



Sydney, 22 February 2024

Aristocrat Leisure Limited – 2024 AGM CEO’s address, outlook & upcoming investor event

In accordance with ASX Listing Rule 3.13.3, please find attached the CEO and Managing Director’s address, including our business update and outlook, to be delivered at the 2024 Annual General Meeting to be held today.

As mentioned in the address, Aristocrat is planning to host an investor event in Sydney on 26 June 2024, which will focus on online real money gaming and group strategy. This event will be webcast. Further details will be made available at ir.aristocrat.com/company-news-performance/investor-briefings.

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Aristocrat Leisure Limited (ASX: ALL) is a leading global gaming content and technology company and top-tier mobile games publisher, with more than 7,400 employees in over 20 locations around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines, casino management systems and free-to-play mobile games. The company’s regulated gaming products are approved for use in more than 325 licensed jurisdictions and are available in more than 100 countries.

ARISTOCRAT LEISURE LIMITED
2024 ANNUAL GENERAL MEETING

CEO'S ADDRESS
22 FEBRUARY 2024

Thank you, Neil, and welcome everybody – thank you for joining us today.

I will start by summarising the key features of your company's operational performance over the 12 months to 30 September 2023, including a high level summary of the Group financial results. I'll then discuss strategic priorities for the Group, before commenting on year to date trading and outlook for the balance of 2024.

Result Highlights & Summary of Financial Results

As Neil mentioned, our performance for the year demonstrated the ongoing execution of our successful growth strategy. Once again, we focused on investing in competitive product portfolios, including strategic adjacencies, to drive market share gains.

Revenue of 6.3 billion dollars was 13 percent higher in reported terms and 7 percent higher in constant currency, compared to the prior year, driven by a continued strong performance from Aristocrat Gaming Americas, partly offset by softness in the mobile gaming market which impacted Pixel United. Our EBITDA margin expanded to 33.4 percent, as easing supply chain pressures were partially offset by portfolio mix and mixed conditions at Pixel United.

The Group delivered net profit before amortisation of 1.3 billion dollars, representing a profit improvement of 21 percent in reported terms and 13 percent in constant currency compared to the prior year.

In our Gaming business, revenue and profit grew 22 percent and 23 percent respectively, reflecting continued penetration of our market-leading games and cabinets, and another strong performance in North America with share gains in both gaming operations and outright sales. This was driven by our leading game performance, rollout of new hardware and growth in priority adjacencies.

International Class III had a standout year, growing revenue 87 percent in constant currency and more than doubling profits, driven by strong performance and share gains in Asia and the market recovery in EMEA. In ANZ, revenue was relatively flat and profit margins contracted around one percent mainly due to increased US dollar input costs.

Pixel United delivered a resilient performance, despite mixed conditions across mobile gaming, with bookings of over 1.7 billion US dollars and segment profit of 568 million US dollars. This result reflected growth in Social Casino, our largest segment, offset by softness in the strategy, RPG and social casual segments, combined with effective and dynamic User Acquisition or UA allocation and prudent cost management.

Anaxi made considerable progress towards its aspiration to become the leading and most trusted global player in online RMG. Although it's early, we were encouraged by the rapid scaling achieved over the year. Anaxi games are now live with seven operators in six countries across eight jurisdictions, and by year end, we had established access to over 80 percent of the legal iGaming market in the US.

We once again generated robust operating cash flow, which was applied to fund our growth initiatives, including capital investments in our installed base in North America and the strategic acquisition of Roxor Gaming.

Group Strategy and Growth Delivery

As Neil noted, the past five years have been transformational for Aristocrat as we have successfully executed our growth strategy. I'd like to expand on this a little more.

We exited financial 23 with an installed base of recurring revenue units of over 64,000 units in North America, our largest business division, up from around 44,000 units in financial 18. This represents a CAGR of 8 percent, and corresponds to an increase in our market share from 27 percent to 34 percent, with gains coming at the expense of our largest competitors. This has significantly improved the mix of recurring revenues we generate, and was accomplished while maintaining a market leading average fee per day that we earn on this growing fleet of leased product.

At the same time, we've achieved a consistently high market share of outright unit sales in North America, with a strong contribution from growth into priority adjacent markets, and average selling prices that have been maintained at a significant premium to peers. After another year of strong unit sales growth of 26 percent in financial 23, units sold increased over 40 percent from 2019, before the COVID years.

Our reliable and strong growth in Americas Gaming has been driven by our market leading game performance, innovative hardware and effective operational execution. Aristocrat's North America portfolio achieved around 1.4 times floor average in the most recent period – well ahead of competitors and with no evidence of dilution despite the significant growth in our footprint over the year.

Pixel United's performance has slowed recently in line with the broader moderation in mobile demand. Strength in Social Casino has been offset by softness in RPG strategy and casual games, which were disproportionately impacted by rising acquisition costs and further affected by the war in Ukraine and our exit from the Russian market. Notwithstanding this, Pixel United has retained its #1 global position in social slots with share increasing to a record 21 percent in financial 2023. The business has also maintained its #1 position in Squad RPG and was ranked #4 in Casual Merge.

Taking a longer-term perspective, Pixel United has grown at a 15 percent CAGR over the past five years, doubling its revenue from 1.3 billion dollars in 2018 to 2.7 billion dollars in 2023, despite this recent slowdown. In particular, during the COVID years of financial 2020 and 2021, when land based customers were largely closed and slow to reopen in many regions, Pixel United's strong performance supported Group profits and dividends. A particular highlight through COVID was the scaling of RAID: Shadow Legends into a truly world-class title, generating peak bookings of close to half a billion US dollars in financial 21 and facilitating investment elsewhere across Pixel United, in both new games and live operations.

Pixel United continues to focus on long term value creation and maximising portfolio profitability. In 2023 we prioritised optimising UA spend to support appropriate returns, and shifted spending towards retention drivers such as D&D investments in live ops, features and content. Our focus on operational efficiencies is also expected to deliver benefits in 2024 and beyond.

Consistent with our customer and content led strategy, we identified online RMG as an attractive emerging channel for Aristocrat's market-leading Gaming content, and last year created Anaxi as

a third operational engine and future growth driver. We are investing strongly behind this significant opportunity to build the technology foundation from which the business can scale into the future. While early days and not yet a material revenue or profit contributor, as I mentioned, Anaxi delivered on its US market entry commitments in the financial year. Its game performance has led the market, elevating Anaxi into the top ten suppliers within six months of releasing its first content.

In January 2023, we completed the acquisition of Roxor, which was successfully integrated and provided immediate exposure to iGaming in Europe, which has a TAM of over 14 billion US dollars. Roxor provided us with a contemporary technology platform and exceptional iGaming talent. More recently, in May 2023 we announced the proposed acquisition of NeoGames, which is expected to complete within the next few months. We believe NeoGames will add significant capabilities that will accelerate our growth further and look forward to the NeoGames team joining Aristocrat.

While we are exceptionally proud of our operational performance in recent years, and the sustained growth and value it has delivered for our customers and shareholders alike, we are even more energised at the tremendous opportunities that lie ahead. I would now like to touch on these briefly.

Future Opportunities

We see opportunity to continue expanding in strategic adjacencies across North America. Adjacencies are established, regulated markets outside our traditional markets where we believe we can compete and take share by bringing innovation in games and technology to markets that have often seen little change in years. In 2023, adjacencies accounted for around 25 percent of our outright sales units with particular success in Video Lottery Terminal or VLT segments in Illinois, Oregon, New York and Canada. We were recently awarded entry into the VLT market in Quebec, and are also excited to be entering the large Georgia adjacent market in 2024. We believe strategic adjacencies in both the US and globally will contribute significantly to our performance for years to come.

We also continue to focus on innovation as a key growth driver through our market leading investment in D&D. We see D&D as a differentiating and sustainable competitive advantage, and remain the licensing partner of choice for many outstanding brands.

A great example of this is our recent launch of NFL-themed electronic gaming machines (or EGMs), which was ranked as the most anticipated new game of the year in 2023. We are launching a portfolio of six games over the course of the 23/24 NFL season, including both Class III and Class II options. While still early days, we note their strong performance and robust uptake from both customers and players. With the NFL evolving every season, we have the opportunity to produce new game concepts for this iconic sports brand, with updated NFL imagery to keep the games fresh and contemporary.

Building on this encouraging start, I'm pleased to confirm that Pixel United has also entered into a multi-year agreement with the NFL to develop free-to-play social casino mobile games. The first initiative under the deal is an exciting, NFL-themed mobile slots app being developed by the team at Product Madness. We look forward to providing more details in the months ahead.

The largest growth opportunity in front of us now is our expansion into online RMG. The performance of our early game releases in the US has validated our hypothesis that Aristocrat's land-based casino games would resonate online.

We will take our successful gaming portfolio online through a multi-year roll out plan, ensuring a steady stream of new game launches, both in North America and in Europe, where our acquisition of Roxor has established a foothold from which we can further expand penetration of our leading content. We also recently launched an innovative mobile on premise solution with the Chickasaw Nation in Oklahoma, offering our tribal customers a full-service iGaming solution for players to connect with Aristocrat's Class II gaming content on their mobile devices while on trust land.

We anticipate significant revenue opportunities to flow from the combination of Aristocrat's leading content and strong relationships with commercial and tribal operators and gaming regulators, and NeoGames' robust technology platforms. This world class online RMG platform will align Aristocrat with the aspirations of our major customers. It will also expand our growth opportunity in nascent markets such as North America, and provide access to more established markets like Europe and other emerging regulated global markets.

Our combined platform will operate at scale across the three main verticals, iGaming, iLottery and Online Sports Betting, with market leading positions in North America, Europe and Africa. These verticals offer access to a large and growing TAM of almost 100 billion US dollars globally. We are particularly encouraged by the foothold NeoGames provides in iLottery, which we view as a highly complementary adjacency characterised by a recurring revenue model, long term government contracts, and high levels of regulation. NeoGames is a market leader in the high growth US market with roughly 67 percent share. Additionally, while we are excited about the content opportunity across these verticals, NeoGames will add robust technology and aggregation capabilities to the Group through its contemporary Player Account Management system and Pariplay platform which will enable access a larger portion of the value chain.

Additionally, we will look to add to our capabilities and service offering in online RMG over time through disciplined investment.

Aristocrat will continue to stay close to our customers, listen and craft solutions that help them succeed. Our shift from a predominantly transactional approach to customer engagement to one focused on long-term partnerships has been key to our performance and share growth in recent years, and will continue to deliver benefits going forward.

We also see leadership in Sustainability or ESG as a key driver of group strategy, as well as a fundamental expression of our company values. We will continue to make decisions for the long term, actively manage risks and capture opportunities, to make us a more resilient, talent attractive and better business as we grow.

I'd like to add to Neil's comments on the topic of responsible gameplay, or RG, our main Sustainability leadership priority. We share the community's legitimate concerns about the impacts of excessive gameplay on individuals and families, along with a desire to see the highest levels of industry probity and to stamp out all illegal activity. As such, we have continued to invest in RG, in cooperation with customers, regulators, industry partners and others who share our vision of a vibrant and sustainable gaming and hospitality industry.

We are proud of our involvement in local RG initiatives in 2023. In June, we completed Australia's first ever trial of cashless EGM technology, in partnership with a major customer, the NSW government and the regulator. The trial examined the adoption and effectiveness of new and sophisticated RG tools, which enabled players to monitor and set limits on their time and spend. Results were encouraging and insights gained are being applied to an expanded Government-supported trial, which is set to get underway in NSW later this year. The significant investment in trials highlights Aristocrat's commitment to bringing forward new solutions that can support RG and promote industry integrity.

We also continued to advance tools such as Flexiplay in Australia and we launched our first ever “positive play” consumer marketing campaign in the US. And in Pixel United we rolled out the next generation of targeted player messaging in a key social casino app.

In addition, we continued to strengthen links with gaming research and treatment services, provided more training, education and engagement among our own people – including holding dedicated RG education sessions for members of the Board – and continually looked for ways to improve the integration of RG into core systems and processes across the business. I encourage all shareholders to review our disclosures in full, via our Group website.

And finally, we expanded key strategic skillsets and capabilities throughout 2023, including through the appointment of Sally Denby as Chief Financial Officer and the elevation of Tracey Elkerton, our Chief Compliance Officer, to the executive leadership team. Post period end, Superna Kalle was appointed Chief Strategy and Content Distribution Officer. These appointments represent a mix of outstanding internal talent as well as the recruitment of external skills and experience, to execute Aristocrat’s growth strategy.

I’ll now make some comments on year to date trading and the outlook for the balance of our 2024 financial year.

Business Update & Outlook comments

Group performance in the current financial year has been in line with our plans. We are operating in an environment of elevated political and economic uncertainty and continue to closely monitor possible impacts on consumer and customer sentiment and behaviour. To date, we have not observed any material moderation in activity across our key markets.

Against this backdrop, Aristocrat Gaming has started the year well, with firm demand and market share gains for our innovative premium leased products such as the NFL in North America. While noting lower trends in market surveys for the December 23 quarter, demand for our core products sold on an outright basis also remains solid. Pixel United’s performance has been resilient despite the challenges discussed earlier, and our Social Casino portfolio in particular continues to perform consistently, achieving modest growth. Anaxi is executing well, having rolled out 13 new games, and adding almost 230 new gaming touchpoints in the current financial year to date, and achieving encouraging market share gains in the US iGaming segment.

We took prudent decisions to optimise costs in the second half of financial 2023, focused on D&D, operating expenditure and User Acquisition spend. We are continuing to focus strongly on costs, and expect to deliver benefits in 2024 and beyond as a result of these actions.

In terms of Outlook, we reiterate our commentary and full year 2024 modelling inputs provided at the time of our 2023 results presentation in November last year. In summary, Aristocrat expects to deliver NPATA growth over the full year to 30 September 2024 on a constant currency basis. We expect D&D as a percentage of revenue to be above the 12-13 percent guidance range in the first half of the year however sequentially lower than the previous half, reducing to within the range for the full year given investment phasing and operational efficiencies. As flagged last November, over time, we expect D&D investment to revert to our established target range. Additionally, we continue to expect strong segment profit growth from Gaming, with a market-leading margin result that is expected to be skewed to the second half of the year.

I would also like to share that we are well advanced in obtaining the gaming pre-approvals required to close the proposed NeoGames transaction and expect to receive all of these approvals before the end of April 2024. We continue to work closely with those remaining regulatory authorities and

believe a closing date in May is possible. The transaction remains subject to certain other customary conditions, including NeoGames shareholder approval. Full terms and conditions regarding the implementation of the transaction are set out in the Business Combination Agreement.

We are excited by the opportunities ahead across all three businesses and look forward to keeping you updated on our progress. Aristocrat will host an investor event on the 26th June in Sydney that will focus on strategy across the Group, with a deep dive into online RMG.

Conclusion

In summary, the 2023 financial year was another successful one for Aristocrat, highlighting the benefit of the consistent implementation of our growth strategy and diversification of our portfolio. Focusing on what we can control, our strategy is anchored in improving our own business and competitiveness – no matter what external challenges we face.

I want to again highlight and thank our incredibly talented employees for their energy, hard work, and commitment throughout 2023.

I'd also like to acknowledge the effective working relationship that exists between our Board and management teams at Aristocrat, and thank the Board for their direction and support across the year.

I would finally acknowledge and thank our customers, players and of course our shareholders.

As always, everyone at Aristocrat is fully focused on delivering the high-quality performance you rightly expect from us, and which we know we are capable of.

Thank you, and I'll now pass back to Neil.