

**Start of Transcript**

Operator: Thank you for standing by, and welcome to the Aristocrat Virtual Roundtable conference call. All participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you need to press the star key, followed by the number one on your telephone keypad. I would now like to hand the conference over to Mr James Coghill, General Manager Investor Relations. Please go ahead.

**James Coghill:** Good morning, everyone, and thanks for joining us for another Virtual Roundtable discussion with Aristocrat's executive management. I would like to begin by acknowledging the Wattamattagal Clan of the Eora People, Traditional Owners of the Land on which we meet here in Sydney today, and I pay my respects to Elders past, present and emerging.

Our CEO and Managing Director, Trevor Croker, is joining us today from Las Vegas and with me here in Sydney is our CFO, Sally Denby and we have some other leaders on the line. The purpose of today's call is to give you an opportunity to hear from us and to ask any questions before we close out the first half of financial '23. You'll have the opportunity to ask some questions directly on the teleconference or you can type questions into the webcast, and we'll pick those up. When we do move to Q&A, I'd like to ask that you limit yourselves to two questions and then re-join the queue. With that, I'll hand over to Trevor for some introductory remarks.

**Trevor Croker:** Thanks, James. Thanks, everybody for joining us on our call this morning and for your continued interest in Aristocrat. I'd like to share some details about our three operating businesses and operating backdrop before opening Q&A. As most on the call are aware, we held our AGM in Sydney in late February 2023 where I was pleased to restate our November guidance that Aristocrat expects to deliver NPATA growth over the full year to 30 September 2023, assuming no material change in economic or industry conditions.

We made no changes to the commentary of the full year 2023 modelling inputs and the medium-term objectives provided at the time of our 2022 results presentation. I also stated during my address that the Group performance in the current financial year has been encouraging and in line with our plans to date. NPATA growth will be skewed to the second half of the year, reflecting more difficult first half comparisons due to Pixel United's stronger first half profitability in 2022.

Turning to our three operating businesses before we move to Q&A.

Aristocrat Gaming has started the year positively, particularly in North America. Most of you will have followed our major land-based competitors' results for the final quarter of calendar year 2022 released earlier this month. A number of our peers reported positive operating conditions reflected in strong outright sales of EGMs. Aristocrat Gaming is also experiencing strong shipments in the quarter, and our major customers' capital commitments remain supportive.

From a macro-economic perspective, we are closely monitoring possible impacts on consumer sentiment from elevated inflation and higher interest rates, and the evolution of supply chains and stress across the banking system. As we anticipated in November last year, we've continued to manage the mix of challenging impacts of supply chain into the current financial year and feel we're well positioned to continue to work closely with our customers and suppliers to deal with these uncertainties.

North American Gaming also continued to benefit from exceptionally strong game performance. Our premium leased games were performing at 3.3 times floor in February and we're pleased to see that Jackpot Carnival Buffalo, which we showcased to many of you at G2E last year, was ranked as the number one new premium leased game in industry reports in February. The Jackpot Carnival game family is now the second ranked family behind Dragon Link.

Core games are also indexing comfortably ahead of competitors. Overall, we continue to index around 1.3 times average across all of our games, highlighting the consistency and clear leadership position in our portfolio.

Turning briefly to our ANZ operations, where conditions have been a bit more subdued ahead of the New South Wales state election. Many of you on the call will be aware that cashless technology in slot machines has attracted some attention as an election issue in recent months. Our Australian-first trial of cashless gaming technology in New South Wales is in partnership with a major customer, the New South Wales government, and the regulator is progressing well and was recently expanded to include around 140 EGMs.

The New South Wales state election is just a couple of days away, so we look forward to working with whoever is in government after the election to progress the trial and continue cooperating in this area. The trial is one key pillar in our efforts to invest in Responsible Gameplay and deliver our vision of being a vibrant, sustainable business operating within robust industries. We look forward to sharing more on this topic as the year unfolds.

Let me now turn to Pixel United, where the performance has been resilient considering the challenges we experienced in the second half of fiscal year 2022. You will all remember that around this time last year, Pixel United was affected by disruptions stemming from the conflict in Ukraine, including the proactive decision to cease operating our mobile games in Russia. This occurred against the backdrop of moderating demand in the overall mobile games marketplace.

While the base effect is impacting year-on-year growth comparisons, the overall mobile games market has continued to consolidate without any further overall deterioration evident at this time. There have been some recent signs of sequential growth month over month, an encouraging, albeit early trend, for the calendar year.

Pixel United continues to focus on areas within its control and has demonstrated disciplined execution in its organic growth strategy. Its performance continues to be underpinned by our market leading position in Slots within Social Casino, world class slot content and LiveOps capabilities. Our Slots portfolio has outperformed the market in recent months, and we feel we are well positioned to continue to gain share in this genre. Pixel United has also retained its number one position in the Squad RPG genre with *RAID: Shadow Legends*. As we indicated in our results in November, the worldwide launch of *Merge Gardens*, which occurred in October '22, was a good example of our disciplined and measured approach to new game releases. Pixel United aims to launch three to five titles over a two-year period, with launch timing highly dynamic and subject to a range of variables in order to maximise chances of success and portfolio profitability.

The business also continues to expand its pipeline of games approved for production. Pixel United is constantly innovating its marketing practices to stay ahead of the evolving mobile gaming market. The well publicised privacy changes have driven up CPIs, and a lack of scaled distributors in the market outside of Apple and Google has led to more concentrated competition. Pixel United continues to respond in a sophisticated manner through scaling our proprietary platform, Plarium Play, and also increasing investment in marketing capabilities.

We've executed on some key initiatives, including the recent partnership with Brazilian footballer, Neymar, and WWE wrestler, Ronda Rousey. Earlier this month, *RAID* celebrated its fourth anniversary, and last week Pixel United announced a new 10 part animated short series based on the game, titled *RAID: Call of the Arbiter*, which will premiere on YouTube in May.

Overall, we are seeing the benefit of having a strong and diversified portfolio across a market where high growth rates delivered in recent years have moderated.

Moving now to Anaxi, our online RMG business. It's been a busy period for Anaxi, and we're pleased with the progress that the business has delivered. We closed our acquisition of Roxor Gaming in February, earlier than originally expected. We're really pleased to welcome Roxor and Anaxi and the broader Aristocrat Group. The team will play an integral role in our ambition to be a leading gaming platform for the regulated online RMG industry.

Roxor Gaming's remote game server and content publishing technology will accelerate Anaxi's strategy to grow in the iGaming market. Roxor is live in the UK and New Jersey markets, and recently went live in Ontario with Bally's via Bally Bet website.

In addition, we recently signed content agreements with BetMGM, Caesars Sportsbook and Casino and Penn Entertainment, delivering on the market entry objectives that we shared with you last year. These collaborative partnerships will allow players to access Aristocrat's extensive and exciting catalogue of world class digital and mobile products on their respective online RMG platforms.

We anticipate a number of other agreements over the year as the Anaxi build out gains momentum.

Anaxi is also launching a first of its kind, mobile on-premise solution for Tribal Gaming operators which allows patrons to connect with and play Aristocrat Class II gaming content via their mobile devices while on Trust land. Anaxi's mobile on-premise solution will shortly be going live with the Chickasaw Nation in Oklahoma.

In short, while it's early days, we're really encouraged and excited about Anaxi's growth prospects.

Before I conclude, a comment on our balance sheet and buy-back program. I wanted to highlight the Board's recent decision to extend the current buy-back program to allow for up to a further \$500 million in shares to be bought back. The buy-back program will continue to be executed on an opportunistic basis, noting we have until May 2024 to complete this upsized program.

Let me emphasise that buy-backs will continue to be an important lever in the future as Aristocrat seeks to maintain appropriate flexibility to invest in strategic acquisitions, fund organic growth initiatives and pursue a mix of returns to shareholders. Sally will be happy to take any further questions on this topic during Q&A.

So, to wrap up, we're pleased to be approaching the first half close of our portfolio scaled world class gaming and Pixel United assets with them continuing to perform well in mixed operating conditions. The performance reflects both our ongoing commitment to innovation, as well as high quality execution of our capable and passionate teams. Anaxi will add further diversification to the Group and another important channel through which we can leverage our leading world-class content over time.

This commitment and dedication from all of our people gives us confidence in how we're positioned, regardless of the economic background we face over the balance of financial year 2023, and with that, we're happy to take some questions.

**Operator:** Thank you. If you wish to ask a question via the phone, please press star, one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star, two. If you are on a speaker phone, please pick up the handset to ask your question. We ask you to limit yourself to two questions. If you have more questions, please re-join the queue. Your first phone question comes from Matt Ryan from Barrenjoey. Please go ahead.

**Matt Ryan: (Barrenjoey, Analyst)** Thank you. Good morning, Trevor, James and Sally. I just had a question following on from your comments a minute ago around marketing costs within Pixel United. I'm just trying to gauge, I guess, what you're seeing in regard to CPIs and the like. I mean, as you'd be aware, one of your competitors is sort of now talking about halting new game releases because it's pretty difficult to scale games in the current environment. Can you just shed any colour on what you're seeing on that, and I guess, what that means for your new game releases as we go into the second half?

**Trevor Croker:** Yes, thanks, Matt. A couple of points there. First of all, since IDFA we have seen challenges as far as CPIs go, and as I mentioned, we've been responding a couple of ways. First of all, is scaling Plarium Play which at the end of financial 22 we announced it was 26% of Plarium's revenues, up from 21%, so continuing to scale that platform. Then investing in some of those incremental marketing activities like I said – Neymar, Ronda Rousey and TV advertising campaigns as well.

Not to mention the series with *RAID*, which is another series, a way to again, look at another alternative way of marketing. Overall, we continue to see benefit from having that diversified portfolio whether it's in casual game, social casino or in strategy. Finding ways to invest behind each of those is unique, but we do believe that we've got existing strong franchises, good IP, and we believe we can continue to gain share over time.

As far as new games go, *Merge Gardens* went live in October last year and we're starting to see some encouraging signs with that. *Paradise Fortune* slots, which is a social casino slot product, is in soft launch at the moment and we've got *Nova Legends*, which is a mid-core game from Plarium which is again soft launch.

Overall, we've still got 10 to 15 games advancing through our pipeline at any one point in time and I think you would understand, Matt, we're a portfolio play and we're using both the capability of our creatives – our IP and expanding capability in marketing to give us some competitive advantage to take share.

**Matt Ryan: (Barrenjoey, Analyst)** Okay, thank you. My second question was just on capital allocation. I assume you would have looked at a lot of, sort of, potential M&A over the last year or so. Just hoping if you could give us any colour on the valuation expectations of some of those targets and whether that's changing at all.

**Trevor Croker:** Yes. Sure, so you're right. We continue to monitor a pipeline of potential M&A opportunities across our portfolio but we're continuing to remain disciplined around the investment and the strategy behind them. We are taking an active approach in looking at those opportunities against the strategies and particularly, opportunities to accelerate the delivery of a scalable technology like we need for RMG and also other capabilities.

We've got a pretty good history, in my opinion, of delivering value accretive acquisitions, that disciplined strategy and a patient approach to it. We are seeing some of the valuations moderating but not at the rate you would expect.

**Matt Ryan: (Barrenjoey, Analyst)** Thank you.

**Trevor Croker:** Thanks, Matt.

**Operator:** Thank you. Once again, if you wish to ask a question via the phone, please press star, one on your telephone and wait for your name to be announced. Your next question comes from Simon Thackray from Jefferies. Please go ahead.

**Simon Thackray: (Jefferies, Analyst)** Thanks. Morning, Trevor. Morning, team. Just going to follow on from Matt's question, actually, on Pixel. I just want to be clear, Trevor, from what you're saying, you sound like you're comfortable – completely comfortable with the strategy across the three genres and that is unchanged. There's no sort of review of or participation across those three genres?

**Trevor Croker:** Yes. Hi, Simon. No, we're comfortable with our portfolio structure at the moment. We've got good positions in Squad RPG and social casino, and we've got

emerging positions in Merge and other casual genres, so we're happy with the portfolio shape. I think one thing that's perhaps different to our competitors is we are an organic business. Whilst we've bought companies in these extensions and games that we're bringing out now like *Nova Legends*, like *Paradise Fortune slots* and *Merge Gardens* are all building off core competencies that we already have as a Company.

**Simon Thackray: (Jefferies, Analyst)** All right. Thanks for that, Trevor. Just turning to Anaxi, I don't know if you can share with us – I think Penn sounded new and obviously you've done the release on BetMGM and Caesars. Can you give us any help in understanding, perhaps, the economics, for want of a better word, for these strategic partnerships and the arrangements to actually promote the Aristocrat content in those partnerships?

**Trevor Croker:** Yes. I won't talk to any of the specific partnerships, Simon, because they're commercial...

**Simon Thackray: (Jefferies, Analyst)** Sure. Sure. Yes.

**Trevor Croker:** ...and they're also independent. Penn is right – Penn is new news to the market today. We have signed Penn and we have different agreements with each of the operators and that depends on marketing, placement, portfolio. I think the best way I can say that, is that we've balanced this to work with our customers. We've asked our customers, we work with them and what their objectives are and how they best want to launch Aristocrat content, and the agreements and structures and the way we're doing that is in conjunction with our customers. I think it fits both a portfolio and execution point of view.

**Simon Thackray: (Jefferies, Analyst)** Okay, so I'm just trying to understand how you – you promote the Aristocrat content and maybe just on that, what are the – what's the first rollout of the content that we should be looking for across those three in terms of titles?

**Trevor Croker:** Yes, so just in – it's different by each customer, so it's not the same portfolio directly for each customer so there are different games and we've made so many already Aristocrat games which is what we're talking about here with these agreements. But we've then got 15 years of games that have been made through Roxor, which is nearly 170 games on their platform as well. But we're really talking here about the Aristocrat portfolio which we've been progressing post our commitment to you in November.

Marketing's actually done by the operator, so we get a percentage of net gaming revenue which is after tax as an after-marketing incentive sort of put together by the operator. So, we work closely with the operators about how to do that and by working with – at this stage three land based operators with a link, there's a logical conversion there for their players that are playing on their retail footprint to then also play in an online world as well.

**Simon Thackray: (Jefferies, Analyst)** Excellent. Thanks for that, Trevor. Appreciate it.

**Trevor Croker:** Thanks, Simon.

**Operator:** Thank you. Your next question comes from Darshana Nair from Goldman Sachs. Please go ahead.

**Darshana Nair: (Goldman Sachs, Analyst)** Hi. Morning, team. I just wanted to get an update in terms of the land based. I guess in the last results you just mentioned, there were a few supply chain challenges that you were seeing. Can you discuss if you've started seeing any of these pressures easing, please?

**Trevor Croker:** Yes. Thanks, Darshana. There's still supply chain requirements to manage. What we are seeing, is we're seeing freight costs are coming down or moderating but local freight costs and labour still remain elevated. Critical components like chips and certain higher price components that were short during the early stages have started to ease and we're starting to see that coming more back to where they were, however, we've still got inventory which is going to have to flow through cost of sales.

From a fulfilment point of view, as we've fulfilled all of the orders that we have required to fulfil and so – and we're actually starting to see our lead time between order and delivery coming down that we're very confident that that is getting back to where we normally would be and working with our customers.

So, it's been a pretty resilient strategy for us right from the start of COVID to now to make sure that we use the capacity of the organisation to come out of COVID and then to be able to take share. I think the team's done a great job with that and building strong relationships with our customers, but also building strong and reliable relationships with our suppliers as well.

**Darshana Nair: (Goldman Sachs, Analyst)** Okay. Thank you. You also did mention that Australia was subdued ahead of the elections. May I just confirm that this is just in regard to NSW. Is there anything else worth calling out in other states?



**Trevor Croker:** It's primarily New South Wales but you have got large operators that are multi-state operators as well, so I think it's predominantly New South Wales.

**Darshana Nair: (Goldman Sachs, Analyst)** Okay. Thank you very much.

**Trevor Croker:** Thank you.

**Operator:** Thank you. Your next question comes from Bradley Beckett from Credit Suisse. Please go ahead.

**Bradley Beckett: (Credit Suisse, Analyst)** Good morning, team. Thanks for taking my question. I was hoping you could expand a little bit on the strategy and potential for your advertising revenue business in Pixel, in particular given the growth in Plarium Play and the regulatory changes in Europe to allow proprietary mobile app stores. Thank you.

**Trevor Croker:** Yes. A couple of pieces there. In our advertising, actually quite a low percentage of revenue's coming from our apps currently through in-app advertising. It's an area that the team have been building out and continue to focus on. So, I would say to you we're not at industry levels, but we're working towards that at the moment, and it is a little bit different genre by genre.

When it comes to platform, Plarium Play is a strong platform and it is largely a European – most of our play on Plarium Play comes from the European market, so it's proving to be a better playing experience and that platform obviously doesn't attract the other platform fees for external third-party platforms.

**Bradley Beckett: (Credit Suisse, Analyst)** Okay. Thanks, team.

**Trevor Croker:** Thank you.

**Operator:** Thank you. Your next question comes from David Fabris from Macquarie. Please go ahead.

**David Fabris: (Macquarie, Analyst)** Hi, Trevor. Hi, Sally. Look, the first question I've got is just around, I guess, capital allocation. Just trying to understand the process or the thoughts around buying back stock over possibly paying back debt which may have more accretion. Can you kind of walk through that with us?

**Trevor Croker:** Yes, sure. Sally, do you want walk through? Thanks, David.

**Sally Denby:** Yes, so our approach to capital allocation remains in place with our prioritising organic growth and consistently investing in D&D, UA and the capital investment. I think when it comes to the buyback versus paying down debt, we

acknowledge the surplus funding capacity that we have on our balance sheet, but we think it's prudent to maintain a high level of balance sheet flexibility at this point in time.

So, we're comfortable with both the structure and the attractive funding costs that are associated with our term loans that we refinanced last year, and our gearing and cash levels are reviewed on an ongoing basis. We'll continue to use buyback opportunistically into the future to supplement the existing dividend policy that we have in place, but basically, we're comfortable with our position and we want to maintain some balance sheet flexibility at this point.

**David Fabris: (Macquarie, Analyst)** Got it. Makes sense. Then just a question with Anaxi, can you just remind us with the PAM, is that something you can build yourself or is that something you need to acquire? Then just following on from that, just your thought process around the timing and moving into other verticals like table games, live dealing, lotteries and wagering, for example?

**Trevor Croker:** Yes. Thanks, David. So, the PAM – PAM is a buy, not a build from our perspective. We have our own aggregator – or RGS, sorry – we have our own RGS, but we don't have a PAM. PAM is a more complicated piece of technology involving managed services, KYC, AML marketing, loyalty, and a lot of other actual features, plus digital wallet. So, it is a build, it is – sorry – it's a buy aspect rather than a build aspect.

From an overall point of view, the other verticals – we're really focused on leveraging our content with our customers in North America as our core priority and we're going to continue to remain focused on that. If there is a buy that involves those other verticals, we'll obviously – it'll be incremental value and we'll accelerate our entry into those, but Roxor gives us access to European countries where they've been operating as well.

Now they're into Canada and a couple in the US, we'll continue to look, focusing on expanding our relationship with our existing customers in North America with slots and continuing to look for opportunities to go into other verticals in time.

**David Fabris: (Macquarie, Analyst)** Got it, and just a follow up just with that PAM comment, is that something we should be thinking about that'll occur sooner than later in order to allow you to scale faster in that industry?

**Trevor Croker:** Look, I think it's important that we remain disciplined on this, and we look at it, and we take our time, and we get the right technology and the right solution. At this point in time, as you can see, we've already hit three of the large operators in North

America already and we've got a back – not backlog – we've got a list of others which are coming as well which I've said we'll be comfortable to keep executing.

So, we can make it to market, and we will be competitive in the market this year. Then we will look at continuing to accelerate that through any M&A which could be a PAM or other verticals as well.

**David Fabris: (Macquarie, Analyst)** Got it. Makes sense. Thanks a lot.

**Trevor Croker:** Thanks, David.

**Operator:** Thank you. Your next question comes from Sriharsh Singh from Bank of America Securities. Please go ahead.

**Sriharsh Singh: (Bank of America Securities, Analyst)** Hi there. Quick two questions from my side, one on your Anaxi iGaming. Any comments on how many games do you plan to get approved by the end of this year to be rolled on different platforms? Second, can you talk a little bit about the player level spends you are seeing in Oklahoma casinos given their leverage to Texas players across border? Are you seeing any weakness there? Are you seeing greater strength than the overall US market? Any comments on that would be super helpful. Thank you.

**Trevor Croker:** Yes. Thanks, Sriharsh. The first question – we're not disclosing the game packs, but we are making a number of different game packs for release into both existing customers - so, the three that we've already signed - plus for new customers going forward, and we have the incremental – as I said earlier – 170 games which will come with the Roxor team with joining Anaxi.

So, we're not disclosing the number of games, but we have a portfolio of games coming through in packs to be released into the market and it keeps evolving. Some of our best games are in some of the packs and then there are other games which are a part of the portfolio which gives the customer what they're looking for as well. So, we're not disclosing what, but we are making a number of games and you will see that Anaxi is an investment over the next year or two – or couple of years as we continue to scale our portfolio there.

The second question was around GGR for Oklahoma. Really, what we're saying with GGR generally across North America, is that we are still seeing still resilient numbers there and that we're comfortable. That we remain confident that we can deliver our recurring revenue targets from that perspective. From our perspective, we're still seeing the

premium against our competitors on a GGR level and there's no difference in that commentary whether it's in Oklahoma or the rest of North America.

**Sriharsh Singh: (Bank of America Securities, Analyst)** Understood. Thank you.

**Operator:** Thank you. Your next question is a follow up question from Simon Thackray from Jefferies. Please go ahead.

**Simon Thackray: (Jefferies, Analyst)** Thanks, Trevor. Just want to follow up on Anaxi and the ongoing rollout as we move through this calendar year and into next. What does success look like for Anaxi, and remind us on the timing for when we start to get visibility to some of the operating metrics for Anaxi. How should we be thinking about what success looks like?

**Trevor Croker:** Yes, first of all, Simon, it's a start up business so it's our execution into the market. So, we've now signed some of the bigger end customers, but we've still got a portfolio of customers to come, so I think you look at the quality of the customers that are being signed up. You also look at the pace at which we're able to roll those out because these all require technology integrations so looking at that aspect to it. Then obviously game performance would be the things that I would think are markers towards how we're progressing.

We are confident around our ability to get the pipeline into market, so just getting into customers is one thing, then you've got to get into all the six states that are actually legalised so there's technical integration from that perspective. So, I think what you should be looking for is a flow of customers and a flow of entry into states as they get regulated – as we get regulated and then game performance. I've forgotten the next question, sorry.

**Simon Thackray: (Jefferies, Analyst)** No. It's just in terms of the timing of when we start to get visibility to the performance metrics for Anaxi.

**Trevor Croker:** Yes. As it's a start up, we'll start sharing metrics with you from the half and we'll start to share what the headlines are and the metrics, and we'll build that out over the next period of time as we continue to scale it.

**Simon Thackray: (Jefferies, Analyst)** Excellent. Thanks, Trevor.

**Trevor Croker:** Thanks, Simon.

**Operator:** Thank you. Your next question comes from Andre Fromyhr from UBS. Please go ahead.

**Andre Fromyhr: (UBS, Analyst)** Hello, just another question about Anaxi. You mentioned the on-premise solution that you're working on, specifically with Chickasaw. Can you talk through how you see that as potentially an incremental revenue opportunity to the land-based activity on those sites, or to what extent is it just something that the clients are asking for?

**Trevor Croker:** Yes. Thanks, Andre. Well, first of all, it is an innovation that the customer has asked for and multiple customers have asked for. It also is an innovation that is possible through the Tribal business because of their sovereignty and so what we're providing to them is a solution for their ability for their patrons to be able to play our Class II games on trust land on mobile devices.

So, the benefits for the operator is, it's Class II, which means there's no state taxes on it and also that they're using VGT content, which is the highest performing content on their floor, and they can then use that for their players and for their visitors on their properties which may not necessarily be on the gaming floor at that point in time. So, it's something that's come from an innovation that was requested by the operators and we're working with them to provide a great solution both technically and game play.

**Andre Fromyhr: (UBS, Analyst)** Okay. Thanks.

**Trevor Croker:** Thank you.

**Operator:** Thank you. Your next question is a follow up question from Sriharsh Singh from Bank of America Securities. Please go ahead.

**Sriharsh Singh: (Bank of America Securities, Analyst)** Yes. Thank you. On your mobile on-premise gaming solution, do you also plan to aggregate other suppliers games or is it purely going to be VGT content, and how do you plan to monetise that?

**Trevor Croker:** Sriharsh, at this point in time it's only VGT content, and we can see because of the success and the performance of that content which over indexes on the floors in Oklahoma, that that's an appropriate content for this point in time. We haven't had requests for any other content, so we'll continue to build out the library of VGT games as our priority. If others want other games to come on there, there would be a commercial conversation with them.

**Sriharsh Singh: (Bank of America Securities, Analyst)** No, that's great. Thank you. Any indications on – based on your understanding, what per cent of the GGR for your games can move to the mobile solution in those casinos?

**Trevor Croker:** No, given it's so new – I mean, the view is from operators, it'll be incremental to their GGR, so it'll be an increase, but we haven't got any idea – well, we have got an idea, but I won't be disclosing it – of what we think that upside could be.

**Sriharsh Singh: (Bank of America Securities, Analyst)** I believe the economics of the revenue model would be similar to the iGaming solutions you'll provide US, right, as a per cent of GGR?

**Trevor Croker:** Yes, but there's less tax, remember, because there's no tax on Class II.

**Sriharsh Singh: (Bank of America Securities, Analyst)** Yes. Yes. That's super helpful. Thank you.

**Trevor Croker:** Thank you.

**Operator:** Your next question is a follow up question from Matt Ryan from Barrenjoey. Please go ahead.

**Matt Ryan: (Barrenjoey, Analyst)** Thank you. It's a sort of a two-part question around US GGR. I'm just interested on your personal thoughts on why the gaming revenues have held up as well as they have in the US. Second, I think a minute ago you talked about getting a premium versus competitors. Just hoping you explain what you meant by that comment.

**Trevor Croker:** Yes. Sure. I'll do the second question first. What I was relating to is the fee per day premium between ourselves and our competitors, I'm confident will hold.

**Matt Ryan: (Barrenjoey, Analyst)** Right.

**Trevor Croker:** That's a directional comment on that for you if that helps.

**Matt Ryan: (Barrenjoey, Analyst)** Yes.

**Trevor Croker:** My perspective on why GGR continues to hold up, first of all, there is still a lot of people moving in North America – Vegas airports having record numbers, room rates are at record highs, occupancies across properties in North America continue to be high, and there still continues to be a high demand for travel. Las Vegas, as a specific example, is a much more diversified economy now with sports teams and obviously the Formula 1 coming later this year, we're there talking somewhere in the vicinity of \$1 to \$1.4 billion of incremental spend in the town for that event in its own right.

So, I guess the simple answer is that the consumer still wants to spend and wants to reward themselves. I was talking to someone in another entertainment field only two days

ago and their ticket sales are up even though they put prices up and they're holding them there from that perspective. So, there seems to be that people are looking to reward themselves whilst it is tougher economic times. No two ways about it. But you do have low unemployment and you do have high wages, so we're still seeing people wanting to go out and I think this summer, you'll see a lot of people in North America travelling for the summer again.

**Matt Ryan: (Barrenjoey, Analyst)** Great, and I guess, maybe just a follow on from that, it would be logical to think that you're not noticing any changes to customer demand in that sort of environment looking forward?

**Trevor Croker:** No. We've seen strong pipeline and capital commitments from the customers which have driven the last five months of performance. We'll talk to you about the next couple of weeks in May, but we've seen good strong demand there so capital commitments remain solid. Floors continue to be refreshed, properties are still opening, we're seeing adjacencies expansions in HHR and New York Lottery so we're still seeing a strong pipeline and feel confident about it.

**Matt Ryan: (Barrenjoey, Analyst)** Great. Thank you.

**Trevor Croker:** Thanks, Matt.

**Operator:** Thank you. There are no further phone questions. At this time, I will now hand over for webcast questions.

**James Coghill:** Trevor, we have quite a few questions coming through here, some of them you've addressed already. Outside of North America and Australia, we've got a question here asking how you've seen the recovery in the rest of the world post COVID?

**Trevor Croker:** Yes. Thanks, James. Well, certainly in the last shorter period of time we've seen more predictability in Asia, with Macau reopening and also clarity around the concessions and also the technical standards. That said, Philippines is actually a bigger market from an installed base than Macau and we're seeing good product performance in the Philippines market with games being released. So, bit of a summary of the way we see Asia and Singapore continues to be very strong.

When we talk about Europe, the premium markets of France, Germany, Holland have come back and have started – they were a bit slower coming back after COVID last year but have come back and are showing more stable performance. Still not back to where we saw

them pre-COVID, but they are continuing to build, and I expect that will continue through to the summer as they start getting ready for their summer period.

**James Coghill:** Thanks. There are a couple of balance sheet and interest related questions, so I might just throw those to Sally here in Sydney. Firstly, how has the 5.5% to 6.5% guidance range for interest expense in financial '23 been impacted by higher interest rates since the financial '22 result?

**Sally Denby:** We're still comfortable with that range. That range that we guided to actually reflects the gross interest that we pay on all of our US debt and includes hedging costs, hedging benefits and other finance fees. When we set that range, we made allowance for some upward movement in the SOFR rate – so the Secured Overnight Financing Rate – and that wasn't reflected as at the FY22 result, so we allowed for some movement in that.

Just a reminder that we've got US\$1.6 billion in the term loan debt, US\$1.3 billion TLA and US\$250 million in the TLB and our weighted average pricing on that is SOFR plus 150 (bps), so we remain comfortable with that range, and we did make some allowances for some upward movement in the rates as we entered into FY23.

**James Coghill:** Thanks, Sally. On a similar topic, interest rates on the cash balances have also increased significantly. So, this person is asking how we should be thinking about this P&L item.

**Sally Denby:** Yes, that's correct. The interest rates on deposits have also lifted in a positive direction. We invest our cash in a conservative manner, and it's mostly on call or in short-dated deposits. We earn interest at market rates on approximately two-thirds of our disclosed cash balances, so not on the 100% of our cash balances, and the reality is it's going to be an increased number in FY23 over FY22. But obviously we'll continue to monitor as we go through the year as those interest rates move.

**James Coghill:** Great. Thanks. Trevor, we have a question on Ukraine and Russia here. Can we please get an update on the impacts of the Ukraine and Russia situation on Pixel? I think you noted that productivity was almost back to pre-conflict levels at the financial '22 result. Has this continued to improve?

**Trevor Croker:** Yes. Thanks, James, and thanks for the question. Always we've said that we're going to focus on our people, and we continue to do that, and the wellbeing and we've been continuing to look to encourage our employees and our team in Ukraine to move to safer areas of Ukraine and we've seen that moving progressively to the west. We



have set up those extra offices, which we spoke about at the AGM as well, which is – we’ve got now three offices in Poland, plus we’ve got an office in Barcelona and Montreal which we’re setting up to help take that load.

We’re continuing to focus on operations and utilisation, and I still remain very proud of our people and their commitment to be able to maintain the flow. If you think, *RAID* has just released its fourth anniversary content and that is from studios that are from people that were previously in Ukraine or have moved out of Ukraine, so I think it’s a good indicator that we’re getting the work done.

We’re not at 100%. I think that would be a false economy to give you that confidence, but we’ve continued to see good commitment, good engagement and delivery of the milestones that are important to the business as a whole. We’re continuing to work in Ukraine with the government and with others to see how can we continue to build on that optimisation and also provide protection for our team as well.

**James Coghill:** That’s helpful. Thank you. Then we have a question on M&A but focused quite specifically on Pixel United, Trevor. So, the question is, what are some of the other factors that Aristocrat would require to execute an acquisition of scale and are there markets out there where Aristocrat can add value through its land based or Pixel United competitive advantages. So, the question’s very much focused on Pixel United M&A, so if you could comment on that please.

**Trevor Croker:** Yes. Well, first of all, I think M&A in the mobile games market at the moment is tough. We’re still trying to find where the green shoots are and we’re starting to see that this calendar year, so we think we’ve found a baseline from that perspective. We still see opportunity to continue to do talent deals and tuck in deals in Pixel United. *Merge Gardens* is a great example of that which was a Futureplay acquisition that we did about 15 months ago. They’ve come on and now we’re looking to bring their game in and now scale that game with them.

So, there are opportunities in the genres which are strategically important to us that are aligned with what our objectives are as the way we build out the portfolio. There are opportunities out there, but again, it’s a case of it needs to be the right strategy, the right timing and the right valuation and we’re remaining very disciplined with that.

**James Coghill:** Thanks, Trevor. Look, we’ve covered all the other questions that are coming through so unless people want to put further questions into the webcast, I can

throw back to the Operator \to check if we have any more questions on the teleconference line.

**Operator:** Confirming there are no further phone questions.

**James Coghill:** Okay, well then, Trevor, let's go back to you for some concluding remarks if there are no further questions.

**Trevor Croker:** Yes. I'd just like to thank you for your time. Also just reiterate that we're approaching the first half close for our portfolio scaled world-class Gaming and Pixel United continuing to perform well in mixed operating conditions and this performance does reflect both our ongoing commitment to innovation as well as high quality execution of our capable and passionate teams.

Anaxi's going to add further diversification for the Group and another important channel through which we can leverage our leading world-class content over time.

So, thank you for making the time to join us for our Virtual Roundtable this morning and for your questions on Aristocrat's business. We look forward to speaking to you again and seeing you – many of you for the first time - at the first half results. Also, if you have any further questions, please don't hesitate to reach out to our Investor Relations team. Thank you for your time and have a great day.

**Operator:** That does conclude our conference for today. Thank you for participating. You may now disconnect.

**End of Transcript**