



## Proposed acquisition of NeoGames and increased on-market share buy-back program

Sydney, 15 May 2023

- Aristocrat has agreed to acquire NeoGames for \$1.8 billion<sup>1</sup> (enterprise value)
- Delivers on Aristocrat's online RMG strategy and accelerates growth
- Expected to be accretive to EPSA in the first full year of Aristocrat ownership (FY25)
- Acquisition is recommended by the NeoGames Board
- Shareholders representing ~61% of NeoGames' outstanding shares have agreed to vote in favour of the Acquisition
- On-market share buy-back program increased by up to \$500 million

Aristocrat Leisure Limited ("Aristocrat") (ASX: ALL) today announced the proposed acquisition of 100% of NeoGames S.A. ("NeoGames") for a cash price of US\$29.50 per share (the "Acquisition"), pursuant to a Business Combination Agreement, a copy of which will be available on the NASDAQ platform (NASDAQ: NGMS). The transaction values NeoGames' fully diluted equity at approximately US\$1.0 billion (\$1.5 billion). This represents a premium of approximately 104% to the 3-month volume weighted average price of NeoGames shares for the period ended 12 May 2023 of approximately US\$14.45, and implies an enterprise value of US\$1.2 billion (\$1.8 billion).

Completion of the Acquisition is subject to, among other things, NeoGames shareholder approval and certain regulatory approvals.

The Acquisition represents a valuation multiple of approximately 15x NeoGames' Adjusted EBITDA for the twelve months to 31 December 2023<sup>2</sup>.

The NeoGames Board considers the terms of the Acquisition to be fair and has recommended that NeoGames shareholders vote in favour of the Acquisition. NeoGames shareholders who hold a total of approximately 20.4 million shares, representing approximately 61% of NeoGames' outstanding shares, have also executed an agreement pursuant to which they will vote in favour of the Acquisition.

The Acquisition will be funded with existing cash. Post-acquisition, Aristocrat will retain a strong balance sheet, with pro forma net debt / EBITDA of approximately 0.7x as at 30 September 2022.

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<sup>1</sup> All amounts expressed in Australian dollars, unless otherwise indicated.

<sup>2</sup> Using consensus Adjusted EBITDA for the twelve months ended 31 December 2023 of approximately US\$81 million, sourced from FactSet as at 12 May 2023.

## About NeoGames

NeoGames is a global leader in content and technology solutions for the online RMG industry. Their full-service suite includes content, proprietary technology platforms and a range of value-added services across iLottery, iGaming and Online Sports Betting (“OSB”). NeoGames has around 1,100 staff and more than 200 customers across more than 50 regulated markets.

The NeoGames group consists of four complementary online RMG business units, sharing a common technology stack:

- **NeoGames** is an industry leading global iLottery platform that:
  - provides a comprehensive iLottery solution offering content, platform and services to predominantly government customers mainly across North America and Europe;
  - is the leading iLottery platform in the US with ~67% segment share, through its joint venture NeoPollard Interactive, jointly owned with Pollard Banknote Limited;
  - leverages a dedicated game studio for e-Instants lottery content.
- **AspireCore** is a leading online RMG technology platform that:
  - provides a full-service technology platform and managed services solution to iGaming and OSB operators globally;
  - includes Player Account Management (“PAM”), and managed services such as Customer Relationship Management, Know Your Customer / Anti Money Laundering, responsible gameplay and business intelligence;
  - is a leading PAM and managed services provider globally;
  - serves 88 brands and over 30 partners in Europe and North America.
- **Pariplay** is a global leader in aggregation and content development for the global iGaming industry that:
  - provides distribution of iGaming content through a proprietary aggregation platform, as well as operating its own inhouse content studio and assisting others in game creation through its game development kit;
  - supports an ecosystem of more than 140 operator customers with over 15,000 games serving over 1,000 brands and 1 billion bets monthly;
  - is a leading iGaming content aggregator in Europe.
- **BtoBet** is a complete sportsbook solution for the global OSB industry that:
  - provides a comprehensive sportsbook solution including a platform and services;
  - services over 20 partners and 50 brands;
  - operates across Africa, Europe and Latin America.

## Strategic rationale

Aristocrat believes that the Acquisition will accelerate Aristocrat's growth strategy and deliver strategic benefits, including:

- positioning Aristocrat with global scale and capability immediately in the growing ~US\$81 billion online RMG segment<sup>3</sup>;
- delivering material and exciting revenue opportunities by offering a complete solution to operators across online RMG verticals and jurisdictions to support growth, combining Aristocrat's industry leading gaming content, and long-term customer and regulatory relationships with NeoGames' technology and platforms;
- offering significant international growth opportunities globally across the online RMG industry, with a particular opportunity for expansion in the large, growing and still relatively nascent North America segment, as well as more broadly across Europe and Rest of World markets;
- entry into the attractive iLottery market, which is a highly regulated and complementary adjacency and can facilitate further penetration across other online RMG verticals;
- adding an experienced and proven management team from NeoGames, who will continue with the business going forward, contributing to Aristocrat's online RMG growth, supported by a strong cultural alignment between the two businesses; and
- delivering attractive financial returns and growth, with the Acquisition expected to be Earnings Per Share before Amortisation of acquired intangibles ("EPSA") accretive from the first full year of Aristocrat ownership (FY25), before including the impact of any revenue opportunities for the combined business.

Aristocrat CEO and Managing Director, Trevor Croker, said: "Bringing together NeoGames and our growing Anaxi business will position Aristocrat with global scale and capability in the growing online RMG industry. Through the acquisition of NeoGames and its industry-leading global online RMG platform, this transaction will deliver on our strategy by providing a portfolio of end-to-end solutions for iGaming, iLottery and Online Sports Betting operators globally. We see great opportunities in the combination of our complementary businesses, with clear revenue and growth potential that comes with a complete and seamless online RMG solution. NeoGames also shares a strong commitment to sustainability, responsible gameplay and people-first culture which is central to everything we do.

"This proposed acquisition builds on the strength and resilience of our business, expands market opportunities and adds capabilities to unlock our full potential. We remain focused on executing our proven growth strategy, and creating long-term value for Aristocrat shareholders," Croker concluded.

NeoGames CEO and Managing Director, Moti Malul, said: "We are excited to join one of the world's most successful and respected gaming companies and be able to play a significant role in its future growth story. We are very proud of our people and teams that have brought us to a

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<sup>3</sup> Total Addressable Market size based on figures from H2 Gambling Capital representing total onshore gross gaming revenue (GGR) for total iLottery, total iGaming (iCasino, iPoker, iBingo and other Gaming) and total Online Sports Betting (horseracing and sports).

leadership position and delivered achievements across the areas of iLottery, iGaming and Online Sports Betting, which enabled this exciting combination.

“We have no doubt that together with Aristocrat we will become a global leader in online Real Money Gaming, providing unparalleled products, services and game content to our entire customer base and industry,” Malul concluded.

### **Financial impact**

The Acquisition is expected to be accretive to EPSA in the first full year of ownership (FY25), before including the benefits of any revenue opportunities once the two businesses combine. Aristocrat expects to achieve earnings growth, driven by Aristocrat’s market-leading content, its long-standing customer and regulatory relationships and NeoGames’ industry leading platforms and technology.

### **Funding and capital management**

Aristocrat will fund the Acquisition with ~\$1.8 billion (US\$1.2 billion) cash on hand, including transaction expenses. Post-acquisition, Aristocrat expects to move from a net cash position to a geared balance sheet, with pro forma net debt / EBITDA of around 0.7x as at 30 September 2022.

Aristocrat continues to focus its capital allocation on driving organic growth and investing in M&A opportunities, such as the Acquisition, to accelerate the implementation of its growth strategy. In addition, returning surplus cash to shareholders through buy-backs and dividends, while preserving financial flexibility, is an ongoing priority for Aristocrat.

Given Aristocrat’s strong cashflow and post-acquisition balance sheet, today Aristocrat is announcing an increase to its existing on-market share buy-back program by up to a further \$500 million. This brings the total program size to up to \$1.5 billion and the program will run up to 31 May 2024. The program will continue to be conducted on an opportunistic basis and Aristocrat reserves the right to vary, suspend or terminate the on-market share buy-back program at any time.

### **Conditions of the Acquisition and timetable**

The Acquisition is to be effected by way of a two-step process involving a change to the incorporation of NeoGames through a statutory “continuation” from Luxembourg to the Cayman Islands (“Continuation”), promptly followed by a merger of a wholly owned subsidiary of Aristocrat with and into NeoGames under the laws of the Cayman Islands (“Merger”). As a result of the Merger, NeoGames will become part of the Aristocrat Group.

The Continuation and completion of the Acquisition remains subject to certain conditions, including:

- the approval, in person or by proxy, of, amongst other things, the adoption of the Business Combination Agreement and the Continuation at a meeting of NeoGames shareholders by at least 66.7% of the NeoGames shares entitled to vote and present or represented at the meeting;
- following the Continuation, the approval, in person or by proxy, of the Merger at a meeting of NeoGames shareholders by at least 66.7% of the NeoGames shares entitled to vote and present or represented at the Cayman Shareholder Meeting; and
- certain gaming regulatory, antitrust and foreign investment approvals being obtained.

The Acquisition is expected to be completed during FY24, subject to satisfaction of the conditions.

The full terms and conditions of the Acquisition and the obligations of NeoGames and Aristocrat regarding the implementation of the Acquisition, the deal protections and break fee payable to Aristocrat are agreed and set out in the Business Combination Agreement.

#### **Investor conference call**

Aristocrat will host a conference call on Monday, 15 May 2023 at 10:00am (AEST) in relation to this announcement. The accompanying presentation has been lodged with the ASX separately to this announcement.

The conference call will be webcast at <https://ir.aristocrat.com/events>, where a recording of the webcast will also be available following the event.

#### **Authorised for lodgement by: The Board of Aristocrat Leisure Limited**

#### **Further information:**

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*Aristocrat Leisure Limited (ASX: ALL) is a leading global gaming content and technology company and top-tier mobile games publisher, with more than 7,500 employees in over 20 locations around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines, casino management systems and free-to-play mobile games. The company's regulated gaming products are approved for use in more than 300 licensed jurisdictions and are available in more than 100 countries.*