



# | Tax Transparency Report

for the year ended 30 September 2020

## Contents

<b>Company Profile</b> .....	3
<b>Global Tax Strategy</b> .....	4
<b>Income taxes disclosed in 2020 Annual Report</b> .....	5
<b>Tax Contribution Summary</b> .....	6
<b>International related party dealings</b> .....	7

# Company Profile

## About Aristocrat

Aristocrat Leisure Limited (ASX: ALL) is a leading gaming provider and games publisher, with more than 6,000 employees located in offices around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines, casino management systems and digital social games. The company's land-based products are approved for use in more than 300 licensed jurisdictions and are available in more than 80 countries.

For further information including our latest Annual Report, visit the Group's website at [www.aristocrat.com](http://www.aristocrat.com).

# Global Tax Strategy

## Overview

Our tax strategy strives to achieve an appropriate balance between creating shareholder value and mitigating risk as we support the continued growth of the business. Our tax strategy applies consistently to all jurisdictions in which we operate, and consists of four key pillars:

- Our approach to risk management and governance,
- Our attitude towards managing our tax affairs,
- Our reputation as a responsible business and a good corporate citizen, and
- Our approach to dealing with tax authorities.

## Our approach to risk management and governance

Given the size, geographic scope, and complexity of our operations, and at times, uncertainty regarding the application of tax laws, risk may arise in the determination of our tax liabilities. The identification and management of risk are central to creating long-term shareholder value.

Risk management is embedded in all our critical business activities, functions, processes, and systems through the following mechanisms:

- Risk assessments – we regularly assess known, new and emerging risks.
- Risk controls – we put controls in place over material risks, and periodically assess the effectiveness of those controls.
- Risk materiality and tolerability evaluation – we will tolerate a low level of risk, which is inherent in taxation matters given the complexity of the law.

## Our attitude towards managing our tax affairs

We seek to have a tax charge that contributes to superior business performance and delivers long-term shareholder value. In this respect, our transactions have proper commercial purposes and economic rationale. We locate business activities where value is optimally created. Accordingly, we do not engage in aggressive tax planning.

## Our reputation as a responsible business and a good corporate citizen

We take our commitment to corporate citizenship seriously. We adopt an open and transparent approach to our tax affairs, and Aristocrat is a proud signatory to Australia's Voluntary Tax Transparency Code.

## Our approach to dealing with tax authorities

We act with integrity when engaging with tax authorities to support positive and sustainable relationships. Where possible, for the purposes of obtaining certainty of our tax positions, we engage with tax authorities on a real-time basis regarding the application of the tax law and to identify and resolve any disagreements on a timely basis.

For further information visit <https://ir.aristocrat.com/governance>

## Income taxes disclosed in 2020 Annual Report

The income tax results disclosed in the Aristocrat Annual Report are calculated in accordance with Australian Accounting Standards which are consistent with International Financial Reporting Standards (IFRS). Differences may exist between income tax expense/(benefit) calculated in the Annual Report and the total cash taxes paid in a relevant tax jurisdiction during the same income year. The differences can be due to a number of factors, including but not limited to, timing of corporate tax instalment payments, whether any tax losses are incurred or utilised, and other taxes being excluded such as Fringe Benefits Tax (FBT), payroll and/or employee taxes.

In accordance with the Voluntary Tax Transparency Code, the disclosures below have been made in respect of the year ended 30 September 2020.

### Reconciliation of accounting profit to income tax expense and income tax payable including temporary and non-temporary differences

Aristocrat Leisure Limited	2020 \$'m	2019 \$'m
<b>Profit before tax</b>	<b>359.6</b>	<b>973.5</b>
Tax at the Australian tax rate of 30% (2019: 30%)	<b>107.9</b>	292.1
Impact to tax expense due to an internal reorganisation of the Group Structure	(1,122.7)	-
Impact of changes in tax rates and law	24.2	8.9
Exempt income	(2.4)	(15.6)
Non-deductible expenses	8.4	10.5
Research and development tax credit	(1.2)	(12.3)
Tax credits written off	-	1.2
Difference in overseas tax rates	(45.7)	(6.2)
Adjustment in respect of previous years income tax	13.4	(3.9)
<b>Income tax expense</b>	<b>(1,018.1)</b>	<b>274.7</b>
Current		
Adjustment for prior years	(7.8)	2.4
Deferred		
Temporary differences	1,162.8	(41.0)
Adjustment for prior years	(5.6)	1.5
<b>Current income tax payable</b>	<b>131.3</b>	<b>237.6</b>

### Accounting effective company tax rates for Australian and global operations (pursuant to AASB guidance)

Effective tax rate (%)	2020	2019
<b>Global operations (Statutory)<sup>1</sup></b>	<b>(283.1%)</b>	28.2%
<b>Australian operations</b>	<b>59.5%</b>	28.5%

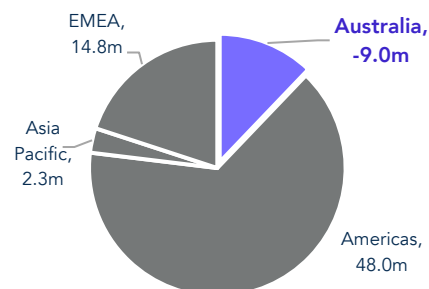
<sup>1</sup> When reporting annual results to the market, typically adjustments are made to exclude items that are non-recurring in nature. When adjusted for these items, the Group Global operations effective tax rate was 24.9% in 2020 (27.5% in 2019).

## Tax Contribution Summary

For the financial year ended 30 September 2020, Aristocrat has made the following cash tax payments to Australian and overseas tax authorities:

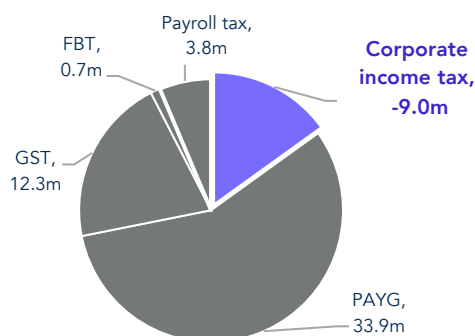
	2020 \$'m	2019 \$'m
<b>Global corporate income tax contribution</b>		
Australia	(9.0)	174.3
Americas	48.0	39.9
Asia Pacific	2.3	4.6
EMEA	14.8	14.1
<b>Total Group income tax paid</b>	<b>56.1<sup>2</sup></b>	<b>232.9</b>

Global corporate income tax contribution - 2020



Australian tax contribution summary	2020 \$'m	2019 \$'m
Corporate Income Tax	(9.0)	174.3
PAYG Withholding <sup>3</sup>	33.9	35.3
Net GST remitted	12.3	25.5
Fringe Benefits Tax	0.7	0.7
Payroll Tax	3.8	7.0
<b>Total Australian taxes paid</b>	<b>41.7</b>	<b>242.8</b>

Australian tax contribution - 2020



The corporate income tax of (\$9.0m) in Australia (\$174.3m in 2019), represents -22% of the total Australian tax contribution (72% in 2019) and -16% of the Global corporate income tax contribution of the Group (75% in 2019). The reduction in corporate income taxes paid during the financial year was driven by the impact of COVID-19 lockdowns.

<sup>2</sup> The \$131.3m income tax payable noted on the previous page relates to the accounting income tax payable, whereas the \$56.1m relates to the cash income tax paid during the financial year, which typically relates to more than one financial year.

<sup>3</sup> PAYG Withholding includes withholding from employee salaries and royalties.

## International related party dealings

Aristocrat Leisure Limited is incorporated and domiciled in Australia and is the ultimate parent entity of the Aristocrat group. Through its subsidiaries and affiliates, the Aristocrat group is a leading global content and technology company and top-tier mobile games publisher, operating in over 20 key locations around the world. The principal geographic regions in which Aristocrat operates include the Americas, Asia Pacific, and Europe, the Middle East, and Africa (EMEA).

Given the size and complexity of Aristocrat's business operations, international transfer pricing is a significant area of tax risk for the Group. In order to manage this risk, Aristocrat prices its cross border related party transactions and arrangements having regard to the Group's global value chain, taking into account where value is created and where significant economic activities occur, in compliance with the OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (OECD Guidelines) and based on the arm's length principle.

Aristocrat enters into formal legal agreements with international related parties and prepares transfer pricing documentation to ensure related party transactions are documented and contemporaneous records are prepared and maintained to support the appropriateness of the arm's length pricing methodologies adopted, in accordance with the OECD Guidelines and local tax laws.

Where appropriate, Aristocrat also enters into bilateral Advanced Pricing Arrangements with tax authorities.

Aristocrat's key international related party dealings are summarised below:

- Licensing of intellectual property;
- Contract design and development (D&D) services;
- Sales and marketing services (including distribution services for the Aristocrat Gaming business);
- Group and business segment support services.

Aristocrat also complies with the Country-by-Country Reporting (CbCR) requirements in each of the countries in which it operates.