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**Rohan Gallagher:** Hello, everyone, and welcome to Aristocrat's Investment Management Roundtable Speaker Series. On behalf of Aristocrat I'd like to welcome you to today's call. My name is Rohan Gallagher, and along with Linda Assatoury, we look after the investor relations program here at Aristocrat.

Unfortunately, we haven't been able to get out and about and visit many people at this point in time given the broader market landscape, but we do recognise the market's interest and access and value of corporate access in particular getting to catch up with our senior management team.

Over the next 50 minutes or so we're going to be featuring our CEO and Managing Director Mr Trevor Croker, and making his debut performance in our Management Roundtable Series, Mr Mike Lang from London. For those not familiar with our Roundtable Series, over the next 50 minutes or so we're going to take your most popular questions and we're going to put those questions to our leaders so that they can provide everybody with open and equal access. For us, we think it's important as we head into our 30 September period end where we'll be going into blackout shortly thereafter.

Now, this call is going to be recorded. A copy of the recording will be posted onto our website as well as a transcript for those people who would like to follow up after this call. We're going to do our best to answer all of the calls that have been registered by you, our attendees, and if we cannot get to all of those questions, the investor relations team will double-back and catch up so that you're fully complete and in control.

Thank you for your interest. Welcome to Trevor and Mike, and with that I'll ask Trevor to unmute his line and ask him if he could extend his welcome to the Group, and also to provide a quick update on the Company's strategy. Thank you, Trevor.

**Trevor Croker:** Thanks, Rohan, and welcome everybody. Thank you for spending some time with us today and we hope that you get some good value from this call.

Aristocrat continues to remain focused on high-quality product-led growth. Our consistent approach to the way we do that is through a couple of lenses. First of all is we continue to take share in the markets in which we participate and I'm confident we're continuing to do that again in 2021, that we look at new adjacencies that we can grow into, and there's a number of newer adjacencies that we're able to grow into across our gaming and our digital business. Those adjacencies are also good opportunities to expand on our

capability, both in our content teams, our technology teams, our commercialisation teams at the same time.

No doubt Mike will make a few comments on some of the new adjacencies that the digital business has entered into over the last period of time. If I then take you back to the gaming piece of the business, we have entered the Illinois VLT and Oregon VLT markets in the last 12 months. We will be entering the New York Lotteries in calendar '22, and we'll also be entering HHR in partnership with Churchill Downs in 2022 as well.

These are new adjacencies that build on the existing adjacencies that we've been attacking over the last period of time, including bar top, stepper, Washington, Ovation, and Class III Stepper as well. But at the same time, we have another - a number of good stories to talk about from a digital point of view, particularly around the recent acquisition of talent that Mike will talk about in the new studios, to building up new talent in new locations to address new genres and new capabilities at the same time.

Then if you go back to the fundamentals of who we are, we are a strong company. We've got a strong balance sheet, we've got strong capacity, and we've got a strong desire for growth. We continue to remain focused on that in our core business and can see strong growth there, but more importantly, we have opportunity through M&A to accelerate growth in the future as well.

**Rohan Gallagher:** Thanks, Trevor. If we turn our attention to the strategy itself, can you talk about whether the Company's strategy has actually changed during COVID, and if it has changed, where do you see the focus has been on?

**Trevor Croker:** We took the opportunity to review and finesse our strategy during COVID. What it has highlighted is the strength and the diversity of our Aristocrat business. The strength of the digital business came to the fore during the COVID period and that's given us an opportunity to then refresh our overall strategy.

Mind you, we found that the compelling points of our strategy that we had 18 months ago are still compelling now and if anything, we've probably accelerated a few of those. Things around people, things around capability, ESG, making sure we've got a responsible position in ESG. Also around product and continuing to look at innovating and bringing forward new product.

If you come back to what do we focus on when we talk about our strategy at Aristocrat, management's priorities are still our people, our customers, and our resilience, and we continue to focus on that in everything we do, making sure that we focus on the development of our teams, focus on the D&D development team which you will recall that

we kept working, or wanted to keep working right through the COVID period. We're seeing the fruits of that coming through with a fantastic portfolio of games which no doubt you've seen highlighted through the Eilers' reports, but we're extremely proud of the current portfolio of games and the competitiveness of both the games and the cabinets.

If you then think about where we're getting our growth, as I said, I still feel very, very strongly about the way that this organization is set up to continue to have strong growth over a number of years. We've proven that by coming out of the blocks fast in 2021. In our half year you would have seen in the first half we've been able to come out of the blocks fast, come out with good profit, and we're able to now continue to accelerate on that because of our continued investment for growth, investment in D&D, investment in UA, and investment in capital behind our gaming operations products as well.

As I said at the start, it gives us all the optionality we want to think about how do we then address M&A as another accelerator of the next wave of growth for Aristocrat.

**Rohan Gallagher:** Thanks, Trevor. Now, we've touched on growth and at Aristocrat we like sustained and profitable growth, and that's pretty challenging in a pretty competitive market landscape at the moment. If we can unpack that, is it possible just to go through what you see our growth options are in the short and medium term, please, across gaming, digital and other facets of the business?

**Trevor Croker:** Yes. If I talk about gaming first, because Mike's going to layer in a lot on digital, so I'm going to talk a little bit about gaming and Mike can add more context and colour in digital a little bit later on. If I talk about where we are with gaming, we are taking share and continue to take share in the core markets we participate in. You can see that in the reporting and you can see that in the performance stats. Premium games portfolio over 3 times floor average, fantastic set of results. Top 5 cabinets in the gaming space index in cabinets. So, we continue to invest there. That's continuing to make sure we're taking share in the core businesses.

At the same time, as I said earlier, we're entering more adjacencies. So, Illinois and Oregon in 2021 calendar year; we're now queuing up with New York and HHR as well, which will drive through the second part of - sorry, not the second part, into calendar year '22. Then you look at the portfolio of games, Buffalo Link, Choy's Kingdom, all these great games that are continuing to queue up and allow us to place cabinets and games into the marketplace as a whole.

There's no two ways to know - everyone knows that Australia has been impacted this year.

We had a very good first half in Australia where we saw good pent-up demand and opportunity because of great cabinets and games - as I said, Choy's Kingdom, Dollar Storm are great ways to enter the North American marketplace, but most of the eastern states have been closed now since the late part of June. We are still seeing good orders and good demand across the Australian marketplace but naturally until those markets reopen, and we hope that's soon for everybody's sake.

If you then think about where else we're going is building on our technical capability. One of the things we found through COVID was cleanliness and our customers' experience or systems business, the features that could be built in, digital wallet, cleanliness, that were all features that were required now by our customers because they were looking for ways to give their customers a safe and easy way to engage with the product on the floor. We've been investing behind that and we continue to see great opportunities to continually expand our footprint there, particularly in North America and also sharing some of those synergies across with the Australian business as well.

I won't get too deep into the digital - I'll get a little bit about digital then I'll let Mike go deeper again. At the end of the day, the digital business is about an \$80 billion business, so it's a sizeable business. It had a one-off spike with the COVID lockdown period globally, which I think has seen the market mature to a size, probably something we wouldn't have seen for a couple of years, but we do believe that that market is going to continue to grow at above-GDP rates and see it as a real opportunity to continue to invest.

As you know, we've got a strong portfolio that we've built out from, from our social casino portfolio. Number 2 casino producer, number 1 slot producer in the social casino games. Increase in the publishing eight to 10 games per month across the app portfolio to increase customer engagement.

If you then think about the new entrants, and you saw some of those great ads that we just opened up with RAID and Mech Arena and RAID particularly continuing to scale although not at the same rates that you experienced a year ago, but that's become a mature and strong game in its genre, a market-leading game in that genre as well. Then EverMerge, which is Rohan's favourite game as you can see, we've seen good growth from that early days and still see that Merge category as an attractive segment to move into longer term as well and continue to invest for innovation.

Then like I said, Mech Arena. Just out, scaling extremely well, looking forward to seeing how that game grows in the new genre, learning a lot about that type of genre and the economics behind it as well.

Then finally, that's all the organic stuff and what we can see in our pipe. We've got good, clear line of sight of that, very confident about that, from '21 carrying momentum into '22, confident into '23 with another pipeline of opportunities as well. We've got the opportunity, as I said earlier, about M&A to accelerate and we continue to look at M&A, whether it's bolt-ons or tuck-ins in digital, whether it's more support in adjacencies in the gaming business, and there's obviously other adjacencies like RMG, et cetera, that are around the marketplace that we continue to monitor as those new markets start to emerge, particularly in North America.

**Rohan Gallagher:** Thanks, Trevor. With Aristocrat's growth ambitions, the core focus is really above-category growth organically, and that's to really optimise the existing business, and then opportunistically the Company has a history of accelerating growth via M&A. Rohan Sundram from MST Marquee is actually quite keen to hear your latest thinking around that further M&A opportunities and, importantly, how those recent digital acquisitions originated?

**Trevor Croker:** Yes, thanks for the question, Rohan. We've taken a pretty rigorous and methodical approach to M&A, when you look at the acquisitions that we've done as an organisation. We focus very much around making sure that they're accretive from day one, and then also looking at how we leverage the learnings and capabilities from those acquisitions across the Group, or how the Group can actually help scale those acquisitions.

If I then talk about where we are at the moment, we're really focused on getting the fundamentals of the M&A right, so it's not just about, do we have the capacity or do we like the target? It's really things around the quality of the management team, the growth and the size of the addressable market, the differentiation of the product within the segment in which it competes, the culture of the organisation, and also the capacity and capability of the key teams to help grow and add to our culture - and also to our capabilities as an organisation, as well.

As far as it goes, we still have gaps in our portfolio, and it's good to know that we've always got gaps that we can fill. We continue to see opportunity, as I said earlier, to add in a few bolt-ins to Mike's business and the digital business, which I've been very pleased about the way that we've addressed that.

They've been either into new genres, either in new capabilities or into new locations, which is building out the diversification of the digital business, at the same time, helping to build the scale that we want to build the pipeline or product for the digital business longer term.

As I said earlier, COVID has changed a few trends, and some of those trends have been around the interest in our traditional gaming customers to have both a retail and a digital footprint. We're obviously working with partnering with our customers and how do we become a solution finder for those - for them? Not just in our CX solutions, but potentially in game content and also in other marketing and support areas as well.

So, we've really continued to focus on that, as opportunities grow. As I said earlier, RMG is another opportunity on the sides of that, there are other adjacencies that we continue to monitor, but it's not just a case of, we can, therefore we will. It is we take a very disciplined approach to what we want, how it fits into our portfolio, how it's accretive to what we're trying to achieve, and how do we make sure we're the rightful owners to actually own these businesses and grow these businesses? As you said, Rohan, because we look for M&A to accelerate growth, or for strong organic growth profile already.

**Rohan Gallagher:** Trevor, there's, if I look at how our addressable markets, we've got land-based or our offline business at about 150 billion, we've got our mobile, social free to play, at about 80, and by the time we get to Mike, it'll probably be even higher than that. So we're already in large addressable markets now, but you did touch on the possible growth options being that entry into real money gaming.

Now, there's been some really thoughtful pieces of research recently on RMG and, related to that, the payments industry. This appears to have led to a large number of questions from our registered attendees today. For many market participants, it appears a logical extension for Aristocrat, based on our capabilities, particularly leveraging that world-class content.

Trevor, Joe McCarthy, from Elston Asset Management, is one of many who asked, could you provide some more information on what the Company's view is on the real money gaming market, and the opportunities available, and how you can leverage your existing business into that space, please?

**Trevor Croker:** Yes, thanks, Joe.

Well, first of all, real money gaming, the way we look at it, consists of - or not the way we look at it, the way the industry looks at it - consists of three segments, iGaming, sports and iLottery. If you think about it from that perspective, that's the three branches of what we call RMG.

RMG currently sits at about \$70 billion, from a GGR point of view, now. Mind you that's probably going to expand when we talk about North America, a little bit later in this conversation, no doubt.

If you think about what's happened to this industry over years, it's progressively been becoming more regulated. Starting off in Europe, and progressively becoming more regulated, and certainly, you're seeing quite sophisticated companies and organisations with good businesses operating out of Europe, and they're really starting to be, if you like, the entry points into the North American marketplace. To some extent, the same thing is happening across Asia.

If you really think about what's froth and bubble around RMG at the moment, it's the legalisation or the regulation of RMG in the North American marketplace. You all have known that there's over 20-odd states now with sports betting, and that legislation's rolling out quite quickly.

iGaming, there's about six, and it's moving at a slower pace, but there is a way to see iGaming get to the sorts of penetration that sports is getting to, possibly over a longer period of time, but there's definitely a market opportunity.

So that regulated North American market becomes quite an attractive opportunity for everybody.

So how do we see it play? If I go back and talk to you just about how strong our content is at the moment, and that content is monetising extremely well in the gaming world, or the retail world, as it is in Mike's social casino and digital world as well. We see that there's an opportunity to use our content, to use our strong customer relationships and our capability with regulators and operating in a regulated environment as a way to enter that segment with the right partner, or at the right time in the future.

So, we continue to look at it that way, Joe. We continue to stay focused on what we control. There is an opportunity to build or buy. There's a lot going on in that space, and I think we're just continuing to monitor what's going on. There has been questions in the past, as, are you taking too long? Will you miss the boat? We know how the markets are opening. The markets are opening as per we expected, and we can see a logical way to enter at the right time, with the right product solutions.

**Rohan Gallagher:** Fantastic, thanks, Trevor.

Now, Alex Gallard, our friend from First Sentier. He unpacks this a little bit, and goes into a bit more detail, asking, are there any views on the best way to monetise our electronic gaming machine, or our land-based content, into the iGaming space?

**Trevor Croker:** Yes. There's three levels of monetisation in iGaming. There is a pure content play, where you literally just publish content into an aggregator, or provide your

own RGS directly to a customer. There is an aggregator who will then take a number of suppliers or maybe take poker, bingo, keno, other suppliers, and aggregate a contoured portfolio, and plug that into a platform. Then the third one is the platform, and that is where you have a fully integrated platform that takes the aggregator, plus many other different aggregators and puts that together as a pure solution for the land-based operator, who then provides it through a solution to their customers.

If I think about it from our perspective, we think the best way in the US to think about this is a B2B business. We don't see this as a B2B opportunity. A lot of these licences and market openings are occurring through our traditional customers, and we see this as a better way to partner with our customers, using our great content, working with our customers to put together a portfolio of games that ultimately will be available to players in the states in which they all get licensed in time.

Alex, I don't know if that helped you, but if the top layer is where this thinnest piece of monetisation is, and the bottom layer is where the most monetisation is.

**Rohan Gallagher:** Fantastic. Well, there seems as though we've got plenty of growth in gaming. We've got some growth in digital, and we'll be touching on that. Then there's obviously the extension opportunities, and, obviously, with the free cash and the balance sheet position that we're in, it's some great problems for us to have over the next few years or so.

All right, so let's move into digital, and Mr Lang. Welcome, Mike. You're in safe hands, really. Mike joined us in 2019, and normally, we would have got him out for a bit of a meet and greet with the financial market, but unfortunately, that hasn't been the case at the moment.

So, if the audience indulges me just a little bit, because we have had a number of these questions - not just for this call, but for the last 12 months, about Mike, and a bit of background. So, I'm going to hand over to Mike. Mike, can you just give us a quick background on your career, prior to joining Aristocrat, please?

**Mike Lang:** Thank you, Rohan, Thank you Trevor. It's great to be here.

Cliff Note version of my career, I have been in the media, digital, technology and gaming space over my career, working at companies like the Walt Disney Company, Fox Entertainment, Universal Music Group, and, most recently, Discovery Communications.

I have also been the CEO of a movie studio, and have had expansive experience in both the traditional videogaming business, as well as mobile gaming.



So, this opportunity to come to Aristocrat was really exciting to me, for a couple of reasons. One, was maintaining - living here in London - I'm originally, as you can tell, American, and we moved out to London five years ago and really do love living here. Less travel than we used to have, but clearly, do enjoy being here.

The thing about Aristocrat really is very high level. One, I'm always drawn to creative, talent-driven businesses. That's what makes the media business exciting and fun, and clearly, this, like any other media business, is driven by great creative, great talent, great product, is the word that many people use.

Second, Trevor touched upon this, the mobile games business is incredible. Yes, it's already grown. Next year they're talking about it being \$100 billion. One way to think about mobile games is that the mobile games business globally is bigger than the console and PC business combined. So that just shows you the scale of this business and how exciting it is.

It's global, our business. We have 2500 plus employees. It's all across the world - in Israel, Ukraine, United Kingdom, Poland, Finland, recently, in the United States and India. That's exciting for me, as an opportunity to be part of something on a global basis.

The economics, which we'll talk later. The economics of mobile business is incredibly attractive as a media segment, and through my career one of the most exciting economic models in terms of the way the business works.

Then, finally, and not to pander here, but a big, big reason why I came was because of Trevor, the Board and Aristocrat, the kind of Company it is, what they represent. I mean, the things he talked about, about people first. It's real, and it's a real part of the Company, which I very much respect. Quite frankly, the power of the Company, which Trevor talked about.

The combination of this very, very strong gaming business, run by Mitchell Bowen, combined with digital - I think that gives us enormous competitive advantage, unlike a lot of our mobile games only competitors, where they're solely dependent just on mobile games. We have the diversity and the opportunity to leverage both businesses together, and the synergies of those.

So, very high level, that's why I've joined the Company, and I'm really excited. I think nothing has changed my mind over the last two years, including you. So that's all very very positive.

**Rohan Gallagher:** Fantastic, thanks Mike.

Now, let's drill down into Aristocrat Digital, and let's talk about the strategy. How would you describe the digital strategy?

**Mike Lang:** I think it's based on four pillars. One, is profitable growth. Not just growing the top line, which we've done very, very well, but in a very profitable way, achieving that. If you look at our profitability and our margins, I think that's very strong, compared to the competitors. By the same token, we are beating them in regards to industry growth, at the same time.

One thing to take into account too, over the last two years, is that all of that growth has been organic, built within the organisation itself. We've not achieved that growth through M&A, which we are starting to do, and we'll see more of that as it comes, but that shows the power of really this focus on building our product, world-class product, that drives that profitable growth.

The core for us is our pipeline. The new games that we're developing, and where those games are at. As mentioned, we have as many as 10 plus games in development at one time. We want it to be more. Not every game's going to work. It's a creative business, but we're able to really drive more and more. Pipeline is seen by recent releases like EverMerge, and most recently, Mech Arena.

At the same time, not losing focus of the core franchises and library business that drives enormous growth and helps fuel the pipeline in many ways. One of the things to keep in mind is that this business has evolved dramatically, where many of the products, like RAID, will have a long lifecycle now, because of the enormous amount of live ops, new features, new content that we're able to provide. That's a relatively new dynamic, similar to, say, the movie or television business, and creates an enormous amount of ongoing cash flow, as we reduce the amount of marketing we spend over time, and continue to monetise those customers over that period.

Our social casino business is another example where we're able to achieve that.

I think the diversification of our business is critical. Yes, we have a very strong core social casino business that represents close to 50% of the total business, driven a lot by the amazing IP driven from our gaming partners, that comes over. But also digital-first content that we're creating as well that now is actually going back to the gaming business, as Trevor's mentioned in the past.

That's a core great business for us, however the courage of the Company to invest and acquire into other genres has really paid off. We've now become a very dominant strategy

roleplaying game business through Plarium and the leadership of Aviram Steinhart and the team there.

Then we've built a very good casual business that continues to show opportunity, in particular with EverMerge and our most recent acquisition of Futureplay. I think that diversification's going to continue, we've made our first step into action, which we'll talk about, with Mech Arena, and we believe that's just going to continue.

Then finally, I think that our strategy is around not just organic growth but looking in very a disciplined way around inorganic growth through M&A, through recent deals we've done across a broad spectrum, everything from investments or talent deals, like the deal we did last year, Proteus, to full on acquisitions like we've done with Futureplay and Playsoft, which I can talk about later. So, that really makes up the core strategy of our digital business as we go forward.

**Rohan Gallagher:** Thanks, Mike. Large addressable market, step one grow above category growth, you've seen us do that in social casino with the eight to 10 games a month going into support those franchises. You've also seen category growth with RAID and the roleplay games. Then now the opportunities to accelerate that growth through M&A, which is part of the broader Aristocrat strategy.

So, within digital, David Fabris and Gabrielle from Macquarie are asking, can you scale up with studio deals, or do you need to acquire more businesses on a go-forward basis?

**Mike Lang:** Thanks for the question. I think the core rationale for us doing any M&A is based upon two major components, one, talent, great talent that we believe in, similar to what Trevor was talking about, that brings something to the table for us. Two, is our ability to scale those studios. We're not doing M&A for the sake of M&A so we can make an announcement. We take a very disciplined approach, we look at it in that regard, and clearly, we all know the multiples in this market are pretty frothy, so we need to have those two criteria in order for us to feel comfortable and justified to make those kinds of M&A transactions.

So, yes, both on our Playsoft transaction and Futureplay, they are built upon the idea that we will bring leverage and capabilities to bear to help those businesses scale and become bigger than they otherwise would be on their own. In particular with Playsoft, that's going to be a major first party studio for our social casino business, in terms of their capabilities in that area, both in regard to developing games, as well as doing unity-based digital slot production out of that facility in Poland.

Number two, again as Trevor talked about, leveraging the capabilities at Futureplay of not only merge segment, which we're really excited about, but being in a very strong market for mobile gaming in Finland, which we've never been before.

I think another element of this whole strategy that we shouldn't underestimate is the ability to go into very strategic locations that have high-quality, low-cost operations. So much of the business of mobile gaming is your ability again not to only develop the pipeline but continue to provide the live ops and future content in order to achieve that. The strategy that we've done, for instance Plarium, leveraging our strong capabilities in the Ukraine and Russia, has enabled RAID to be a world-class business because of the capabilities of those studios.

That's a strategy that we're going to continue to emulate and to identify opportunities there. To your broader question in terms of is that enough? We're going to continue to look at every single deal and have a point of view on that, for no other reason so that I can tell Trevor and the Board why we haven't done a particular deal, or why we're not recommended to proceed with a particular deal.

So, we've got a really strong team, we're out there across the world looking at things. We're looking at things at an earlier stage to more established, and we would be doing more, but it's going to be based on our terms, based on those two criteria and when it makes sense.

**Rohan Gallagher:** So, Mike, we're clearly in the flow of potential deals within the digital M&A space to add to an already strong business. You have seen greater business resilience with geographic diversification with Futureplay in Finland, Playsoft in Poland. Then you've also got talent deals like Proteus last half and Northern Star this half. How did those acquisitions that you did in the last quarter, how did they come about?

**Mike Lang:** So, we have a core competitive intelligence, market intelligence group that's working nonstop identifying what's happening in the marketplace. As many of you now, there's new games, new studios emerging monthly, and so we identified a lot of those companies way in advance and have been monitoring them and keeping on top of them and then starting to build a relationship.

We also believe there are certain deals where you make the decision to go buy something, there's others where you may start with an investment or a relationship that ultimately leads to something bigger as well. So, we're very flexible in that regard, and so we've got both a core group as well as people on the ground, and that's where we've identified these various talent opportunities, and that's going to continue.

**Rohan Gallagher:** So, Mike, for the moment we've done a few talent deals, we've done a few studio deals, does that mean that there's limited quality options out there for leveraging that strong balance sheet that we talked about earlier?

**Mike Lang:** No, I wouldn't say that. I think it's more around our disciplined approach again as our ability to find the right thing for us. I mean our competitors clearly are going out and doing deals, and we wish them well. We've looked at those same deals and we've decided we didn't want to do that. There's no deal that we've missed here or that I feel like we haven't had the commitment from Trevor and the Board around that.

It's actually the opposite, in many ways continually asking me, hey what can we be doing more? I and our team want to make sure again, talent and ability to scale, and quite frankly our capacity then to manage that appropriately, are all the issues that we're going to look at.

So, to all of our investors, I'd say don't view what we've done over the last year as either a lack of ambition or a lack of opportunity, which is only going to continue as I think this market continues to grow. Not just grow in terms of top line, but grow in terms of diversification and geography as well.

**Rohan Gallagher:** So, Mike, I believe Aristocrat through its scale has now moved to around top five Tier 1 western markets, thereabouts. The market last year, I think our reference point was US\$78 billion, from Newzoo I think next year, calendar year '22 we're looking at close to US\$100 billion.

How do you get focused? With such a big market you can get distracted, why are we picking the particular segments that we're in or the particular genres that we're in? With reference to those recent studios, what particular genres will those studios be targeting?

**Mike Lang:** So, I think one of the key elements is the way that we operate the business, is that yes, we have a central group with me in London, that's looking at a lot of things as well as another core group. But a lot of the ideas and development that comes, are coming from our individual businesses.

Taking the strategy that Trevor and the operating organisation started, which now we're just extending out, is we're really empowering world-class tremendous executives and teams to develop and drive the ideas and opportunity that then we look at from a resource allocation standpoint and decide okay where do we want to invest and where we want to go?

I think that bottoms up, top downs approach is what makes us different than others, and that we're allowing that to happen. Again the ideas and driving for Futureplay was driven by the Plarium team and their belief not only from what they saw in EverMerge, but long-term that they believed (a) that the merge segment is a really interesting segment that we want to be into, (b) we probably don't have the capabilities internally to build that ourselves. Our background is more in the strategy roleplaying game areas, and we needed to acquire that, (c) hey this Finland market is really an interesting market. You've got Rovio, Supercell, all these other great businesses that are there, and a lot of talent in that market, let's go acquire that.

That came from a combination of both information in the market and then Plarium driving that. In particular on Playsoft, we've worked with them in the past in terms of helping us on various projects, and we were very impressed with their capabilities, especially in the social casino ability, which is a different kind of capability needed in order to build that product.

Product Madness, with the leadership of Yoav Ecker that we were able to bring to us over a year ago and has done an amazing job in a short period of time. Yoav very quickly said, hey listen, I need to have a first-party studio, I need to have, like Plarium, my Ukraine and Russia organisation, that can help not only scale our existing franchises but work on other products.

I mean to be very clear, we're really excited, we're the number one slot player in the world, we want to be the number one social casino company in the world. We are not stopping, and we want to diversify and grow within the genres of social casino, which is merging in various segments as well. With Yoav's leadership and now with the capabilities of Playsoft, we have that.

But then finally we also said, hey wait a second, we found this great talent relationships that we've been nurturing and creating in Finland, we found these two executives that we really liked who had a belief in a mashup strategy RPG kind of game, and they came to us and said hey listen, we'd like to build a studio. So, we did an organic kind of development studio from the ground up there that we're going to be building.

So again, very diverse in our approach, bottoms up, but really again focused on various genres that we want to continue to grow.

**Rohan Gallagher:** Fantastic, so Mike, we did get a lot of questions around Finland, obviously as a talent hub. I do suspect that there's probably an investor roadshow pondering in some people's ideas and heads.

**Mike Lang:** I hope they don't want to - and it depends on the time of the year you want to go to Finland too. So, just please let me...

**Rohan Gallagher:** It's a thinking person's game of course. But obviously the heart and soul is D&D and our creative teams and our talent. Obviously, Finland is a great hub for digital talent, as are other markets that we're continuing to move into. Within Finland Futureplay, it's got a game called Merge Gardens.

So, with this acquisition, it appears Aristocrat's doubling down on the merge genre on the back of EverMerge. How do you see that playing out with the merge markets seemingly plateauing, particularly with greater IDFA risk seemingly coming across certain segments like casual?

**Mike Lang:** Good question, so number one we still believe in the merge segment broadly, we believe in the casual segment, that it will continue to grow. In particular, the Merge Gardens and Futureplay product, what's really interesting about that is their ability to think about a match three component in addition to merge. So, they're looking at differentiation relative to the actual game itself.

Which we think that unique differentiation and spin versus just a me-too approach, is what's in the market, is really ultimately that's going to create the kind of breakthrough products that are successful. So, that's another element there.

On your broader question around casual and IDFA, I'll cover that really briefly, is that clearly IDFA is a new issue for the entire industry that we have to face. As we look at our portfolio, and I think this is similar to the industry itself, the casual segment has been the most impacted by some of the IDFA changes implemented by Apple. But again, we're a highly diversified portfolio, so while yes, we have seen short-term issues in our ability to scale marketing at the levels we'd otherwise like to, that's a small component of our total portfolio.

We've not seen that same impact in social casino, we've not seen that in strategy roleplaying games, so number one, I just want to assess the overall diversification that we have and our ability to manage that.

Number two is we're not standing still. We believe that IDFA privacy changes are a long-term trend; they're not going to go away, and so as a result, we need to diversify our marketing mix and do other things in order to build out those capabilities to continue to effectively market with a reasonable return as a result.

Some examples of that in particular for EverMerge is some of you may know that we've been testing television in the United Kingdom and it's actually been pretty effective and so we're going to continue to look at television advertising on top of performance digital marketing as a way to potentially grow the business.

In other areas you might be aware of our strong use of YouTube influencers within our strategy roleplaying game area. Most recently, a very well-known influencer Ninja had a work with RAID. That's exactly the kind of things that we need to do and embrace and continue to try, as well as other platforms like TikTok and so forth. So, all of those things are areas where I think ultimately – from my perspective, someone who's been in the media business – that the mobile games business has had an incredible efficient digital performance marketing world and now it's having to shift and become more media-like, which means creativity.

The actual marketing content, the marketing creative – you guys saw the ad on RAID, that's a world-class ad. I'd put that up against any movie advertising, right? That's the kind of advertising that we're going to need. Two is diversity of marketing channels and ability to do that and then three is a disciplined and highly analytical approach that decides when and how to do that.

So, I'm still very bullish on the merge segment, I'm bullish on EverMerge and Merge Gardens and casual, but I think it's evolving and in many ways evolving because of what's going on but with our scale, I feel very confident that we'll be able to achieve that and succeed.

**Rohan Gallagher:** Fantastic, thanks Mike. Now, we're going to move on to Apple App Store in just one second, but just to close out the M&A side, we've got a live question from my good friend Simon Thackray from Jefferies. So, Thackers asks, of the deals that you said no to and others have pursued, are there any deals that you feel you've missed out on because of any internal capacity constraints?

**Michael Lang:** None. No.

**Rohan Gallagher:** All right Thackers, none. There's your answer. So, they're very good. All right, so let's keep moving on. Now, just before we touch on Apple App Store, because I know that's the most topical issue – this week anyway – Matt Ryan from Barrenjoey, welcome back, Matt.

He asks, how do customer retention and paid conversion rates look like in the US now that things are getting back to normal? Do you think that we now grow off a higher base or do you see further moderation back to pre-COVID levels from a digital perspective?



**Michael Lang:** Thanks for the question, Matt. Before answering that, if I could just take one step back and just remember the world right after COVID maybe a year ago when we talked. No one really knew what was going to happen. We all saw a major increase in the business and so forth and no one really knew what the world would look like going forward, especially with again a large percentage of our employees working remotely from home.

What I think is the biggest take away is yes, there's been moderation over this last year, but not even close to what potentially we could have seen or going anywhere close to pre-COVID levels. That's an amazing accomplishment and what's been driving that is again, the content and the live ops and the feature sets that are part of the everyday part of our business. As Trevor mentioned, the eight to 10 new slot games we deliver every month, the new Battle Pass, the new tower features, the new things, that is what's retaining those customers.

Yes, there was an enormous amount of demand but they're not going back even with the openings for instance in the US, in some markets that is fairly back to normal. So, that says more about the sustainability of our business and the product capabilities of our people and what we've been able to achieve. I think it's really important that we don't lose sight of that. So, we've not seen dramatic moderation. Yes, moderation, but not even close to what we thought or could be.

In particular, one of the things that I think is interesting is that if you look at the overall marketplace, the business that actually benefitted the most from COVID closures was clearly our social casino business because of the closures of those casinos. That business in particular is not seeing moderation that we thought. Then our other businesses that have continued to grow because of EverMerge, because of RAID, because of Mech Arena, they're working off of that higher base and just building off of that.

So, that combination again of diversification across that portfolio, even if we do see some increased moderation in the future in social casino, I think really sets us apart and puts us in a very good position going forward.

**Rohan Gallagher:** Thank you. Platform providers are an integral part of the digital ecosystem, Mike, and the timing of this roundtable couldn't be any better. Just last week, last Friday, we had to put our legal hats on with Apple and Epic, but just prior to that, there was Apple, apparently have been putting out some potential concessions for in-app payments and opening up their ecosystem.

We've got Matt Williams from Airlie, we've got Dion Hershan live question - interested in Apple's most recent changes and can you talk about what are the potential outcomes for Aristocrat, recognising it's all unfolding right before our lives in real time at the moment?

**Michael Lang:** So, first of all, I want to just say that we have a great relationship with Apple. We have a great relationship with Google. This business wouldn't be what it is today without their leadership and development. We shouldn't underestimate the fact that this would not be a \$100 billion business if it wasn't for the investment and support that those two companies have provided. That being said, we as a company believe in consumer choice, we believe in more access to our content. Every content provider wants that, right?

So, we are very supportive of that long-term and think that's a long-term trend in the industry broadly. How that develops over the next not few months but years, we think that's going to continue. We just don't see the status quo continuing and that there's going to be opportunities and that we as an organisation will take advantage of that when that happens in whatever ways we can.

Number two is I really want to say that I think one of the misnomers of this whole conversation is people think about the Apple situation and immediately glom onto the platform fees, which clearly are a big part of our business. But we've already started diversifying out of those platform fees through areas like Plarium Play, which we've talked about before, where we bypass that, as well as ad sales where we don't pay platform fees.

So, irrespective of what's happening on the broader level, not just with this court case but in markets like the EU, United States and clearly most recently in South Korea, there are fundamentals happening within the industry that is also shifting and diversifying our cost of goods sold more, so to speak, and improving in regard to that. In terms of how we then react to what happens, I think an example of it again is Plarium Play.

We talked about it before today, Plarium Play is on an annualised basis of 20% to 25% of Plarium's business. We'd announced \$75 million at the half point for the year. That business, just to give you a context, does about 10,000 transactions a day. We accept 100 payments methods, including PayPal and credit cards, and so we have an enormous amount of capacity just within that organisation as well, that if and when there was a change in the payment structures and we were able to do things on our own, we have the capability to leverage that, not just within Plarium but across our entire portfolio.

So, that's just one example of where things can evolve, but I would hesitate at this point to make any judgements as to when, how or if this is all going to execute. We're just going to stay very close to it and monitor it and be ready to take advantage of it, again with the

core thesis of supporting our partners at Apple and Google but also believing that more choice for consumers and more ability to distribute our content not only will help business but will help us with higher retention, more ability to get to our customers and succeed with our pipeline and new product.

**Rohan Gallagher:** So, at this early stage, we could probably just see it as an opportunity that we could potentially explore which would offset or more than offset potential business risks that we can identify at the moment, like IDFA on the casual genre. Is that a fair summary at this particular point in time?

**Michael Lang:** Yes, I think that's right. I think another way to think about it is these issues are somewhat merged in that you've got the broader issue of how do you market in the future of mobile gaming as it becomes more traditional like media, less 100% driven by this ability to uber target, but at the same token, opening up potentially the ability for companies, publishers to go direct, to have other kinds of retailers to sell their product and to quite frankly lower the dynamics of distribution, so marketing and distribution combine, evolve.

Net net, we feel it will be a positive given who we are, our scale, our diversification and as an example, Plarium Play, our ability to plug and play things like that in when the opportunities do emerge.

**Rohan Gallagher:** Fantastic. Now, just conscious of time. I'll just leave one more question with you Mike on digital, and that is a number of people have been asking about the game pipeline, Suthesh from UBS and Matt from Barrenjoey of all people, who would have thought?

But also, could I get you to touch on Mech Arena? It launched just last month, people have just saw the ads on the trailer at the start of this session. Can you just talk about Mech Arena and in particular the action genre and how that may be similar or different to RPG strategy that they're familiar with please?

**Michael Lang:** Right. So, one thing on the pipeline broadly is as we mentioned, we've got about 10 games in development at one time. We want that to be more. We need to build that up in order to be successful and to continue that. We will kill games that don't work. I think it was a year ago we were talking about 8 Ball Smash. We've killed that game. We tried, we put a lot of effort into it, it didn't work.

I think one of the beauties of this industry I want to evolve is that the cost of that is significantly less than other media businesses because (a) we don't spend 100% of the cost of that throughout. We're testing and learning and when we see something's not

working, we stop. Two, is we spent very little if no marketing dollars to market that product, unlike traditional media where you spend hundreds of millions of dollars marketing a product and hoping somebody shows up. There's none of that in this business.

So, that ability to take our pipeline and manage that effectively and be willing to be almost ruthless – and we learned a lot, I think Trevor would say this, from our friends at Plarium: be ruthless. When things don't work, we move on, I think is a critical element to our success and why we've had this success in organic because we've not overspent on the things that didn't work, but we've gone with the things that are working, for instance like EverMerge and RAID and have gone hard on those and been successful from a marketing and then ongoing live ops capabilities.

We've got a pretty exciting pipeline for the year ahead. Like it to be more, but I feel encouraged by what we have. We've got a game Magic Wars which is in soft launch; we've got high hopes for that. Merge Gardens is still effectively in soft launch, so if you look at the numbers, don't overestimate yet, it's still pretty early days. Our hope is to really scale that with the world-class Plarium publishing team.

Then we have a new slot product coming in at the later half of next calendar year that we're pretty excited about as well, coming from our friends at Big Fish. So, again, the portfolio is looking good for next year. Like it to be better but feel good about where we're at.

Touching now on Mech Arena. What's really exciting about that game for me is the fact it's a completely new genre that we've never been in, in the action segment. The Plarium team with their creativity has not only been successful in launching that product but launching it to an enormous amount of DAU users successfully. That business is highly dependent on the ability of you being able to play other robots and not just playing a bot but playing actual individuals. The ability to pull that off from that team at that scale and have the high-quality results that we've seen, is a really tremendous technology product accomplishment, that I give Aviram and the team at Plarium a lot of credit for.

Again, completely new, we've never done that before, and we did that organically, we didn't go buy some company to do that, we did it ourselves, it's an amazing accomplishment.

Number two, that business is different than RAID, so one of the things we have to understand is that kind of product is different. Number one, it's going to have an enormous amount of DAU and users because of the scale and scope of that demographic that's interested in that product. That's one of the exciting parts of it.

Two, that industry and that business of action has typically been companies that have taken console products, most famous being Call of Duty, and then applying it into mobile games, so there's an existing brand and franchise that they're bringing into mobile games and extending it.

The Plarium team is starting from ground zero and building that brand. So, number two is I think we have to be much more patient on that product. We shouldn't be looking at it in a few months and either say high success or not, because we need time to build that brand and capabilities, which I have a lot of confidence in the marketing and publishing team of Plarium to do that.

Number three, the economics of the users are much different than the RAID users. While the cost of marketing and installs is much, much lower in that genre, the LTVs in general, long-term value created for those customers, is going to be less than in RAID where we've seen a much higher ARPDAU spend.

So, these are all areas that we're learning and figuring out. It's still early days, but again nine million downloads, again very strong success and strong success on the product tech side. Again, as Trevor will tell you, still very strong belief within the Plarium team always tells us a lot. If they believe in it and believe there's an opportunity and they want to grow, that gives me tremendous confidence and Trevor, that there's something there.

Because they're so ruthless and so strong in their business that if they didn't believe it, they'd be the first to tell us. So, as a result I feel very confident that this game again could maybe as a comp, if we want to throw it out, something like a War Robots, could be something of that magnitude, which would be a great, successful game for us, and we'd be really excited, and a great first step in new genre.

**Rohan Gallagher:** Fantastic, thanks Mike, and thanks for that detail around digital and those new games, and of course Apple. We'll keep the market duly informed in terms of progress in relation to those developments. There were a few questions around the gaming side, but conscious of the availability of senior management, today it was more about digital.

But there'd be one question I will ask for Trevor. Obviously, we've seen some very strong state gaming data out there in the United States as markets reopen, and we're starting to see that normalise, and that will probably normalise through to Thanksgiving. So, that benefits our gaming ops, particularly our rev share, which is essentially a Class II and a little less than half a Class III.

Most people have seen, Trevor, the second quarter results where our competitors had better than expected results driven by gaming ops fee per day due to that coin in. So, the fact that people can refer to that information, Eilers' survey, would suggest that very positive momentum in the industry at the moment.

If we turn our attention to game sales, Matt from Barrenjoey and the Don from JPMorgan's South Coast office, aka Don Carducci, both are asking what challenges do you still face during this COVID environment, in particular the supply chain? Are staff being disrupted, and how are the customers responding to that supply chain challenge that it appears the whole industry is experiencing?

**Trevor Croker:** Thanks Matt and Don. I'll start with the staff. We've been very fortunate in being able to keep our teams engaged through this whole period of time. Obviously, lockdown in New South Wales and Victoria is difficult, but certainly we've been bringing people back up quickly.

We've been increasing our onboarding, so we've been onboarding a lot of talent as we start to build the momentum particularly into '22. So, from a team point of view, we've created an online learning portal. Just last month there was over 1200 online courses completed by our employees. That's going up every month.

We have a lot of wellness training and wellness support, so as everyone knows, Are You Okay day last week was a very important day across our Group, where management and teams spent time talking with everybody, understanding their issues and staying connected.

We're very conscious of this disconnected world, that we remain connected to our teams and keep them updated and engaged. The other thing I'd say is when you're winning, it's more fun, and that's the part that I'd probably say, is service techs out that are busy installing machines are pretty happy at the moment and they're enjoying that, and that's a good thing to be doing. Same with production lines, et cetera.

When it comes to supply chain, there's no two ways, everyone's been affected by supply chain over the last period of time, everyone is feeling it in different ways. It's probably moved more from supply to freight and getting freight out of countries and getting freight to destinations.

So, over the year, as you'll recall, we took a long position on inventory going into COVID and we maintained that. We maintained strong working relationships with all of our suppliers, and in some cases or in many cases now we've actually ended up with alternative supplies for a lot of components, which has allowed us extra flexibility.

We're continuing to take a long position on inventory and making sure that those key components that are required for our games to be made and supported there. We continue to work with our customers. There has been some benefits obviously with a slowdown in Australia in the short-term, but we expect that to change when supply or when these markets open back up, because we're not losing orders, we're just seeing them pushed out until there's more certainty about opening and the ability there.

Then really, it's around prioritising, so G2E's on in a couple of weeks' time and we have a number of machines or lots of machines there to show our customers and then prioritising what games, what markets are the priority, going forward. But our supply is in good shape, in my opinion, considering where the industry is and companies that are able to manage their supply chain over the next 18 months will be the ones that will be able to be successful, and satisfy their customer demand, longer term.

**Rohan Gallagher:** Fantastic. We're just drawing to a close for the session for today, so thank you for people who are still on the call - indulge me. A question from Raaz Bhuyan and Anthony Tan, the dynamic duo from WaveStone. It's a bit more of a personal question, and their question is, running a global business, Trevor, how are you managing the team in lockdown, and how are you prioritising your time at the moment?

**Trevor Croker:** Yes, thanks, Raaz and Anthony. I don't know if I've got enough time to answer all those questions. My wife might be better to answer them, actually.

I guess the way I'm thinking about it is, first of all, we've got a great team of people. Through COVID we've seen so many gems emerge in our organisation. People that were in the - sometimes lower down the organisation really stepped up to be great leaders. So, we've uncovered more talent than I thought we ever had, and it's really empowering and exciting time to see so many people that want to step up and are willing to step up, and have capacity to step up.

If I think about what I do, first of all is purpose, is, we've got a clear purpose - what's our strategy? What's our purpose? Is everyone aligned to that purpose? We communicate and keep all of our teams aligned with those visions. You can see that Mike and I talk. He's a lot smarter than I am, but we talk in threes, basically, twos and threes, and keep it simple, and we keep our teams focused on those purpose and it goes right back to our strategy conversation at the start.

The second thing is about our people, and staying connected with our people. Whether it's our people being our team or whether it's with our customers. Spending time. We talk to customers around the globe every week, finding out what their business is doing, how

they're thinking about it. We talk to our people - town halls, coffee chats, Zoom chats, studio trivia games - playing trivia with some of the studios can be a little bit difficult for me, but it's always fun to engage with them and hear what they're doing. Game reviews over Zoom are not as much fun as they used to be, but continuing to stay connected.

Then thirdly, through our own process, we've really focused on what's important and making sure that we focus on getting things done that are important. It's easy when you're big to create bureaucracy and create busyness. So focusing on what's really important to the organisation, staying tight to what we're doing, and staying focused on delivering the things that make a difference. That means cutting out unwanted clutter, obviously keeping governance in place, but keeping focused.

Then me, personally, we bought a badminton net, put it in the back yard and I play badminton with my wife and kids every time I get off a Zoom call. It's not very long, but I've pulled a hammy a couple of times, but we do those sorts of things just for a little bit of outdoor entertainment in this lockdown period.

**Rohan Gallagher:** Fantastic. Fantastic. To end the call, Trevor, have you got any closing remarks that you'd like to share with people?

**Trevor Croker:** Yes. Thank you for your time. The final thing, just on that last question is, through the luxury of having a great team that's focused on what's important today, I've got great line of sight into '22, and very confident about where '22 is going. Great line of sight of opportunities into '23 that we're now already starting to prioritise and work on.

My energies are really in that three- to seven-year strategy for the organisation, and making sure we continuing to create options for sustained growth. As we said, we're going to take share where we exist, we're going to enter existing markets, and continue to grow - or adjacencies - sorry, not existing markets. Then, finally, using M&A to be that big accelerator for Aristocrat's next wave of growth.

I'm still extremely excited, and you've heard me say this before, but I reckon the next 10 years at Aristocrat was better than the last 10 years. We're probably one and a half years into that comment, but I can see line of sight to what we need to be and what we can do. I see the people, I see the willingness to invest. I see the performance, when you look at our game performance and portfolios, whether it's in our digital portfolio, in new games, or in our gaming portfolio, with new games and cabinet.

So, where I sit, from this whole perspective at the moment, is COVID has been a great opportunity for us to really refocus our strategy, refocus our people, really refocus our investment - we came into that with a strong position - to refocus that investment,



continuing to invest in things that make a difference, which is D&D, UA and capex for our gaming ops business. Create the capacity for more M&A, to accelerate our growth, and stay focused on looking after our people and our customers.

We said at the start, we look after our people, we look after our customers and we look after our business resilience. That's what we continue to focus on.

All I would leave you with is, we are taking share. We are doing what we said we're going to do. I've got line of sight of all of that. We're carrying great momentum into '22, and great opportunities into the '22 into '23, and we're really focused on our accelerated growth in those outer years.

**Rohan Gallagher:** Fantastic. Thank you, Trevor.

Conscious of time. Thank you for the extra few minutes you've indulged us today. I'll draw the Zoom meeting, or the webinar, to a close and thank more the 100 registered attendees for today's call.

I'd also like to thank my colleague, Linda Assatoury, and the corporate affairs team, for bringing this all together.

Apologies for any questions that we couldn't cover, due to time constraints, but we will come back to you.

As I said at the outset, a copy of this call's going to be available on our website, and a transcript will be made available as soon as practically possible.

We look forward to presenting our full year 2021 results on November 18. In the meantime, please take care, stay safe, and have a great day.

Thank you.

**End of Transcript**