to be in place for the remaining term of the loan, which expires in September 2021. The facility has been reduced to $60m. If we combine this with our $27m of cash as at June 30th we have the necessary liquidity to operate should a protracted downturn eventuate.

3. And finally, with our streamlined overheads and new financing, AGT is now well positioned as customers across our major markets look to recover from the effects of the pandemic. Encouragingly, some customers' facilities have started to reopen. Many venues have indicated that they may initially constrain capital expenditure until more certainty is known. Access restrictions are impacting visitations at some venues, which are below pre pandemic levels. With a reduced cost base and the pre purchase of materials following the launch of the new AStar® hardware immediately prior to the outbreak of COVID19, AGT is well positioned to meet demand as customers progressively resume more typical business levels. Our job is to ensure we fully capitalise as the recovery builds.

I'll now go through the regional review and then hand over to Mark for the financials

Regional Review

Let's move to our trading performance across our major markets starting with North America

The North America region reported revenue of $72 million, compared to $114 million in the previous corresponding period, a decline of 37%. Participation revenue fell by $5 million due to the closure of venues in the fourth quarter. This revenue decline was mainly a result of fewer outright unit sales than we expected following the intended launch of the new AStar® Curve cabinet at the National Indian Gaming Association (NIGA) Trade Show in April 2020. The show was cancelled due to the pandemic. These orders are likely to be deferred into FY21.

We reduced operating costs, primarily headcount, across all divisions to mitigate reduced Class III outright sales and participation revenue.

It is expected that further sales opportunities through outright sales of Class III products will occur as the effects of the pandemic ease. An additional 850 Historical Horse Racing (HHR) units have been contracted for delivery in H1 FY21. These units are a combination of outright sale and units under operation. We also expect continued growth in established HHR operations within Kentucky and other authorized jurisdictions.

Latin America

Regional revenues for Latin America were $42 million compared to $73 million in 2019, a reduction of 42%. This region continues to be severely impacted by closures across the primary markets of Mexico, Argentina and Peru. Reduced participation revenue and the delayed launch of new AStar® hardware have impacted operators across the region. This is expected to continue into H1FY21 with progressive recovery in H2FY21.

We have reviewed the working capital assumptions and revenue projections in our LATAM Cash Generating Unit and have prudently decided to take a one-off (non-cash) impairment of charge of $12 million.

Australia and Rest of World

Within Australia and Rest of World region revenue achieved in FY20 was $35 million (H1 $24 million and H2 $11 million) compared to $48 million in the corresponding period in 2019, a decline of 27%.

Additional revenue opportunities within these regions are expected in FY21 as market conditions progressively recover. Newly released hardware, plus a re-focused and improved game library have been progressed and are expected to be installed across these regions.

On-line / Digital

We made further progress in monetizing our on-line real money and social gaming assets in the period. Revenue included under Rest of World (Europe/Other) was $4.6 million compared to $4.3 million in the PCP. The Group has now gone live with several leading operators in New Jersey to leverage proven and recognised game titles within their database of players. An extension to established agreements with Zynga is expected to at least maintain current royalty levels in FY21.

Discussions with established operators in other US states now authorizing online gaming are underway and are expected to further leverage the Group's participation through its unique offerings within new jurisdictions.

Before I hand over to Mark, I would like to finish with two comments:

First, I am incredibly proud of the way the team at AGT has performed through these extremely challenging times. Their resilience and dedication to our customers has been exceptional. I want to formally thank them all.

Secondly, we are confident our markets will recover. I cannot predict the rate of recovery, but I can say we are doing all we can to make the most of the recovery as it emerges. There are some initial green shoots. We have ensured we are a leaner company and have continued to prudently invest in Research and Development (R&D) to drive long term performance.

On that I will hand over to Mark for the financial summary.

MARK LUDSKI, CFO

Thank you, Lawrence.

Let me first take you through the headline results.

For FY20 we reported:

- Revenues of $149m, a decline of 36% versus the prior financial year;
- Positive EBITDA of $2.8 million;
- The Adjusted net loss before tax was $35m. This excludes the impacts of foreign exchange movements and one-off costs, Job Keeper and costs associated with the acquisition of MTD, which we completed in March 2020;

- Research and Development expenditure was $41.2 million. This was a minor increase of 2% compared to the previous corresponding period in 2019. Normalised for amortisation of development previously capitalised and JobKeeper subsidies, R&D was $32.4 million compared to $34.7 million in 2019, a 7% decrease;
- Included in FY20 are 67 redundancies (23 in Australia and 44 in Americas) at annual cost saving of $6.4m. In addition, 40 roles have been eliminated at a cost reduction of $3.8m per annum;
- Net debt was low at $17.2m; and
- Finally, to ensure the company is well placed to ensure a protracted downturn, the Board has decided to cancel the FY20 final dividend. I'm sure we are not alone in taking this precautionary measure this reporting season.

Cost minimisation measures

To assist with the impact of the pandemic and restrictions established in global markets, various cost rationalisation measures were implemented in Q4 as Lawrence mentioned. These measures included:

- Executive Management voluntarily took 20% reductions in base salary for June quarter. This has now been extended for September quarter;

- The Chairman waived his fees for the June quarter and has agreed to a 20% reduction for the September quarter. Other paid directors have taken a 20% reduction in fees (including sub-committee fees) for the June quarter. This has also been extended for September quarter;

- Rent concessions for the Newington facility were provided. Rent for the June quarter was waived, and a 50% reduction was agreed for 6 months to the end of the year. Other rental concessions were provided for service premises occupied;

- Stand downs were initiated across the Australia Group as well as reduced working days to 3-4 days across operational departments. In the USA, 111 employees and 15 contractors were placed on furlough with a freeze on all new hires; and

- Despite the initial reduced working hours introduced within R&D areas, a gradual re-introduction of normal working hours has occurred to ensure timing of new game approvals are achieved in preparation for when markets recover from COVID-19.

Debt and liquidity

I will now review our liquidity and revised debt facility.

AGT finished H1FY20 with cash balances of $42.3m following the repayment of borrowing during the first half of the year.

In March, we completed the MTD acquisition. This required US$18M of consideration including US $5m to be held subject to re-signing a key contract in Montana or attaining set financial targets.

AGT currently has a US$30m drawn debt facility with ANZ. The ANZ facility has been amended with covenants being replaced to minimum liquidity and quarterly sales targets as Lawrence said. These new conditions are in place for the remaining term of the loan, which expires in September 2021, and will effectively waive the previous covenants in place at 30 June 2020.

The facility has been reduced to $60 million with further reductions of $10m in December 2020 and $10m in each March and April 2021.We also had cash balances at 30 June 2020 of $26.5m.

With the facility and our cash, we have good liquidity and a strong capital base to go forward.

Thank you for your time today I will now hand back to the operator to open the lines for Q&A.

Thank you operator (Miles)

QUESTIONS

I will now hand you back to Lawrence for some closing remarks.

LAWRENCE LEVY, CEO

In conclusion as I said, we are positioning ourselves to withstand the effects of the current global conditions, which have resulted from the pandemic and capitalise on the recovery as it builds. We have a leaner company structure with the opportunity to further consolidate our operations. We continue to enjoy success on our Historical Horse Racing products across those jurisdictions where this product is approved. These HHR products continue to provide additional revenue streams through new openings and installations at established venues with strong performance being achieved.

We continue to progress our development plans with a more targeted and innovative approach to ensure an improvement in overall game performance is achieved. This is expected to ensure a greater market share within all global markets where we operate.

The completion and launch or the AStar® hardware occurred in February with inventory pre purchased based on expected demand. We expect to progressively supply this new hardware to our customers over coming periods.

It has been an extraordinary, disrupted period but there are encouraging signs and strengths to build on.

Thank you for your time and please stay safe

Ends

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