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Operator: Thank you for standing by and welcome to the Aristocrat Half Year 2021 results briefing conference call. All participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad.

I would now like to hand the conference over to Mr Trevor Croker, Chief Executive Officer and Managing Director. Please, go ahead.

Trevor Croker: Good morning and welcome to Aristocrat's financial results presentation for the half year to 31 March 2021. My name is Trevor Croker, Chief Executive Officer and Managing Director of Aristocrat.

It is a pleasure to present Aristocrat's half year results today along with Julie Cameron-Doe, our Chief Financial Officer, who is on the line together with Mitchell Bowen, CEO of Aristocrat Gaming and Chief Transformation Officer and Mike Lang, CEO of Aristocrat Digital. Thank you everyone for joining us.

Turning to our agenda on slide 2. Please note that the full details of the half year results are contained in the review of operations document released this morning. Today, we'll step through the presentation deck, beginning with the strategic overview of our business before moving to Group results, highlights of our operational performance and outlook and finally, opening the line for questions.

Before we begin, please note the usual disclaimer statement available at the back of today's presentation deck. References to prior corresponding period or PCP relate to the six months to 31 March 2020.

Turning now to slide 4. I'd like to begin by referencing Aristocrat's established and proven growth strategy. In a nutshell, we aim to deliver high quality profitable growth by continuously improving the competitiveness and breadth of our product portfolio and diversifying our business. To do this, we invest in great people, game content, technology and capability, building on the foundations of culture, governance and exceptional financial strength.

We are also prepared to invest progressively, both organically and inorganically to accelerate our progress.

The diagram describes our strategy flywheel which we have shared previously. In the context of the challenges and opportunities highlighted by the COVID pandemic, we took the opportunity to review the strategy during the reporting period. While we have made some refinements in terms of emphasis and priority, the strategy remains absolutely sound and today's results demonstrate this.

In particular, Aristocrat has taken the right decisions over the recent months to double down on our strategic strengths and invest strongly in people, product, customers and culture. Over the course of today's presentation, I will touch on a number of these choices and priorities.

As a result, Aristocrat today is a better and more resilient business than we were pre-COVID. With the benefit of a refreshed and effective strategy, together with the belief and capacity to execute vigorously, the business is ideally placed to continue our momentum going forward.

Before stepping through the detail of performance for the period, I'd like to take a moment to characterise Aristocrat's business as it continues to grow and transform on slide 5.

Today, Aristocrat is a gaming entertainment and technology company of global scale.

With diversified portfolios in both gaming and digital markets, we are successfully growing and leveraging world class titles across multiple platforms and distribution channels. We continue to lift the percentage of overall revenues that derive from recurring sources.

This not only builds further resilience in our model but also gives the business more opportunity to benefit from its exposure to fast growing segments and improved market conditions. In the reporting period, almost 80% of revenues were derived from recurring sources.

Our appetite to invest behind our strategic differentiators and to accelerate growth is also a hallmark of Aristocrat's business. Underpinning our confidence to invest is of course our strong balance sheet, cashflow generation and available liquidity, which enabled continued execution of our growth strategy over the period, despite COVID-driven uncertainties.

Finally, this slide also provides a snapshot of the characteristics of performance of our two operational businesses in Digital and Gaming over the half year. The roughly even split in terms of revenue contribution further highlights the success of our diversification efforts and improved overall business resilience.

Turning to slide 6. As I mentioned, over the six months to 31 March 2021, Aristocrat has chosen to protect and extend our strategic advantages and position the business for sustained growth. I'd now like to provide more colour on these choices.

From a People First perspective, we energised our culture and offered more support, flexibility and recognition to our people. An average engagement score of 8.4 was achieved across our global business in the period, holding at a level above technology industry benchmarks. We also lifted investment in great talent, including leadership development, training and new talent acquisitions, particularly in strategic skillsets.

From a Customer Centricity perspective, we have continued to offer tailored, flexible solutions to gaming customers to support their recovery. This has driven deeper strategic partnerships and customer advocacy.

In terms of portfolio diversification, we have further broadened our business by penetrating more adjacent markets, segments and digital genres. During the period, we opened two new Gaming creative studios, and launched and scaled a further world-class digital title in *EverMerge*, building on earlier Digital talent investments in Neskin and Proteus.

To support this momentum and underpin long-term growth, $243 million was invested in D&D during the period. Whilst towards the lower end of our historic 11% to 12% of revenue range, it remains robust in absolute terms and market-leading compared to peers.

We also committed US$252 million in the half in UA, representing a $50 million increase from the PCP and 28% of digital revenues, which was at the high end of our 25% to 28% target range.

Turning now to slide 7. Our strategy is fundamentally geared to delivering sustainable performance, which means that a robust approach to ESG is an important part of our approach. During the reporting period, we completed a fresh assessment of our material ESG issues. This incorporated input from a wide range of stakeholders, including market stakeholders, employees, customers, regulators and business partners.

Existing priorities across responsible game play, governance, employee relations and diversity and inclusion, ethical sourcing and energy and environment, were largely confirmed, but we will apply the many insights gleaned to refine priorities, drive progress and improve our disclosures going forward.

On slide 7, you will see we have referenced some of the progress achieved across material issues during the reporting period. This includes bringing forward more product innovations and initiatives to inform and empower players, delivering comprehensive anti-bribery and corruption training and foundational work to better understand and quantify our greenhouse gas emissions profile.

This work will support more detailed disclosures on emissions, consistent with stakeholder feedback. Work to further strengthen our robust approach to governance was a key focus in the half.

Aristocrat's 2021 ESG disclosures will be published on our Group website in December. We look forward to sharing full details and taking a further step forward in our ESG maturity at that time.

I'll now turn to a summary of our Group performance for the half year, building on the market disclosure released on 17 May. Turning to slide 9.

Over the six months to 31 March 2021, the Group delivered a high-quality result that reflects the businesses' diversification and resilience, as well as successful execution and the impact of sound investment choices that I outlined.

Normalised profit after tax and before amortisation of acquired intangibles or NPATA of $412 million was delivered. This represents an increase of 12% in reported terms and 27% in constant currency, compared to the PCP.

Reported revenue decreased fractionally by 1% to approximately $2.2 billion. On a constant currency basis, revenue was 11% higher than the prior half year, reflecting strong growth in Digital and a rebound in Gaming across the US and ANZ markets.

This strength has been partly offset by performance in the International gaming segment in the period, which reflected the fact that many markets across EMEA and Asia remained closed or subject to travel restrictions.

Earnings before interest, tax, depreciation and amortisation, or EBITDA, was 6% higher than the PCP at $750 million and 19% higher on a constant currency basis, reflecting margin improvement across Gaming and Digital operations.

Fully diluted earnings per share before amortisation of acquired intangibles of 64.5 cents represented a 12% increase compared to the PCP. Normalised operating cash flow of $425 million was 31% lower than the PCP as a result of strategic investments to support customer recovery, including working capital initiatives.

The Group's balance sheet remained extremely strong over the period, with over $2 billion in available funds and a net debt to EBITDA ratio of 1.2 times at 31 March 2021.

The Directors have authorised a fully franked dividend of 15 cents per share, $95.6 million, in respect of the period ended 31 March 2021. The record date will be Monday 31 May and the payment date will be Friday 2 July 2021.

I'll now invite Julie to take us through further details of our Group result. Julie…

Julie Cameron-Doe: Thank you, Trevor and good morning, everyone. Slide 10 sets out the composition of Aristocrat's reported NPATA performance of $412 million, normalised for significant items and compared to the PCP.

As Trevor mentioned, the 12% higher NPATA result, a 27% increase in constant currency, was largely driven by an incremental $117 million profit in the Digital business with modest growth across the Americas and ANZ Gaming businesses, partly offset by weakness in the International Gaming segment and $52 million in currency headwinds.

Profit in the Americas Gaming segment increased $11 million compared to the PCP, an outstanding result that reflects a higher Gaming Operations contribution.

Growth was delivered across both Premium Class III and Class II installed bases, along with a market-leading fee per day result. ANZ Gaming markets also benefited from improved consumer sentiment and strong portfolio performance, with profit in the segment up $6 million compared to the PCP.

Effective execution drove strong revenue performance across the period with a notable acceleration through March and to a lesser extent, April.

As Trevor referenced, D&D investment in talent and technology was maintained at strong levels, accelerating over the period as we gained more certainty around performance.

The increase in the Group's effective tax rate from 24.2% to 24.7% is a function of the geographic profit mixture in the half. Finally, results for the period were not impacted by any reductions to provisions.

Turning now to slide 11. The Group's cash generating fundamentals remained strong over the six months to 31 March 2021. Normalised operating cash flow decreased 31% to $425 million compared to the prior corresponding period.

The change in net working capital of $130 million reflects investment to support the recovery and growth of Gaming customers and a decline in inventory levels due to the impact of COVID in the prior year.

The decrease in other cash and non-cash inflows was driven by the appreciation of the Australian dollar in the reporting period.

Capital expenditure was over $100 million in the half, primarily comprised of continued investment in hardware to support growth in the Americas Gaming Operations installed base.

Significant non-cash items in the period related to remaining contingent Plarium retention arrangements, whilst significant cash items in the period related to the Kater and Thimmegowda legal settlement, as previously disclosed, and Plarium retention payments.

Moving now to capital investments and our balance sheet, slide 12. Over the reporting period, Aristocrat continued to allocate capital according to our established priorities, in order to promote long-term growth and appropriate shareholder returns.

These priorities are set out on the slide, starting with our top priority of organic business investment. Accordingly, over the reporting period, we committed $243 million in D&D to further strengthen our product portfolios. We also invested US$252 million in User Acquisition to drive performance in Digital and over $100 million in capex as previously noted.

Our next priority is to deploy capital on inorganic opportunities to accelerate achievement of our strategy in line with our rigorous investment criteria. We continue to proactively assess inorganic opportunities to bring new strategic capabilities to the business, facilitate growth into attractive adjacencies or further expand our product pipeline, particularly in Digital.

Our third priority is capital returns. In light of market conditions and the Group's debt holdings, we continued to prioritise liquidity over debt reduction during the reporting period.

Trevor referenced the Group's strong balance sheet and liquidity position as at 31 March 2021, which continues to provide us with financial strength, flexibility and full optionality going forward.

Net debt of around $1.3 billion at period end compares favourably to net debt of $1.6 billion reported as at 30 September 2020, and represents a net debt to EBITDA leverage ratio of 1.2 times.

At 31 March 2021, Aristocrat had total liquidity of over $2 billion, comprised of cash and available revolving credit facilities of $277 million. Our debt facilities, largely drawn from the US Term Loan B markets, remain competitively priced at a weighted average LIBOR plus 235 basis points.

Credit agreements remain covenant light and provide the Group with ample financial flexibility. Our credit ratings also remain unchanged at BB+/ Ba1 with a recent positive shift to Stable outlook given our strong operating performance.

That concludes the overview of Group results. I will now pass back to Trevor to take us through operational performance and outlook for the remainder of 2021 financial year. Trevor.

Trevor Croker: Thanks, Julie. Turning first to the global Gaming business on slide 14. You'll notice we are presenting the three segments of Americas, ANZ and International on a combined basis, reflecting how these operations have been managed in our business for some time. These segment performance details continue to be provided in the appendix.

Overall, Gaming segment revenue and profits fell around 14% and 13% respectively, reflecting the impacts of COVID on key markets and segments, including the effective closure of many International Class III markets during the year.

In local currency, Americas profit increased by 2% to $310 million, driven by growth in the Class III Premium and Class II Gaming Operations footprint. The business grew share across key segments and expanded margins, reflecting growth in gaming operations install base to 50,554 units with approximately 87% operating.

Operational momentum was supported by a stronger than expected economic recovery and strengthening consumer sentiment in the later part of the reporting period.

Aristocrat's Premium installed base grew 5% to 25,004 units with circa 80% of the installed base operational as at 31 March 2021.

Over the same period, the Class II Gaming Operations installed base grew 2% with circa 93% of units operational at period end, reflecting customer decisions to switch on higher performing product.

On a combined and adjusted basis, the average Class II and Class III fee per day increased 8.9% to almost US$55 over the period, or just over US$47 on an unadjusted basis.

North America outright sales revenue decreased by 10% compared to PCP driven by the impact of COVID related customer capital budget constraints. However, ASP remained strong and share gains were achieved as previously noted.

Aristocrat averaged 17 of the top 25 games on the Eilers premium title list in the six months to March 2021, again demonstrating exceptional portfolio strength.

In ANZ, revenue increased by 2% to $210 million in constant currency compared to the PCP, while profit increased over 10% to $85 million. Margin expanded 310 basis points to

40.6% reflective of the COVID impacts in prior period, deferred investment and foreign exchange benefits.

Average cabinet selling prices decreased slightly from the prior corresponding period driven by promotional activity to aid customer recovery and support long term growth. The ANZ business extended its market-leading ship share performance over the six months to 31 March 2021, once again highlighting the portfolio strength and the business' outstanding operational momentum.

Overall we're proud of the performance and resilience of our global Gaming business and the strength of our customer relationships. We look forward to continuing to benefit from our sustained investment in innovative product development over the half, including the most anticipated game in the industry, *Buffalo Link*, from HRG Studios which was launched in the US [in the] last fortnight.

Moving now to the Digital segment on Slide 15. I note that the figures on this slide are in US dollars.

The Digital business recorded above category bookings growth of 29%, and a 52% lift in segment profits compared to the PCP, to an exceptional US$899 million and US$301 million respectively.

This was the result of effective investment in Live Ops, features, new game content and UA over the period, combined with ongoing investment in growing and diversifying the Digital portfolio. Consumer demand for Digital games remained elevated compared to pre-COVID levels, albeit somewhat moderated compared to the second half of fiscal 2020.

As previously referenced, the business invested an incremental $50 million in UA over the half, compared to the PCP. This supported the profitable growth of *RAID: Shadow Legends*, strong performance in social casino games, especially *Lightning Link* and *Cashman Casino* and the scaling of *EverMerge* in the growing casual merge genre.

A strategic rebasing of Big Fish business completed in the second half of fiscal year 2020 also contributed to revenue and profit gains in the reporting period.

This result highlights our progress in diversifying and broadening our portfolio of games across multiple genres, demographics and geographies.

RAID: Shadow Legends moved into profitability and *EverMerge* continued to scale strongly during the six months to 31 March 2021. When added to the successful launch of *Lightning*

Link in 2018 Aristocrat has organically developed and grown three world-class titles across major genres over the past three years.

Margins expanded more than 500 basis points in the half. UA investment represented 28% of Digital revenue, demonstrating highly efficient and effective allocation during a period in which the business had no scheduled new games. Our daily active users - DAU - reduced modestly to 6.7 million at period end, reflecting our ongoing focus on DAU quality. Along with DAU quality, a favourable genre mix, effective Live Ops, features and new games content combined to deliver an impressive lift in average bookings per daily active user - or ABPDAU - performance over the period.

ABPDAU grew 44% or $0.22 compared with the PCP, to $0.72, a new record for our business.

We are excited by the ongoing progress in our Digital business, particularly its momentum, scale, portfolio breadth and growing capabilities. Looking ahead, we have a solid pipeline of new games. Whilst performance will dictate the timing of any worldwide launches, we plan to release at least one new title towards the end of this fiscal year.

We will continue to invest to grow our product pipeline and further build on our capability to fully capture our opportunities in Digital segment.

Slide 17 provides a recap and a summary of our performance highlights in the six months to 31 March 2021. A headline double digit increase in NPATA together with margin and share expansion across key Gaming and Digital segments, pointed to our increasingly competitive and high-performing product portfolios and customer engagement.

The further diversification of the Group's revenue profile also underlined our strengthening resilience.

As I said at the outset, the result demonstrates that we made the right decisions to sustain our differentiating investments in outstanding people and products, customer, talent and culture, throughout the COVID impacted period.

Turning now to outlook for fiscal year 2021 on Slide 18. Aristocrat plans for strong growth over the full year to 30 September 2021, assuming no material changes in economic and industry conditions, reflecting the following factors:

- Enhanced market-leading positions in Gaming Operations measured by the number of machines that are operating and game performance.

- Sustainable growth in floor share across key Gaming Outright Sales markets globally.
- Further growth in Digital bookings, with UA spend expected to be modestly above the historical range of 25% to 28% of overall digital revenues, pending timing and success of new game launches in the second half of fiscal 2021.
- Continued D&D investment to drive sustained, long term growth with investment likely to be modestly above historic levels, on a percentage of revenue basis; and
- An increase in SG&A across the business as we continue to scale and deliver our growth strategy. This includes continuing to identify adjacencies that expand our capabilities to create new business and grow through product, distribution and investment.

Non-operating expense assumptions are also set out on the slide, specifically regarding interest expense, amortisation of acquired intangibles and income tax expense.

The Group has entered the second half of the 2021 fiscal year with excellent momentum, flexibility and resilience, and a balance sheet that continues to provide full strategic optionality. We expect the business will continue to benefit from the decisions we have made to invest to extend our advantages.

Aristocrat's global team is aligned behind a refreshed growth vision, with established momentum and the confidence to continue to invest and accelerate execution in the period ahead.

With that, I will conclude my formal presentation and hand it back to the moderator to open the lines for questions. For the benefit of others on the call please limit yourself to two questions before re-joining the queue if you wish.

Operator: Thank you. If you wish to ask a question please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request please press star two. If you are on a speakerphone please pick up the handset to ask your question. Your first question comes from Desmond Tsao with Goldman Sachs. Please go ahead.

Desmond Tsao: (Goldman Sachs, Analyst) Hi Trevor, Julie. Thanks for taking my questions. I think you made mention that your installed base for Class II and III active machines were at 93% and 80% respectively. Just keen to dig a bit deeper into these trends and as well as your record fee per day numbers, just to understand the underlying momentum.

If you could just make comments perhaps around I guess how these trends fared through the half, how it looked as you exited March and what the current run rate looks like.

Trevor Croker: Yes, thanks Desmond. Appreciate the question. I'll step into it a couple of ways. So first of all I think - you know, we look at a macro picture - the world has been changing a lot through COVID. If you look back at the early part of the half there were very limited machines that were switched on. As casinos started to open more machines started to switch on.

There were obviously some ups and downs from installed base during the first quarter. If you think about what happened in North America towards Christmas time and over Thanksgiving where there were further shut-downs from that point of view. But what it did do, is it kept building through the period towards the second half.

We were able as you can see from the results to increase our installed base in both Class II and Class III machines and also to get to a percentage switched on which was, as you reflected, 80% and 93%, which was above our competitor rates and industry average for those.

I think if you then look at it - we continue to place, as I said, product. If you look at what's been driving that product placement, it's been new games like *Cash Express Luxury Line*, *Crazy Rich Asians*. These games have been able to drive installed base. What we've seen towards that higher fee per day is that high performing games are being switched by operators. High performing games are therefore performing for operators and for Aristocrat.

We've also got a strong pipeline of games coming through. As I referenced the last two weeks we've launched *Buffalo Link* in North America. Very, very strong pipeline and game content coming through for that. Early results for that is very solid as well.

Desmond Tsao: (Goldman Sachs, Analyst) That's great. Appreciate that. The second question is just around digital. I think you guys are now expecting UA to be modestly above the 25% to 28% historical range. I think this compares to your prior guidance of between 25% to 28% so perhaps if you could just flesh that range out a bit more and to what extent is that opportunities to invest in some of these existing games? Or it's more weighted towards the new games coming through soft launch on Slide 28?

Trevor Croker: Yes, sure. So with the guidance of 25% to 28%, it's pretty dynamic investment pieces if you think from those games' points of view. We didn't have any new games in the first half. But we were able to be very efficient in our investment behind scaling *Lightning Link* by - and also scaling *EverMerge* as a new game - and then continue to support *RAID* through other forms of marketing.

Now that's three games in three years that are organic games that have been successfully developed and released by Aristocrat into the marketplace. You talk about our guidance for the second half modestly above - we have got a pipeline of games coming through as you can see. We have a couple of games in the pipeline now.

We've got two that are close to soft launch. We expect one in the second half to go to launch. That will adjust what happens from the UA point of view. We think that that happening will put us towards the top end or modestly over the top end of UA should those games come to launch.

Desmond Tsao: (Goldman Sachs, Analyst) Great, thanks Trevor.

Trevor Croker: Thanks Desmond.

Operator: Thank you. Your next question comes from Don Carducci with JP Morgan. Please go ahead.

Don Carducci: (JP Morgan, Analyst) Good morning everyone. So first quick one for me. As we think about some of the industry tailwinds and your performance in digital, how should we think about the second half? Maybe talk to us about what's one-off and maybe what's a permanent step change?

Trevor Croker: Yes, I think - hey Don, how are you - I think the way to think about it is that through the COVID period it has accelerated the adoption of affordable entertainment. I think that's what you can call mobile games. That has happened in the first part. I think when we were talking to you this time last year we were signalling to already a big step up from the first part - the second half of - in the early part of the second half of 2020.

I think what you're seeing now is we're seeing some growth rates moderating. We're cycling over some very strong comps for the same period last year. The things that have driven good performance for us has really been Live Ops, the efficient use of UA, new features, new game content. So in the half we did 75,000 live operation - 7500 sorry - and then we also roughly produced about 125 new games in the full year into our slot content as well.

So we're continuing to bring in new features, new game content and also scale existing platforms like *RAID*. So you'll notice that we've got tower defence and other activities now bringing in extra activity to support the features in *RAID*.

Don Carducci: (JP Morgan, Analyst) Okay, thank you. Then how should we think about D&D spend going forward? Can you talk a little bit about maybe what eventuated from the last result where I think it was guided increase relative to where it came in and how we should think about the future, maybe the second half of next year?

Trevor Croker: Yes, so we've been taking a cautious approach in the way we have been investing but we have been accelerating through the second half of this period of time, so since the start of the calendar year we have been investing behind higher end activity and you can see that we have continued to keep a flow of gains coming through in the Land Based Business.

We also see adjacencies which we are adjusting into our adjacencies, but we do expect it to be higher in the second half as a percentage of revenue and that's because of the flow through to more adjacencies and also to get us back into occasions of new gains coming through on a regular basis. We have had new *MarsX* cabinet release, we have got the *Neptune* cabinet release, we have new game content coming through, increased cadence of games into the digital business as well.

Don Carducci: (JP Morgan, Analyst) Thanks everyone, appreciate your time.

Trevor Croker: Thanks Don.

Operator: Thank you. Your next question comes from Larry Gandler with Credit Suisse. Please go ahead.

Larry Gandler: (Credit Suisse, Analyst) Hey Trevor, thanks for taking the call. Look, forgive me for mentioning one of your competitors here, but one of your competitors in digital are reporting, a very similar company to Aristocrat's digital business, reporting 34% all in operating margins. Aristocrat is now 34% but of course the D&D is being moved off into a central reporting area. I'm just wondering with this result, given that UA was still quite high at 28%, are these higher margins sustainable and really should we be thinking about further upwards trajectory in margins given where some of your competitors are reporting digital margins?

Trevor Croker: Yes, thanks Larry. I appreciate the question. First of all, I think we have been focusing on digital from day one as profitable growth and we continue to focus on making sure it's profitable growth. I referenced earlier about the roughly 125 odd games annually that we use in social casino that move through into the digital casino business. The thing that changes the profit mix is really the genre mix and different genres have different margins. Obviously social casino is different from casual games and that is where we get a lot of the differentiation.

As far as is it sustainable, I think as we continue to build out our portfolio we are going to building out into strategy, we are going to be building out into more casual genres and that's going to have some impact on margins. I think what you can see from what Mike has done and his team has done is they've actually put together a very strong business with 52% increase in margins, 520 basis points increase in margin as a percentage and they're actually growing that business responsibly by using UA and other ways to drive it.

I don't think you can keep modelling it forward to be honest with you because our expansion is going to cause some downward pressure on margin, but I would put us at the top end of margin from a performance point of view and also our strong focus on profitability for growth.

Larry Gandler: (Credit Suisse, Analyst) Okay, thanks for that. In terms of the Land Based Business, I understand you guys are working with your customers to extend the duration on some of your gaming operations arrangements, revenue share arrangements. I'm just wondering if you can give us some colour about how we should think about yield expansion. I know you are perhaps taking price increases on new contracts as well. How we should think about yield expansion in probably more Class III than Class II and the duration of those arrangements. Could you give us some colour there?

Trevor Croker: Yes, look it's a customer-by-customer scenario Larry, so I won't get into each one of those, but what we are is we are signing longer and bigger arrangements with our customers now. We are focused on making sure that there's a long-term profitability for our customers. We said right at the start of this pandemic that we were going to help lead the industry out of this period of time and support our customers and that remains our focus as well.

They are important to us obviously because they are the grassroots of what we do, but they have also been good partners to us through this period of time as well. Really, it's about building into a partnership relationship and removing this transaction piece, so we continue to see good install base growth. When you talk about yield, I think yield is a factor to be frank with you of consumers. As more consumers come to the properties, as more machines are switched on, then yields would change appropriately, but you can still see on a yield basis we still hold a healthy gap to our competitors and to the average for whether it's adjusted or unadjusted from that point of view.

We have been using activities like Aristocrat Assist, et cetera, to help our customers through this period of time and we will continue to partner with them with a longer-term view of sustainable growth.

Larry Gandler: (Credit Suisse, Analyst) Okay, fantastic. Thanks for that help guys.

Trevor Croker: Thanks Larry.

Operator: Thank you. Your next question comes from Rohan Sundram with MST. Please go ahead.

Rohan Sundram: (MST, Analyst) Hi Trevor and Julie. Just one question from me. How would you describe your visibility in land based at the moment and what is the feedback you are getting from casino customers in North America at present?

Trevor Coker: Yes, thanks Rohan, I appreciate the question. The sales group under Mitchell Bowen have done a really good job over the last couple of years of implementing processes and systems, so things like Salesforce, et cetera, so our visibility of that funnel is the best that we have had and we continue to see - be able to see right through that funnel whether it's in Gaming Ops or for sale product.

If you think about what we are seeing, we are still seeing good opportunity in Gaming Ops off the back of great games like *Crazy Rich Asians*, *Cash Express Luxury Line* and the recently released *Buffalo Link* and we have seen strong momentum for each of those. Not just performance but also pipeline to come through.

When it comes to for sale, it's a little bit harder, a little bit harder because our customers aren't necessarily… releasing capital for games at the moment, so we are seeing some visibility of that and we have good visibility as far as new openings and expansion goes, but as far as the change in for sale market and capital allocation by customer, it's still a bit cautious from this point of view.

Similarly with the Class II business, we have had good performance there from *Hunt for Neptune's Gold*, a strong click performance, so we are still placing games, as you saw. We did increase our install base in Class II and Class III during the period. We feel confident that going forward for the balance this year we will continue to see install base increases and also fee per day is a little bit harder because it's a consumer sentiment but good quality games will drive foot traffic and we believe we will benefit from that.

Rohan Sundram: (MST, Analyst) Thanks Trevor.

Trevor Croker: Thanks Rohan.

Operator: Thank you. Your next question comes from Sacha Krien with Evans and Partners. Please go ahead.

Sacha Krien: (Evans and Partners, Analyst) Good morning. Maybe a couple of questions for Julie. Just wondering first of all what the increase in receivables is attributable to. Is that a combination of the longer terms as you were talking about for customers or is it perhaps an indication of some better shipments towards the end of the period?

Trevor Croker: Julie, over to you. Julie, can you hear us?

Julie Cameron-Doe: Yes, I can hear you. Sorry, I'm having trouble with that mute button. Hi Sacha, thanks for the question. Yes, look I think your question is a good one about the growth in receivables. Clearly, we just see sales accelerate through the period and we finished the period stronger and that has had an impact on the level of the receivables at the period end.

Sacha Krien: (Evans and Partners, Analyst) Okay, thanks and just a couple of questions on the outlook commentary and the SG&A guidance. Can you maybe clarify that a little bit in terms of first of all are you talking, yes, constant currency costs or is that an AUD expectation for growth?

Julie Cameron-Doe: Sure. I mean in SG&A guidance it's really around the fact that we are, you know, we have said before, we have said for a couple of years now, that we need to invest to grow this business in a sustainable way and we have identified the areas that we need to invest in. Now, clearly as we went through the period last year when we went into cash preservation mode, we had to pause a number of those projects. As we kicked off the year this year, we remained cautious, as Trevor referenced, but as we saw the momentum pick up and as we saw the execution going well, we pushed through and flicked the switch back on in terms of some of those investments.

We do see, we very much see, the need for more investment in those areas. As we say in our outlook statement, it is about identifying adjacencies and investing behind them and really building out those capabilities we need to grow this business. An example would be in the customer experience area, we are investing in that area. We have talked and you will see we have a page in our investor presentation for the first time this time on ESG, so there's investment in that area as well.

Data is a key investment area for us as well and we have talked many times before about the need for investment in cyber and privacy and all of those basic housekeeping things that organisations of our size and scale need. So absolutely it's constant currency, reported currency, Aussie dollar, US dollar. It is growth in investment really in line to building out the continued growth of the business.

Sacha Krien: (Evans and Partners, Analyst) Okay. I might step through that with you a bit later offline because I do have trouble getting to growth in that number given some of the bad debt provisions and inventory write downs that you had last year. I just had one final question. In terms of your liquidity position and the debt you currently have fully drawn, is there a call option on that second tranche of the US Term Loan B, which I think is at a much higher margin than the rest of the Term Loan B debt?

Julie Cameron-Doe: The nature of the Term Loan B is it's fully drawn down and as you know this time last year, that's when we took it on when we were in, you know, everybody was in a position of very uncertainty and not really knowing what was going to happen to liquidity and the markets across the world. That's why we did it. It is at a higher margin than our existing Term Loan B.

The way it operates is it is covenant light, it is tightly priced compared to what was in the market at the time, it only requires minimal amortisation, covenant light and so on. We are now in a position having got through the first year of it where opportunistically we will be able to go out and potentially reprice when the time is right in the market and we will look to do that in any case because I'm sure you can see with the cash that we are sitting on, which we have chosen to be in this position for the time being, that is not a position we would expect to be in over the long term. It's really as a result of taking on the additional debt and that form of debt being TLB which is fully drawn down.

We will, at the appropriate time, we will be looking to refinance and to rebalance the balance sheet pending the market conditions as I said and the opportunity for us to utilise the cash on organic and inorganic opportunities.

Sacha Krien: (Evans and Partners, Analyst) Yes. Okay, thanks very much.

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

David Fabris: (Macquarie, Analyst) Hi Trevor, hi Julie. Look, I had a question on digital and I will follow up with another question as well. I think you mentioned there is one new game possible for the end of the fiscal year. What about into FY22? When we are thinking about digital you have got those charts on page 30, can you talk us through which segments are the most attractive and where you think you would win share or scale quickly?

Trevor Croker: Yes, thanks David. I will make a couple of comments and hand over to Mike Lang who is on the call as well. We continue to see the pipeline going at about 10 to 15 games at any one point in time and we continue to drive towards having that genre diversity. As I said earlier, *Lightning Link*, *RAID* and *EverMerge* are three new genre games that have come exclusively from Aristocrat and we have been able to build those from ground up. I will get Mike just to talk you through about where he is on pipeline and also for FY22. We continue to focus on how do we build that pipeline and also the talent to support it. I'll hand over to Mike now if you can just unmute yourself Mike and you [can answer that].

Mike Lang: Thanks Trevor and appreciate the question. Yes, we are very encouraged about our pipeline as we look out into the future, all driven organically as we develop that across our various businesses. In particular, we continue to want to invest in our core segments that we are in today.

That's at Plarium, the mid-core segments that have done very successful. That’s both the strategy, role-playing games. But we are also looking now at the action segment with a new game *Mech Arena* that’s launching this year, which we're encouraged about the potential for us entering that segment.

Within our social casino segment, we continue to, as Trevor mentioned, do very well within our core games. We will continue to look at new games as we look toward, in that segment in our market-leading position. In particular around the slots area, that we're very strong at, and continue to want to invest in.

Then finally on the casual segment, with the success we've had at *EverMerge*, which is now trending, $150 million-plus game a year. We are very bullish on the Merge segment, we think that’s an area that we want to continue to invest in. Come in very strong this year in that area, and we continue to want to invest in that.

So broadly we would like to continue to be diversified across our various genres and organically drive our business, as we have done over the last year.

Trevor Croker: [inaudible David], too, it's very - oh, sorry, it's very similar to the way we think about our land based businesses with adjacencies is, where is there an adjacency that's gotten a sized market that we like, it's got capability that we believe we can buy or build. Then we start to attack it. I think Mike and the team have identified a couple in there, like you said, around *Mech Arena* and other alternatives that we can continue to build out from our core competencies.

David Fabris: (Macquarie, Analyst): Great, thanks. Just my final question, just thinking about long-run segment margins. I know you've covered off on digital and there was a question on SG&A. But if we look at that Americas business, do you think you can eclipse the FY19 peak margins in that business as outright volumes normalise? Or do you think we still sort of sit between that 50% to 55% level?

Trevor Croker: Yes, I'll make a couple of comments, and then hand it over to Julie for the detail, David. I think we're seeing strong margins coming back as the business has rebounded. But I also believe where we exited pre-COVID-19 with our margins were at the very high level. I think that we are getting operating leverage back. But I'll let Julie just talk you through about where we're going on the future of it.

Julie Cameron-Doe: Thanks Trevor, hi David. Yes, look, I think when you look at the Americas business in this period clearly you can see the strength of recurring revenue in the numbers. As you know, the Gaming Operations across Class II and Class III really does throw off the highest margin in our overall business. So when you have the strong relative share of that, the margin is really going to be strong.

We are expecting to expand into adjacencies for Outright Sales to come back. Therefore we would expect that to be a bit of a drag on the margin. As I mentioned earlier, we were very conservative in terms of the investment in SG&A and the - in terms of the projects we need to take on to build out those adjacencies.

So we did pause some stuff, and we paused some discretionary spend. We have been switching that back on, and it's been ramping through the year. So as that comes through as well, that will also impact on the margins. I mean segment margins for the Americas are in that 50% to 55% range, so they're pretty nice margins, right. So I wouldn't be pushing and guiding to take them higher.

David Fabris: (Macquarie, Analyst): Great, appreciate the colour. Thanks a lot.

Operator: Thank you. Once again, if you wish to ask a question please press star-one. Your next question comes from Bryan Raymond with Citi. Please go ahead.

Bryan Raymond: (Citi, Analyst) Good morning Trevor and Julie. Just on digital, thinking about *RAID* profitability. You called out you've reached profitability in the first half. In the past you've given us some comments around sort of the UA in *RAID* itself. Can you just maybe help us understand how that's evolved over the half? Given you continue to grow bookings, so the run rate is continuing to step up, I'd assume it's not falling too quickly. But I'd just be interested in that.

Then also just Plarium Play, given that most of the users on that I understand are likely to be *RAID* players. How that's factoring into that comment around profitability. Thanks.

Trevor Croker: Yes, thanks Bryan, appreciate the question. I'll make a couple of comments and hand it over to Mike again. Look, at the end of the day *RAID* did move to profitability and is now into cumulative profit as well. So it's a well-scaled game and it's got good metrics behind it. It's also still an investable game from a UA perspective. We'll continue to invest based on, as I said earlier, the features that we're putting out there to UA investment, but the game is stacking up from that perspective.

I think the other part here is that, Mike might just want to give you some context around the Plarium Play. But also some of the other alternative ways that they have been marketing *RAID* in other channels and other influencers to drive players. Mike.

Mike Lang: Thanks Trevor. Generally, one of the things that's really been very successful for *RAID* this year is the significant investment we have made in content. New content that has not only driven additional ABPDAU but has really engaged customers significantly beyond our expectations. It's really been one of the big success stories.

So not only has that allowed us to continue to invest in UA, but in a very profitable way manage that appropriately as we have continued to drive more profit in that game. Long-term in regards to Plarium Play, we're very encouraged by the results that represents close to 30% of the total revenue within *RAID* today. We want to look at other games within our portfolio that, to use within that new platform. As a way to not only create greater experiences for our customers, but more profitable experiences for us in regards to reducing the platform fees that we otherwise would pay.

In regards to marketing, I think the team at Plarium has done a really good job of exploring not only new platforms, like YouTube and TikTok and other platforms like that. But have had very good success in actually TV advertising, more traditional advertising mechanisms. That allows us to diversify our overall marketing mix. Again, as you can see by the numbers prove that that game can continue to drive profitability even with the UA investment that we've spent.

Bryan Raymond: (Citi, Analyst) Great, and I appreciate that colour, thank you. Just my second question then is continuing on this theme with *EverMerge*. It's likely to become probably your second biggest game, or close to it, over the next 12 months at the rate it's going. I'm just interested in how you compare the bookings and earnings opportunity for *EverMerge* compared to *RAID*?

I understand very different genres, very different games, different in-app purchase profiles et cetera. But I'd just be interested to see how big this game could be from a financial perspective for you guys, and given what you're seeing with your internal data? Thanks.

Trevor Croker: Yes, thanks Bryan. I'll hand it over to Mike again. I think the key point here is these are genre-by-genre metrics, which you identified as well, is that different target audience sizes, different type of lifetime value. But I'll hand over to Mike and he can talk about where Merge category is and his visions around *EverMerge*.

Mike Lang: Thanks Trevor. Yes, listen, we're very happy with the success of *EverMerg*e. Especially in the context of it’s by far the most successful new game launch we've had with the Big Fish organisation since acquiring the company. It's clearly not at the scale of *RAID*, and we should set expectations in regards to that. But in regards to the success it's had, it's significantly higher than our original expectations.

I think we're at the point in the life cycle that over the next few months we're going to be making more decisions about where is that game? How big can it become? Versus not only the choices we have within our own existing portfolio, but new games that are coming through. I think that’s one of the strategic benefits of our Company right now is that we have the flexibility to make decisions about where we want to invest across our entire portfolio.

We'll make that decision again based on how we look at the overall situation on a game-by-game basis. But looking at this game today, from a year ago we're very, very pleased with the results that we've seen in *EverMerge* and where we are today.

Bryan Raymond: (Citi, Analyst) Okay, excellent, thanks.

Trevor Croker: So just the comparisons there, Bryan, to help you out. *RAID*'s sitting sort of like $230 million for the half, *EverMerge* is sitting about $130/135 million for the half.

Bryan Raymond: (Citi, Analyst) Yes, I appreciate…

Trevor Croker: Both of those [businesses]…

Bryan Raymond: (Citi, Analyst) Yes, oh, sorry, I was more talking [inaudible] in terms of ramp-up has been pretty quick, maybe not quite as quick as *RAID*. But after 12 months sort of *EverMerge* is running at a pretty healthy run rate versus how *RAID* was. Obviously *RAID* continued on with it for another couple of years. So just interested in sort of that longer-term picture, but I think I've got a pretty good idea of that now. Thanks for that.

Trevor Croker: All right, thank you.

Operator: Thank you. Your next question comes from Suthesh Jeyakandan with UBS. Please go ahead.

Suthesh Jeyakandan: (UBS, Analyst) Hi Trevor, hi Julie. It seemed like it was a pretty strong result on cost control, particularly on the land based side of the business. Could you just talk to maybe how much of that cost control is temporary versus permanent?

Trevor Croker: Yes, thanks Suthesh, I'll make a comment and hand it over to Julie. But as we said earlier on, coming into this period of time it was uncertain and volatile. So we took an approach where we can change spending, which was some of the cost-cutting that we did in the second half of last year. We contained spending until we saw, started to see the confidence coming through from the top line on the business point of view.

Since then we have continued to increase our spending with the confidence not just in the core business, but also expanding into the adjacencies. Julie's far more articulate in these things than I am, so I'll hand over to her.

Julie Cameron-Doe: Yes, just not very good at un-muting myself at the moment. Hi Suthesh, thanks Trevor. Yes, look, I think we need to sort of put this back into context of where we were last year and the actions that we took. Clearly we went into cash preservation mode and we cut discretionary spend. We had people furloughed while our customers were closed, and our employees took pay cuts. Our Board of Directors took reductions in fees as well. So we had this whole raft of measures in place.

But as we saw our customers coming back and needing our help, we un-furloughed people and we returned to full pay effective at the beginning of the fiscal year. Then as we, as Trevor said, as we started to see the recovery and we saw the momentum, and we grew confident in our execution, we un-paused a number of the roles that we had been pausing on to come back.

So when you talk about how much of this result is due to cost control? We're always prudent with our cost and we always invest prudently and on an informed basis. I think you probably need to look at some of the one-offs that we had in the prior year that I think Sasha called out. We had some larger provisions that didn't repeat in the period that would have impacted the prior year, for example.

So I think when you think about that throughout the period we have actually been in the position of starting to reinvest and taking the business that we have rebased at the end of last year. Because if you think about across the whole business, we did have the actions we took at Big Fish to right-size the Big Fish business. We had done some necessary pruning across Corporate and land based, as well on the Gaming business.

Then really as we got into this year we have been starting to reinvest behind the areas that we need to really grow the business. As Trevor said, and as I said before, we're looking really - and as we say in our guidance, we're looking at how we can grow into adjacencies and build out the capabilities we need to be effective in those adjacencies. Those are things like customer experience, data, we talk about cyber and privacy. Just a few of the key areas where we need to reinvest.

Another area which we have talked about has been, last year we obviously paused and we didn't have a lot of variable compensation going through because of the financial performance. Whereas that's coming back this year as well. We have been - we have increased the amount of equity we have been rewarding our people, to make sure that we can retain and attract really strong talent.

Suthesh Jeyakandan: (UBS, Analyst) That's all from me, thank you guys.

Trevor Croker: Thanks Suthesh.

Julie Cameron-Doe: Thanks.

Operator: Thank you. Your next question is a follow-up from Bryan Raymond with Citi. Please go ahead.

Bryan Raymond: (Citi, Analyst) Hi, thanks for taking a quick follow up. It seems surprising we haven't had anything on iGaming acquisitions yet on the call, so I thought it would be remiss of us not to at least ask. Given your $0.15 dividend and strong cash flow, should we interpret that as preserving capital for any potential future acquisitions you may see or is that a reset payout ratio? Can you help us understand how you're thinking about that part of your business in terms of inorganic growth? Thanks.

Trevor Croker: Yeah, thanks Bryan. Our priority still remains around liquidity and Julie sort of walked through where we sat with our capital priorities, capital management. We have a very strong balance sheet. It's a discretionary allocation from a Board point of view, from the dividend. We did do $0.10 fully franked for the full year, we have done $0.15 fully franked for the half. It's a progressive in nature dividend.

From our perspective, as I said to you at the start, we're really focused on liquidity here. We want to continue to have the ability to self-fund our future growth across the digital and gaming business and other adjacencies. We see ourselves as an asset-light, free cash flow generating technology company. And really where we see ourselves as well positioned to take advantage of opportunities should they come up, but more importantly, to continue to invest behind the content, the talent and the distribution which drives our continuous growth as an organisation.

If you go back to that fundamental of what we do, is by driving profitable growth, we drive sustainable return to shareholders and we create the ability to reinvest for the next wave of profitable growth.

Bryan Raymond: (Citi, Analyst) Okay and have your thoughts evolved on the iGaming space at all since you last addressed the market a couple of months ago?

Trevor Croker: Sorry, I couldn't quite hear you, Bryan, on that one.

Bryan Raymond: (Citi, Analyst) Sorry, just confirming if your thoughts have evolved much on the iGaming space in the US and whether that opportunity is still there for you or if it's pretty much the status quo, where you saw a couple of months ago when you last spoke to the market at the start of blackout?

Trevor Croker: Yes, no we continue to monitor the market, as we do all adjacencies. We've got a number of adjacencies we continue to monitor. There's only six states which have really moved forward with online gaming at the moment, so it's just one of the options that we continue to look at for our business. The growth in Digital, you can see the results of our diversified business model now, the growth in Digital is phenomenal and we believe that there's still a lot of growth there and continue to invest for both talent and content to go into that business.

The Gaming business as well, we've got strong growth as the Gaming businesses rebound. We continue to listen to our customers about what they're looking for and work with them on solutions that we continue to build on. So we're well positioned, I think, from my perspective. The key here is to continue to grow our core businesses and then be ready for those opportunities when they come through. As far as iGaming goes, it's just one of those adjacencies that we continue to monitor. I'd stay it's still very early in its lifespan in the North American market.

Bryan Raymond: (Citi, Analyst) Thanks Mike, thanks Trevor.

Trevor Croker: Thanks Bryan.

Operator: Thank you. Your next question is a follow up from Larry Gandler with Credit Suisse. Please go ahead.

Larry Gandler: (Credit Suisse, Analyst) Hi Trevor, just a clarification on Digital. I think Mike mentioned something about a portion of Plarium and *RAID*'s revenues going through the internal proprietary platform. Could you guys just perhaps repeat that and maybe expand on it?

Trevor Croker: Yes, sure Larry. So that's Plarium Play, which we've been talking to the market now for about 12 or 18 months and it's continued to scale. I'll get Mike just to walk you through Plarium Play and how we think about that and also what it does from Plarium's point of view with platform fees obviously. Mike?

Mike Lang: Thanks Trevor. Plarium Play is an internal platform that we have that allows PC customers to be able to access the games, it's a much even robust game experience for them and allows them then not only to have that stronger customer experience but allows us then to not pay platform fees as a result of that. So the economics of those customers are better as a result of that.

So we believe that both are very complementary and we'll continue to expand Plarium Play for our own titles as well as over time explore the possibility for others to join and be part of that platform as well.

Larry Gandler: (Credit Suisse, Analyst) Mike, did you mention what portion of *RAID*'s revenues are going through Plarium Play?

Mike Lang: Approximately close to 30%.

Larry Gandler: (Credit Suisse, Analyst) Fantastic, thanks.

Trevor Croker: Thanks Larry.

Operator: There are no further questions at this time. I'll now hand back to Mr Croker for closing remarks.

Great, thank you and I'll now close the formal proceedings. I'll just make a couple of quick comments before doing so. Just want to reiterate how proud we are of our team and the efforts that they've put in through this period of time and the success that they've been able to generate. Also the appreciation and support of our customers who have been great partners through this period of time as we continue to strive towards being a trusted and leading gaming and entertainment and technology company.

We came into the second half with excellent momentum and we're very confident about the outlook statements we've given you here today. So with that, I'd like to thank you on behalf of the broader Aristocrat team for your ongoing interest in the company and wish you all a good day. Thank you.

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

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