

# ARISTOCRAT LEISURE LIMITED

## 2023 ANNUAL GENERAL MEETING

### CEO'S ADDRESS

#### 24 FEBRUARY 2023

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

I will start by summarising the key features of your company's strong performance over the 12 months to 30 September 2022, including Group financial results. I'll then make some further comments on operational performance and strategic priorities for the period, before commenting on year to date trading and addressing the outlook for the balance of 2023.

#### ***Result Highlights & Summary of Financial Results***

As Neil mentioned, our performance for the year demonstrated the ongoing execution of our successful, sustainable growth strategy. Once again, we focused on investing in competitive product portfolios to drive market share gains. We also continued to invest in strategic adjacencies – including in our 'Build and Buy' strategy to enter and scale in online RMG.

Revenue of over 5.5 billion dollars was 18% higher in reported terms and 12% higher in constant currency, compared to the prior year, driven by exceptional momentum in the Aristocrat Gaming Americas business and above-industry performance across key gaming segments and mobile genres. Our EBITDA margin expanded to over 33% and was underpinned by resilient profitability at Pixel United.

The Group delivered net profit before amortisation of 1.1 billion dollars, representing a profit improvement of over 27% in reported terms and 20% in constant currency compared to prior year.

The Group's balance sheet was further strengthened, with a net cash position of 564 million dollars and liquidity of 3.8 billion dollars as at 30 September 2022.

Early in the period, we completed a 1.3 billion dollar equity raising in connection with the lapsed Playtech acquisition, which we discussed at last year's AGM. The business subsequently refinanced our debt, achieving better terms, extended maturities, a more diversified capital structure and competitive pricing – underlining our ability to support our long term growth ambitions. At the same time, 1.1 billion dollars in debt repayments were also made in the year, including 250 million US dollars which was repaid in September 2022.

Free cash flow was applied to fund our growth plans, while 660 million dollars in surplus cash was appropriately returned to shareholders, in line with the Group's established capital allocation framework, as Neil outlined.

I would also highlight that both NPATA and EPS performance in 2022 exceeded our 2019 financial year results by approximately 20%, underlining the Group's post-COVID recovery. Focusing on what we can control has long been a touchstone of our strategy, and this was again instrumental to our performance in the reporting period, as we navigated numerous geopolitical, macroeconomic and market-specific challenges.

Throughout 2022, we also expanded key strategic skillsets and capabilities, including through the appointment of Hector Fernandez as CEO of Aristocrat Gaming and Mitchell Bowen as CEO of Anaxi. Post period end, Sally Denby was appointed Chief Financial Officer and Tracey Elkerton, our Chief Compliance Officer, was elevated to the executive leadership team. These appointments underline the depth of our leadership talent, and robust talent pipeline. During the year, Aristocrat expanded a number of graduate and specialist recruitment programs, stood up new creative studios and centres of excellence to further fuel our growth.

We also made significant progress against our ambitious ESG commitments and deepening our shared values and people-first culture across the year.

I echo Neil's comments on our ongoing efforts to support and protect our people in Ukraine, and express my admiration for their incredible resilience - particularly on this difficult anniversary. Additionally, I acknowledge and thank all those within the Pixel United business and in other teams across Aristocrat, who have been delivering support to our people over the past 12 months and continue to do so with great energy and compassion. I also thank all those who have worked so hard to protect and indeed strengthen our business through this period, despite the challenges.

I'd also like to add to Neil's comments on the topic of responsible gameplay, or RG. 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. Local initiatives in 2022 included the launch of the Australian-first cashless gaming trial in NSW, along with the further rollout of Flexiplay functionality in key jurisdictions. This progress builds on years of investment in RG product innovation.

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. For these reasons, and as we've consistently stated, Aristocrat continues to support the development of potential cashless solutions, and other RG tools, in both word and deed.

At the same time, we know there is no single solution. That's why in 2022 we also continued to strengthen links with gaming research and treatment services, provided more training, education and engagement among our own people, and continually looked for ways to improve the integration of RG into core systems and process across the business. Our multi-faceted responsible gameplay program is part of our DNA at Aristocrat. We see leadership in this area as critical to delivering our group strategy, as well as a fundamental expression of our company values. I can assure shareholders that we will continue to make an active and genuine contribution on this topic – along with our other material ESG priorities.

I'd now like to make some additional comments on operational performance over fiscal 2022.

### ***Operational performance summary***

Aristocrat's portfolio of scaled, world-class Gaming and Pixel United assets continued to grow and diversify, off the back of innovative and high quality execution from our dedicated and passionate teams.

Exceptional performance was delivered in North American Gaming Operations and global Outright Sales, despite supply chain disruptions and mixed operating conditions across key markets.

Pixel United delivered a resilient operational performance in a challenging environment, as overall mobile bookings moderated, post the COVID-driven peaks seen in the prior period.

We made significant progress in executing our strategy to scale in online Real Money Gaming (RMG), with the launch of the Anaxi business unit and increased organic investment in product and technology to support the development of our growing iGaming product suite. online RMG is a material growth and diversification opportunity that will provide further channels for the distribution of Aristocrat's world-leading content.

Over the course of 2022, we invested strongly in product and technology, along with innovation, operational excellence and customer engagement. Design and Development (or D&D) spend remained at a market-leading 12% of Group revenue in 2022, or 667 million dollars, at the upper end of our 11-12% target range. This was applied to further strengthen our product portfolios and support our entry into online RMG as noted.

Over the same period, we invested 480 million US dollars in User Acquisition to drive mobile portfolio performance, representing 26% of Pixel United revenue. This is at the lower end of our 26-29% target range, as we rigorously managed our games release schedule during the year.

Turning to address Aristocrat Gaming in more detail.

Total segment revenue and profit grew over 31% and 39% respectively, reflecting continued penetration of high-performing games and cabinets and exceptional performance in North America. In the Americas, revenue increased almost 25% to 1.7 billion US dollars, while profit increased over 31% to more than 956 million US dollars. This reflected Aristocrat's gaming operations installed base growing to over 59,000 units, and an 8.5% lift in combined fee per day to 55.78 US dollars over the year, compared to 2021. Americas Outright Sales increased 66%, with Average Selling Price up 8% over the same period.

The performance of Aristocrat's portfolio continued to strengthen, achieving around 1.4 times floor average over the period – well ahead of competitors and pleasingly with significant growth in our footprint. We also continued to lead in terms of the industry's most anticipated products, including our forthcoming NFL themed titles.

The business also continued to expand into attractive adjacent markets in North America, with growth in VLT and Washington CDS, and entry into the Kentucky Historical Horse Racing and New York Lottery markets.

In the ANZ Gaming segment, revenue increased by 15.5% to over 461 million dollars, while overall profit increased by 3.5% to 157 million dollars. ANZ Gaming contributed around 8% of Aristocrat's revenues in 2022, again underlining the extent of our transformative growth in recent years, particularly in North American gaming, and in our global mobile publishing business, Pixel United.

Pixel United delivered share gains despite a challenging second half environment, with bookings of over 1.8 billion US dollars and segment profit of 605 million US dollars. This result reflected effective and dynamic UA allocation, increased contribution from Plarium Play, and prudent cost management. Plarium Play – our proprietary, commission-free platform - accounted for around 26% of Plarium revenues over the period, compared to 20% in the 2021 fiscal year.

Continued investment in Live Ops, features and new content, combined with effective player engagement was reflected in share gains across key genres, with the business outperforming the market and maintaining its position as a top 5 mobile publisher in tier 1 western markets.

Average Bookings Per Daily Active User grew 11% compared to 2021, as a result of a focus on Daily Active User quality.

In addition to moderating demand in the overall mobile market, Pixel United was also affected by disruptions stemming from the conflict in Ukraine, including the proactive decision to cease operating its mobile games in Russia during the year. This market historically contributed approximately 3% of annualised Pixel United bookings, primarily in the Plarium portfolio.

Pixel United minimised operational impacts, and further strengthened and diversified its business, by leveraging increased capability across its teams, opening new studios in Poland, Spain and Canada and successfully closing Plarium's Russia studio and moving all work to an exclusive third-party studio based in Europe.

I'll now make some comments on year to date trading and the outlook for the balance of our 2023 financial year.

### ***Business update & Outlook comments***

Group performance in the current financial year has been encouraging, and in line with our plans to date. Gaming has started the year positively, particularly in North America, where our major customers' capital commitments remain supportive. From a macroeconomic perspective, we are closely monitoring possible impacts on consumer sentiment from elevated inflation and higher interest rates, and the evolution of supply chains. We are well positioned to continue working closely with our customers and suppliers to manage these uncertainties.

Pixel United's performance has been resilient. As I outlined earlier, the second half of the previous financial year was a more challenging period for our mobile business, as revenue growth slowed across the industry. While this 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.

Moving now to Anaxi. We announced earlier this month that Roxor Gaming - an acquisition that we announced in September last year - had closed successfully, and earlier than originally expected. 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 with Ontario also going live in the first quarter of this year.

In addition, we recently signed a content agreement with BetMGM which we shared last week, and expect to announce a further agreement shortly, delivering on Anaxi's market entry objectives that we shared in November last year. We anticipate a number of other agreements over the year, as the build-out gains momentum. Anaxi is also launching a first-of-its-kind mobile on-premise solution for tribal gaming operators. This product allows patrons to connect with and play Aristocrat's Class-II gaming content via their mobile devices while on trust land. Anaxi's mobile on-premise solution will be live with the Chickasaw Nation in Oklahoma in the first quarter of this year.

We are excited by the opportunities ahead for Anaxi and look forward to keeping you updated on our progress.

In terms of outlook, we repeat our Outlook commentary, the full year 2023 modelling inputs and the medium-term objectives provided at the time of our 2022 results presentation in November last year. NPATA growth will be skewed to the second half of the year, reflecting Pixel United's stronger first half profitability in 2022. For clarity, I will 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 and industry conditions, reflecting:

- Continued strong revenue and profit growth from Aristocrat Gaming, underpinned by market-leading positions and recurring revenue drivers in Gaming Operations;
- Lower growth in bookings and profit from Pixel United, compared to recent years; and
- Further investment in Anaxi, to support our online RMG ambitions.

### ***Conclusion***

In summary, the 2022 financial year was another successful one for Aristocrat, highlighting the benefit of the consistent implementation of our growth strategy. 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 the incredibly talented teams we have across all parts of the Aristocrat business for their energy, hard work, commitment and care for each other throughout 2022.

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 contribution across the year.

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

I want to assure you that 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.

# Outlook

Aristocrat expects to deliver NPATA growth over the full year to 30 September 2023, assuming no material change in economic and industry conditions, reflecting:

- Continued strong revenue and profit growth from Aristocrat Gaming, underpinned by market-leading positions and recurring revenue drivers in Gaming Operations;
- Lower growth in bookings and profit from Pixel United, compared to recent years; and
- Further investment in Anaxi, to support our online RMG ambitions

Over the medium-term, Aristocrat aims to:

- Continue to gain market share in all key segments;
- Deliver high quality, profitable growth;
- Continuously invest in D&D to improve competitiveness and breadth of product;
- Invest to diversify our business in line with strategy; and
- Effectively manage capital to support long-term growth and maximise shareholder returns

#### Additional detail for FY23 modelling inputs

Operating items:

- D&D investment at the upper end of the historic range of 11-12% of revenue
- Pixel United UA spend expected to be at the lower end of the historical range of 26% and 29% of revenues

Non-operating items:

- Interest Expense – includes interest paid on US dollar borrowings, hedging costs, hedging benefits and other finance fees, with an all-in interest expense of approximately 5.5% to 6.5% of US dollar borrowings
- Amortisation of Acquired Intangibles – Circa US\$65 million pre-tax relating to assets previously acquired
- Income Tax Expense - Normalised ETR of approximately 24% to 26% reflective of current corporate tax rates and regional earnings mix

