

Aristocrat delivers outstanding first half with strong profit growth, resilient operational performance and momentum

Sydney, 16 May 2024

Key Highlights

- **Revenue growth of 6% (4% in constant currency) underpinned by Aristocrat Gaming**, with strong performance in North America Gaming Operations reflecting expansion of the installed base and leading game portfolio performance, strong outright sales in most Rest of World markets, and encouraging growth at Aristocrat Interactive.
- **16% growth in normalised NPATA to \$764 million (13% in constant currency)** reflecting effective execution of our growth strategy, operating leverage, ongoing investment in organic growth initiatives, and cost optimisation across the Group.
- **Pixel United continued to gain share in the key Social Slots genre**, with cost optimisation more than offsetting a revenue decline (in constant currency).
- **Aristocrat Interactive delivered strong revenue growth**, reflecting new customer installations, higher hardware sales, and scaling of the iGaming business.
- **Continued to fund a high level of organic investment** in our priority areas of design & development (D&D), user acquisition (UA) and capital expenditure, to drive near and longer-term competitiveness, capability and performance.
- **Continued execution of capital management strategy** with \$828 million in cash returned to shareholders through dividends and on-market share buy-backs, and announcing a \$350 million increase in the on-market share buy-back program to run up to February 2025.

A\$ million	Six months to 31 March 2024	Six months to 31 March 2023	Change %
Normalised results¹			
Operating revenue	3,269.6	3,080.4 ▲	6.1
EBITDA	1,195.7	1,016.8 ▲	17.6
EBITDA margin	36.6%	33.0% ▲	3.6 pts
EBITA	1,027.3	892.6 ▲	15.1
NPAT	723.3	619.1 ▲	16.8
NPATA	764.1	658.8 ▲	16.0
Earnings per share (fully diluted)	112.2c	93.9c ▲	19.5
EPSA (fully diluted)	118.5c	100.0c ▲	18.5
Interim dividend per share	36.0c	30.0c ▲	20.0
Reported results			
Revenue	3,269.6	3,080.4 ▲	6.1
Profit after tax	711.3	653.0 ▲	8.9
NPATA	752.1	692.7 ▲	8.6
Balance sheet and cash flow			
Net working capital / revenue	6.0%	5.4% ▲	0.6 pts
Operating cash flow	656.2	613.1 ▲	7.0
Closing net (cash)	(365.8)	(440.1) ▼	(16.9)
Net (cash) to EBITDA ²	(0.1)x	(0.2)x ▲	(0.1)x

NOTES TO TABLE:

1 Normalised results are statutory profit (before and after tax), excluding the impact of certain significant items detailed in the Review of Operations.

2 Consolidated Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the Group as defined in Aristocrat's Syndicated Facility Agreement (also referred to as Bank EBITDA).

The information presented has not been audited in accordance with the Australian Auditing Standards.

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Aristocrat Leisure Limited (ASX: ALL) today announced its financial results for the six months ended 31 March 2024.

Net profit after tax and before amortisation of acquired intangibles (NPATA) of \$764 million was 16% above the prior corresponding period (PCP) in reported terms (13% in constant currency). This reflected the Group's high-quality diversified portfolio of scaled, world-class gaming assets, effective execution of our growth strategy, leading organic investment in talent, technology and product, and overall cost discipline.

Aristocrat's Chief Executive Officer and Managing Director, Trevor Croker, said "This was once again an outstanding result, reflecting Aristocrat's resilience and ability to grow share and drive profitability through different operating environments.

"The Group delivered strong revenue and EBITDA growth over the half. This was underpinned by record Aristocrat Gaming performance, led by an exceptional North America Gaming Operations result, and strong growth in Aristocrat Interactive, while Pixel United achieved improved profitability despite mixed market conditions. The result again highlights resilience and scale as fundamental strengths of our business, supported by an effective focus on operational efficiency and extracting operating leverage.

"Following completion of the NeoGames acquisition in April 2024, we have consolidated the Anaxi and NeoGames businesses into a single, consistent brand identity, Aristocrat Interactive. We believe that rebranding to Aristocrat Interactive will benefit our customer and regulator conversations, galvanise our teams and drive closer collaboration with Aristocrat Gaming, unlocking significant value over time.

"Late last month, we were delighted to announce Moti Malul, previously CEO of NeoGames, as CEO of Aristocrat Interactive. We expect to deliver significant revenue opportunities and strategic benefits from the combination of Aristocrat's leading gaming content, and long-term customer and regulatory relationships, with NeoGames' technology and platform solutions.

"We made considerable progress in the first half of 2024 on our sustainability agenda, driving improvements and further lifting maturity across our most important priorities, including in Responsible Gameplay. Aristocrat also recently received approval from the Science Based Targets initiative (SBTi) of our near and long-term science-based emissions reduction targets, and verification of our net-zero science-based target by 2050. We continue to put the infrastructure in place to realise and report on our targets and look forward to keeping you apprised of our progress.

"Looking ahead, we will continue to focus on portfolio performance and capturing the significant strategic opportunities in front of us, including integrating NeoGames and positioning Aristocrat Interactive to achieve its full potential in this next chapter of Aristocrat's growth," Mr. Croker concluded.

Financial Summary

Group revenue increased to \$3.3 billion, representing an increase of 6% in reported terms and 4% in constant currency compared to the PCP.

EBITDA of \$1.2 billion was 18% higher on a reported basis and 15% higher on a constant currency basis compared to the PCP.

Strong free cash flow generation was applied to fund Aristocrat's growth strategy, while \$608 million in surplus cash was returned to shareholders in the form of on-market share buy-backs over the six months to 31 March 2024. At period end, approximately \$1.4 billion had been returned to shareholders from a total program size of up to \$1.5 billion. The Directors have approved a \$350 million increase in our on-market share buy-back program which will run up to February 2025.

The Group's balance sheet maintained the business' optionality, with a net cash position of \$366 million and liquidity of \$3.4 billion at 31 March 2024.

The Directors have authorised an interim fully franked dividend of 36 cents per share (\$228 million)¹ for the period ended 31 March 2024. The record and payment dates for the dividend are 24 May 2024 and 2 July 2024, respectively.

Operational Highlights

Aristocrat's portfolio of scaled, world-class assets across Aristocrat Gaming, Pixel United and Aristocrat Interactive delivered an outstanding result over the six months to 31 March 2024, demonstrating the ongoing resilience, competitiveness and diversification of our portfolio, and sound fundamentals in the markets in which we operate, even as we navigated mixed conditions.

Growth in Aristocrat Gaming was driven by superior execution in North America Gaming Operations, reflecting expansion of the installed base, market share gains and strong game portfolio performance, as well as strong outright sales in most Rest of World markets.

Pixel United continued to outperform the market in Social Casino and realised improved profitability in ongoing mixed market conditions. This was achieved as the business continued to dynamically manage and focus on optimising UA spend and operational efficiency.

Aristocrat Interactive revenue increased 49% (in constant currency) compared to the PCP driven by growth in Customer Experience Solutions (CXS) revenues and continued scaling of iGaming across North America and Europe.

The Group continued its market-leading organic investment in product and technology, along with innovation, operational excellence and customer engagement, to drive further share growth in key markets and genres. D&D investment remained at a market-leading 13% of revenues, although was below the second half of 2023, and UA investment remained disciplined.

¹ Amount based on the shares issued at the date of the financial statements.

Highlights for the period included:

Aristocrat Gaming:

- North America delivered a US\$22.3 million increase in profit, driven by continued growth in the Class III Premium Gaming Operations footprint, supported by the depth and strength of the portfolio. Class III Premium and Class II Gaming Operations installed base grew by ~3,200 net units over the period, to exceed 67,000 units, with its market leading fee per day remaining strong at US\$55.50 across the expanded footprint, growing market share to over 40%¹.
- North America Outright Sales units declined 9%, while market-leading ASP remained above US\$21,000. Clear revenue leadership achieved in unit sales over the half, with 31%¹ ship share.
- Successful expansion continued into attractive adjacencies, with Aristocrat entering the Georgia Coin Operated Amusement Machine (COAM) market in March.
- North America margin decreased 70 basis points to 57% primarily due to focused accelerated investment in refurbishing the Class II legacy installed base, partially offset by improved product mix and moderation of supply chain costs.
- Retained position as the leading supplier in the US market, achieving portfolio performance of 1.4x floor average² and exceptional portfolio strength demonstrated by Aristocrat featuring in 20 of the Top 25 Premium Leased games³.
- Rest of World revenue increased 7% compared to the PCP, and profit grew 29%, driven mainly by growth in Asia due to strong game performance on recent releases, recovery in the sale of replacement units and product mix benefits.
- In ANZ, Aristocrat remained the market leader in ship share at 38%⁴ over the period, or just over 4,000 units sold.

Pixel United:

- Pixel United bookings declined 1% compared to the PCP to US\$877 million, against global mobile games market growth of 4%⁵.
- Margin increased 560 basis points to 35%, reflecting a strong focus on optimising UA spend and operational efficiency, which resulted in lower overhead costs compared to the PCP.
- Social Casino franchises outperformed the market, demonstrating portfolio resilience and effective player engagement, supported by successful investment in Live Ops, features and new slot content, and effective UA investment.
- *RAID: Shadow Legends*TM benefitted from both UA optimisation and popular new product features, with a particularly strong March performance driven by promotional activities celebrating its 5th anniversary, yielding improved profitability.
- Retained leading positions in key genres, including #1 in the Social Slots segment, #1 in the Squad RPG (Role-Playing Games) segment and #5 in the Casual Merge segment⁶.
- Average Bookings Per Daily Active User (ABPDAU) grew 20%, demonstrating strengthening player engagement across the portfolio.

Aristocrat Interactive:

- Aristocrat Interactive revenue increased 49% compared to the PCP driven by growth in CXS revenues and continued scaling of iGaming across North America and Europe.
- CXS continued to take share across the US and ANZ markets, with higher hardware sales in the period, and growth in the recurring revenue maintenance installed base.
- iGaming growth was driven by launches with major operators in the US, Canada and UK, coupled with growth in the game portfolio released to market and the impact of the Roxor acquisition.
- Top 3 Indexing Supplier as of March 2024⁷.
- Expanded game library distribution over the period with access encompassing 10 major online operators, operating across 6 countries and 3 US states, with ~90% market access in the US⁸.

¹ Based on published results at 31 March 2024 across the five largest participants in North America

² Average theoretical win index vs house (> 2,000 units), April 2024 Eilers' Game Performance Database

³ Average performance per Eilers' Game Performance reports in the 12 months to April 2024

⁴ 1H24 NSW and QLD combined

⁵ Sensor Tower Estimates in Global Mobile Gaming Market YoY in 1H24

⁶ Twelve months to 31 March 2024 - Sensor Tower Estimates in Tier 1 Markets

⁷ Eilers: U.S. Online Game Performance Report | April 2024, Supplier Summary - Overall (Supplier > 1% GGR) - data through March 2024

⁸ Eilers - All States Premium Online Casino By Brand • April 2024

Strategic review of Casual and Mid-core gaming assets

Aristocrat has a track record of successfully acquiring and integrating businesses. The Group creates value by generating growth and bringing strategic capabilities to the Aristocrat business. The acquisitions of Big Fish Games and Plarium Global are examples of this, which have added significant scale to Aristocrat's Social Casino and broader digital offering, while enhancing the Group's resilience and proving to be critical assets through the COVID period. Both acquisitions have brought valuable content and capability that have enhanced the portfolio.

With the expanded Aristocrat Interactive business now sitting alongside Aristocrat Gaming, Aristocrat has clear opportunities to lean into its strengths in regulated gaming content. Gaming content and enhanced technology spans multiple attractive verticals at Aristocrat, including Social Casino through the Product Madness business.

In respect of the Group's Casual and Mid-core gaming assets, that is, Big Fish Games (excluding the Big Fish Social Casino assets) and Plarium Global, Aristocrat intends to conduct a strategic review. No decisions have been made, and Aristocrat will assess all options to maximise shareholder value and ensure the ongoing success of these businesses going forward.

Aristocrat will provide more detail on the outcomes of the review as appropriate.

Outlook

Aristocrat expects to deliver NPATA growth over the full year to 30 September 2024 (constant currency basis), reflecting:

- Continued strong market share, revenue and profit growth from Aristocrat Gaming;
- Disciplined execution in Pixel United with a focus on market share and investment efficiency to maintain momentum;
- Accelerating performance of Aristocrat Interactive and further scaling of content to support broader market access in North America and Europe.

Additional detail for modelling inputs for the fiscal full year to 30 September 2024 are available in the Investor Presentation.

Authorised for lodgment by Anne Tucker, Company Secretary

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Aristocrat Leisure Limited (ASX: ALL) is a leading gaming content creation company powered by technology to deliver world-leading mobile and casino games which entertain millions of players across the globe, every day. An ASX20 listed company, headquartered in Sydney, Australia, it has three operating units in Aristocrat Gaming, Pixel United (encompassing the Product Madness, Plarium and Big Fish Games business units) and Aristocrat Interactive (online RMG). Aristocrat has more than 8,500 employees in over 20 locations around the world, united by the common mission of Bringing Joy to Life Through the Power of Play. For more: www.aristocrat.com.