

ANNUAL REPORT | 2022



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2022 Annual Report

This 2022 Aristocrat Leisure Limited Annual Report for the financial year ended 30 September 2022 complies with reporting requirements and contains statutory financial statements.

This document is not a concise report prepared under section 314(2) of the Corporations Act. The Aristocrat Group has not prepared a concise report for the 2022 financial year.

2023 Annual General Meeting

The 2023 Annual General Meeting will be held at 11.00am on Friday, 24 February 2023.

Details of the business of the meeting will be contained in the notice of Annual General Meeting, which will be made available to shareholders in late January 2023.

2022 Corporate Governance Statement

The 2022 Corporate Governance Statement can be found on the Group's website: www.ir.aristocrat.com/governance

Key Dates¹

2022

Record date for Final 2022 Dividend	1 December
Payment date for Final 2022 Dividend	16 December

2023

2023 Annual General Meeting	24 February
Interim Results Announcement ²	18 May
Full Year Results Announcement ³	15 November

1. Dates subject to change.

2. 6 months ending 31 March 2023.

3. 12 months ending 30 September 2023.

global games
powerhouse



We. Love. To. Play.

Company Profile

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.

For further information visit the Group's website at www.aristocrat.com

7,500+
employees located in
offices around the world



300+
licensed
jurisdictions



Operating in
100+
countries



A message from the Chairman and CEO

We are pleased to report that Aristocrat delivered a high quality result for the 2022 financial year. Strong revenue and profit growth reflected our sustained investment in top-performing product portfolios, differentiating capabilities, increased operational diversification and business resilience.

A normalised Group profit result of around \$1.1 billion represented an increase of 27% in reported terms, and 20% in constant currency, compared to the corresponding 2021 result.

Strong operating cash flows and superior financial fundamentals were also maintained, with a net cash position of \$564 million and liquidity of \$3.8 billion as at 30 September 2022. Cash of \$660 million was appropriately returned to shareholders through dividends and on-market share buy-back, in line with the Group's established capital allocation framework.

Aristocrat's performance underlines the ongoing and effective implementation of our growth strategy. Throughout the year, we continued to invest strongly in competitive product portfolios to drive further share growth across key segments. Strong performance in Aristocrat Gaming more than offset moderation in the Pixel United business, again highlighting the resilience of the combined and growing Group.

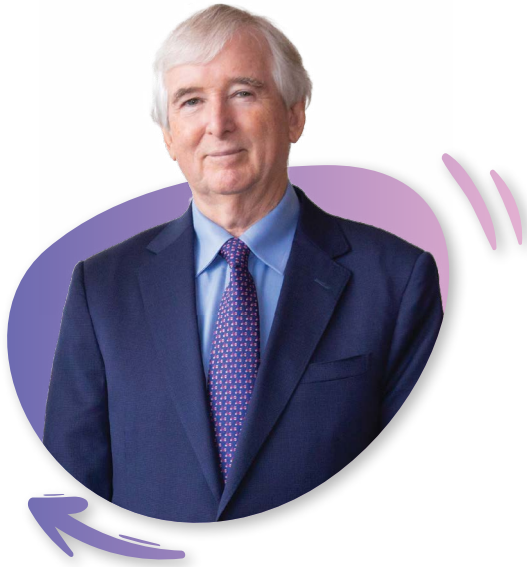
Outstanding operational performance was delivered in key Gaming segments in 2022, particularly in North America. We continued to strive to be a partner of choice to our Gaming customers, delivering a portfolio performance in the US of 1.4 times floor average – exceeding all other gaming suppliers. Our mobile publishing business, Pixel United, delivered resilient performance for the year, achieving share gains despite a challenging second half environment. This included impacts from the conflict in Ukraine, as well as a moderation in overall mobile demand, post the removal of COVID-19 stay-at-home mandates.

The launch of our new business, Anaxi, and the announcement of an agreement to acquire Roxor Gaming were important steps forward in the acceleration of our 'build and buy' strategy to scale in online Real Money Gaming (RMG). Our efforts continued to focus on the North American i-Gaming segment, with organic investment in product and technology to support the development of our initial product suite. We will maintain investment behind online RMG, as a key adjacent growth opportunity, as we build and scale Anaxi over the medium-term.

Aristocrat took significant steps forward in leadership and capability during 2022, including through key appointments to the executive leadership team. Mitchell Bowen was appointed to lead Anaxi, and Hector Fernandez was promoted to succeed Mitchell as Chief Executive Officer of Aristocrat Gaming. Post period end, Sally Denby was appointed to the role of Chief Financial Officer, effective immediately and subject to the receipt of necessary regulatory pre-approvals.

In October 2022, the Board welcomed Bill Lance as a Non-Executive Director (Elect). Bill was previously the Secretary of Commerce at the Chickasaw Nation, a major gaming operator in North America. Bill's appointment will strengthen the customer focus of our organisation as a whole. In addition, Bill's role as a Tribal leader of national standing in the US will further deepen the Board's mix of relevant skills, knowledge and experience, to support our strategic priorities.

Aristocrat also continued to execute against our ambitious Environmental, Social and Governance commitments across the year, with a disciplined focus on our most material issues. This included preparatory work to allow the Group to set a science-based greenhouse gas emissions reduction target in calendar 2023. In addition, we made meaningful progress in our responsible gameplay (RG) agenda, with highlights including the launch of an Australian-first trial of cashless payment technology on gaming machines, and the rollout of proactive RG messaging, tools and information to players of our social casino games. In addition, we delivered enhanced anti-modern slavery training across the Group and achieved an above-benchmark employee engagement score for the year that places Aristocrat in the top quartile of technology companies globally.



Throughout 2022, we also continued to foster a 'People First' culture, with the launch of a number of additional initiatives to further enhance the wellbeing, engagement and development of all team members. Supporting our colleagues in Ukraine was a particular focus, and a moving demonstration of our values in action. We are continuing to build our business on a foundation of integrity and strong governance, consistent with our focus on ensuring we can deliver sustainable benefits over the long term.

Shareholders are encouraged to peruse full details in Aristocrat's 2022 sustainability disclosures, available via our Group website (www.aristocrat.com). We will continue to improve disclosures over time, in line with stakeholder feedback and our commitment to dialogue and transparency.

Our performance highlights the extraordinary resilience and commitment of our team of over 7,500 people around the world. We wish to thank each of our people for their hard work, and their care for our customers, players and other stakeholders over the period.

In summary, we are pleased to report that fiscal 2022 was a successful year for Aristocrat. As we look ahead, we believe our outstanding product portfolios, growing operational resilience and capability, along with a highly engaged team and strong culture, positions us well to maintain our momentum, despite uncertain conditions. We will of course remain fully focused on advancing the long term interests of you – our shareholders – and we thank you for your ongoing interest and support.

Yours sincerely,

Neil Chatfield
Chairman

Trevor Croker
Chief Executive Officer & Managing Director

Directors' Report

For the 12 months ended 30 September 2022

The Directors present their report together with the Financial Statements of the Company and its subsidiaries (the **Group**) for the 12 months ended 30 September 2022 (the **financial year**). The information in this report is current as at 16 November 2022 unless otherwise specified.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the *Corporations Act 2001* (Cth) (the **Act**).

Review and results of Operations

A review of the operations of the Group for the financial year and the results of those operations is set out in the Operating and Financial Review which forms part of this Directors' Report.

Financial results

The reported result of the Group attributable to shareholders for the 12 months ended 30 September 2022 was a profit of \$948.5 million after tax (2021: profit of \$820.0 million after tax) and normalised profit after tax and before amortisation of acquired intangibles (**NPATA**) for the financial year was \$1,099.3 million (2021: \$864.7 million).

Further details regarding the financial results of the Group are set out in the Operating and Financial Review and Financial Statements.

Capital management – dividends and share buy-back

Since the end of the financial year, the Directors have authorised a final fully franked dividend of 26.0 cents (2021: 26.0 cents) per fully-paid ordinary share. Details of the dividends paid and declared during the financial year are set out in Note 1.6 to the Financial Statements.

An on-market share buy-back program of up to \$500 million was announced in May 2022. As at 30 September 2022, \$340 million of share buy-backs were transacted.

Remuneration Report

Details of the remuneration policies in respect of the Group's Key Management Personnel are detailed in the Remuneration Report which forms part of this Directors' Report. Details of Directors' interests in shares of the Company as at the end of the reporting period are set out on page 58 of the Remuneration Report.

Environmental regulation

The Company is not subject to any particular or significant environmental legislation under a law of the Commonwealth, State or Territory of Australia or in any of the other jurisdictions that the Group operates in. While the Company is not required to register and report under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (**NGER Act**), it continues to receive reports and monitors its position to ensure compliance with the NGER Act.

In addition, Aristocrat is committed to being compliant with all applicable environmental laws and regulatory obligations relevant to its operations and has policies and procedures in place that are designed to ensure that those obligations are identified, appropriately addressed and material breaches notified.

The Company has not been prosecuted, is not subject to any proceedings, and has not been convicted of any significant breaches of environmental regulation during this financial year.

Aristocrat adopts a phased long-term approach to expansive climate-related disclosures and has made progress in lifting its Environmental, Social, and Governance capability and core infrastructure. In addition to improving data capturing capabilities to facilitate better quality disclosures and more accurate emissions reporting, Aristocrat has committed to the adoption of an emissions reduction target in accordance with the Science-Based Targets Initiative. Aristocrat has also adopted the recommendations of the Task Force on Climate-related Disclosures (**TCFD**). Using the TCFD framework, the disclosures provide a progress update across each of the TCFD pillars: Governance, Strategy, Risk Management, Metrics and Targets. With the process of climate scenario analysis rapidly evolving, it is expected that Aristocrat's approach, tools and data will mature over time and contribute to a deeper understanding of climate-related risks and opportunities. Aristocrat's progress on TCFD can be found in detailed sustainability disclosures, which are published annually on the Company's website.

Aristocrat's sustainability disclosures can be found on the Company's website www.aristocrat.com

Principal activities

Aristocrat is a leading global gaming content and technology company and top-tier mobile games publisher. The principal activities of the Group during the financial year were the design, development and distribution of gaming content, platforms and systems, 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 320 licensed jurisdictions and are available in more than 100 countries.

Significant changes in the state of affairs

Except as outlined elsewhere in this Directors' Report, there were no significant changes in the state of affairs of the Group during the financial year.

Directors' Report continued

Events after balance date

Other than the Board authorising the final dividend, since the end of the financial year and to the date of this Directors' Report, no other matter or circumstance has arisen that has significantly affected or may significantly affect the Group's operations, results of those operations or state of affairs in future reporting periods.

Likely developments and expected results

Likely developments in the operations of the Group in future financial years and the expected results of operations are referred to in the Operating and Financial Review which forms part of this Directors' Report.

Directors' particulars, experience and special responsibilities

The Directors of the Company throughout the financial year and up to the date of this report are:

Director	Experience and other directorships	Special responsibilities
Neil Chatfield <i>M.Bus, FCPA, FAICD</i>	Nominated December 2017. Appointed February 2018. – Chairman of Costa Group Holdings Limited (since July 2015, appointed as a Non-Executive Director October 2011) – Former Non-Executive Director of Transurban Group (February 2009 – October 2021) – Former Chairman of Seek Ltd (June 2005 – December 2018) and Virgin Australia Holdings Ltd (March 2012 – May 2015) – Former Non-Executive Director of Recall Holdings Ltd (September 2013 – May 2016) and Iron Mountain, Inc. (May 2016 – September 2017) – Former Executive Director and Chief Financial Officer of Toll Holdings Ltd (until September 2008)	Non-Executive Chairman Member, Regulatory & Compliance Committee Member, People & Culture Committee Member, Audit Committee
Trevor Croker <i>Advanced Management Program, GAICD</i>	Appointed 1 March 2017. – Director of the American Gaming Association (since January 2017), and former Chairman (January 2020 – December 2021) – Former Executive Vice President, Global Product & Insights, Aristocrat Leisure Limited – Former Managing Director, ANZ – Aristocrat Leisure Limited – Former Sales Director – Fosters Australia Ltd (ended October 2009)	Managing Director and Chief Executive Officer
Kathleen Conlon <i>BEc, MBA, FAICD</i>	Nominated January 2014. Appointed February 2014. – Chairman of Lynas Rare Earths Limited (since September 2020, appointed as a Non-Executive Director November 2011) – Non-Executive Director of BlueScope Steel Limited (since February 2020) – Member of Chief Executive Women – Member of the Australian Institute of Company Directors (AICD) Corporate Governance Committee and a former National Board Member of the AICD – Former Non-Executive Director of REA Group Limited (June 2007 – November 2021), CSR Limited (December 2004 – November 2015) and The Benevolent Society (February 2013 – February 2022) – Former Partner and Director, Boston Consulting Group (BCG) (August 1989 – December 2004)	Chair, People & Culture Committee Member, Audit Committee
Pat Ramsey <i>BA, Economics, MBA, MAICD</i>	Nominated September 2016. Appointed October 2016. – Independent Non-Executive Director and Chairman of Codere Online (since November 2021) – Director of SimpleBet, Inc. (since July 2021) – Member of the Operating Council of Arrow International (since January 2021) – Vice Chairman of the Board of Trustees for the Meadows School (Las Vegas, USA) – Executive Committee member for the TPC Shriners Hospital for Children Open – Former Chief Digital Officer of Aristocrat Leisure Limited (January 2016 – October 2016) and former CEO of Multimedia Games, Inc. (March 2010 – December 2014) – Various senior roles at Caesars Entertainment (formerly Harrah's)	Lead US Director Chair, Regulatory & Compliance Committee Member, Audit Committee

Directors' Report continued

Directors' particulars, experience and special responsibilities continued

Director	Experience and other directorships	Special responsibilities
Sylvia Summers Couder <i>Dip Electrical Engineering, Masters in Electrical Engineering and Computer Sciences, Cycle de Perfectionnement Option (Equivalent MBA), MAICD</i>	<p>Nominated August 2016. Appointed September 2016.</p> <ul style="list-style-type: none"> – Independent Director of Semtech Corporation (since April 2013) – Former Independent Non-Executive Director of Alcatel-Lucent SA (May 2015 – November 2016) and Headwaters Inc. (January 2013 – May 2017) – Former Chief Executive Officer of Trident Microsystems Inc. (October 2007 – January 2011) 	<p>Member, Audit Committee</p> <p>Member, People & Culture Committee</p>
Arlene Tansey <i>BBA, MBA, Juris Doctor, FAICD</i>	<p>Nominated March 2016. Appointed July 2016.</p> <ul style="list-style-type: none"> – Non-Executive Director of McMillan Shakespeare Limited (since November 2022), WiseTech Global Limited (June 2020 – November 2022), TPG Telecom Limited (since July 2020), and Lendlease Investment Management (since October 2010) – Director of the Australian Institute of Company Directors (NSW Division Council) (since November 2021) – Member of Chief Executive Women and the International Women's Forum Australia – Former Non-Executive Director of Healius Limited (August 2012 – October 2020), Adelaide Brighton Ltd (April 2011 – October 2019) and the Australian National Maritime Museum Foundation (December 2019 – February 2022) 	<p>Chair, Audit Committee</p> <p>Member, Regulatory & Compliance Committee</p>
Philippe Etienne <i>GradDip Marketing, BSc, MBA, Advanced Management Program, GAICD</i>	<p>Nominated October 2019. Appointed November 2019.</p> <ul style="list-style-type: none"> – Chairman and Non-Executive Director, Quantum (trading name of ANZ Terminals Pty Ltd) (since October 2017) – Non-Executive Director of Lynas Rare Earths Limited (since January 2015) and Cleanaway Waste Management Limited (since May 2014) – Former Managing Director & CEO of Innovia Security Pty Ltd – Former Non-Executive Director of Sedgman Limited – Various senior executive positions, Orica Limited 	<p>Member, People & Culture Committee</p> <p>Member, Regulatory & Compliance Committee</p>
Director appointed after the Financial Year:		
Bill Lance Jnr <i>Master of Public Health, BSc, Graduate of Leadership Oklahoma class XXV</i>	<p>Nominated October 2022. Appointment subject to regulatory pre-approvals.</p> <ul style="list-style-type: none"> – Independent Director of BancFirst Corp (since August 2018) – Honorary title of Secretary of State, Chickasaw Nation (since May 2022). In this role, represents the nation on multiple Tribal and other national and state level organisations across the United States, including on the Executive Committees of the American Gaming Association and Greater Oklahoma City Chamber – Member of the Board of the Chickasaw Foundation – Former Secretary of Commerce (January 2009 – May 2022) and various other senior roles at the Chickasaw Nation – Former member of the Board of Trustees for the University of Oklahoma Foundation (June 2013 – September 2021) and the Oklahoma Department of Commerce Advisory Council (January 2019 – December 2020) 	<p>To be appointed</p>

Directors' Report continued

Directors' attendance at Board and Committee meetings during the Financial Year

The attendance of Directors at Board meetings and attendance of Committee members at Committee meetings of which they are voting members is set out below.

Meetings attended/held

Director	Board ²	Audit Committee	People & Culture Committee	Regulatory & Compliance Committee	Concurrent Committee meetings ³
Neil Chatfield ¹	16/16	7/7	6/6	4/4	1/1
Trevor Croker	16/16	—	—	—	—
Kathleen Conlon ¹	16/16	7/7	6/6	—	1/1
Philippe Etienne ¹	16/16	—	6/6	4/4	1/1
Pat Ramsey ¹	15/16	6/7	—	4/4	1/1
Sylvia Summers Couder ¹	15/16	7/7	5/6	—	1/1
Arlene Tansey ¹	16/16	7/7	—	4/4	1/1

1. During FY2022, the Board reviewed each Non-Executive Director's independence and confirms that each Non-Executive Director is independent.

2. In addition to the Board and Committee meetings set out in the table, during the financial year, the Board established a number of special purpose sub-committees in relation to financial reporting, M&A and capital management.

3. To support the determination of remuneration outcomes, the People & Culture Committee met concurrently with the Audit Committee on 8 September 2022.

Company Secretary

The Company Secretary is directly accountable to the Board, through the Chairman, for all governance matters that relate to the Board's proper functioning.

During the financial year, the Group had the following Company Secretary:

Kristy Jo

BCom/LLB

GradDip Applied

Corporate Governance

Kristy Jo joined Aristocrat in April 2018 and was appointed as Company Secretary effective 10 June 2021. She has over 15 years of legal experience in private and in-house roles. Prior to joining Aristocrat, Kristy worked at NBN Co Limited, Newcastle Permanent Building Society Limited and law firm Allens Linklaters. She is a Fellow of the Governance Institute of Australia.

Options over share capital

No options over Company shares were granted to executives or Directors during or since the end of the financial year. There were no unissued shares or interests in the Company subject to options at the date of this Directors' Report and no Company shares or interests issued pursuant to exercised options during or since the end of the financial year.

Indemnities and insurance premiums

The Company's Constitution provides that the Company will indemnify each officer of the Company against any liability incurred by that officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of that officer's duties to the extent permitted by law.

An officer for the purpose of this provision includes any Director or Secretary of the Company or the Company's subsidiaries, executive officers or employees of the Company or its subsidiaries and any person appointed as a trustee by, or acting as a trustee at the request of, the Company, and includes former Directors.

In accordance with the Company's Constitution, the Company has entered into deeds of access, indemnity and insurance and indemnities in relation to identity theft with each Director and nominated officers of the Company. No amount has been paid pursuant to those indemnities during the financial year and as at the date of this Directors' Report.

The Company has paid a premium in respect of a contract insuring Directors and officers of the Company and its related bodies corporate against any liability incurred by them arising out of the conduct of the business of the Company or in or arising out of the discharge of their duties. In accordance with normal commercial practices, under the terms of the insurance contracts, the details of the nature and extent of the liabilities insured against and the amount of premiums paid are confidential.

Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Company under section 236 of the Act nor has any application been made in respect of the Company under section 237 of the Act.

Auditor

PricewaterhouseCoopers (PwC) continues in office in accordance with section 327 of the Act.

Non-audit services provided by the Auditor

The Company, with the prior approval of the Chair of the Audit Committee or CFO (based on fee quantum), may decide to employ PricewaterhouseCoopers, the Company's auditor, on low value assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Company has an Auditor Independence Policy which specifies those non-audit services which cannot be performed by the Company's auditor. The Policy also sets out the procedures which are required to be followed prior to the engagement of the Company's auditor for any non-audit related service.

During the financial year, the fees paid or payable for non-audit services provided by the Company's auditor and its related practices totalled \$58,542. Details of the amounts paid or payable to the Company's auditor, for audit services provided during the financial year, are set out in Note 6.3 to the Financial Statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services as set out in Note 6.3 to the Financial Statements is compatible with the general standard of independence for auditors imposed by the Act for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- PwC is engaged on low value assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the Auditor's Independence Declaration is attached to this Directors' Report.

Loans to Directors and executives

No Director or executive held any loans with the Company during the financial year.

Rounding of amounts to nearest thousand dollars

As the Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Director's Report and the Financial Statements have been rounded off, except where otherwise stated, to the nearest whole number of million dollars and one decimal place representing hundreds of thousands of dollars, or in certain cases, the nearest dollar in accordance with that class order.

This report is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.



Neil Chatfield
Chairman

16 November 2022

Operating and Financial Review

Aristocrat at a Glance

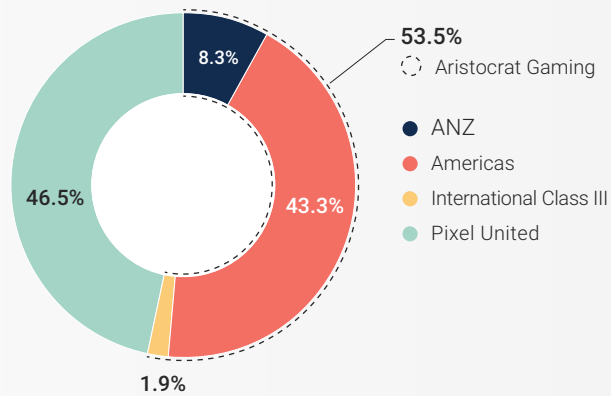
Revenue

\$5.6 billion

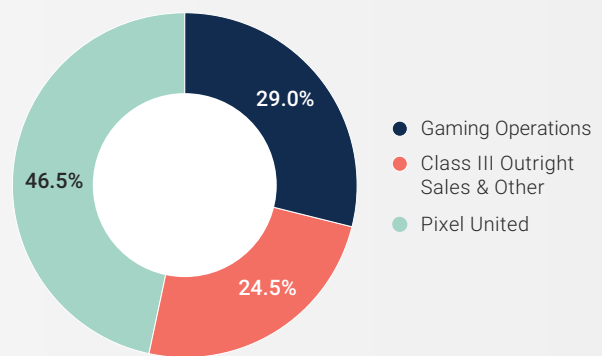
Licensed Jurisdictions

325

Revenue by segment



Revenue by strategic segment



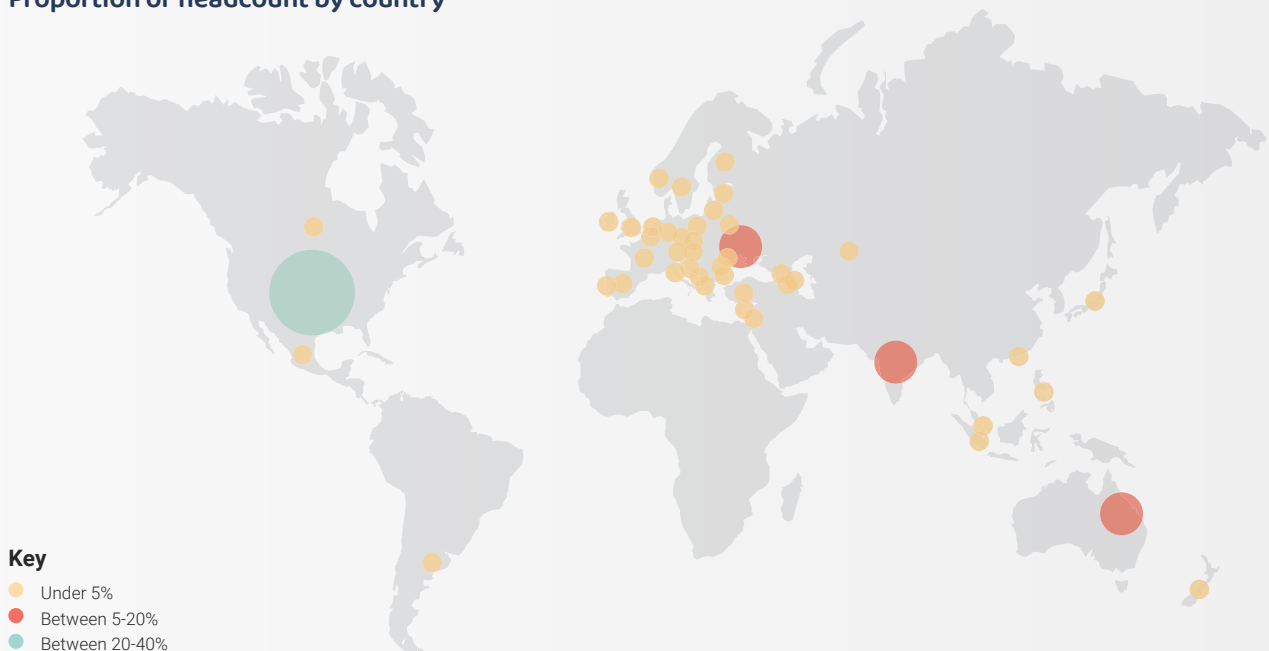
Countries

101

Employees

7,500+

Proportion of headcount by country



Business Strategy & Performance Summary

Robust fundamentals and diversification deliver strong growth and business resilience

Over the 12 months to 30 September 2022, Aristocrat delivered strong revenue and profit growth. This reflected sustained investment in top-performing product portfolios, differentiating capabilities, increased operational diversification and business resilience, in line with the business' established growth strategy.

Net profit after tax and before amortisation of acquired intangibles (NPATA) of \$1,099.3 million was 27% above the prior corresponding period in reported terms (20% in constant currency) compared to the \$864.7 million delivered in the prior financial year. This was driven by exceptional performance in North American Gaming Operations and global Outright Sales, despite supply chain disruptions and mixed operating conditions across key markets. Pixel United delivered resilient performance in a challenging environment, as overall mobile bookings moderated post COVID-driven peaks in the prior period.

Through the second half of the year, Aristocrat worked to protect our people and business in the context of the conflict in Ukraine. Comprehensive support was provided to employees, with around three quarters assisted to relocate to safer places within Ukraine or abroad. Disruptions in the delivery of content, Live Ops and features were minimised, by leveraging capability across the Pixel United business. Multiple new studios were opened across key talent hubs in Poland, Spain and Canada, further deepening business capacity and resilience. At period end, utilisation rates in Ukraine were approaching pre-conflict levels, which is a testament to the extraordinary commitment of our people. We proactively suspended our games in Russia in March. Plarium's Russia-based studio has been closed, with all work moving to an exclusive third-party studio based in Europe. Aristocrat therefore has no presence in or exposure to the Russian market. We continue to closely manage the impacts of this conflict, with an emphasis on ensuring our people are protected and our business is positioned to emerge even more resilient going forward.

Over the course of the year, Aristocrat made significant progress executing its 'build and buy' strategy to scale in online Real Money Gaming (RMG) through organic investment in product and technology, as well as M&A. Online RMG is a material growth and diversification opportunity that will provide further channels for the distribution of our world-leading content. With the successful launch of a new name and branding, the Anaxi business is well placed to foster team culture, attract and retain great online RMG talent and engage customers. Anaxi remains on track to be present in half of the currently regulated i-Gaming jurisdictions in the US in early calendar 2023. An agreement to acquire Roxor Gaming, a leading B2B online RMG supplier, was announced at period end. Roxor's Remote Game Server (RGS) and publishing technology will accelerate delivery of Anaxi's growth plans.

Aristocrat continued to invest strongly in product and technology, along with innovation, operational excellence and customer engagement, to drive further share growth across key markets, segments and game genres. Effective investment in market-leading design and development (D&D) and disciplined user acquisition (UA) was also delivered.

Strong operating cash flows and superior financial fundamentals were maintained, along with exceptional balance sheet strength, ensuring the business continued to have full strategic optionality and the ability to fund both organic investment and inorganic acceleration options. Surplus cash was appropriately returned to shareholders through dividends and on-market share buy-back, in line with the Group's established capital allocation framework.

An engaged global team, a people-first culture and growing leadership capability also underpinned Aristocrat's progress over the year. A continued focus on good governance and improving Environmental, Social, & Governance (ESG) outcomes aimed to protect our business and industries over the long term. Over the 12 months to 30 September 2022, Aristocrat made further strides against its ESG priorities, including work to support the setting of a science-based emissions reduction target by the end of calendar 2023, the launch of an Australian-first trial of cashless gaming technology in NSW and our endorsement of HESTA's 40:40 Vision in support of gender diversity in executive leadership. Comprehensive sustainability disclosures in respect of the reporting period will be available at www.aristocrat.com from 30 November 2022.

In summary, Aristocrat delivered a high-quality result over the 12 months to 30 September 2022 that underlined the business' continued and effective implementation of its Group growth strategy. Strong fundamentals, growing competitiveness, diversification and resilience were key features of the result, and position the business well to continue its momentum despite economic and political uncertainties ahead.

Review of Operations

Group Performance

Earnings Summary

Key performance indicators for the current period and prior period are set out below:

A\$ million	Constant currency ² 2022	2022	2021	Variance vs. 2021	
				Constant currency ² %	Reported %
Normalised results¹					
Operating revenue	5,305.0	5,573.7	4,736.6	12.0	17.7
EBITDA	1,753.6	1,850.9	1,542.9	13.7	20.0
EBITA	1,506.6	1,592.9	1,277.4	17.9	24.7
NPAT	946.7	1,000.9	765.6	23.7	30.7
NPATA	1,039.9	1,099.3	864.7	20.3	27.1
Earnings per share (fully diluted)	142.1c	150.2c	120.0c	18.4	25.2
EPS before amortisation of acquired intangibles (fully diluted)	156.0c	165.0c	135.6c	15.0	21.7
Total dividend per share	52.0c	52.0c	41.0c	26.8	26.8
Reported results					
Revenue	5,305.0	5,573.7	4,736.6	12.0	17.7
Profit after tax	900.8	948.5	820.0	9.9	15.7
NPATA	994.0	1,046.9	919.1	8.1	13.9
Balance sheet and cash flow					
Net working capital/revenue	1.2%	1.2%	(2.2%)	3.4pts	3.4pts
Operating cash flow	1,180.5	1,246.0	1,328.4	(11.1)	(6.2)
Closing net (cash)/debt	(599.0)	(564.0)	804.5	n/a	n/a
Gearing (net (cash)/debt to consolidated EBITDA ³)	n/a	(0.3)x	0.5x	n/a	0.8x

1. Normalised results are statutory profit (before and after tax), excluding the impact of certain significant items detailed on page 17.

2. Results for 12 months to 30 September 2022 are adjusted for translational exchange rates using rates applying in 2021.

3. Consolidated EBITDA for the Group as defined in Aristocrat's Syndicated Facility Agreement (also referred to as Bank EBITDA).

The information presented in this Review of Operations has not been audited in accordance with the Australian Auditing Standards.

Operational Highlights

The Group's portfolio of scaled, world-class Aristocrat Gaming and Pixel United assets continued to grow and diversify over the 12 months to 30 September 2022, off the back of ongoing investment and high quality execution. Key operational highlights for the period are set out below.

Strong growth in Aristocrat Gaming driven by market-leading products and exceptional performance in North America

In North America:

- Premium Class III and Class II installed base grew 14% to 31,595 units and 5% to 27,604 respectively with continued penetration of leading hardware configurations and high performing game titles.
- Average fee per day increased 9% on the prior corresponding period to US\$55.78, demonstrating exceptional product performance and portfolio quality.
- Aristocrat Gaming was once again the leading supplier in the US market, achieving portfolio performance of 1.4x floor average¹. Aristocrat games also averaged 19 of the top performing 25 games in the Premium Leased segment and 9 of the Top 25 games in the Wide Area Progressive (WAP) segment according to industry data².
- Outright Sales delivered strong growth, with FY22 unit sales increasing 66% on the prior corresponding period.
- The business continued to expand in attractive adjacencies, including the Video Lottery Terminal (VLT) segments in Canada, Oregon, and Illinois, and in the Washington Central Determinant System (CDS) segment. During FY22, Aristocrat entered the Kentucky Historical Horse Racing (HHR) and New York Lottery (NYL) markets.
- At the 2022 EKG Slot Awards, Aristocrat won nine awards in the land-based gaming segment (eligible for 14), further underscoring the market-leading nature of the business' product portfolio.

In Australia and New Zealand (ANZ):

- Market-leading ship share was maintained throughout the period, supported by continued penetration of the MarsX™ cabinet and a high performing game portfolio.

Strong resilience and strategic focus in Pixel United, which continued to take share in key genres despite the challenging macro environment

- Retained leading positions in key genres, namely #1 position in the Social Slots segment, #2 in the broader Social Casino genre, #1 in the Squad RPG (Role-Playing Games) segment and #3 in the Casual Merge segment, according to industry data (Sensor Tower). As at period end, Pixel United titles accounted for 6 of the top 100 mobile games in the US across multiple genres.
- Pixel United gained further share overall, and maintained its status as a Top 5 mobile games publisher in Tier-1 western markets, according to market data (Sensor Tower).
- Continued investment in Live Ops, features and new content, combined with effective player engagement.
- Average Bookings Per Daily Active User (ABPDAU) grew 11%, driven by improved performance in Social Casino and RPG, Strategy & Action.
- Pixel United moved proactively to cease operating its mobile games in Russia during the year. This market historically contributed approximately 3% of annualised Pixel United bookings, primarily in the Plarium portfolio.
- The business continued to strengthen and diversify its operations for future growth, including opening new studios in Poland, Spain and Canada, and bringing further game development capabilities to the business.

Sustained investment in great talent, technology and product

- Aristocrat continued its market-leading investment in game design, development and technology throughout the period, in line with its product-focused growth strategy.
- Investment in talent and technology increased, to support the execution of our online Real Money Gaming strategy, and growth in other key adjacencies.
- D&D investment remained at a market-leading 12% on a percentage of revenue basis, while UA investment moderated to 26% of Pixel United revenue.

Superior financial fundamentals maintained, preserving full investment optionality

- EBITDA margin for the period strengthened to 33.2%.
- Capital expenditure of \$269 million supported further investment in the Gaming Operations installed base, to drive future growth.
- Gearing, net (cash)/debt to EBITDA, improved to (0.3)x at period end from 0.5x at 30 September 2021.
- Aristocrat's balance sheet remained exceptionally strong, with approximately \$3.8 billion in available liquidity as at 30 September 2022 to support committed and future investments and enabling US\$250 million debt repayment, \$174 million interim dividend, and \$340 million in on-market share buy-back transacted in the period.

1. Based on the average theoretical net win index versus house, Eilers October 2022 report for North America

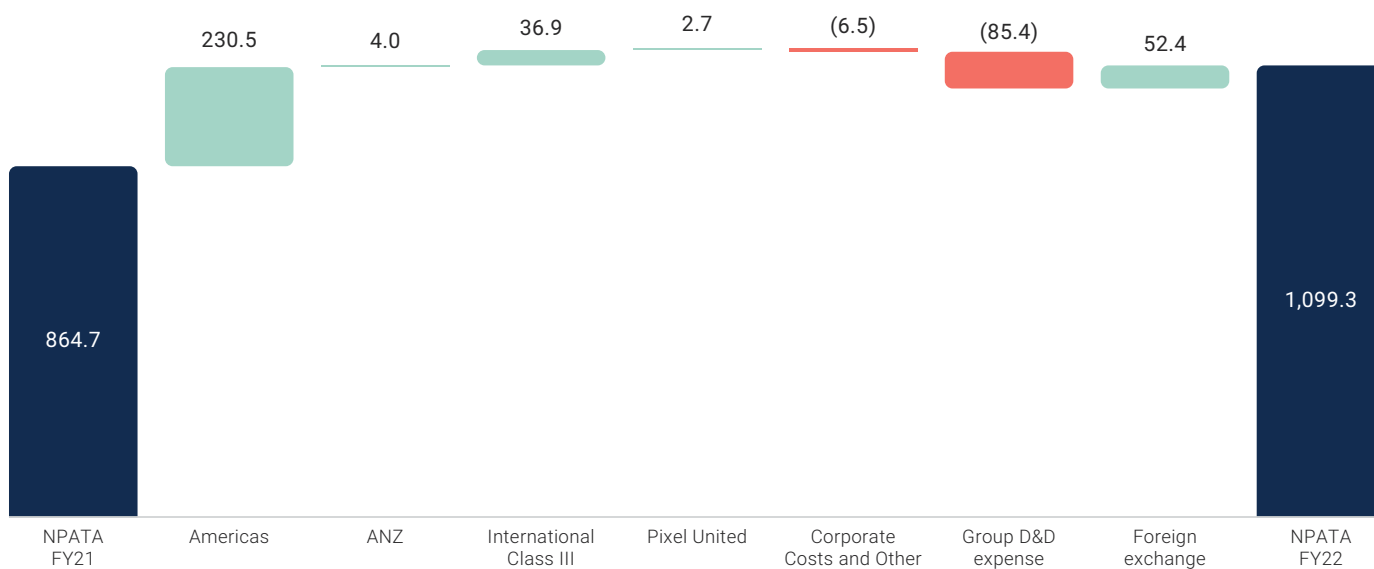
2. Average for 12 months to 30 September 2022; Eilers reports

Performance Summary

Normalised profit after tax and before amortisation of acquired intangibles (NPATA) of \$1,099.3 million for the period represented a 27% increase (20% in constant currency) compared to the \$864.7 million delivered in the prior corresponding period. Revenue increased by 18% (12% in constant currency), driven by exceptional performance in North American Gaming Operations and global Outright Sales. Pixel United delivered resilient performance in a challenging macro environment. Normalised fully diluted earnings per share before amortisation of acquired intangibles of 165.0c represents a 22% increase (15% in constant currency) on the prior corresponding period.

Net gearing decreased to (0.3)x from 0.5x leverage in the prior corresponding period.

NPATA movement FY21 to FY22 (A\$ million)



Movements in the graph above are on a constant currency basis and are tax effected at the prior year effective tax rate

- NPATA of \$1,099.3 million was 27% above the FY21 result of \$864.7 million, reflecting exceptional growth in Aristocrat Gaming and resilience in Pixel United.
- In Aristocrat Gaming:
 - Americas delivered a \$230.5 million increase in post-tax profit, driven by expansion in the Gaming Operations footprint in North America of 5,167 units (10%) to over 59,000 units, combined with a strong increase in fee per day to US\$55.78. In addition, a 66% increase in Outright Sales reflected increased customer capital availability, penetration of our Portrait cabinets, and successful expansion into strategic adjacencies driven by customer demand.
 - Australia & New Zealand (ANZ) grew post-tax earnings by \$4.0 million supported by the penetration of the MarsX™ cabinet, high performing game portfolio and mix of commercial offerings, despite the challenges of extreme weather and mandated venue closures in the first half of the year.
 - The International Class III segment grew post-tax earnings by \$36.9 million due to new, large openings in the Philippines, as Asian and European markets continued to emerge slowly post COVID-19 lockdowns.
- Pixel United delivered post-tax earnings growth of \$2.7 million, reflecting strong performance in Social Casino games including *Lightning Link™* and *Cashman Casino™*, and continued strength in *RAID: Shadow Legends™* despite a ~5% drop in the mobile games market¹ and disruption driven by the conflict in Ukraine.
- Costs associated with M&A activity, including the lapsed Playtech acquisition offer, increased interest expense and continued strong investment in strategic capabilities grew Corporate and other costs by \$6.5 million post-tax.
- The Group's strategic investment in talent and technology increased over the period and remained at industry leading levels, in line with our growth plans, including the scaling of Anaxi.
- Foreign exchange positively impacted the result by \$52.4 million.

1. Sensor Tower, 12 months to 30 September 2022

Operating and Financial Review continued

Group Profit or Loss

Results in the current period and prior corresponding period are in reported currency and normalised for significant items as outlined on page 17. Segment profit is stated before amortisation of acquired intangibles.

A\$ million	2022	2021	Variance %
Segment revenue			
Australia and New Zealand	460.7	399.8	15.2
Americas	2,415.1	1,824.9	32.3
International Class III	106.8	44.9	137.9
Pixel United	2,591.1	2,467.0	5.0
Total segment revenue	5,573.7	4,736.6	17.7
Segment profit			
Australia and New Zealand	157.1	152.0	3.4
Americas	1,350.8	972.6	38.9
International Class III	39.1	(9.4)	516.0
Pixel United	852.7	804.1	6.0
Total segment profit	2,399.7	1,919.3	25.0
Unallocated expenses			
Group D&D expense	(666.5)	(527.6)	(26.3)
Foreign exchange	(11.4)	(2.3)	(395.7)
Corporate	(128.9)	(112.0)	(15.1)
Total unallocated expenses	(806.8)	(641.9)	(25.7)
EBIT before amortisation of acquired intangibles (EBITA)	1,592.9	1,277.4	24.7
Amortisation of acquired intangibles	(127.5)	(128.7)	0.9
EBIT	1,465.4	1,148.7	27.6
Interest	(137.7)	(131.9)	(4.4)
Profit before tax	1,327.7	1,016.8	30.6
Income tax	(326.8)	(251.2)	(30.1)
Profit after tax (NPAT)	1,000.9	765.6	30.7
Amortisation of acquired intangibles after tax	98.4	99.1	(0.7)
Profit after tax and before amortisation of acquired intangibles (NPATA)	1,099.3	864.7	27.1

Revenue

Segment revenue increased \$837 million or 18% in reported currency (12% in constant currency), driven by growth across North American Gaming Operations and global Outright Sales.

While total revenue grew, the percentage derived from recurring sources in the period decreased to 75.5% from 79.9% in FY21. This primarily reflected an increase in Outright Sales across Aristocrat Gaming, particularly as North American customers committed more capital to Aristocrat's high performing products following the lifting of COVID-19 restrictions.

Pixel United revenue declined 0.6% in local currency to US\$1,835 million, reflecting the impact of a ~5% reduction in mobile bookings across the industry¹ along with the loss of an estimated 3% of annualised revenues due to the proactive decision to cease operating games in Russia during the period. Against this backdrop, Pixel United delivered a resilient portfolio performance driven by the strength of Social Casino franchises *Lightning Link™* and *Cashman Casino™*, *RAID: Shadow Legends™* and the launch of *Mech Arena: Robot Showdown™* in August 2021.

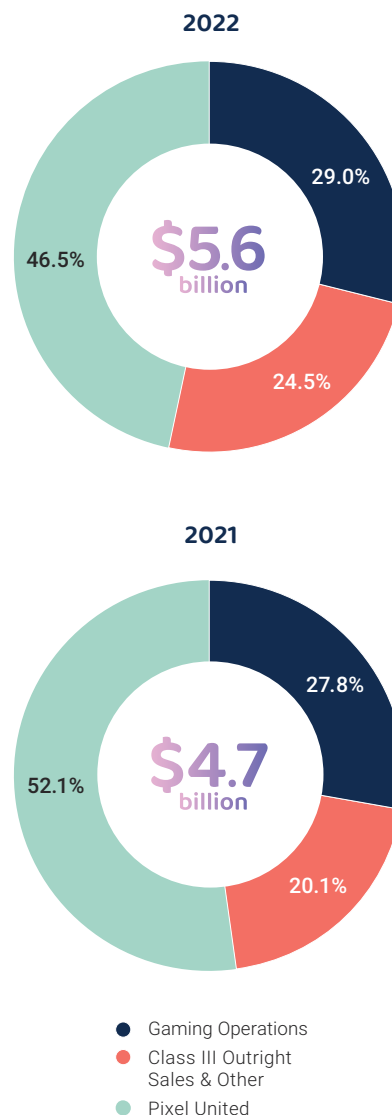
In Aristocrat Gaming, North America Gaming Operations revenue increased 17% in local currency, with Premium Class III and Class II footprints increasing 14.0% and 4.9% respectively, while average fee per day increased 8.5% compared to the prior corresponding period. Performance was fueled by increased penetration of high performing products including *Cash Express: Luxury Line™*, *Dragon Link™* and *Buffalo Link™*.

In North America Outright Sales, revenue increased 69% in local currency, as customers committed more capital to Aristocrat's high performing products. Increased penetration of *MarsX™* and *MarsX™* Portrait cabinets along with growth in adjacencies drove this result.

In the outright sales markets of ANZ, revenue increased 15.2% to \$461 million in reported currency, reflecting the strength of Aristocrat's product portfolio and the broader market recovery as COVID-19 restrictions eased.

In the International Class III segment, revenue increased 138% to \$107 million in reported currency driven by new openings in the Philippines and post COVID-19 normalisation in EMEA.

Revenue by Strategic Segment



All amounts are in reported currency unless otherwise stated.

1. Sensor Tower, 12 months to 30 September 2022.

Operating and Financial Review continued

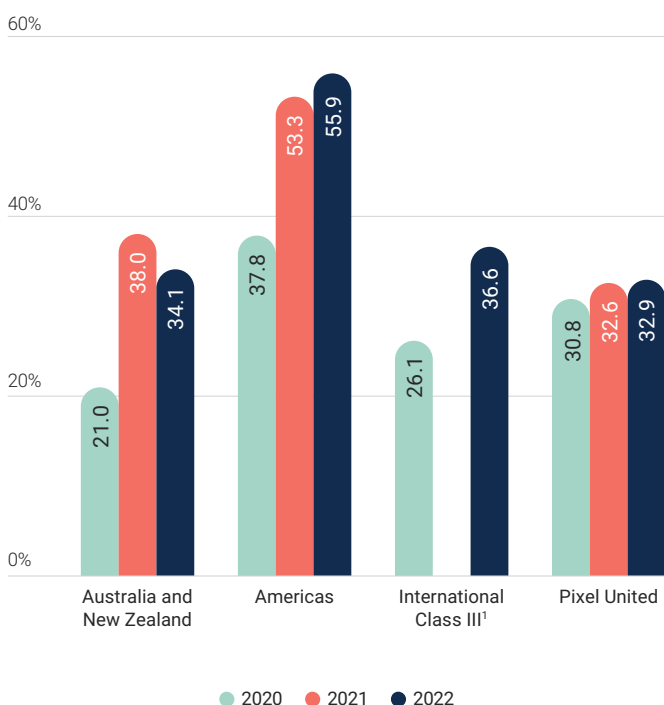
Earnings

Segment profit increased \$480 million or 25% in reported currency, compared to the prior corresponding period.

Americas Gaming margins increased from 53.3% to 55.9%, driven by revenue flow through from continued coin-in strength, product mix and strong management of the Gaming Operations installed base. This more than offset the impact of significant increased supply chain costs. Profit margins in International Class III also improved as Asian and European markets reopened.

Pixel United's margin increased slightly from 32.6% to 32.9%, reflecting effective management of cost and disruption in the year, including investments to further diversify and build business capability, along with the moderation of UA spend at 26% of Pixel United revenue over the period.

Segment Profit Margin % of Revenue



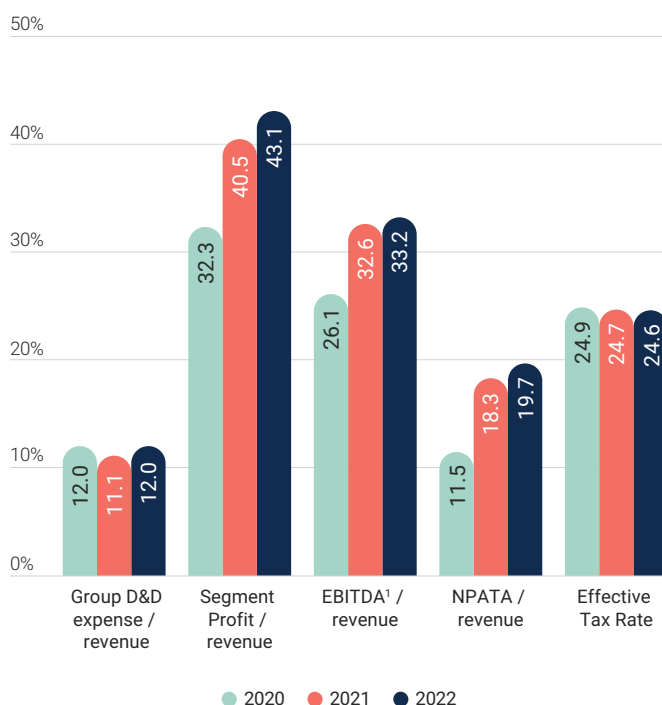
1. International Class III FY21 margin of (20.9%) was driven by the effective closure of these markets in the reporting period.

The Group continued its incremental investment in talent and technology to deliver competitive product across a broader range of priority segments and genres, while investing to establish Anaxi and scale in online RMG. Investment in D&D remained at a market-leading 12% on a percentage of revenue basis.

Corporate costs increased by \$17 million, driven by costs associated with M&A activity including the lapsed Playtech acquisition offer, continued investment in expanding strategic capabilities and talent across the regions.

The effective tax rate (ETR) for the reporting period was 24.6%.

Other Key Margins % of Revenue and ETR



1. During the year ended 30 September 2021, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements with cloud providers. Comparative information is reclassified where appropriate to enhance comparability.

Reconciliation of statutory profit to NPATA

A\$ million	2022	2021
Statutory profit as reported in the financial statements	948.5	820.0
Amortisation of acquired intangibles (tax effected)	98.4	99.1
Reported profit after tax before amortisation of acquired intangibles (Reported NPATA)	1,046.9	919.1
Add net loss/(gain) from significant items after tax	52.4	(54.4)
Normalised profit after tax before amortisation of acquired intangibles (Normalised NPATA)	1,099.3	864.7

Significant items

A\$ million	30 Sep 2022	
	Before tax	After tax
Contingent retention arrangements	(6.4)	(17.1)
Funding for the Playtech acquisition offer	(92.2)	(74.8)
Changes in deferred tax asset	–	39.5
Net loss from significant items	(98.6)	(52.4)

Significant Items included in the Group's reported result after tax:

Contingent retention arrangements: The Group's reported result after tax for the period includes the final expense, and associated taxes, of \$17.1 million relating to contingent retention arrangements associated with the acquisition of Plarium.

Funding for the lapsed Playtech acquisition offer: The Group's reported result after tax for the period includes an expense of \$74.8 million relating to funding costs for the lapsed Playtech acquisition offer, as was required under the rules of the UK Takeover Code.

Changes in deferred tax asset: The Group's reported result after tax for the period includes a net benefit of \$39.5 million recognised in the period relating to the Group structure changes in a prior period.

Operating and Financial Review continued

Balance Sheet

The balance sheet can be summarised as follows:

A\$ million	30 Sep 2022	31 Mar 2022	30 Sep 2021	Variance vs. 30 Sep 2021 %
Cash and cash equivalents	3,021.3	2,980.9	2,431.6	24.3
Property, plant and equipment	357.8	308.8	325.4	10.0
Intangible assets	3,891.2	3,392.3	3,527.7	10.3
Other assets	2,850.1	2,550.3	2,387.3	19.4
Total assets	10,120.4	9,232.3	8,672.0	16.7
Current borrowings	99.9	—	7.0	1,327
Non-current borrowings	2,357.4	2,457.4	3,229.1	(27.0)
Payables, provisions and other liabilities	1,640.4	1,448.4	1,557.0	5.4
Total equity	6,022.7	5,326.5	3,878.9	55.3
Total liabilities and equity	10,120.4	9,232.3	8,672.0	16.7
Net working capital	64.1	100.9	(105.2)	(160.9)
Net working capital / revenue %	1.2	1.9	(2.2)	3.4pts
Net (cash) / debt	(564.0)	(523.5)	804.5	n/a
Gross debt	2,457.3	2,457.4	3,236.1	(24.1)

Significant balance sheet movements from 30 September 2021 are:

Cash and cash equivalents: The increase reflects the strong underlying cash flow generation capability of the business, the \$1.3 billion cash received as part of the equity raising activity for the lapsed Playtech acquisition offer and foreign exchange translation, offset by repayments on the Term Loan facilities of \$1.1 billion, on-market share buy-back of \$312 million¹ settled and dividend payments.

Net working capital: The movement reflects the growth in the Gaming business revenue compared to the prior corresponding period along with management's decision to increase inventory levels, to mitigate global supply chain disruptions, to maintain customer order fulfillment.

Non-current borrowings: The decrease is largely due to the net repayments of Term Loan facilities of \$1.1 billion during the period, as part of Aristocrat's capital management strategy, offset by the impact of foreign exchange movements.

Total equity: The change in total equity reflects the equity raising undertaken as part of the lapsed Playtech acquisition offer, the results for the period and changes in reserves due to currency movements, offset by on-market share buy-back and dividends paid.

1. At 30 September 2022, \$340 million of on market share buy-back was transacted, with a cash impact of \$312 million in the year.

Operating and Financial Review continued

Statement of Cash Flows

The movement in cash, after eliminating foreign exchange movements in cash, is set out below:

Operating cash flow

A\$ million	2022	2021	Change %
EBITDA	1,850.9	1,542.9	20.0
Change in net working capital	(169.3)	148.0	n/a
Interest and tax	(492.8)	(342.9)	(43.7)
Other significant items (non-cash)	(6.4)	(80.9)	92.1
Other cash and non-cash movements	63.6	61.3	(3.8)
Operating cash flow	1,246.0	1,328.4	(6.2)
Operating cash flow less capex	977.2	1,100.7	(11.2)

Consolidated cash flow

A\$ million	2022	2021	Change %
Operating cash flow	1,246.0	1,328.4	(6.2)
Capex	(268.8)	(227.7)	(18.1)
Acquisitions and divestments	(0.6)	(78.5)	99.2
Payments for financial assets at fair value through profit or loss	(92.3)	—	n/a
Proceeds from disposal of financial assets at fair value through profit or loss	28.7	—	n/a
Investments	(1.4)	(4.2)	66.7
Investing cash flow	(334.4)	(310.4)	(7.7)
Proceeds from borrowings (net of transaction costs)	2,551.8	—	n/a
Repayments of borrowings	(3,676.9)	(6.7)	n/a
Proceeds from issue of shares (net of transaction costs)	1,277.2	—	n/a
Payments for shares bought back (net of transaction costs)	(312.0)	—	n/a
Lease principal payments	(39.4)	(36.3)	(8.5)
Dividends and Employee share purchases	(406.0)	(214.3)	(89.5)
Financing cash flow	(605.3)	(257.3)	(135.3)
Net increase in cash	306.3	760.7	(59.7)

Operating cash flow decreased 6% to \$1.25 billion compared to the prior corresponding period, reflecting increases in working capital and tax payments, partially offset by continued strong business performance and underlying cash flow generation.

The change in net working capital in the period reflects the growth in Aristocrat Gaming business revenue compared to the prior corresponding period, the decision to increase inventory levels in response to global supply chain disruptions, and retention payments associated with the acquisition of Plarium.

Interest and tax expense increased 44%, reflecting higher tax payments due to stronger business performance.

Payments for financial assets at fair value net of proceeds reflects foreign exchange forward contracts to cover the currency risk associated with the lapsed Playtech acquisition offer.

During the year, a number of major financing activities were undertaken, including the refinancing of Aristocrat's US\$1.85 billion Term Loan B into new Term Loan facilities, \$1.1 billion debt repayments, \$1.3 billion equity raising activities associated with the lapsed Playtech acquisition offer, and \$312 million¹ in share buy-back as part of the on-market share buy-back program of up to \$500 million announced in May 2022.

Cash flow in the statutory format is set out in the financial statements.

1. At 30 September 2022, \$340 million of on-market share buy-back was transacted, with a cash impact of \$312 million in the year.

Operating and Financial Review continued

Funding and Liquidity

The Group maintained excellent liquidity and balance sheet strength over the reporting period. The Group had committed loan facilities of \$3.3 billion as at 30 September 2022, comprising a US\$1.33 billion Term Loan A, US\$250 million Term Loan B (TLB) and a US\$500 million revolving credit facility.

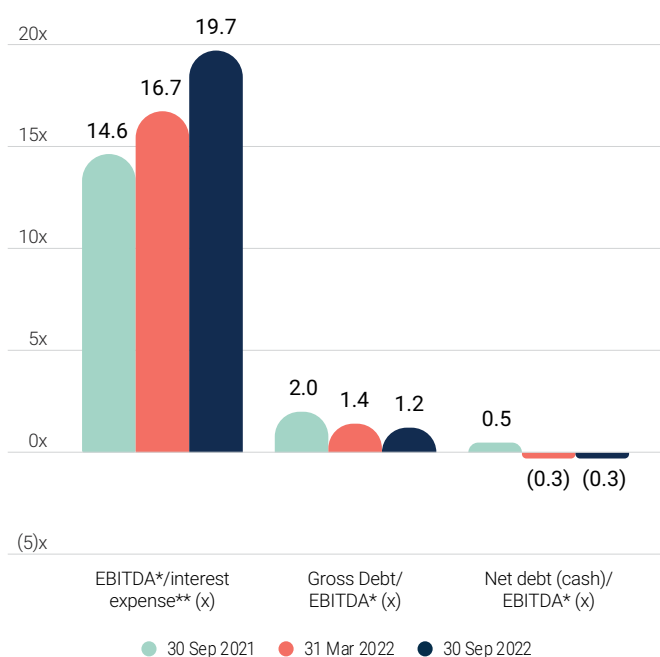
During the period, Aristocrat refinanced its US\$1.85 billion TLB into the term loan facilities above and extended and increased the revolver. The transaction provided for better terms, extended maturities, a diversified capital structure, and pricing at a weighted average of SOFR + 150bps. The TLB was US\$500 million at close of the financing in May 2022 and US\$250 million was repaid in September 2022.

At period end, Aristocrat had total liquidity of approximately \$3.8 billion, comprised of cash and \$771 million of the available revolving credit facility, net of \$11 million supporting letters of credit.

The Group's facilities are summarised as follows:

Facility	Drawn as at 30 Sep 2022	Limit	Maturity date
Term Loan A facility	US\$1,333.1m	US\$1,333.1m	May 2027
Term Loan B facility	US\$250.0m	US\$250.0m	May 2029
Revolving facility	US\$0.0m	US\$500.0m	May 2027
Overdraft facilities	A\$0.0m	A\$8.1m	Annual Review

The Group's interest and debt coverage ratios are as follows:



* EBITDA refers to Consolidated EBITDA for the Group as defined in Aristocrat's Syndicated Facility Agreement (also referred to as Bank EBITDA).

** Interest expense shown above includes ongoing finance fees relating to bank debt facility arrangements, such as line fees.

The Group's leverage, net (cash)/debt to EBITDA, reduced to (0.3)x at 30 September 2022, from 0.5x in the prior corresponding period.

Credit Ratings

As at 30 September 2022, Aristocrat held credit ratings of BB+ from Standard & Poor's, Ba1 from Moody's, and BBB- from Fitch. These ratings were affirmed by all three agencies during the reporting period.

Dividends

The Directors authorised a final fully franked dividend of 26.0 cents per share, in respect to the period ended 30 September 2022, and estimated at A\$171.5 million, based on the shares issued at the date of the financial statements. The dividend is expected to be declared and paid on 16 December 2022 to shareholders on the register at 5.00pm on 1 December 2022.

Total dividends in respect of the 2022 financial year amount to 52.0 cents per share (A\$345.3 million) and represents an increase of 27% (or 11 cents) on the prior year.

Foreign Exchange

Given the extent of the Group's global operations, its reported results are impacted by movements in foreign exchange rates.

In the 12 months to 30 September 2022, the Australian dollar was, on average, weaker against the US dollar when compared to the prior corresponding period. The impact of translating foreign currency (translational impact) increased revenue by \$268.7 million, while increasing normalised profit after tax and before amortisation of acquired intangibles by \$59.4 million on a weighted average basis when compared with rates prevailing in the respective months in the prior corresponding period. In addition, as at 30 September 2022, the cumulative effect of the retranslation of the net assets of foreign controlled entities (recognised through the foreign currency translation reserve) was a credit balance of \$602.2 million (compared to a credit balance of \$44.8 million as at 30 September 2021).

Based on the Group's typical historical mix of profitability, the major exposure to translational foreign exchange results from the Group's US dollar profits. A US 1 cent change in the US\$: A\$ exchange rate resulted in an estimated annualised \$17 million translational impact on the Group's annual profit after tax and before amortisation of acquired intangibles, based on the last 12 month period. This impact will vary in line with the magnitude and mix of overseas profits.

Foreign exchange rates compared with prior corresponding periods for the US dollar are as follows:

A\$:	30 Sep 2022	31 Mar 2022	30 Sep 2021	2022 Average ¹	2021 Average ¹
USD	0.6397	0.7496	0.7184	0.7084	0.7484

1. Average of monthly exchange rates only. No weighting applied.

Review of Operations

Segment Review

Segment profit represents earnings before interest and tax, and before significant items detailed on page 17, charges for D&D expenditure, amortisation of acquired intangibles and corporate costs. The total amount of these items is disclosed in the Group's statement of profit or loss. Constant currency amounts refer to 2022 results restated using exchange rates applying in 2021.

1. Aristocrat Gaming Americas

Summary Profit or Loss

US\$ million	2022	2021	Variance %
Revenue	1,704.6	1,365.4	24.8
Profit	956.4	729.1	31.2
Margin	56.1%	53.4%	2.7 pts

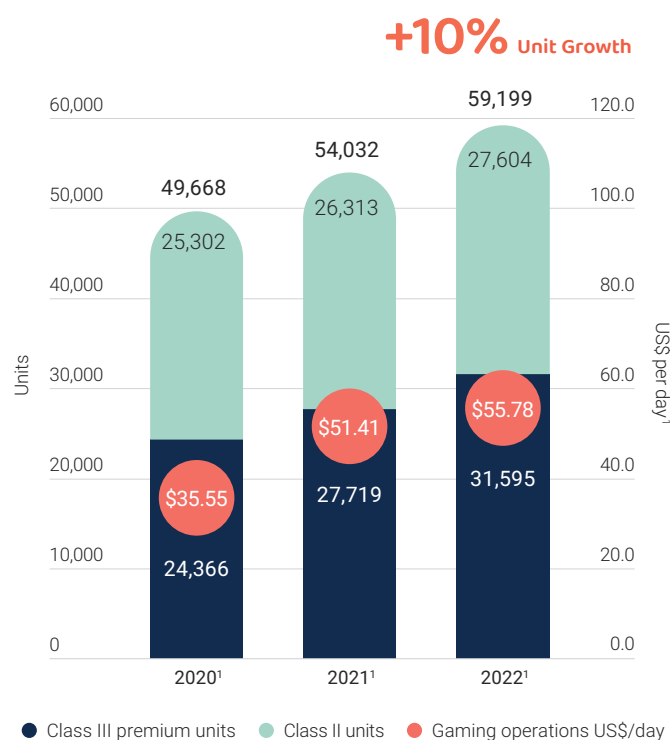
In local currency, Americas profit increased by 31.2% to \$956.4 million, driven by continued growth in the Class III Premium and Class II Gaming Operations footprint and average fee per day (FPD), and supported by increasing depth and strength in the product portfolio.

The business grew share across key segments and expanded margins. Operational momentum was supported by a stronger than expected industry recovery and economic conditions.

Aristocrat's Class III Premium installed base grew 14.0% to 31,595 units, with continued penetration of leading hardware configurations and top performing game titles.

Margin increased 2.7 percentage points to 56.1%, driven by revenue growth (continued coin-in strength, higher percentage of units turned on, and an increase of premium/high Average Selling Price (ASP) outright sales cabinets) and strong management of the Gaming Operations installed base. This more than offset the impact of higher input costs driven by supply chain challenges.

North America Gaming Operations units and Average US\$ fee/day



Note to the chart:

- Reflects unadjusted FPD. Prior comparatives of adjusted FPD were provided for FY20: US\$51.01 and FY21: US\$57.24, reflecting fee per day adjusted to exclude the number of days machines were not operating in the period due to COVID-19 social distancing restrictions or venue closures and therefore reflected the underlying performance of the business at that time.

In North America, Aristocrat Gaming achieved portfolio performance of 1.4x floor average¹ in the period. Key titles including *Cash Express: Luxury Line™*, *Dragon Link™* and *Buffalo Link™* drove momentum in the period. Aristocrat averaged 19 of the Top 25 games², demonstrating exceptional portfolio strength.

Aristocrat's Class II Gaming Operations installed base grew 4.9% during the period to 27,604 units reflecting increased *MarsX™* cabinet penetration. Strong game performance was achieved on the *Ovation™* platform, driven by titles such as *Hunt for Neptune's Gold™* and *Buffalo Chief™*.

On a combined basis, the average Class III and Class II FPD increased 8.5% to US\$55.78 compared to the prior corresponding period, reflecting the impact of a higher number of machines switched on in the period.

1. Based on the average theoretical net win index versus house, Eilers October 2022 report for North America.

2. Eilers report: Premium Leased Segment, 12 months to 30 September 2022.

Operating and Financial Review continued

North America Outright Sales units and Average US\$ price/unit



Outright Sales revenue increased 69% compared to the prior corresponding period, fueled by larger customer capital commitments, increased penetration of *MarsX™* and *MarsX™* Portrait cabinets, and successful expansion into strategic adjacencies.

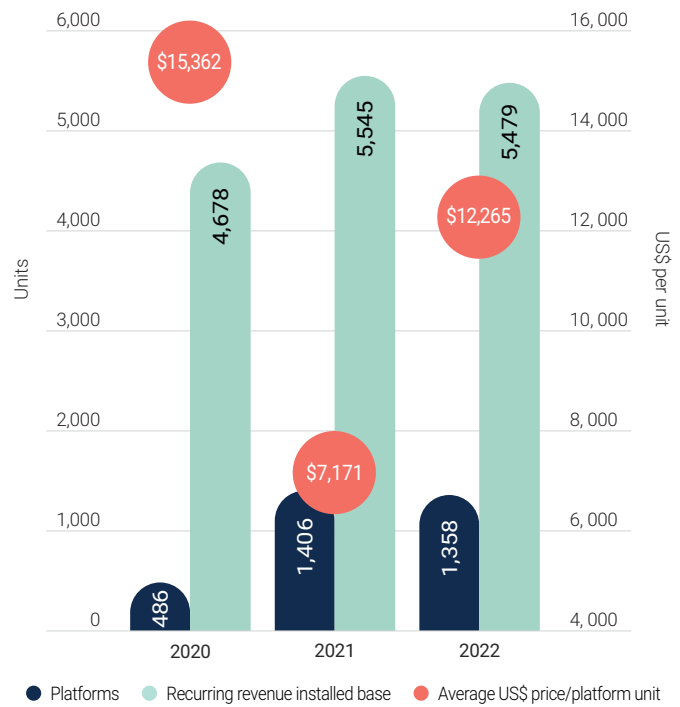
MarsX™ Portrait continues to drive increased market penetration in the competitive portrait for-sale segment, with key titles including *Bao Zhu Zhao Fu™*, *Fu Dai Lian Boost™* and *Wonder 4 Boost Gold™*.

In August 2022, Aristocrat launched the *Neptune Single™* Portrait cabinet as an entrant into Portrait Slant category. The highly anticipated cabinet was launched with strong titles including *Buffalo Ascension™*, *Cashman Link™* and *Coin Trio™*.

ASP increased by 8% over the prior corresponding period driven by the success of the *MarsX™* and *MarsX™* Portrait cabinets.

Aristocrat's expansion into attractive adjacent markets continued to gain momentum through the period. Growth was delivered across the VLT Canada, Oregon and Illinois and Washington CDS segments. Aristocrat also entered the Kentucky Historical Horse Racing (HHR) and New York Lottery (NYL) markets in the year.

Latin America Outright Sales units, Average US\$ price/unit and Recurring Revenue installed base



Latin America performance was driven by customer venue reopenings post pandemic and improved economic conditions throughout the period. Circa 90% of the installed base was switched on as of 30 September 2022. Average cabinet selling price increased from the prior corresponding period due to an increased proportion of new cabinet sales units.

Operating and Financial Review continued

Australia and New Zealand

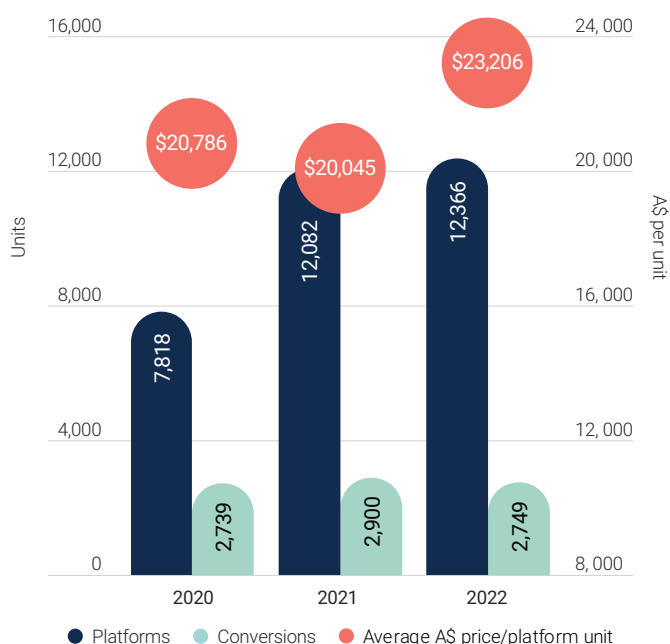
Summary Profit or Loss

A\$ million	Constant currency 2022	2021	Variance %
Revenue	461.7	399.8	15.5
Profit	157.3	152.0	3.5
Margin	34.1%	38.0%	(3.9) pts

ANZ revenue increased by 15.5% to \$461.7 million in constant currency compared to the prior corresponding period, while overall profit increased by 3.5% to \$157.3 million. This was achieved despite the impact of extreme weather and mandated venue closures in key jurisdictions across the period.

Margin decreased 3.9 percentage points to 34.1% due to increased supply costs, partly offset by favourable product mix.

ANZ Outright Sales units and Average A\$ price/unit



The average cabinet selling price increased from the prior corresponding period driven by continued penetration of the MarsX™ cabinet across all markets.

The ANZ business maintained its market-leading ship share, driven by the continued strength of the game portfolio, led by *Dollar Storm*™ and the performance of newly released titles in the period, in particular *Fu Dai Lian Lian*™, *Scorchin' Fortune*™ and *Midnight Express*™.

Aristocrat increased its investment in responsible gameplay initiatives, with the launch of Aristocrat's Australian-first cashless gaming technology, which went live in New South Wales in the period, in partnership with government and regulatory bodies.

International Class III

Summary Profit or Loss

A\$ million	Constant currency 2022	2021	Variance %
Revenue	108.0	44.9	140.5
Profit/(Loss)	39.6	(9.4)	521.3
Margin	36.7%	(20.9)%	57.6 pts
Class III Platforms	2,297	626	266.9

International Class III revenue and profit increased 140.5% and 521.3% respectively to \$108.0 million and \$39.6 million compared to the prior corresponding period, due to new openings in the Philippines and the reopening of EMEA.

Border closures continued to impact operator gaming revenue and capex budgets in Europe and Asia during the period.

2. Pixel United

Summary Profit or Loss

US\$ million	2022	2021	Variance %
Bookings	1,826.1	1,844.4	(1.0)
Revenue	1,834.7	1,845.1	(0.6)
Profit	604.6	602.1	0.4
Margin	33.0%	32.6%	0.4 pts

Pixel United bookings declined 1.0% compared to the prior corresponding period to US\$1,826 million. After a strong first half, the second half of the reporting period was impacted by:

- Disruptions due to the conflict in the Ukraine;
- The proactive decision to cease operating its games in Russia, which has historically represented around 3% of annualised Pixel United bookings; and
- A softer total mobile game market, which contracted an estimated 5% post a COVID-driven peak in the prior period¹.

Against this backdrop, Pixel United delivered a resilient performance, driven by:

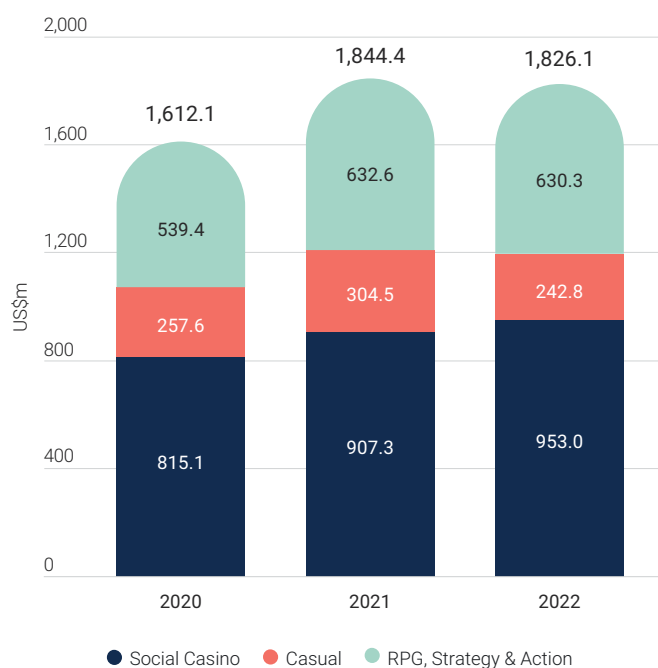
- Continued investment in Live Ops, features and new content, combined with effective player engagement and improved monetisation;
- Efficient investment in and allocation of UA across the portfolio; and
- A strong and diverse portfolio of genre-leading, performing titles, particularly *RAID: Shadow Legends*[™], *Lightning Link*[™] and *Cashman Casino*[™], supported by the profitable growth of *Mech Arena: Robot Showdown*[™].

Pixel United delivered profit of US\$605 million compared to the US\$602 million achieved in the prior corresponding period. This result was driven by increased contribution from the proprietary platform Plarium Play, efficient UA management, and effective management of cost and disruption.

Further investment in key strategic lower-cost, high-quality locations like Poland, Spain and Canada, added further diversification, capacity and resilience to the business and increased its access to key talent pools in line with its growth strategy.

Building on the acquisitions of Futureplay and Playsoft in the previous year, Pixel United finalised a minority investment Ultracine, a studio based in Montreal, which is a major game talent hub. Ultracine specialises in the development of fashion/design games, bringing attractive new genre capabilities to the business.

Bookings¹ by Genre



Note to the chart:

1. Bookings are an operational metric reflecting the amount of virtual currency, virtual goods and premium games the consumer has purchased. Reported revenue comprises bookings adjusted for deferred revenue.

Social Casino

Social Casino contributed bookings of US\$953 million, an increase of 5% on the prior corresponding period, driven by the continued strong growth of *Lightning Link*[™] and *Cashman Casino*[™], and supported by the ongoing performance of *Heart of Vegas*[™], *Big Fish Casino*[™] and *Jackpot Magic Slots*[™].

These titles benefited from successful investment in Live Ops, features, new slot content and effective investment in UA.

RPG, Strategy and Action (Midcore)

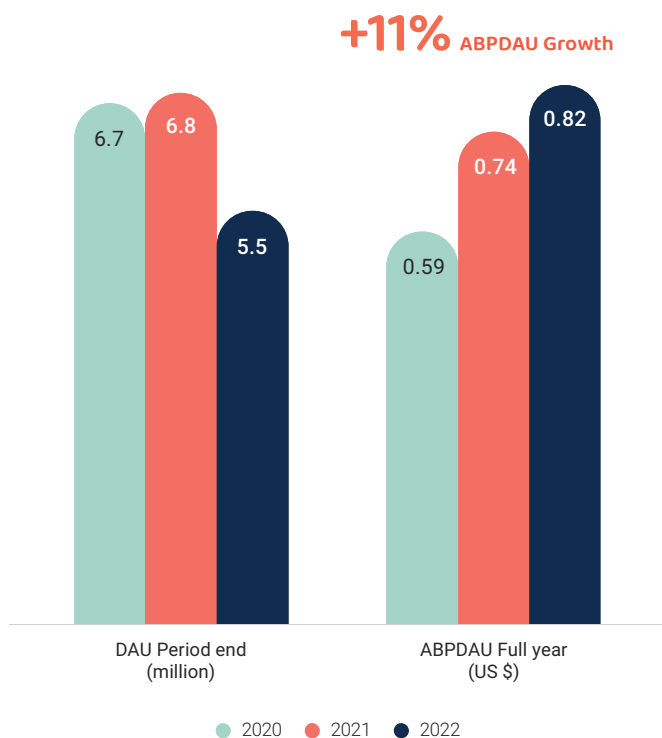
Role-Playing Games (RPG), Strategy and Action contributed US\$630 million in bookings, a decrease of 0.4% compared to the prior corresponding period. This was mainly due to a decline in revenues from *RAID: Shadow Legends*[™] as this world-class title moves into profit mode, and *Vikings: War of Clans*[™], offset by growth in *Mech Arena: Robot Showdown*[™] following its worldwide launch in August 2021.

Casual

Casual delivered US\$243 million in bookings, a decrease of 20% on the prior corresponding period, due to the maturity of the Casual games portfolio, the moderation of *EverMerge*[™] after scaling the game successfully over the last two years, and the focus on effective UA investment.

1. Sensor Tower: 12 months to September 2022

Daily Active Users (DAU) and Average US\$ bookings per DAU (ABPDAU)



Overall DAU decreased to 5.5 million in the period, driven by an ongoing focus on DAU quality across the Pixel United portfolio, the cessation of business in Russia, *EverMerge™* moderating, and a relative but anticipated decline in DAU for *Mech Arena: Robot Showdown™* following its worldwide launch in August 2021.

This focus on DAU quality is reflected in the continued improvement in ABPDAU, which grew 11% or US\$0.08 compared to the prior corresponding period, demonstrating strengthening player engagement across the portfolio.

Principal Risks

Managing risk is essential to providing greater certainty in the delivery of our strategy and continued performance of our business

Aristocrat aims to maintain a healthy tension between entrepreneurial activities and protecting enterprise value. We strive to be a 'risk intelligent enterprise' that encourages employees to make risk-based decisions that align with our risk appetite and values.

Aristocrat recognises the need to integrate risk management into strategic and operational planning and decision making. The identification and management of risks and opportunities that could impact Aristocrat's strategic, operational, and financial objectives is essential to good corporate governance, and the long-term creation and protection of shareholder value.

Aristocrat uses risk management at all levels in the organisation to mitigate potential threats, improve our preparedness to respond to crises and emerging risks, and provide greater surety as we pursue opportunities.

Risk Management Framework

Aristocrat's Enterprise Risk Management (ERM) Framework (the Framework) is core to our risk management program and approach. The Framework provides the tools and directions for the timely identification, evaluation, treatment and reporting of material risks and opportunities, so that they remain within acceptable thresholds as set by Aristocrat's Board of Directors. The Framework is also designed to highlight emerging risks.

The Framework is underpinned by Aristocrat's Global Risk Management Policy (the Policy). The Policy establishes the Group's desired risk culture, commitment to risk management and makes clear that everyone in the Group has a role to play in effective risk management. The Framework also includes Board approved Risk Appetite Statements, which set the types and levels of risk and risk behaviours the Group is willing to accept as we execute our strategy. The Framework aligns with the International Risk Management Standard ISO 31000, and encompasses the steps illustrated in Figure 1.

Figure 1: Risk Management Process



The Framework facilitates the management of risk at both an enterprise and business unit/functional level. This ensures a 'top down' and 'bottom up' approach. It addresses both financial and non-financial risk (legal and regulatory, reputation, environmental, people, health, safety and wellbeing, business resilience, customer/player, cyber security, data privacy and product and technology), with consideration of both internal and external factors. Figure 2 illustrates our ERM coverage.

Figure 2: Risk Identification, Review and Assessment Coverage



The Framework is overseen by Aristocrat's Board of Directors. It is actively managed by our Chief Executive Officer and Executive Steering Committee, with the support of a network of Risk Champions, and maintained by the Group Risk and Audit function. The Framework is reviewed and refreshed at least annually, in line with the ASX Corporate Governance Principles and Recommendations.

Principal Risks

Aristocrat has a strong track record of managing multiple and complex risks and we have continued to navigate significant uncertainties throughout this year. The ongoing challenges in Ukraine and Russia coupled with macroeconomic uncertainty, global supply chain constraints, and our increasingly diverse and complex business operations has underpinned the need for a robust enterprise risk management framework and resiliency program. Aristocrat continues to respond to these challenges by remaining agile, flexing the way we operate and making swift and effective risk-based decisions. These decisions are informed by an Enterprise Risk Profile and Board Approved Risk Appetite Statements that have been regularly reviewed and updated by our Executive Steering Committee and the Board of Directors.

Towards the end of FY22, we have seen macroeconomic headwinds increase and take hold of the global economy and we anticipate that this will continue to create disruption and volatility throughout markets in FY23. This prolonged period of uncertainty creates risk and opportunity that Aristocrat is poised to respond to.

Principal risks currently identified as relevant to Aristocrat (in no particular order) are set out below.

Business Resilience: **Responding in the Face of an Unplanned Operational Incident**

Risk Description

Failure to respond to unplanned operational incidents, including conflict in Ukraine, which impact employee health and wellbeing, or the ability to deliver upon our commercial objectives, resulting in lost revenue and reputational impacts.

2022 Commentary

The outbreak of conflict in Ukraine led to significant uncertainty for our business in Ukraine, Belarus and Russia, elevating the need for comprehensive business continuity plans to protect our people and operations. In response, we supported the voluntary relocation of our Ukrainian employees and their families to safer locations and provided transportation, visas and legal aid, housing, and settling-in assistance for relocated staff. We also provided funds, shelter, emergency supplies, and other direct assistance to those who remained in Ukraine.

While we are managing through the impacts of the conflict effectively, the unstable geopolitical environment and other unplanned operational incidents present a risk to Aristocrat. Building on a refreshed resilience framework implemented during the pandemic, all major business units have completed business impact analyses and business resilience plans during FY22. Tabletop exercises have been conducted at both operational and strategic levels, allowing us to identify gaps and continue improvement on our resilience program.

Management and Mitigation

- Business Resilience Framework with dedicated teams at local, regional and executive levels
- Localised decision-making, with an active wellbeing focus and monitoring of evolving government guidelines and requirements
- Engagement of third-party geopolitical specialists to support emergency response and ongoing monitoring of the external environment
- Mass communication system to notify and account for employees
- Business Impact Analyses and Business Resilience Plans completed by all major areas of the business
- Continued diversification of operations in line with growth strategy
- Execution of crisis event tabletop exercises/simulation

Customer: **Maintaining and Growing Market Share**

Risk Description

Aristocrat's strategy to grow in online Real Money Gaming, including the scaling of the Anaxi business, is not effectively implemented, resulting in the weakening of customer and player relationships and a failure to grow share.

2022 Commentary

We continue to strengthen customer and player relationships through the development and delivery of world class technology and content. Further, we continue to actively engage and listen to our customers and players, and pursue opportunities presented by changes in their demands.

In FY22, we launched a dedicated online Real Money Gaming business, Anaxi, and accelerated implementation of our disciplined, 'build and buy' strategy to scale in this key adjacent segment over the medium term.

In addition, we delivered further share growth across key Gaming and Pixel United segments. We continued to invest in people, product and innovation, growing scale and capability. However, we recognise that our operating environment remains highly competitive.

Management and Mitigation

- Close monitoring of three-year plan and achievement of strategic goals
- Establishment and scaling of Anaxi
- Strong governance and approvals processes
- Continued investment in differentiators that drive competitive advantage, including market-leading product portfolios, tailored to customer needs
- Voice of the Customer and Player programs and strong focus on customer experience
- Continued investment in customer and market insights programs

Global Supply Chain: Managing Global Supply Constraints

Risk Description

Global supply chain disruptions, including materials shortages and logistical bottlenecks impacting our ability to serve our Gaming customers.

2022 Commentary

Global supply chain challenges, particularly materials shortages, freight constraints and increasing freight prices, have impacted organisations worldwide and are expected to continue into the medium term.

Semiconductor shortages and downstream effects on the supply chain remain our key challenge and we continue to take strides to secure supply to protect our customer offer.

During FY22, new and repurposed Integration Centres were planned in the United States, and new systems and processes implemented to support automation and reduce risk. Aristocrat has also expanded its supplier network and increased the level of expenditure procured under contract to secure supply.

Aristocrat established a Global Logistics function which will ultimately oversee the carrier network, logistics operations, contracts and terms for both inbound and outbound deliveries.

Management and Mitigation

- Dedicated team actioning a supply strategy responding to market conditions as they evolve
- Multi-tiered approach to governance for the review and execution of key actions to manage supply chain and inventory constraints
- Ongoing engagement with key suppliers to strengthen relationships and ensure delivery commitments
- Diversified sourcing arrangements for critical supply, and ongoing improvements in supply chain resiliency
- Safety stock holdings and forward purchasing
- Introduction of controlled spot buying processes to secure critical supply
- Product reengineering to mitigate reliance on parts in short supply
- Redesigned supply chain to deliver flexibility and maximise used parts use
- Supplier due diligence, performance and risk assessment processes.

People: Attraction and Retention of Talent

Risk Description

Ineffective recruitment, retention and engagement of talent impacting the delivery of our growth strategy.

2022 Commentary

Aristocrat continued to invest strongly in the development and retention of high performing employees in pursuit of our growth strategy. We have continued to attract world-class talent across the business, including in online Real Money Gaming, Gaming and Pixel United design and development, technology, commercial and other core skillsets in FY22 through talent deals and talent pipeline management.

However, a combination of the ongoing war for talent, the Great Resignation and record inflation across many countries in which we operate is resulting in a more aggressive and highly competitive landscape.

Management and Mitigation

- Talent management and competency framework
- Continuous focus on Company culture and improvement of Employee Value Proposition including regular engagement and pulse surveys
- Review of salary benchmarks, incentives and rewards programs
- Global talent mapping to maintain recruitment candidate pipeline and support focused talent searches
- Enterprise leadership development programs
- Adoption of flexible work policies within a Group-wide, permanent, hybrid work model
- Focus on diversity and inclusion

Health, Safety and Wellbeing:

Maintaining the Health and Wellbeing of Our People

Risk Description

Failure to properly protect the physical and mental wellbeing of our workforce resulting in harm.

2022 Commentary

The health and wellbeing of our people is paramount. COVID-19 heightened physical and mental health risks, with mental wellbeing a particular concern. This was amplified by the breakout of conflict in Ukraine. Aristocrat took swift action to support employees impacted by the conflict in Ukraine, including relocation where appropriate as part of a comprehensive assistance effort.

Aristocrat has a permanent flexible hybrid work model globally, supported by policies and processes that provide maximum choice and flexibility to our people. We carry out regular employee pulse checks, run a comprehensive wellbeing and employee support program and continuously review and implement workplace safety measures.

Management and Mitigation

- Global Health, Safety and Environment (HSE) Management System aligned to global safety standards
- HSE Steering Committee in place to govern global HSE program, strategy and management system
- Regular pulse surveys driving improvements in wellbeing program
- Broad reaching wellbeing initiatives including new benefits, flexible work options and increased leadership communication
- Periodic review of Employee Assistance Program data to identify trends
- Ongoing HSE training for all employees
- Comprehensive incident management reporting and lessons learned processes

Cyber Security:

Securing and Controlling Information Assets

Risk Description

Uncontrolled access to information assets resulting in business disruption, financial loss and loss of trust/reputation with employees, customers and shareholders.

2022 Commentary

FY22 saw a rise in the frequency and sophistication of cyber-attacks, and this risk has increased for those companies complying with sanctions and in support of the West, following the outbreak of conflict in Ukraine.

However, during FY22 significant improvements were achieved through the substantive completion of Aristocrat's cyber roadmap initiatives. Most notable are the appointment of additional cybersecurity leadership, establishment of a dedicated product security function, and the continued maturation of existing cyber processes with on-going emphasis on governance and assurance.

Aristocrat has built robust internal capabilities, and implemented leading tools and systems to identify, respond to and mitigate incidents when they arise and create a 'Digital Trust' competitive advantage. We continue to monitor evolving cyber threats and changes to cyber security laws and mature our cyber practices in response.

Management and Mitigation

- Implementation of a global information security policy
- Combined Cyber and Privacy Operating Committee with Board approved Committee Charters to provide program governance
- Strong controls in identity and access management, vulnerability management and threat intelligence/dark web monitoring
- Compulsory information security training program, including targeted programs for technicians interacting with customer networks
- Continuous improvement of cyber security posture through implementation of a robust cyber maturity roadmap
- Ransomware Playbook and formal cyber incident response plan in place
- Routine penetration testing
- Annual internal audit

Data Privacy:

Protecting Sensitive Consumer and Employee Data

Risk Description

Breach of data privacy and retention regulations resulting in fines, prosecution and impact to reputation.

2022 Commentary

We continued to see rapid change in privacy legislation in FY22 with a comprehensive US privacy bill introduced. However, the Privacy Program's independent maturity assessment for FY22 indicated strong progress against the Privacy Roadmap reflecting further investment in policies, processes and capabilities. In particular, FY22 saw the implementation of mandatory third-party privacy risk assessments, the recruitment of additional privacy capability, the commencement of a large-scale data inventory and mapping project, and the establishment of a data governance program.

Management and Mitigation

- Global data privacy program framework, policies and principles
- Combined Cyber and Privacy Operating Committee with Board approved Committee Charters to provide program governance
- Compulsory data privacy training program
- Data management practices, procedures, and expertise, including detailed Data Privacy Roadmap
- Annual internal audit

Social Responsibility:

Maintaining our Social License to Operate

Risk Description

Community, regulator and government concerns around games/gambling leads to negative legal or regulatory changes that cause a significant loss of addressable market, loss of revenue and growth opportunities, inability to attract and retain talent and/or reputational damage.

2022 Commentary

Aristocrat seeks to take a leadership position in promoting responsible gameplay (RG) and sustainability in all we do. We believe that empowering players through informed choices is key to a great entertainment experience, and a sustainable business.

In FY22, we refreshed our RG strategy and upweighted our capabilities in RG. Our Group sustainability disclosures and priorities continue to expand and are focused on material business issues.

We have also closely monitored the increased scrutiny and associated inquiries from Australian authorities and regulators on gambling operations and in response we have confirmed our own governance arrangements are robust, and accelerated implementation of the RG internal audit recommendations as well as our RG strategy.

Management and Mitigation

- Dedicated RG and Corporate Social Responsibility team expanded, and strategy refreshed, with Board oversight
- CEO and key executives have performance metrics addressing sustainability and RG
- Group-wide RG policy continued to be embedded in product design, marketing, and other core functions, with opportunities identified and addressed
- Mandatory RG training continued to be delivered for employees, with expanded training for Directors and multiple employee education and engagement programs
- Ongoing investment in RG product innovation
- RG Risk Assessment workshops conducted for all major areas of the business, to inform further progress

Geopolitical Tensions:

Operating in Unstable Geopolitical Environments

Risk Description

Unstable geopolitical environments impact employee engagement, health and wellbeing, global supply chain, innovation pipeline and revenue.

2022 Commentary

Globally, there has been an increase in the level of geopolitical instability in recent years as COVID-19, the China-Taiwan tensions and Russia's invasion of Ukraine deepened the fragmentation, polarisation and strategic competition of major powers.

In response, Aristocrat has completed a number of geopolitical studies and risk deep dives into areas of concern alongside specialist support, using outcomes to inform mitigation/resilience plans and strategic planning.

Management and Mitigation

- Robust assessment of geopolitical conditions prior to new market entry
- Ongoing monitoring and evaluation of international issues, economic, geopolitical and political indicators and scenarios, and legislation relevant to our operations with the support of third-party specialists including external legal counsel, geopolitical risk specialists and embassies where required
- Maintenance of strong relationships with key stakeholders in relevant locations
- Enhancement of our business resilience measures including Employee Risk Management Solution
- Ongoing diversification of studios/locations

Market and Technology Disruption:

Responding to Market Disruption

Risk Description

Failure to adequately respond to disruption and rising competition (consolidation and new market participants) through innovation, creation of new content and robust market strategies, could impact our market share, and strategic objectives.

2022 Commentary

Prolonged effects of COVID-19 and economic uncertainty continue to create disruption and opportunities.

Aristocrat continues to explore and invest in product technological and content unification, collaboration, consistency and innovation across all Aristocrat business units to drive competitive advantage and increase our speed to market. This is exemplified in our efforts to accelerate our strategic plans for Anaxi.

Management and Mitigation

- Continuous monitoring and re-evaluation of Company strategy to account for changing trends, consumer behaviours, technology changes and competitor initiatives
- Expansion and diversification of products, services, and markets, in line with strategy
- Design and Development investment to address disruption and rigorous focus on returns
- Active approach to pursuing inorganic growth opportunities and strategic portfolio moves

Laws and Regulations:

Maintaining Compliance in a Changing Gaming and Non-Gaming Regulatory Environment

Risk Description

Gaming Laws and Regulations

Gaming and Anaxi

A change in government or regulatory policies or their interpretation or enforcement on land-based and online casinos may impact our operations or our customers' operations. Difficulties or delays in obtaining or maintaining required licences or approvals could negatively impact our business as well.

Pixel United

Mobile social games are generally not subject to product-level regulation, beyond consumer laws, platform requirements and self-regulatory standards. However, the industry is relatively young and stakeholder expectations are evolving. New regulations have the capacity to impact our operations.

Non-Gaming Laws and Regulations

Breach of non-gaming laws and regulations could result in financial penalties, sanctions, reputational damages and civil/criminal proceedings.

2022 Commentary

Scrutiny of consumer uptake of both digital games and gambling products continued in FY22. Across our regulated operations, Aristocrat takes a scrupulous approach to compliance, and this will remain a prominent focus as we scale Anaxi. Specific to Anaxi, we have upweighted our capability surrounding online Real Money Gaming regulation in FY22.

More generally, we continuously monitor stakeholder expectations and seek to improve our own standards and processes to remain at best practice, or better. We contribute actively to consideration of any reform measures, to ensure changes are effective, practical and affordable.

During FY22, Aristocrat maintained its strong regulatory compliance posture, sustaining strong regulator relationships, strengthening board level governance arrangements and increasing investment in compliance resources and systems.

Management and Mitigation

- Comprehensive regulatory compliance function and governance framework across all regulated business and functions
- Continuous dialogue with gaming regulators and strong commitment to transparency and compliance
- Robust government relations, RG, and sustainability functions
- Implementation of industry-leading standards in RG across our business
- Active engagement with industry associations and other stakeholders, active monitoring of expectations and potential reform measures
- Increased investment in our Non-Gaming Compliance Framework and resources
- Global mandatory compliance training and awareness programs
- Engagement of legal and regulatory specialists

Distribution Platforms:

Overreliance on Third Party Distribution Platforms

Risk Description

If digital platform partners enforce unfavourable terms of use, including increased fees, tighter advertising tracking or privacy requirements, or shutdown our applications, this could result in higher operating costs, and more difficulty attracting new players. However, diversification of the distribution platform base, is seen to also present opportunity if managed effectively.

2022 Commentary

Third party platforms including Google Play and the Apple App Store continue to be key distribution channels for our mobile gaming content. Aristocrat strives to build constructive commercial relationships with platform providers.

Changes to privacy requirements have reduced the effectiveness of existing digital marketing capabilities however in FY22 we have continued to diversify our marketing and platform mix to mitigate impacts. We expect the introduction of the EU Digital Markets Act to lead to higher levels of equality and transparency when operating with gatekeeper platforms.

Management and Mitigation

- Continuous monitoring and re-evaluation of Company strategy to account for changing trends, consumer behaviours, technology changes and competitor initiatives
- Monitoring of latest developments, proposals and rules enacted by platform partners
- Ongoing and proactive dialogue with platform partners
- Continued diversification into new channels and investment in new platforms for distribution and game marketing, and a focus on growing Aristocrat's existing platform (Plarium Play)
- Ongoing portfolio diversification
- Digital government and industry relations strategy

Intellectual Property:

Protecting our Intellectual Property

Risk Description

Theft of, or inability to protect our intellectual property (IP) could result in a loss of competitive advantage due to loss of exclusivity, reduced revenues, suppressed innovation, and/or reputation and brand damage.

2022 Commentary

IP is one of Aristocrat's most critical assets. Our product portfolio continues to be best-in-class, and we maintain a rigorous approach to protecting our IP and the resulting competitive advantage. Aristocrat also seeks to maximise the competitive advantage derived from innovative new products by investing in IP generation and acquisition.

In FY22, we have invested in our capability to support IP management, implemented new automated infringement tools and launched further training to support employees to understand and report potential infringement matters.

Management and Mitigation

- Formalised processes for registering trademarks, copyrights, and patents
- Automated infringement search tools
- Trademark and patent watches, clearance and searches
- Trade Secret Protection Program training in place for Aristocrat's Trade Secret Keepers
- Investment in capability and engagement of internal/external legal counsel to support IP management
- Third party contracts preclude improper use of Aristocrat IP
- Continued 'zero tolerance' approach to IP breaches, and rigorous enforcement culture
- Government relations strategy includes active approach to IP policy in key jurisdictions

People & Culture Committee Chair's Letter

Dear Shareholder

On behalf of the Board, I am pleased to present our Remuneration Report for the financial year ended 30 September 2022.

Our strategy is to deliver high quality, sustainable profit growth to benefit shareholders over the long-term. We do this by growing share through strong investment in our product portfolios, key capabilities and ongoing diversification. Aristocrat has maintained market-leading investment in D&D at 11-12% of revenue over the past five years. The Group's operational momentum, and achievement of further share growth across key markets, segments and genres in fiscal 2022, is a direct result of this commitment, and the effective execution of Aristocrat's strategy.

Aristocrat is a genuinely global company, operating in more than 100 countries and with more than 7,500 employees around the world. Over the course of the year, Aristocrat's operational diversity only increased, with new offices opening in Montreal, Barcelona and Warsaw, among other sites. The Board and the People & Culture Committee are focused on ensuring that our remuneration frameworks – for our employees, our leaders and our directors – are appropriate for the markets and industries in which we operate, and incentivise our best-in-class talent on whom the successful implementation of our growth strategy depends. At a time of intensifying labour shortages and competition for top talent, it is critical that Aristocrat's remuneration framework helps the business to achieve its strategic initiatives while supporting operational momentum.

Talent Mobility and Executive KMP transition

Earlier in the year, Mitchell Bowen was appointed to lead Aristocrat's new, dedicated online Real Money Gaming (RMG) business (now branded Anaxi), and Hector Fernandez was named to succeed Mitchell as CEO of Aristocrat Gaming. This change occurred halfway through the Reporting Period, and was executed seamlessly, with no disruption to the momentum of our Gaming business and with significant progress achieved in standing up Anaxi over the second half of the year. There were numerous similar examples of talent mobility and seamless transitions during the year, including as talent transferred to Anaxi from across the business. The Board regards this as an example of the benefits the organisation derives from careful succession planning across all employee levels and ongoing investment in developing our senior executive talent and leadership bench strength.

On 14 November 2022, we announced the appointment of Sally Denby to the position of Group Chief Financial Officer (CFO), effective immediately and subject to the receipt of necessary regulatory pre-approvals. Sally has served in senior finance leadership roles at Aristocrat for over seven years and has been the Deputy CFO since February 2022. The Board is pleased to have Sally appointed to the CFO position and welcomes her continued contribution to Aristocrat.

Performance and remuneration outcomes for FY2022

Performance under our incentive programs is assessed across core financial and non-financial outcomes, considering both individual and collective accountabilities. The Board's determination of Executive remuneration outcomes for FY2022 reflects the following critical performance areas, and indicators of sustainable shareholder value:

- Strong growth in normalised NPATA up 27.1% to \$1,099.3 million, reflective of continued gains in market share in key markets, segments and genres;
- Aristocrat Gaming continued excellent sales growth and share gains, driven by market leading products and exceptional performance in North America;
- Pixel United delivered share growth across key genres, despite a drop in overall mobile market demand, while also effectively managing the people and operational impacts of the Russia/Ukraine conflict;
- Investment in the acceleration of our 'build and buy' strategy to scale our dedicated Aristocrat online RMG organisation (Anaxi). During the year, we announced an agreement to acquire online RMG B2B supplier Roxor Gaming, and progressed product development ahead of the proposed launch of its first regulated iGaming products into three US jurisdictions by early calendar 2023;
- Exceeded our STI gateway free cash flow conversion target, which shows our cash flow discipline to help fund our growth initiatives as well as focus on maintaining a strong balance sheet. Following our \$1.3 billion capital raising in October 2021 and given our consistently strong cash flow generation, the business has been well positioned to invest strongly in growth initiatives. At the same time, the business has also returned cash to shareholders through dividends and an on-market share buy-back program of up to \$500 million as part of our proactive capital management strategy.

These achievements were met, alongside continued high levels of employee engagement, with an enterprise engagement score of 8.7 for the year. This is 0.5 above the true benchmark and places Aristocrat in the top quartile of technology companies.

We have also maintained our risk, remuneration and consequence management framework to ensure that we are considering whether performance that underpins remuneration outcomes conforms with our risk appetites. Our risk framework takes into account our environment, social and governance (ESG) priorities and I'm pleased to confirm that no risk-based or other adjustments to remuneration were recommended by the Board Committees as a result of their review of risks and behaviours.

Based on a year of solid performance, the Board approved:

- Short-term incentive outcomes for Executive KMP of between 119% and 133% of target (with an outcome of 130% for the CEO and Managing Director)
- Long-term incentive vesting (for the period 1 October 2019 to 30 September 2022) of 64%. While we performed strongly against our TSR and Individual Performance Based targets, unfortunately as a result of the impact of the COVID-19 pandemic on our earnings during the LTI performance period, we did not achieve the threshold level of EPS performance.

People & Culture Committee Chair's Letter continued

The heavy emphasis on equity in our remuneration framework was this year supported by the introduction of a robust minimum shareholding policy for our Executives to provide strong ongoing alignment between Executives and shareholders. While our Executives have until 2025 to build their minimum shareholding, most have already met or are on track to meet their requirement. Further details on the shareholdings of our Executive KMP can be found on page 58.

You may also recall the Executive special equity awards that were granted in 2021 to address the competitiveness of our remuneration opportunities in some of our key markets. Tranche 2 of the Executive special equity awards were tested after the end of the performance period and the Board determined that in the case of two (of the three) Executive KMPs that were recipients of the award, the applicable performance conditions were met, and these vested in full. Further details can be found on page 50. It is important to note that the CEO and Managing Director was not a recipient of this award.

Our Board

The Board maintains an orderly renewal program, with a new Non-Executive Director (NED) nominated just after the end of the Reporting Period. Mr Bill G. Lance Jnr has decades of experience as a major gaming operator and a Tribal leader of national standing in North America. He will bring valuable new perspectives to the Board's deliberations and further strengthen the customer focus of our organisation as a whole.

To support board renewal and following shareholder approval at the 2022 Annual General Meeting to the increase in the NED fee pool, directors' fees were increased, effective 1 March 2022. The review and increase in NED fees was conducted to ensure market and industry competitiveness, that the fees reflect the accountabilities and workloads (including travel expectations) of our NEDs as well as taking into account the truly global nature of the business.

Our NED minimum shareholding policy is intended to align the interest of NEDs with our shareholders. The NEDs do not participate in any of our performance-based incentive schemes, and have to acquire shares out of their own funds. Although the NEDs have until November 2023, our NEDs have met or are on track to meet their minimum shareholding requirement.

Looking ahead

Having successfully navigated the acute volatility of the recent period, your Board believes that Aristocrat, led by an engaged and established Executive team, is well positioned to sustain our market leadership position and continue the high quality execution of Aristocrat's strategy, despite headwinds. Your Board also believes in the depth of talent across all levels of our business and our ability to continue attracting great people despite the increasingly competitive talent landscape globally.

We have responded to shareholder feedback and enhanced our disclosures in the Report to show how our performance conditions are aligned with shareholder value and drive sustainable growth. I draw your attention to an example of this enhanced communication on page 52 where we demonstrate alignment between strategy execution, company performance and remuneration outcomes. The Board acknowledges the fact that our share price is lower this year than earlier in the Reporting Period but notes our steady share price appreciation over the past 5 years. We have a strong remuneration and governance framework and our remuneration and employment strategies have served us well and provide us with an appealing proposition in the labour markets in which we compete for talent.

We invite you to read the Remuneration Report and welcome your feedback.



Kathleen Conlon

People & Culture Committee Chair

Remuneration Report Overview

This FY2022 Remuneration Report has been prepared and audited as required by the Corporations Act. Terms used in this Remuneration Report are defined in the Glossary on page 59.

Who is covered by this report?

The composition of the Group's KMP during FY2022 is set out below.

KMP	Position	Location	Term as KMP
Non-Executive Directors			
Neil Chatfield	Chairman; Director	Australia	Full financial year
Kathleen Conlon	Director	Australia	Full financial year
Philippe Etienne	Director	Australia	Full financial year
Pat Ramsey	Lead US Director ¹	United States	Full financial year
Arlene Tansey	Director	Australia	Full financial year
Sylvia Summers Couder	Director	United States	Full financial year
Executive KMP			
Trevor Croker	Group CEO and Managing Director	United States	Full financial year
Mitchell Bowen	CEO, Anaxi ² and Chief Transformation Officer	Australia	Full financial year
Mike Lang	CEO, Pixel United	Great Britain	Full financial year
Hector Fernandez	CEO, Aristocrat Gaming ³	United States	Commenced on 24 February 2022
Julie Cameron-Doe	CFO	United States	Ceased on 15 April 2022

1. One Non-Executive Director acts as the Lead US Director. The Lead US Director assists the Board with review and oversight of Aristocrat's North American operations.

2. Mitchell Bowen was appointed to the role of CEO, Anaxi on 24 February 2022. Prior to this, Mitchell Bowen was CEO Gaming and retained the Chief Transformation Officer role throughout the Reporting Period.

3. Hector Fernandez was promoted to the role of CEO, Aristocrat Gaming during the Reporting Period. Prior to this, Hector Fernandez was President, Americas and EMEA – Gaming.

The resignation of the Group Chief Financial Officer (CFO) was announced to the ASX on 8 December 2021, and she ceased employment with the Company on 15 April 2022. During the period between 15 April 2022 and 14 November 2022, the CEO and Managing Director performed the KMP responsibilities typically held by the CFO.

Changes to KMP after Reporting Period but before date of Remuneration Report

Bill G. Lance Jnr was nominated as a Non-Executive Director on 19 October 2022, subject to receipt of all the relevant regulatory pre-approvals.

Sally Denby was appointed as CFO on 14 November 2022, effective immediately and subject to the receipt of necessary regulatory pre-approvals.

Information about Bill Lance and Sally Denby as members of the Group's KMP will be included in the FY2023 Remuneration Report.

Remuneration Report Overview continued

Aristocrat is one of a small group of ASX listed companies that derives the majority of its revenues from overseas markets (with approximately 7.6% of revenue derived from the Australian Gaming business this financial year) and is genuinely global in its structure and operations. Although Aristocrat is listed on the Australian Securities Exchange, it has over 7,500 employees based globally, is licensed in more than 320 jurisdictions and operates in over 100 countries around the world.

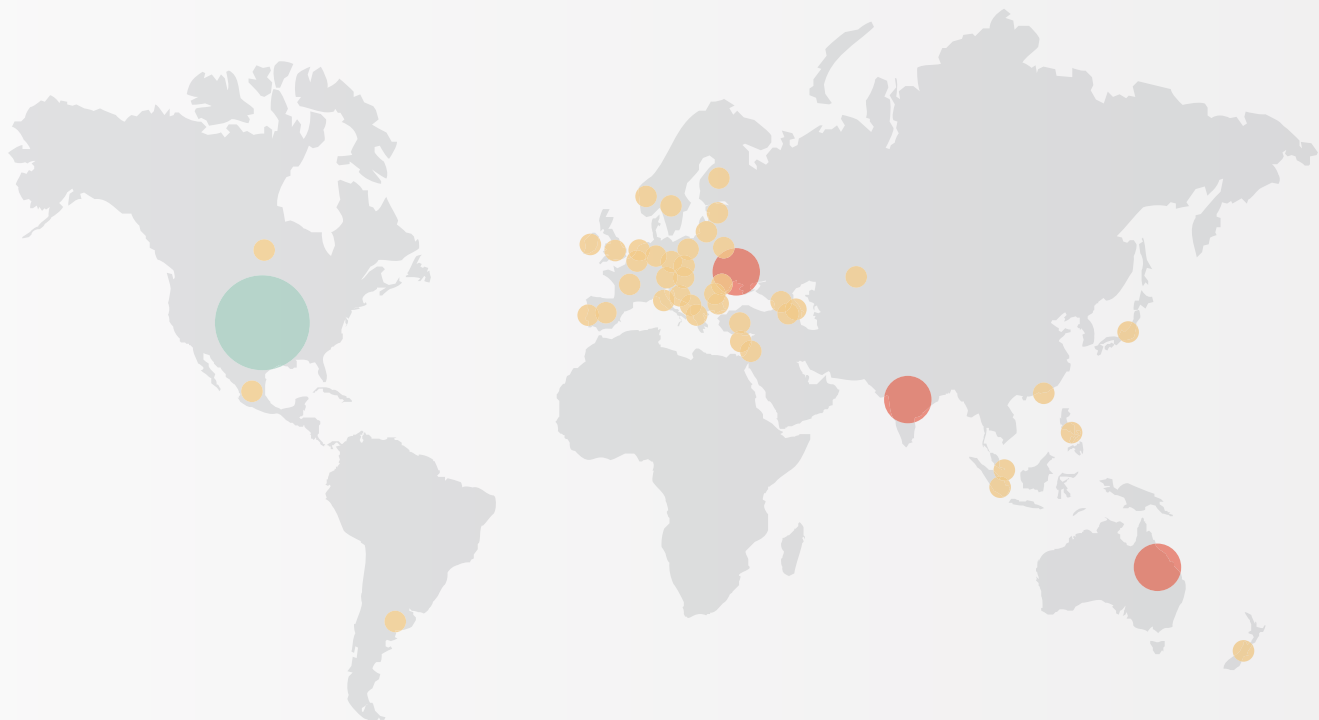
Aristocrat's Executive team is predominantly US based, and the business must increasingly attract and retain leaders in US and other markets with technology and global management skillsets. US market practice in particular places a greater emphasis on at-risk opportunity, and significant equity grants are more commonly used for talent attraction and retention than in Australia, and in many instances these awards are not subject to performance conditions.

The continued expansion of Aristocrat's digital business, Pixel United, which in the Reporting Period contributed almost half of Group revenue, and the establishment of an online RMG business unit, Anaxi, reinforces the need for Aristocrat's remuneration structures to evolve and take into account global pay philosophies, particularly those in the technology industry, while also being regionally appropriate.

The Board therefore continues to review the structure of Aristocrat's incentive schemes to ensure they are globally competitive and effective in retaining, attracting and motivating the leadership and talent it needs to drive business strategy and financial performance in the interests of shareholders, while continuing to reflect our 'pay for performance' philosophy.

The world map below displays the location of Aristocrat's employees, with the size of each circle illustrating the relative number of employees based in that country.

Proportion of headcount by country



Key

- Under 5%
- Between 5-20%
- Between 20-40%

Remuneration Report Overview continued

Executive Remuneration Framework

Our values



It's all about the player



Talent unleashed



Collective brilliance



Good business Good citizen

Our remuneration principles

The following principles guide Aristocrat's remuneration strategy and 'pay for performance' philosophy, which are designed to attract, retain and motivate key talent.

Alignment to shareholder interests and sustainable shareholder returns

Encourage behaviours consistent with values and deliver good customer outcomes

Reflect the markets we recruit from and need to be competitive in

Performance based – link rewards to business results and strategy

Robust governance with focus on risk management

Executive remuneration structure

FIXED REMUNERATION

Base salary, superannuation and other benefits

- Individual skills, performance, experience and contribution to Aristocrat with reference to similar roles in global competitors and companies within a range of Aristocrat's market capitalisation
- Global geographic location
- Complex probity requirements by regulators also considered

AT-RISK

SHORT-TERM INCENTIVE (STI)

Reward for strong individual and Group performance during the financial year

Value determined by

- Achievement of both annual financial and non-financial performance hurdles at a:
- Group level
 - Business unit level
 - Individual level

LONG-TERM INCENTIVE (LTI)

Reward for sustainable longer-term Group performance

- Relative TSR – 30% weighting
- Relevant EPS – 30% weighting
- Individual performance based vesting condition – 40% weighting

How does it link with strategy & performance

Provides competitive ongoing remuneration in recognition of day-to-day responsibilities and accountabilities

- Supports annual delivery of key strategic targets and to recognise and reward individual performance
- Deferral into equity supports sustained performance, retention and more closely aligns the interests of executives and shareholders

- Focuses on multi-year metrics that support sustained shareholder value creation
- Delivered in equity to align the interests of executives and shareholders

Minimum Shareholding Policy

The Board endorsed during this Reporting Period a minimum shareholding policy for the Group CEO and Executives to promote the alignment of executive interests with the long-term interests of shareholders and support long-term sustained value creation for the Group.

The Group CEO is required to acquire Aristocrat shares equal to 200% of base salary and Executives are required to acquire shares equivalent to 100% of base salary. All Executives have a three-year period commencing on the later of September 2022 or their appointment (hire or promotion) to meet the minimum shareholding expectation.

Further details on Executive KMP shareholdings are provided on page 58.

MSP as a proportion of base salary



Remuneration Report continued

Remuneration Report Overview continued

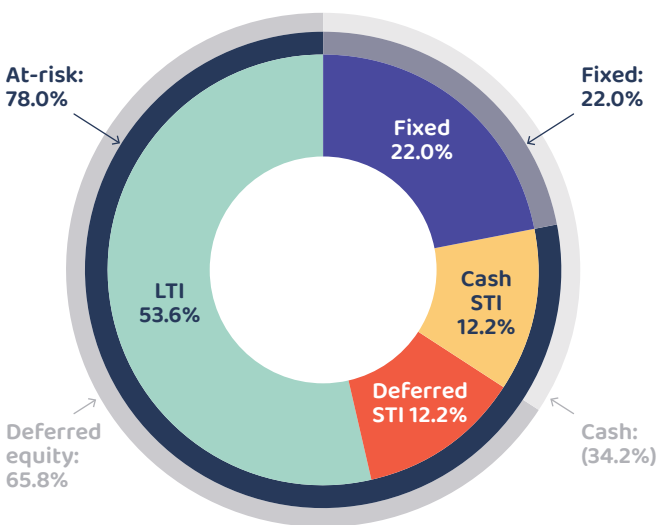
Executive KMP Remuneration Mix

Total remuneration includes both a fixed component and an at-risk or performance-related component (comprising both short-term and long-term incentives). The Board views the at-risk component as an essential driver of a high performance culture and one that contributes to achievement of superior shareholder returns.

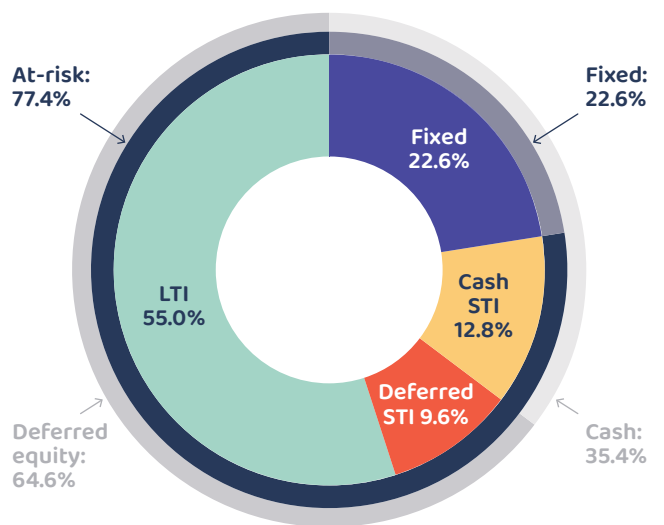
The following illustration shows the remuneration mix for the Executive KMP in FY2022. It has been modelled on the average of the Executive KMP's target opportunity (but excluding any one-off equity, awards or bonuses).

The Board aims to achieve a balance between fixed and performance-related components of remuneration. The actual remuneration mix for the Executive KMP will vary depending on the level of performance achieved at a Group, business unit and individual level.

CEO

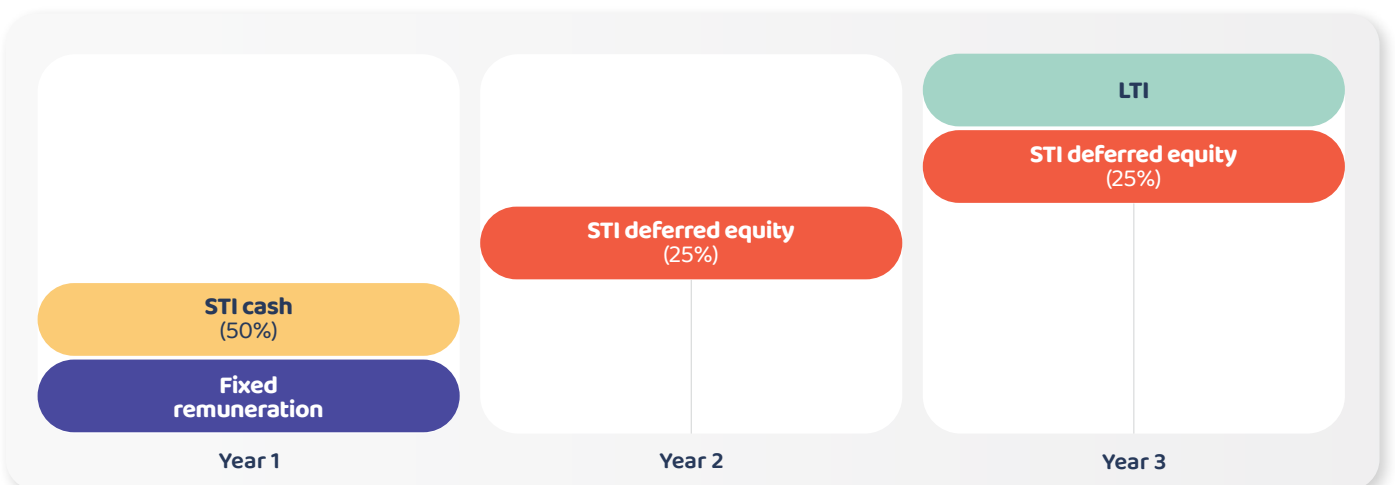


Other Executive KMP



Executive Remuneration Time Horizon

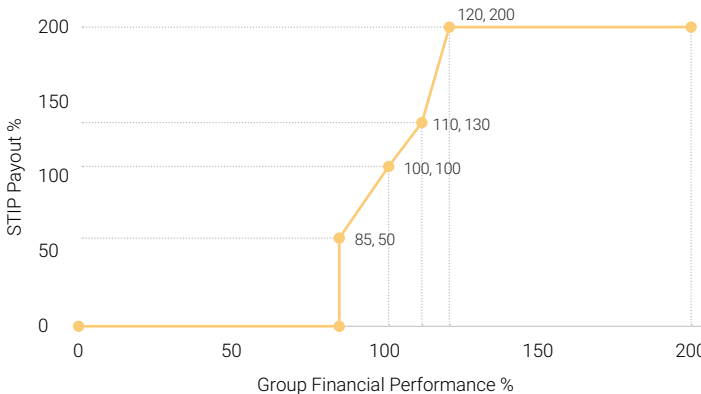
The following diagram provides an illustrative indication of how remuneration is typically (based on target opportunity) delivered to the Executives.



How Variable Remuneration is Structured

Short-term incentive (STI) – how does it work?

This section summarises the terms of FY2022 STI program.

<p>Description</p>	<p>Executives have the opportunity to earn an annual incentive award which is delivered in cash and deferred equity awards (in the form of PSRs). The STI Plan recognises and rewards short-term performance.</p> <p>The STI Plan is considered to be at-risk remuneration and is not a guaranteed part of Executive remuneration.</p>														
<p>STI opportunity</p>	<p>A target opportunity is set for each Executive, which is earned if Group and individual performance is on target. The Board determines the total STI pool to be distributed.</p> <p>Executive KMPs (other than the CEO) have a target STI of between 95% and 100% of fixed remuneration. The CEO has a target STI of 111% of fixed remuneration. The maximum STI payout is capped at 200% of a participant's target STI opportunity.</p>														
<p>Gateway and financial performance condition</p>	<p>FCF Conversion remains a key metric, operating as an overarching gateway condition.</p> <p>NPATA forms the basis of the Group financial performance condition. As set out in the diagram below, scaling applies using a formula which seeks to reward for outperformance, where achievement at 120% of target creates a 200% payout and conversely, will ensure appropriate treatment where the Group financial performance condition achieved is between 85% (Group Financial Performance Threshold) and 100%, resulting in a payout between 50% to 100%.</p>  <table border="1" data-bbox="414 940 1117 1332"> <caption>Group Financial Performance vs STIP Payout</caption> <thead> <tr> <th>Group Financial Performance %</th> <th>STIP Payout %</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0</td> </tr> <tr> <td>85</td> <td>50</td> </tr> <tr> <td>100</td> <td>100</td> </tr> <tr> <td>110</td> <td>130</td> </tr> <tr> <td>120</td> <td>200</td> </tr> <tr> <td>200</td> <td>200</td> </tr> </tbody> </table> <p>Payments are made in connection with the financial performance condition if the FCF Conversion gateway and Group Financial Performance Threshold are achieved.</p>	Group Financial Performance %	STIP Payout %	0	0	85	50	100	100	110	130	120	200	200	200
Group Financial Performance %	STIP Payout %														
0	0														
85	50														
100	100														
110	130														
120	200														
200	200														
<p>Setting stretch targets</p>	<p>The Board utilises the annual budget as the primary input to determine appropriate stretch financial targets. When approving the budget, the Board reviews the core principles and assumptions underpinning the budget. In addition, the Board also considers expected market growth at the time of setting targets with the expectation that management will outperform expected market growth (if any) and that management will deliver growth through the gain of market share.</p> <p>Subsequent to the budget having been finalised, the Board determines the STI financial targets. In order to ensure sufficient stretch is incorporated, consideration is given to both the quantifiable risks and opportunities that can influence the Group's financial performance. The Board considers significant items in the context of target setting.</p>														
<p>Individual performance condition</p>	<p>A ratings scale is used to assess individual performance. Payments under this tranche are made when an Executive has met or exceeded the minimum individual performance rating.</p> <p>Executives are assessed on delivery against individual OKRs. Individual targets as set out in OKRs include consideration as to role-related accountabilities and responsibilities in the context of business strategy and objectives, as set out in Table 5.</p> <p>Individuals have a clear line of sight to OKRs and are able to directly affect outcomes through their own actions. Individuals are also assessed on behaviour metrics which contribute to that individual's overall performance rating.</p> <p>Payments are made in connection with the individual performance condition if the Group Financial Performance Threshold is achieved.</p>														

Remuneration Report continued

How Variable Remuneration is Structured continued

Short-term incentive (STI) – how does it work? continued

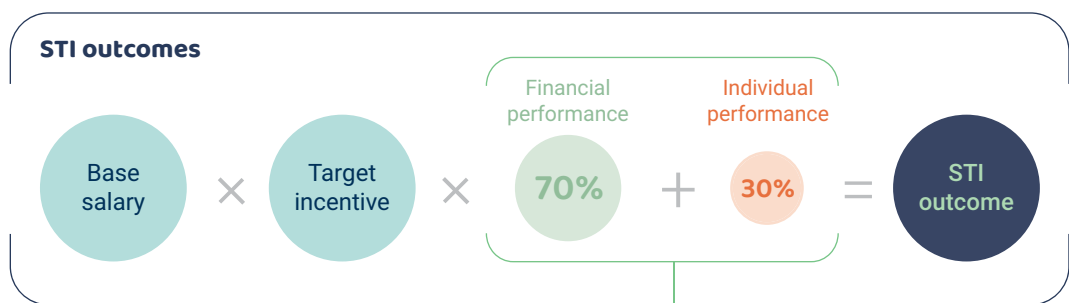
Reasons for these performance conditions

The Board considers that a combination of individual and financial performance conditions is appropriate as they are aligned with Aristocrat's objectives of delivering sustainable growth and sustainable superior returns to shareholders. In the case of the FCF Conversion gateway, this measure was chosen as it ensures cash flow discipline, which in turn allows Aristocrat to fund growth initiatives. In addition, Executives have a clear line of sight to the targets and are able to affect results through their actions.

Performance measures and conditions are reviewed annually and are subject to change as considered appropriate. The Board has discretion to review and amend the performance conditions during the performance period (up or down) where significant unforeseen events have occurred which are outside the control of management.

How STI outcome is then determined

The quantum of STI payment the Executive will receive is calculated as follows:



Targets and performance outcomes

FCF conversion Gateway

Measures	Weighting	85%	100%	120%
		Threshold	Target	Max
NPATA	70%	\$m	\$m	\$m
Individual performance	30%	50%	100%	185%
		Challenging year	Successful year	Exceptional year

Payments are made under the STI Plan if the overarching gateway condition of FCF conversion and the Group Financial Performance Threshold, being 85% of the STIP financial performance condition, are met.

Who assesses performance?

NPATA and FCF Conversion results are calculated by Aristocrat as soon as practicable after the end of the performance period. The calculations are considered by the Board to determine STI outcomes.

The Board assesses the performance of the CEO and Managing Director against the performance conditions.

The assessment process for the other Executives incorporates a formal review process conducted by the full Board. The process includes taking feedback from the People & Culture Committee, the CEO and Managing Director and the consideration at a concurrent meeting of the People & Culture Committee and Audit Committee in September 2022 to consider if there were any risk-based or other adjustments that may warrant consideration in the Board's determination of remuneration outcomes.

How Variable Remuneration is Structured continued

Short-term incentive (STI) – how does it work? continued

<p>Who assesses performance? <small>continued</small></p>	<p>In addition to developing and approving the OKRs of the CEO and Managing Director, the Board has oversight and approves Executive OKRs at both the time of setting and assessing performance against OKRs.</p> <p>Special mitigating circumstances may be accepted, determined or approved on a case-by-case basis by the CEO and Managing Director, and subject to approval by the People and Culture Committee and the Board.</p> <p>The Board believes the abovementioned methods in assessing performance are an appropriate way to assess the performance of the Company and the Executive KMP's individual contribution, and to determine their remuneration outcomes.</p>
<p>Deferral terms</p>	<p>If the STI outcome is between 50% and 100% of target STI, then half of the Executive's STI outcome is delivered in cash and the remaining half is deferred in the form of an equity award of PSRs, with these PSRs vesting as follows:</p> <ul style="list-style-type: none"> – 50% after 12 months; – 50% after 24 months. <p>Any individual who is internally promoted to an Executive role is subject to a deferral of 25% of his/her STI outcome (as opposed to 50%) in his/her first year in the role. The Board has discretion to determine the percentage which will be deferred as an equity award if the award is less or greater than target.</p> <p>No additional performance conditions apply to vesting of the PSRs, with the exception of the continued employment by the relevant Executive as described below.</p> <p>The number of PSRs is calculated using the volume-weighted average price over the five trading days immediately prior to and including the last day of the performance period.</p>
<p>Eligibility for dividends</p>	<p>An amount (based upon dividends paid by Aristocrat during the deferral period) accrues on the PSRs and is paid in cash at the end of the deferral period if the PSRs vest.</p>
<p>Cessation of employment</p>	<p>If the Executive has ceased employment with the Company, and is a 'good leaver', then the unvested PSRs will remain on foot and will vest in the ordinary course, unless the Board determines otherwise.</p> <p>As a general rule, an Executive will not be deemed to be a 'good leaver' to the extent they are terminated or cause or underperformance, breach their terms of employment contract or they resign from Aristocrat.</p> <p>If the Executive has ceased employment with the Company and is not a 'good leaver', then all unvested PSRs will automatically lapse on or around the date of cessation of employment with the Group, unless the Board determines otherwise.</p>
<p>Clawback</p>	<p>In the event of a material misstatement of performance, or where vesting is not justified, appropriate or supportable in the opinion of the Board, including if a participant joins a competitor, the Board has the discretion to lapse unvested PSRs. The clawback policy that applies to vested incentives permits clawback of any shares allocated on vesting of the PSRs, as well as cash payments received on vesting of PSRs or proceeds from the sale of shares.</p>
<p>Restrictions on transfer or hedging</p>	<p>PSRs granted under the plan are not transferable and participants are prohibited from entering into hedging arrangements in respect of unvested PSRs.</p>

How Variable Remuneration is Structured continued

Long-term incentive (LTI) – how does it work?

This section summarises the terms of LTI grants made in FY2022.

Description	Under the LTI Plan, annual grants of PSRs are made to Executives to align remuneration outcomes with the creation of sustainable shareholder value over the long-term.										
LTI opportunity	The number of PSRs to be granted to an Executive will be determined by calculating the Face Value of Aristocrat’s shares and dividing the Executive’s LTI Opportunity by the Face Value and rounding down to the nearest whole figure. In determining the ‘LTI Opportunity’, the Board will take into account the nature of the position, the context of the current market, the function and purpose of the long-term component and other relevant information.										
Vesting conditions	<p>Three vesting conditions apply to LTI grants made during FY2022:</p> <ul style="list-style-type: none"> – Relative TSR – Relevant EPS – Individual Performance Based Condition <div style="text-align: center; margin-top: 20px;"> <p>Together, the three tranches provide a balance that incorporates financial tests with a holistic assessment across the full range of objective key measures in areas that will position the Company for ongoing success.</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Relative TSR</td> <td>30%</td> </tr> <tr> <td>Relevant EPS</td> <td>30%</td> </tr> <tr> <td>Individual Performance Based</td> <td>40%</td> </tr> </table> </div>	Relative TSR	30%	Relevant EPS	30%	Individual Performance Based	40%				
Relative TSR	30%										
Relevant EPS	30%										
Individual Performance Based	40%										
Relative TSR – 30% weighting	<p>Relative TSR performance is assessed over a three-year period which will commence at the start of the financial year during which the PSRs are granted.</p> <p>For any PSRs to vest pursuant to the Relative TSR vesting condition, Aristocrat’s compound TSR must be equal to or greater than the median ranking of constituents of the Peer Comparator Group. The Peer Comparator Group, being constituents of the S&P/ASX100 Index, is defined at the commencement of the performance period and provides a relative, objective, external market-based performance measure against those companies with which Aristocrat competes for capital, customers and talent.</p> <p>The percentage of PSRs that may vest is determined based on the following vesting schedule:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Aristocrat’s TSR ranking relative to Peer Comparator Group</th> <th style="text-align: right;">PSRs subject to Relative TSR vesting condition that vests (%)</th> </tr> </thead> <tbody> <tr> <td>Below the median ranking</td> <td style="text-align: right;">0%</td> </tr> <tr> <td>At the median ranking</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>Above the median ranking but below the 75th percentile</td> <td style="text-align: right;">Between 50% and 100% increasing on a straight-line basis</td> </tr> <tr> <td>At or above the 75th percentile</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table> <p>The Board may adjust the TSR vesting conditions to ensure that an Executive is neither advantaged nor disadvantaged by matters outside of management’s control that affect achievement of the vesting conditions. The Board may also exercise its discretion to ensure that the TSR vesting condition is adjusted to reflect sustainable growth outcomes aligned to the interests of shareholders.</p>	Aristocrat’s TSR ranking relative to Peer Comparator Group	PSRs subject to Relative TSR vesting condition that vests (%)	Below the median ranking	0%	At the median ranking	50%	Above the median ranking but below the 75 th percentile	Between 50% and 100% increasing on a straight-line basis	At or above the 75 th percentile	100%
Aristocrat’s TSR ranking relative to Peer Comparator Group	PSRs subject to Relative TSR vesting condition that vests (%)										
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At or above the 75 th percentile	100%										

How Variable Remuneration is Structured continued

Long-term incentive (LTI) – how does it work? continued

Relevant EPS – 30% weighting

The Relevant EPS vesting condition is measured by comparing Aristocrat's CAGR over a three-year performance period (1 October 2021 to 30 September 2024 in respect of LTI grants in FY2022) against the 'minimum' EPS growth and the 'maximum' EPS growth thresholds, as set by the Board at the beginning of this performance period.

Relevant EPS performance will be measured using the most recent financial year-end prior to the award as the base year, and the final financial year in the three-year performance period as the end year.

The percentage of PSRs that may vest is determined based on the following vesting schedule:

Aristocrat's Relevant EPS performance	PSRs subject to the Relevant EPS vesting condition that vests (%)
Less than the minimum EPS growth threshold	0%
Equal to the minimum EPS growth threshold	50%
Greater than the minimum EPS growth threshold up to the maximum EPS growth threshold	Between 50% and 100% increasing on a straight line basis
Greater than the maximum EPS growth threshold	100%

The Board may adjust the Relevant EPS vesting condition to ensure that an Executive is neither advantaged nor disadvantaged by matters outside of management's control that affect achievement of the vesting condition.

As is our practice, EPS growth thresholds (as applicable) set by the Board for the performance period are disclosed in the Remuneration Report published in respect of the year in which the PSR vesting is tested.

The Relevant EPS targets for the 2020 LTI Grants that vest in 2022 are disclosed in Table 3.

Individual Performance Based Condition – 40% weighting

The individual performance-based element of the LTI Plan will vest subject to the participant having achieved or exceeded against objective-balanced scorecard OKRs over the entire course of the three-year performance period in addition to continuous service for the performance period (Individual Performance Based Condition). Vesting of this tranche requires consistent and sustained individual performance for three years in a row – if OKRs are not met in any one year then the entire tranche is forfeited. There is no catch-up or retesting.

This is distinct from the short-term nature of the STI performance period (12 months), noting that the overlap is intentional and to create a strong link and ensure consistency in behaviours across both the STI and LTI Plans.

The OKRs are aligned to supporting Aristocrat's longer-term strategy and driving continued sustainable growth as well as other non-financial and ESG goals in line with Aristocrat's ESG priorities including responsible gameplay and other sustainability initiatives.

The vesting process for the Individual Performance Based Condition considers a range of performance indicators summarised below across a three-year performance period.

Pages 51 and 52 provide information on how achievement of incentive plan performance conditions delivers sustainable growth and superior returns to shareholders as well as highlighting the alignment of FY2022 remuneration outcomes with business strategy and Group performance. Equivalent information is included in the FY2021 and FY2020 Remuneration Reports.

How Variable Remuneration is Structured continued

Long-term incentive (LTI) – how does it work? continued

<p>Individual Performance Based Condition – 40% weighting <small>continued</small></p>	<table border="1"> <thead> <tr> <th data-bbox="363 383 703 421">Business strategy & objectives</th> <th data-bbox="703 383 1487 421">Measures</th> </tr> </thead> <tbody> <tr> <td data-bbox="363 421 703 645">Sustainable Core Growth</td> <td data-bbox="703 421 1487 645"> <ul style="list-style-type: none"> – Various financial measures and metrics – Market share measures – Cyber security and data privacy maturity – Quality targets – Risk management & Business Continuity Plan processes – Health, Safety & Environment (including wellbeing) indicators </td> </tr> <tr> <td data-bbox="363 645 703 763">Growing in Adjacencies</td> <td data-bbox="703 645 1487 763"> <ul style="list-style-type: none"> – Product portfolio optimisation – Quality execution of new market opportunities (organic & inorganic) – Transformation and integration projects </td> </tr> <tr> <td data-bbox="363 763 703 943">Innovating Experiences</td> <td data-bbox="703 763 1487 943"> <ul style="list-style-type: none"> – Net promoter score targets – Pixel United & Gaming collaboration – Employee engagement / experience measure – Execute on technology initiatives to improve operating scale and organisational efficiency </td> </tr> <tr> <td data-bbox="363 943 703 1070">Operational Excellence</td> <td data-bbox="703 943 1487 1070"> <ul style="list-style-type: none"> – ESG leadership – Diversity and inclusion metrics – Talent acquisition, retention and succession </td> </tr> </tbody> </table>	Business strategy & objectives	Measures	Sustainable Core Growth	<ul style="list-style-type: none"> – Various financial measures and metrics – Market share measures – Cyber security and data privacy maturity – Quality targets – Risk management & Business Continuity Plan processes – Health, Safety & Environment (including wellbeing) indicators 	Growing in Adjacencies	<ul style="list-style-type: none"> – Product portfolio optimisation – Quality execution of new market opportunities (organic & inorganic) – Transformation and integration projects 	Innovating Experiences	<ul style="list-style-type: none"> – Net promoter score targets – Pixel United & Gaming collaboration – Employee engagement / experience measure – Execute on technology initiatives to improve operating scale and organisational efficiency 	Operational Excellence	<ul style="list-style-type: none"> – ESG leadership – Diversity and inclusion metrics – Talent acquisition, retention and succession
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Operational Excellence	<ul style="list-style-type: none"> – ESG leadership – Diversity and inclusion metrics – Talent acquisition, retention and succession 										
<p>Why were these vesting conditions chosen?</p>	<p>Relative TSR</p> <ul style="list-style-type: none"> – Ensures alignment between comparative shareholder return and reward for the executive – Provides relative, objective, external, market-based performance measure against those companies with which Aristocrat competes for capital, customers and talent – Is widely understood and accepted by key stakeholders <p>Relevant EPS</p> <ul style="list-style-type: none"> – Is a relevant indicator of increases in shareholder value – Is a target that provides a suitable line of sight to encourage executive performance <p>Individual Performance Based Condition</p> <ul style="list-style-type: none"> – Importantly, this is a performance-based hurdle requiring that an Executive KMP meets or exceeds against objective-balanced scorecard OKRs – The objective-balanced scorecard OKRs are aligned to supporting Aristocrat’s longer-term strategy and driving continued sustainable growth, as well as other non-financial and ESG goals in line with Aristocrat’s ESG priorities including responsible gameplay and other sustainability initiatives – This hurdle allows the Board to take into account the behaviours and conduct relating to risk management in determining outcomes relating to this hurdle – The balanced scorecard approach ensures that safeguards are in place to protect against the risk of unintended and unjustified outcomes – Aristocrat is one of a small group of ASX listed companies that derives the majority of its revenues from overseas markets and is genuinely global in its structure and operations. Aristocrat’s Executive team is predominantly US based, and the business must increasingly attract and retain leaders in global markets with technology and global management skillsets – This hurdle supports our LTI Plan being competitive to global peers who have elements of service-based vesting (restricted stock) <p>The Board is confident that it has the right arrangements in place to drive performance and retention in line with shareholders’ interests.</p>										

How Variable Remuneration is Structured continued

Long-term incentive (LTI) – how does it work? continued

<p>Who assesses performance and when?</p>	<p>Relative TSR and Relevant EPS results are calculated by Aristocrat and an external remuneration advisor tests the TSR results as soon as practicable after the end of the relevant performance period. The calculations are considered by the Board to determine vesting outcomes.</p> <p>In respect of the Individual Performance Based Condition, the following formal performance review process is conducted annually, although vesting of this tranche requires consistent and sustained individual performance for three years in a row:</p> <ul style="list-style-type: none"> – The Board assesses performance of the CEO and Managing Director against the objective-balanced scorecard OKRs. – The assessment process for the other Executives incorporates a formal review process conducted by the full Board. The process includes taking feedback from the People & Culture Committee, the CEO and Managing Director and the consideration at a concurrent meeting of the People & Culture Committee and Audit Committee in September 2022 to consider if there were any risk-based or other adjustments that may warrant consideration in the Board’s determination of remuneration outcomes. <p>The vesting conditions are therefore tested only at the end of the performance period. There is no re-testing of vesting conditions.</p> <p>The Board believes the abovementioned methods in assessing performance are an appropriate way to assess the performance of the Company and the Executive KMP’s individual contribution, and to determine their remuneration outcomes.</p>
<p>Vesting</p>	<p>If PSRs vest, the Board has discretion to issue new shares, acquire shares on-market or cash settle to satisfy the vestings.</p> <p>Shares allocated on vesting of the PSRs are subject to the terms of Aristocrat’s Share Trading Policy and carry full dividend and voting rights upon allocation.</p>
<p>Are PSRs eligible for dividends?</p>	<p>Holders of LTI PSRs are not entitled to dividends until the PSRs have vested and converted into shares.</p>
<p>Cessation of employment</p>	<p>If a participant ceases employment during the first 12 months of the three year performance period then, regardless of whether the participant is a good or bad leaver, all unvested PSRs lapse, unless the Board determines otherwise.</p> <p>If a participant ceases employment after the first 12 months of the performance period but before the end of the performance period:</p> <ul style="list-style-type: none"> – the portion of unvested PSRs that are subject to the Individual Performance Based Condition will lapse (regardless of whether or not the participant is a ‘good leaver’), unless the Board determines otherwise; – if the participant is a ‘good leaver’, a pro-rata portion of unvested PSRs that are subject to financial performance hurdles will remain ‘on foot’ and will be tested in the ordinary course, unless the Board determines otherwise. <p>If the participant is not a ‘good leaver’, then all of these unvested PSRs will automatically lapse on or around the date of cessation of employment, unless the Board determines otherwise.</p> <p>As a general rule, an Executive will not be deemed to be a ‘good leaver’ to the extent they are terminated for cause or underperformance, breach their terms of employment contract or they resign from Aristocrat.</p>

How Variable Remuneration is Structured continued

Long-term incentive (LTI) – how does it work? continued

Clawback	In the event of a material misstatement of performance, or where vesting is not justified, appropriate or supportable in the opinion of the Board, including if a participant joins a competitor, the Board has the discretion to lapse unvested PSRs. The clawback policy that applies to vested incentives permits clawback of any shares allocated on vesting of the PSRs, as well as cash payments received on vesting of PSRs or proceeds from the sale of shares.
What happens in the event of a change of control?	The Board will (in its discretion) determine the appropriate treatment regarding PSRs in the event of a change of control. Where the Board does not exercise this discretion, there will be a pro-rata vesting of PSRs based on the proportion of the performance period that has passed at the time of the change of control event.
Restrictions on transfer or hedging	PSRs granted under the plan are not transferable and participants are prohibited from entering into hedging arrangements in respect of unvested PSRs.

Stretch Performance Targets and Remuneration Outcomes in FY2022

This section of the Remuneration Report provides detail on target setting by the Board (including how targets are determined to ensure challenging stretch) and also discloses the outcome of awards made under:

- the 2022 STI grant (performance period 1 October 2021 – 30 September 2022)
- the 2020 LTI Grant (performance period 1 October 2019 – 30 September 2022)
- tranche 2 of the Executive special equity award (performance period 1 October 2021 – 30 September 2022)

STI Grant Targets and Outcomes in 2022

2022 STI Grant Targets

The Board set a challenging NPATA target (70% weighting) of \$961.5m (on a constant currency basis¹) in connection with the 2022 STI grant, which was a 55.2% increase on the 2021 STI target and broadly consistent with the pre-COVID target set for the 2020 STI grant of \$956.3m.

The NPATA target was set in the context of:

- broadly flat key Gaming markets and segments (other than in Class III North America Outright Sales where recovery was anticipated), and these markets and segments remained broadly in line with those assumptions over the course of the STI performance period; and
- broadly flat Pixel United markets and segments, and these markets and segments softened approximately 5% over the course of the STI performance period driven by macro-economic pressures on consumer spending and the end of COVID-19 lockdowns.

In addition, the performance of the participants was also assessed against individual OKRs in order to determine STI remuneration outcomes. Individual targets as set out in OKRs included consideration as to role-related accountabilities and responsibilities in the context of delivery against Aristocrat's business strategy and objectives, as set out in Table 5, as well as assessment against behaviour metrics.

Performance and STI Outcomes in FY2022

Executive KMPs received on average 128% of their STI target award (compared to the maximum target STI opportunity of 200%), supported by achieving normalised NPATA of \$1,099.3 million (in reported currency), which is an increase year on year of 27.1%.

- Strong normalised NPATA of \$1,099.3 million (\$1,019.9 million on a constant currency basis¹), which was 106% of target, was driven by outstanding Gaming performance, supported by resilient performance in a challenging environment from Pixel United.
- Strong FCF Conversion of 100% which was 110% of target, reflecting cash flow discipline and ability to fund growth initiatives.

Management delivered growth through the gain of market share and performance highlights include:

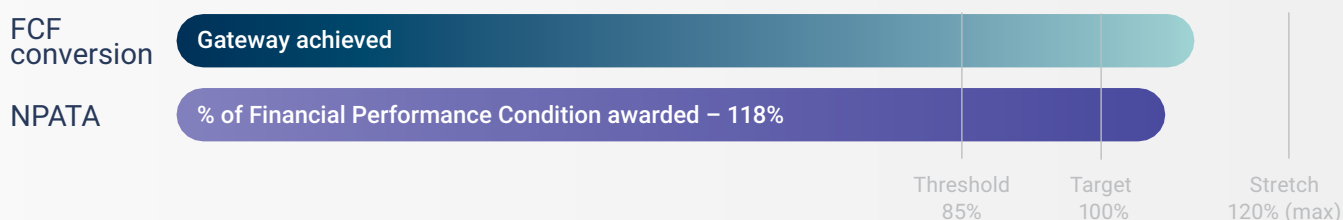
- Premium Class III and Class II installed base grew 14% to 31,595 units and 5% to 27,604 units in North America, respectively.
- Pixel United gained overall market share and maintained top 5 mobile games publisher position in Tier-1 Western markets, according to market data (Sensor Tower).
- Sustained investment in great talent, technology and product, positioning the business for continued profit growth.

Table 1 below discloses financial performance conditions set by the Board and actual performance against those targets

FCF Conversion gateway achieved

With the FCF Conversion gateway of 91% achieved, the STI outcome is calculated by reference to NPATA.

Measure	Target	Actual Performance	STI outcome
FCF Conversion (Gateway)	91% ²	100%	Gateway achieved
NPATA (Financial Performance Condition)	\$961.5m	\$1,019.9m ¹	118%



1. Constant currency basis as set out in the approved budget.

2. FCF Conversion target is set annually based on the anticipated financial performance of the Group for the coming year.

Stretch Performance Targets and Remuneration Outcomes continued

LTI Grant Targets and Outcomes in 2022

The following three vesting conditions applied to the 2020 LTI Grant:

- a Relative TSR vesting condition (30% weighting);
- a Relevant EPS vesting condition (30% weighting); and
- an Individual Performance Based Condition (40% weighting).

Challenging EPS targets were set by the Board in connection with the 2020 LTI Grants:

- Targets were set in the context of broadly flat key Gaming markets and segments and anticipated growth in key Pixel United markets and segments.
- Both organic and inorganic growth was taken into account by the Board in setting EPS growth targets.

Table 2 below discloses the Relevant EPS Targets for LTI Grants between FY2018 to FY2020

Award year	Relevant EPS			Performance Period	Vesting Date	Award Outcome
	Threshold Target	Maximum Target	Actual			
FY2020	10%	15%	8.4%	FY20 – FY22	After 30 September 2022	Not achieved
FY2019	10%	15%	6.0%	FY19 – FY21	After 30 September 2021	Not achieved
FY2018	10%	15%	(4.0%)	FY18 – FY20	After 30 September 2020	Not achieved

Impact of Accounting Adjustments on Remuneration Outcomes

Normalised NPATA (not Reported NPATA) is used for determining remuneration outcomes as normalised NPATA is reflective of the actual underlying operational performance of the Group. Therefore, normalised NPATA of \$1,099.3 million (\$1,019.9 million on a constant currency basis¹) was used for the purposes of testing the EPS growth outcome in connection with the 2020 LTI Grant and the testing of the outcome of the 2022 STI grant.

The impact of accounting adjustments as well as a reconciliation between normalised and reported NPATA is set out below:

Reconciliation of Statutory Profit to NPATA

A\$ million	2022	2021
Statutory profit as reported in the financial statements	948.5	820.0
Amortisation of acquired intangibles (tax effected)	98.4	99.1
Reported profit after tax before amortisation of acquired intangibles (Reported NPATA)	1,046.9	919.1
Add net loss/(gain) from significant items after tax	52.4	(54.4)
Normalised profit after tax before amortisation of acquired intangibles (Normalised NPATA)	1,099.3	864.7

Significant Items

A\$ million	30 Sep 2022	
	Before tax	After tax
Contingent retention arrangements	(6.4)	(17.1)
Funding for the Playtech acquisition offer	(92.2)	(74.8)
Changes in deferred tax asset	–	39.5
Net loss from significant items	(98.6)	(52.4)

Significant Items included in the Group's reported result after tax:

Contingent retention arrangements: The Group's reported result after tax for the period includes the final expense, and associated taxes, of \$17.1 million relating to contingent retention arrangements associated with the acquisition of Plarium.

Funding for the lapsed Playtech acquisition offer: The Group's reported result after tax for the period includes an expense of \$74.8 million relating to funding costs for the lapsed Playtech plc acquisition offer, as was required under the rules of the UK Takeover Code.

Changes in deferred tax asset: The Group's reported result after tax for the period includes a net benefit of \$39.5 million recognised in the period relating to the Group structure changes in a prior period.

1. Constant currency basis as set out in the approved budget.

Stretch Performance Targets and Remuneration Outcomes continued

2020 LTI Grant Targets, Performance and Vesting Outcomes

Table 3 below discloses the targets set by the Board, performance against those targets and outcome of the 2020 LTI Grants

30 September 2022: three-year performance period ends for 2020 LTI Grants. Performance is tested in November 2022 for Relative TSR and Relevant EPS

Relative TSR (30% weighting)



80.4% of the PSRs linked to the Relative TSR measure vested

With a TSR performance of 22.1%, Aristocrat was the 33rd performer (equivalent to 65th percentile) of its Peer Comparator Group.

Relevant EPS (30% weighting)

The Relevant EPS component did not vest given that Aristocrat's actual EPS CAGR of 8.4% across the consecutive three-year performance period was below the threshold condition for vesting of 10%.

Although this condition was not met, management delivered strong growth in Aristocrat Gaming, driven by market leading products and exceptional performance in North America, and management's resilience and strategic focus in Pixel United delivered continued market share gains in key genres despite the challenging macro environment.

1 Oct 2019 to 30 Sept 2022	Threshold EPS Target	Maximum EPS Target	Actual Outcome	Relevant EPS Achievement
3 year CAGR	10%	15%	8.4%	0%

0% of the PSRs linked to the Relevant EPS measure vested

Individual Performance Based Condition (40% weighting)

100% of PSRs linked to the Individual Performance Based Condition vested for those Executive KMP with 2020 LTI Grants, which requires the Executive KMP to achieve or exceed the required performance rating based on calibration against a set of objective balanced scorecard OKRs for three years in a row.

These OKRs are aligned to supporting Aristocrat's longer-term strategy and driving continued sustainable growth as well as other non-financial and ESG goals in line with Aristocrat's ESG priorities including responsible gameplay and other sustainability initiatives.

The vesting process for the Individual Performance Based Condition considered a range of performance indicators summarised on page 44. Pages 51 and 52 provide information on how achievement of incentive plan performance conditions delivers sustainable growth and superior returns to shareholders and the alignment of FY2022 remuneration outcomes with business strategy and Group performance. Equivalent information is included in the FY2021 and FY2020 Remuneration Reports.

Stretch Performance Targets and Remuneration Outcomes continued

Executive Special Equity Awards Targets and Outcomes in 2022

Set out below are the outcomes of tranche 2 of the Executive special equity awards made to certain key executives (excluding the CEO and Managing Director) in 2021.

These awards were made following a Board initiated review of Aristocrat's global remuneration framework which highlighted that the Executive remuneration arrangements were materially out of line with prevailing arrangements in Aristocrat's key global talent markets. In light of a tightening global talent market and Aristocrat's competitors offering significantly higher packages, the Board was keen to ensure that the Group did not lose executive talent as a result of its remuneration arrangements. These awards were designed to augment STI and LTI programs in place.

The Executive special equity awards were a one-off award of PSRs – no Executive special equity awards were granted in 2022. The PSRs are tested and may vest progressively in equal tranches over three years against a broad range of performance indicators embedded in the Executive's OKRs.

Broadly these OKRs focus upon:

- growth through adjacent opportunities including accelerated entry into online Real Money Gaming (RMG) through execution of the 'build and buy' strategy;
- sustainable growth in core businesses;
- ensuring product quality and innovation, great game content and a customer centric culture;
- rewarding the effectiveness of leaders and the maintenance of a high performance culture that also empowers Aristocrat's people.

The OKRs are expected to position the business for sustainable growth and business resilience over the longer term. Two years into the three year program, the Executive special equity grants have been effective in assisting to retain the vast majority of recipients.

The progressive vesting was considered appropriate to address the competitiveness of our Executive remuneration arrangements in place in 2021.

Further information on vesting conditions (and outcomes) in connection with tranche 3 will be disclosed in the FY2023 Remuneration Report, being the year in which the vesting condition is tested.

The vesting process for tranche 2 of the Executive special equity awards involved the Board assessing the performance of award holders on the recommendation of the CEO and Managing Director. The Board considered a range of performance indicators as discussed on page 44 and which are captured in table 5, bringing together how remuneration outcomes in FY2022 align with business strategy and Group performance.

Table 4 below discloses what was granted and has vested

Executive KMP	Total number of PSRs granted	Vesting outcomes of the second tranche	
		% of second tranche that vested	Number of PSRs that vested
T Croker	0 ¹	N/A	N/A
M Bowen	98,784	100%	32,928
M Lang	65,856	100%	21,952
H Fernandez	0 ²	N/A	N/A
Former Executive KMP			
J Cameron-Doe	82,320	0%	0

1. Trevor Croker did not participate in the Executive special equity award.

2. As the Executive special equity awards were one-off grants made to Executives in FY2021, Hector Fernandez, who was promoted in FY2022, was not a participant in the Executive special equity award scheme.

Link to Business Strategy and Shareholder Interests

Table 5 below discloses remuneration outcomes in FY2022 and alignment to business strategy and Group performance

Business strategy and objectives...	Are reflected in LTI and STI performance measures...	So, Aristocrat's actual performance...	Directly affects remuneration outcomes
Profitability and financial performance	<p>STI performance measure of NPATA and FCF: Measures profitability across and free cash flow generated by the Group.</p> <p>LTI performance measure of Relative TSR: Measures the benefit delivered to shareholders over three years, including dividends and share price movement over and above a market benchmark.</p> <p>LTI performance measure of Relevant EPS: Measures profitability across the Group on a per share basis.</p>	<p>EXCEEDED</p> <ul style="list-style-type: none"> NPATA increasing year-on-year by 27.1% to \$1,099.3 million (in reported currency) EBITDA up 20% to \$1,850.9 million, with industry leading EBITDA margins maintained Achieved strong FCF Conversion of 100% (target 91%) TSR performance of 22.1% over the 2020 LTI Grant performance period, 33rd in its Peer Comparator Group and ranked in the 65th percentile Strong Group balance sheet with available liquidity of approximately \$3.8bn, to support committed and future investments Gearing (net (cash)/debt to EBITDA) of (0.3)x, significantly ahead of prior year (FY2021: 0.5x) 	
Growing adjacent opportunities	<p>STI Individual performance rating and LTI Individual Performance Based Condition: Measures include increasing the size of Aristocrat's addressable markets and generating revenue from adjacent opportunities.</p>	<p>EXCEEDED</p> <ul style="list-style-type: none"> Investment in building online RMG capabilities in-house, in parallel to the offer to acquire Playtech plc, and pivot to a 'build and buy' strategy to scale in online RMG upon lapsing of the Playtech offer Accelerated entry into online Real Money Gaming (RMG) through establishment of a third global operating business, Anaxi The Anaxi 'build and buy' strategy involves investing strongly in product and online RMG platform infrastructure while also undertaking select M&A, such as the entry into an agreement in September 2022 to acquire B2B online RMG supplier, Roxor Gaming Approximately 28% of volume of units sold in the Americas derive from adjacent market sources Entry by Gaming into new attractive adjacent markets, including New York Lottery and Kentucky Historical Horse Racing. Continued expansion in Video Lottery Terminal segments in Canada, Oregon and Illinois and in the Washington Central Determinant System segment Targeted M&A and investments by Pixel United to expand into fashion/design sim genre (Ultracine) and blockchain games (Forte) 	<p>Executive remuneration outcomes in FY2022 were as follows:</p> <p>Total LTI vesting outcome in FY2022 = 40.2% of target based on TSR and EPS performance measures</p>
Sustainable core growth	<p>STI Individual performance rating and LTI Individual Performance Based Condition: Measures include growth in US Gaming Operations, sustainability of strong market position in Australia and continued growth in profitability of Pixel United.</p> <p>Measures also include development, retention and succession planning across all management levels and for creative talent.</p>	<p>EXCEEDED</p> <ul style="list-style-type: none"> 75.5% of Group revenues derive from recurring sources enhancing the business' resilience. This decrease from prior year was primarily driven by increased Gaming outright sales globally, as customers increased their capital commitments to Aristocrat's high performing products In North America, growth in the Class II and Class III Premium installed base and the ANZ business sustained market-leading ship share Continued diversity of earnings and resilience demonstrated by Pixel United in a challenging macroeconomic environment – Pixel United contributes 46.5% of Group revenue 	<p>CEO STI outcome in FY2022 = 130% of target</p>
Risk management	<p>STI Individual performance rating and LTI Individual Performance Based Condition: Measures include continuing to embed effective risk management and culture throughout the organisation to support:</p> <ul style="list-style-type: none"> achievement of business objectives corporate governance objectives risk-based identification of ESG priorities and opportunities. 	<p>EXCEEDED</p> <ul style="list-style-type: none"> Continued operationalisation of the Enterprise Risk Management Framework (RMF), with 160 senior leaders trained on risk-based decision-making Enactment of business resilience program in response to the Ukraine conflict Comprehensive Responsible Gameplay (RG) risk assessments undertaken across the business to align and embed RG within the enterprise RMF 'Detailed' rating by Australian Council of Superannuation Investors (ACSI) for ESG reporting CEO and Managing Director received inaugural 'Excellence in Sustainable Gaming' award from the American Gaming Association 	<p>Average STI outcome in FY2022 for other Executive KMP = 127% of target</p>
Product quality and innovation, great game content and customer centric culture	<p>STI Individual performance rating and LTI Individual Performance Based Condition: Measures include product quality and delivery, product innovation, great game content and embedding customer centric culture across the Group.</p>	<p>EXCEEDED</p> <ul style="list-style-type: none"> Aristocrat was awarded the following at the Global Gaming Awards 2022: <ul style="list-style-type: none"> Land-Based Industry Supplier of the Year (4th consecutive year) Slot of the Year – <i>Wild Wild Buffalo</i>™ (5th consecutive year) Pixel United published 6 of the top 100 games in the US across multiple genres Continued investment in talent and technology, with D&D investment remaining at market-leading levels at 12% of total revenue Net Promoter Score (which indicates customer satisfaction) of 57, which is above Tech industry benchmark of 37 Quality metrics stable over FY2022, achieving 94% (FY2021: 93.9%; FY2020: 92.4%) 	
Leadership Effectiveness and high performing People and Culture	<p>STI Individual performance rating and LTI Individual Performance Based Condition: Measures include development, retention and succession planning across all management levels and for creative talent.</p> <p>Measures also include attracting, developing and retaining gaming design talent.</p>	<p>EXCEEDED</p> <ul style="list-style-type: none"> Group Employee Engagement Scores of 8.7 (0.5 above benchmark) Key Executive appointments (CEO, Aristocrat Gaming and CEO, Anaxi) are internal promotions Talent mobility and seamless transition across the Aristocrat Group as Anaxi scaled in line with Aristocrat's growth strategy and Aristocrat Gaming continued its operational momentum 	

Link to Business Strategy and Shareholder Interests continued

Alignment between Remuneration and Group Performance

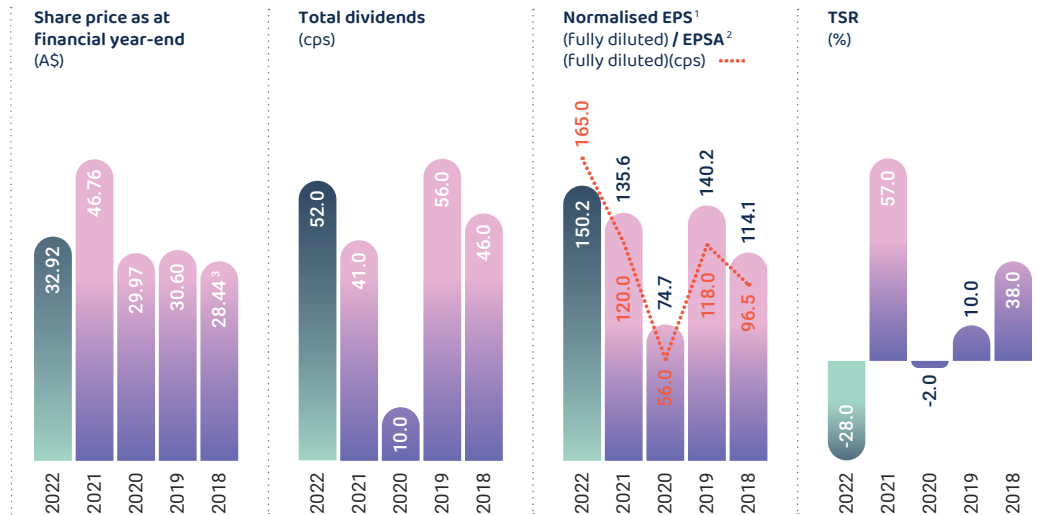
Numerous elements of Aristocrat's remuneration strategy and framework are directly linked to Group performance.

The graphs and table below sets out information about movements in shareholder wealth for the financial years ended 30 September 2018 to 30 September 2022, highlighting alignment between Aristocrat's remuneration strategy and framework and Group performance over the past 5 years. It also highlights alignment between incentive plan performance conditions and the delivery of sustainable growth and shareholder returns.

Further details about the Group's performance over this period can be found in the Five-Year Summary contained in this Annual Report.

Summary of movement in shareholder wealth

Continued strong performance in a challenging external environment demonstrates disciplined management and execution, returning value to shareholders.

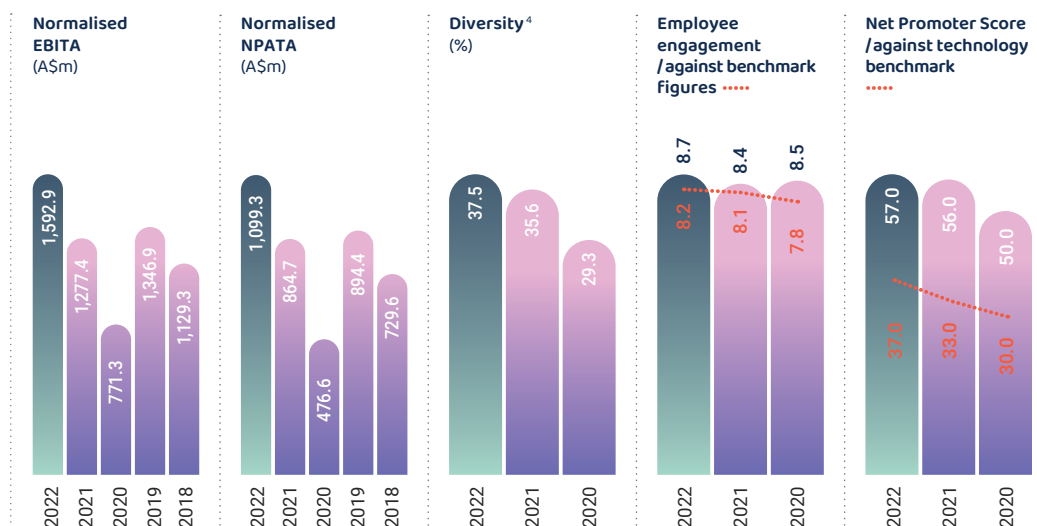


Measures of Group Performance

Executive remuneration is variable with consideration of both financial and non-financial outcomes for STI and LTI Plans.

Financial targets are set by the Board considering the economic environment, appropriate stretch and market conditions.

Both financial and non-financial targets are aligned with strategic priorities to create sustainable shareholder value and strong outcomes for our customers and people.



Further details on how remuneration outcomes in FY2022 align with business strategy and achievement of financial and non-financial targets can be found on Table 5. The table below summarises how the Group Performance set out above translated into Executive remuneration outcomes over the past five financial years.

Table 6 Remuneration Outcomes

	FY2022	FY2021	FY2020	FY2019	FY2018
STI Financial Performance Condition awarded (%)	118%	200%	0%	104%	130%
LTI (% vesting) based on Relative TSR and Relevant EPS performance measures	40.2%	46.5%	47.9%	100%	100%

1. Fully diluted earnings per share, normalised for significant items as disclosed in the Operating and Financial Review section of the Annual Report.

2. Fully diluted EPS before amortisation of acquired intangibles as disclosed in the Operating and Financial Review section of the Annual Report.

3. The opening share price for the 12 months to 30 September 2018 was \$21.00.

4. The graph shows the percentage of female direct reports to Executives (Senior Leaders) and the direct reports of those Senior Leaders.

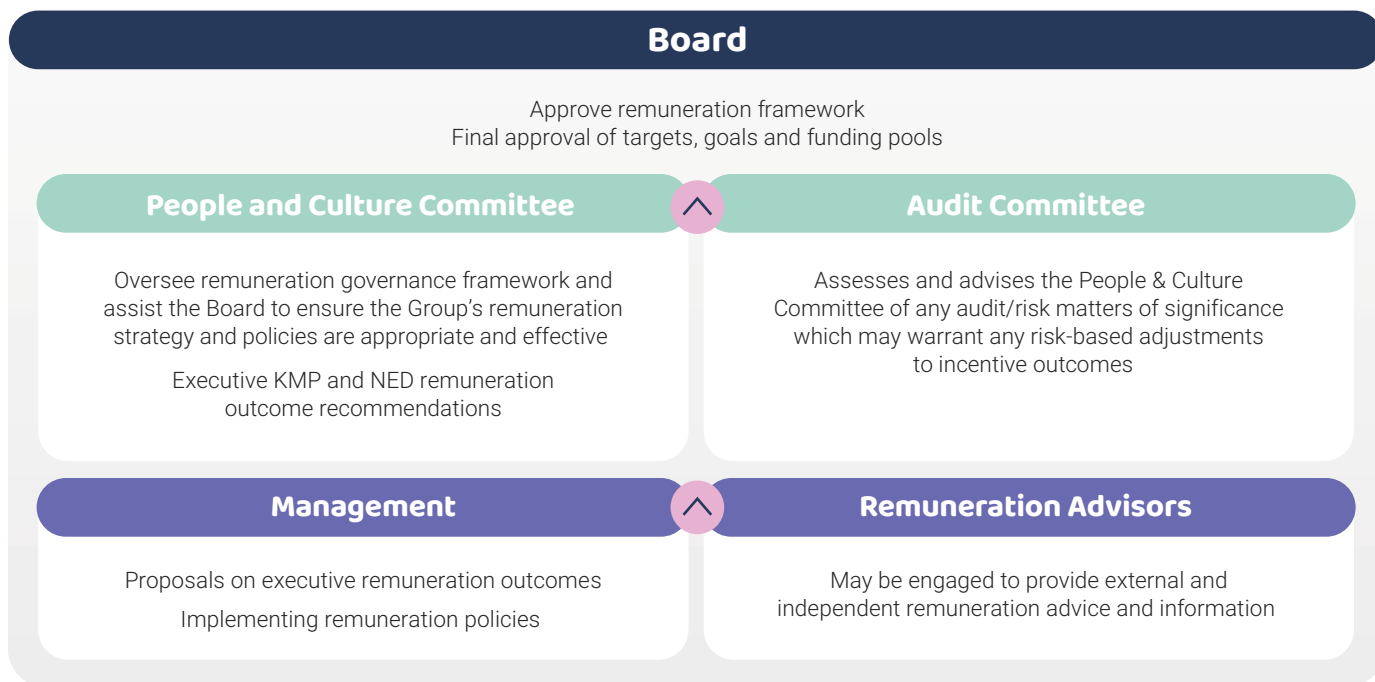
Remuneration Governance

Overview

The People and Culture Committee is responsible for developing, monitoring and assessing remuneration strategy, policies and practices across the Group and endorses recommendations made by management for Board approval. It oversees the overall remuneration governance framework approved by the Board.

The People and Culture Committee and Audit Committee met concurrently in September 2022 to consider if there were risk-based or other adjustments that may warrant consideration in the Board's determination of remuneration outcomes. No risk-based or other adjustments to remuneration outcomes were recommended by the Committees in FY2022.

The following diagram represents Aristocrat's remuneration decision-making structure.



Details of the composition and responsibilities of the People and Culture Committee and Audit Committee are set out in the Corporate Governance Statement (and can be found at www.aristocrat.com).

Use of Remuneration Advisors

In making recommendations to the Board, the People and Culture Committee seeks advice from external advisors from time to time to assist in its deliberations.

If external advisors that are defined as "remuneration consultants" for the purposes of the Corporations Act are engaged, they are engaged by the Chairperson of the People and Culture Committee within an agreed set of protocols to ensure there can be no undue influence by Executive KMP to whom any recommendations may relate.

The People and Culture Committee did not seek or receive any remuneration recommendations, as that term is defined by the Corporations Act, from remuneration consultants during the Reporting Period.

Non-Executive Director Remuneration

Details of the Non-Executive Directors of Aristocrat during the Reporting Period are provided in the Directors' Report.

Components and details of Non-Executive Director Remuneration

Non-Executive Directors receive a fixed fee (inclusive of superannuation and committee memberships) for services to the Board. The Chair of each committee receives an additional fee for that service. The Chairman of the Board does not receive separate Committee fees.

During FY2022, a review of Non-Executive Directors' fees was conducted to ensure market and industry competitiveness as well as taking into account factors including directors' responsibilities and workload, and the truly global nature of the Group. Other qualitative factors considered when setting Non-Executive Director fee levels are set out in detail on this page. As a result of the fee review, Board and Committee fees were increased, effective 1 March 2022 as outlined in Table 7 below.

Securing and retaining talented, qualified Non-Executive Directors

Non-Executive Director fee levels are set having regard to:

- ✓ – The responsibilities, time commitments and workload expected
- ASX market and direct industry peers
- Being competitive across Aristocrat's major jurisdictions (US and Australia)

Preserving independence and impartiality

- ✓ – Non-Executive Director remuneration consists of base (Director) fees and Committee fees
- No element of Non-Executive Director remuneration is 'at risk' (i.e. fees are not based on the performance of the Group or individual Non-Executive Director)

Aligning Director and security holder interests

- ✓ – Directors are encouraged to hold Aristocrat securities and the Board has endorsed a minimum shareholding policy for Non-Executive Directors
- The Non-Executive Director Rights Plan has been launched, having received a class ruling from the Australian Taxation Office in respect of the financial years ending 2022, 2023 and 2024, and shareholder approval obtained at the 2021 AGM

Competitive fee levels have been a particular focus for the Board due to its ongoing commitment to an orderly renewal and succession planning process.

Aristocrat has increasingly transformed into a truly global business with extensive scale, complexity and diversity, which has in turn significantly increased both Board and Committee workloads and overseas travel expectations. In addition, developments in the corporate governance landscape are leading to increased expectations and demands of Non-Executive Directors on ASX boards.

Fees also reflect the regulatory requirements of the environment in which Aristocrat operates, which imposes considerable demands on the Non-Executive Directors and their families who are required to disclose detailed personal and financial information and submit to interviews, including in foreign jurisdictions.

Certain global companies pay a supplemental travel payment to non-resident Directors who are required to attend Board meetings away from their principal residential domicile, which Aristocrat does not do. Non-Executive Directors are entitled to be reimbursed for all reasonable business-related expenses, including travel, as may be incurred in the discharge of their duties.

Aristocrat does not make sign-on payments to new Non-Executive Directors and the Board does not provide for retirement allowances for Non-Executive Directors.

Non-Executive Directors Minimum Shareholding Policy

Non-Executive Directors are encouraged to hold Aristocrat securities and the Board has endorsed a minimum shareholding policy for Non-Executive Directors to hold 100% of the annual director base fee within five years commencing on the later of November 2018 or date of appointment.

Non-Executive Directors have met or are on track to meet their minimum shareholding requirement under the policy.

Aggregate Fee Pool Approved by Shareholders

Non-Executive Directors' fees (including committee fees) are set by the Board within the maximum aggregate amount of A\$4,000,000 per annum approved by shareholders at the AGM in February 2022.

The change in FY2022 fees of Non-Executive Directors are set out in Table 7 below.

Table 7 Non-Executive Director fees payable during the Reporting Period

Board / Committee ¹	Fees effective 1 April 2018 – 28 February 2022		Fees effective 1 March 2022	
	Chair	Member	Chair	Member
Board	A\$625,000	A\$250,000 / US\$220,000	A\$695,000	A\$250,000 / US\$220,000
Lead US Director	—	Additional US\$40,000	—	Additional US\$50,000
Audit Committee	A\$45,000 / US\$35,000	A\$15,000 / US\$10,000	A\$60,000 / US\$50,000	A\$27,500 / US\$22,500
People & Culture Committee	A\$45,000 / US\$35,000	A\$15,000 / US\$10,000	A\$60,000 / US\$50,000	A\$27,500 / US\$22,500
Reg & Compliance Committee	A\$35,000 / US\$30,000	A\$15,000 / US\$10,000	A\$40,000 / US\$35,000	A\$20,000 / US\$15,000

1. Cap of two committees fees per Non-Executive Director. The Chairman of the Board does not receive separate Committee fees.

Statutory Remuneration Tables and Data

Details of Executive KMP Remuneration

The following table reflects the accounting value of remuneration attributable to Executive KMP, derived from the various components of their remuneration. This does not necessarily reflect actual amounts paid to Executive KMP due to the conditional nature (for example, performance criteria) of some of these accrued amounts.

As required by the Accounting Standards, the table includes credits for PSRs with non-market conditions which were forfeited during the year and the amortised value of PSRs that may vest or best available estimates attributable to PSRs which may be lapsed or forfeited in future reporting periods.

Table 8 Statutory Executive KMP remuneration table

Executive KMP	Year	Short-term benefits		Non-monetary benefits ³	PEB ⁴	Long-term benefits	Share-based payments ⁶			Total	% of Share-based remuneration ⁹
		Cash salary ¹	Cash bonuses ²				Super-annuation	Long service leave ⁵	STI PSRs ⁷		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	%
T Croker	2022	1,837,796	1,425,668	—	—	—	1,282,335	2,547,867	—	7,093,666	35.9%
	2021	1,767,880	1,802,742	—	—	—	903,549	3,057,038	—	7,531,209	40.6%
M Bowen	2022	892,650	584,665	766	27,500	28,671	582,018	1,508,524	862,192	4,486,986	52.8%
	2021	827,617	812,180	510	25,625	53,726	382,158	1,594,284	1,918,753	5,614,853	62.6%
M Lang	2022	1,402,144	787,947	—	—	—	695,944	1,612,490	574,795	5,073,320	43.1%
	2021	1,137,133	1,813,487 ¹⁰	—	—	—	403,578	2,589,902 ¹¹	1,279,169	7,223,269	53.6%
H Fernandez ¹²	2022	673,662	1,010,513	—	13,142	—	258,270	778,046	—	2,733,633	28.5%
	2021	—	—	—	—	—	—	—	—	—	—
Former Executive KMP											
J Cameron-Doe ¹³	2022	491,803	—	—	11,382	—	(291,739)	(1,856,736)	(718,494)	(2,363,784)	N/A
	2021	885,438	698,128	—	—	—	349,509	1,238,238	1,598,961	4,770,274	59.5%
Total	2022	5,298,055	3,808,793	766	52,024	28,671	2,526,828	4,590,191	718,493	17,023,821	31.2%
	2021	4,618,068	5,126,537	510	25,625	53,726	2,038,794	8,479,462	4,796,883	25,139,605	52.8%

- Amounts shown as cash salary include annual leave entitlements and amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that benefits are paid and subject to Fringe Benefits Tax (FBT), the above amount includes FBT. Executive KMPs based outside of Australia have their cash salary converted to AUD based on the monthly Group exchange rates.
- Amounts reflect the non-deferred cash component of STI incentives and other bonuses.
- Non-monetary benefits include insurance premiums.
- Post Employment Benefits (PEB).
- The amounts provided for by the Group during the financial year in relation to accruals for long service leave.
- In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual Executive KMP may ultimately realise should the equity instruments vest. An independent accounting valuation for each tranche of PSRs at their respective grant dates has been performed by Deloitte. In undertaking the valuation of the PSRs, Deloitte has used a TSR model and an EPS model. These models are further described in Note 5.2 of the Financial Statements.
Details of awards granted in prior years, including applicable service and performance conditions, are summarised in prior Remuneration Reports corresponding to the reporting period in which the awards were granted.
- A component of STI awards payable to Executive KMPs will be satisfied by the grant of deferred share rights. Half will vest after one year, with the remainder vesting after two years, both subject to relevant forfeiture conditions. The accounting expense for STI share rights represents the expense attributable to the service period that has been completed for each deferred award. Any individual who is internally promoted to an Executive role is only subject to a deferral of 25% of their STI outcome (as opposed to 50%) in their first year. Therefore, the amounts reflected for FY2022 include the accounting accruals attributable to deferred share rights pursuant to the 2021 and 2022 STI awards (there were no STI awards in 2020).
- The share-based payments expense includes the impact of PSRs that were granted in previous years that are being expensed for accounting purposes over the vesting period, as well as the PSRs that were granted in the reporting period. Also includes best available estimates attributable to PSRs which may be lapsed or forfeited in future reporting periods. The sign-on award granted to Mike Lang during FY2020 upon his appointment as CEO, Pixel United is included in the 2021 calculations.
- Percentage calculated by reference to LTI PSRs and Executive Special Equity.
- This amount includes a one-off bonus of \$847,732 paid to Mike Lang as outlined above, in addition to his FY2021 STI award. The one-off bonus was granted on 23 April 2021 as cash, in recognition of Pixel United's achievements and his continued importance to the future of Pixel United.
- This amount includes the impact of PSRs that were granted in previous years that have been expensed for accounting purposes over the relevant vesting period, as well as PSRs that were granted in the reporting period: (i) \$753,130 attributable to FY2020 LTI award, (ii) \$852,250 attributable to FY2021 LTI award, and (iii) \$984,522 attributable to sign-on award.
- Hector Fernandez was promoted to CEO, Gaming on 24 February 2022. He was not an Executive KMP during FY2021 nor prior to his appointment as CEO, Gaming. The details provided in the table above are on and from the date of Hector's promotion.
- Julie Cameron-Doe left the Company on 15 April 2022 and ceased to be an Executive KMP on that date. All unvested awards (totalling 197,944 PSRs) were forfeited. Share based payments includes the write back of unvested PSRs following cessation of employment and the forfeiture of those PSRs.

Remuneration Report continued

Statutory Remuneration Tables and Data continued

Table 9 Details of 2022 STI outcomes (including deferred equity component)

Executive KMP	Total award ¹ \$	Cash payment ² \$	Deferred component ³ \$	No. of PSRs vesting 1 Oct 2023 ³	No. of PSRs vesting 1 Oct 2024 ³	Total award as % of target STI	% of total award deferred
T Croker	2,851,336	1,425,668	1,425,668	21,429	21,430	130%	50%
M Bowen	1,169,330	584,665	584,665	8,788	8,788	130%	50%
M Lang	1,575,894	787,947	787,947	11,843	11,844	119%	50%
H Fernandez	1,347,351	1,010,513	336,838	5,063	5,063	133%	25%
Former Executive KMP							
J Cameron-Doe	—	—	—	—	—	—	N/A

1. Amounts reflect the value of the total 2022 STI awards. See footnotes 2 and 3 for an explanation of the cash and deferred components of the total award.

2. Amounts reflect the cash component of the 2022 STI award to be paid. Amounts in USD are translated at the reporting date rate.

3. Amounts reflect the value of 2022 STI awards deferred into PSRs. Part of the deferred component of awards will vest on 1 October 2023 and the remainder on 1 October 2024. The number of PSRs is determined using the five-day VWAP up to and including 30 September 2022, being \$33.26. Amounts in USD are translated at the FX rate on the grant date. Any individual who is internally promoted to an Executive role (such as Hector Fernandez) is only subject to a deferral of 25% of their STI outcome (as opposed to 50%) in their first year.

Table 10 Details of PSRs granted to Executive KMP, including their related parties, during the Reporting Period

Performance rights were granted during the Reporting Period as follows:

Executive KMP	Short-term PSRs		Long-term PSRs	
	Rights granted ^{1,2}	Value of grant (\$) ³	Rights granted ^{2,4}	Value of grant (\$) ⁵
T Croker	38,975	1,808,028	99,320	3,024,920
M Bowen	17,559	812,180	49,726	1,514,485
M Lang	20,879	968,586	63,203	1,924,946
H Fernandez ⁶	—	—	39,126	1,191,648
Former Executive KMP				
J Cameron-Doe	15,093	700,175	—	—

1. Further details on short-term PSRs granted to Trevor Croker, Julie Cameron-Doe, Mitchell Bowen and Mike Lang are found in Table 9 of the FY2021 Remuneration Report. Short-term PSRs have a performance period of less than three years.

2. The rights that were vested or forfeited during the Reporting Period are set out in Table 11.

3. All PSRs were granted on 1 October 2021. The fair value of the rights at grant date is based on the share price at grant date (\$46.25). The values shown represent the maximum value of the grants made. The minimum value is zero.

4. The number of rights granted calculated based on the Face Value, as further explained on page 42. Long-term PSRs have a three-year performance period.

5. All PSRs were granted on 25 February 2022. The fair value of the rights at the grant date is \$17.84 for rights with a total shareholder return condition and \$35.87 for rights with an Individual Performance Based Condition and EPS condition. The values shown in the above table represent the maximum value of the grants made. The minimum value is zero.

6. Hector Fernandez became an Executive KMP upon his promotion to CEO, Gaming on 24 February 2022. The table includes details of PSRs granted to Hector from that date but before the end of the Reporting Period.

Table 11 Details of the movement in numbers of PSRs during the Reporting Period

Executive KMP	Balance at 1 October 2021	Granted during the year ¹	Short-term PSRs vested ^{2,3}	Long-term PSRs Vested ^{3,4}	Lapsed/ forfeited	Balance at 30 September 2022
T Croker	416,137	138,295	(16,529)	(79,028)	(37,362)	421,513
M Bowen	271,253	67,285	(87,220)	(11,151)	(5,273)	234,894
M Lang	235,244	84,082	(40,538)	—	—	278,788
H Fernandez ⁵	54,152	39,126	—	—	—	93,278
Former Executive KMP						
J Cameron-Doe	237,986	15,093	(33,797)	(21,338)	(197,944)	—

1. The value of the PSRs granted to Executive KMP during the year (including the aggregate value of PSRs granted) is set out in Table 10. No options were granted during the year to any Executive KMP. Trevor Croker's grant of 99,320 PSRs under the Long-term Incentive Plan was approved at the 2022 Annual General Meeting of the Company on 24 February 2022, and this approval was for all purposes, including ASX Listing Rule 10.14. Further information about the Long-term Incentive Plan can be found on pages 42 to 46.

2. PSRs with performance periods of less than three years, and includes tranche 1 of the Executive special equity awards (which had a 12 month performance period) in the case of Mitchell Bowen and Mike Lang.

3. The value of each PSR on the date of vesting is the closing price of the Company's shares on the ASX on the preceding trading day. As shares are immediately allocated upon the vesting of PSRs, there will be no instances where PSRs are vested and exercisable, or vested but not yet exercisable. Upon vesting of PSRs, no price is payable and the exercise price is nil.

4. PSRs with three year performance periods.

5. Hector Fernandez became an Executive KMP upon his promotion to CEO, Gaming on 24 February 2022. This table details the balance of PSRs held by Hector on 24 February 2022 and the PSRs granted, vested and lapsed/forfeited between that date and the end of the Reporting Period.

Statutory Remuneration Tables and Data continued

Service Agreements

The remuneration and other terms of employment for the Executive KMP are formalised in service agreements, which have no specified term. Each of these agreements provide for performance-related bonuses under the STI program, and participation, where eligible, in the LTI Plan. Other key provisions of the service agreements of the Executive KMP are as follows:

Table 12 Service agreements

Executive KMP	Notice to be given by Executive	Notice to be given by Group ¹	Termination payment	Post-employment restraint
T Croker	6 months	12 months	12 months (fixed remuneration)	12 months
M Bowen	6 months	6 months	6 months (fixed remuneration)	12 months
M Lang	6 months	6 months	12 months (fixed remuneration)	12 months
H Fernandez	6 months	6 months	12 months (fixed remuneration)	12 months

1. Payments may be made in lieu of notice period.

The key terms of Julie Cameron-Doe's service agreement have been outlined in previous years' Remuneration Reports and are not included here given her cessation of employment.

Details of Non-Executive Director Remuneration

Table 13 Details of Non-Executive Director remuneration for the Reporting Period

Non-Executive Directors	Year	Short-term benefits	Post-employment benefits		Share based payments	Total \$
		Cash salary and fees ¹ \$	Super-annuation ² \$	Retirement benefits ³ \$	Options and PSRs \$	
N Chatfield	2022	652,169	27,500	—	—	679,669
	2021	599,375	25,625	—	—	625,000
K Conlon	2022	336,472	6,323	—	—	342,795
	2021	310,000	—	—	—	310,000
P Etienne	2022	275,379	26,496	—	—	301,875
	2021	254,886	25,114	—	—	280,000
P Ramsey	2022	422,624	—	—	—	422,624
	2021	387,849	—	—	—	387,849
S Summers Couder	2022	363,669	—	—	—	363,669
	2021	320,979	—	—	—	320,979
A Tansey	2022	311,101	12,215	—	—	323,316
	2021	287,837	22,163	—	—	310,000
Total	2022	2,361,414	72,534	—	—	2,433,948
	2021	2,160,926	72,902	—	—	2,233,828

1. Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that any non-monetary benefits are subject to Fringe Benefits Tax (FBT), amounts shown include FBT.

2. Superannuation contributions include amounts required to satisfy the Group's obligations under applicable Superannuation Guarantee legislation.

3. Non-Executive Directors are not entitled to any retirement benefit.

Shareholdings and other Transactions

Movement in Shares

The tables below detail movements during the year in the number of ordinary shares held by KMP, their close family members, and entities controlled, jointly controlled or significantly influenced by KMP or their close family members.

No amounts are unpaid on any of the shares issued.

Table 14 Details of Non-Executive Director shareholdings

	Non-Executive Directors		
	Balance as at 1 October 2021	Purchased / Transferred	Balance as at 30 September 2022
N Chatfield	18,000	876	18,876
K Conlon	10,514	512	11,026
P Etienne	5,943	849 ¹	6,792
P Ramsey	19,360	—	19,360
S Summers Couder	10,650	—	10,650
A Tansey	4,570	224	4,794

1. During FY2022, Philippe Etienne participated in the Non-Executive Directors Rights Plan, which is a rights plan that provides Non-Executive Directors with the opportunity to salary sacrifice a portion of their fees as share rights (NED Rights). Each NED Right entitles the holder to receive one fully-paid ordinary share in Aristocrat on vesting and the NED Rights are not subject to any performance conditions. Philippe Etienne was granted 1,118 NED Rights on 20 December 2021, of which 559 NED Rights vested during the Reported Period. 559 NED Rights remain unvested as at 30 September 2022. The NED Rights Plan was approved at the 2021 Annual General Meeting of the Company and this approval was for all purposes, including ASX Listing Rule 10.14.

Table 15 Details of Executive KMP shareholdings

The table below excludes any unvested PSRs under the STI Plan, the LTI Plan and Executive special equity award.

Executive KMP	Executive KMP			
	Balance as at 1 October 2021	Shares allocated upon PSR vesting	Other net changes during the year	Balance as at 30 September 2022
T Croker	446,430	56,245 ¹	—	502,675
M Bowen	17,033	98,371	—	115,404
M Lang	10,243	20,435 ²	—	30,678
H Fernandez ³	7,738	—	—	7,738
Former Executive KMP				
J Cameron-Doe	27,250	34,452 ⁴	—	61,702 ⁵

1. Although 95,557 PSRs vested, 39,312 of the vested PSRs were sold by the third party plan administrator for the purposes of satisfying US withholding tax liabilities on vesting of PSRs.

2. Although 40,538 PSRs vested, 20,103 of the vested PSRs were sold by the third party plan administrator for the purposes of satisfying UK withholding tax liabilities on vesting of PSRs.

3. Hector Fernandez became an Executive KMP upon his promotion to CEO, Gaming on 24 February 2022. This table details the balance of shares held by Hector on 24 February 2022 and any net changes between that date and the end of the Reporting Period.

4. Although 55,135 PSRs vested, 20,683 of the vested PSRs were sold by the third party plan administrator for the purposes of satisfying US withholding tax liabilities on vesting of PSRs.

5. Julie Cameron-Doe ceased employment with Aristocrat on 15 April 2022. Julie's shareholding details are provided in the table above up until the date of her cessation of employment.

Disclosures under Listing Rule 4.10.22

A total of 1,318,947 securities were acquired on-market by the Aristocrat Employee Equity Trust during the Reporting Period (at an average price per security of \$44.12) to satisfy Aristocrat's obligations under various equity and related plans.

Share Trading Policy

Aristocrat's share trading policy prohibits the use of Derivatives (as defined in the policy) in relation to unvested equity instruments, including PSRs and vested securities which are subject to disposal restrictions. Derivatives may be used in relation to vested positions which are not subject to disposal restrictions, subject to compliance with the other provisions of the share trading policy.

Executives are strictly prohibited from entering into a margin loan or similar funding arrangements to acquire Aristocrat's securities and from using Aristocrat securities as security for a margin loan or similar funding arrangements.

Breaches of Aristocrat's share trading policy are regarded very seriously and may lead to disciplinary action being taken (including termination of employment).

Loans or Other Transactions with KMP

No KMP or their related parties held any loans from the Group during or at the end of the year ended 30 September 2022 or prior year.

Apart from the details disclosed in this Report, there were no transactions between KMP (or their related parties) and the Company or any of its subsidiaries during the Reporting Period.

Glossary

2020 LTI Grant	Awards made under the LTI Plan during FY2020 with a three-year performance period from 1 October 2019 to 30 September 2022
Aristocrat or Company	Aristocrat Leisure Limited and (where applicable) the Group
CAGR	Compound Annual Growth Rate
Corporations Act	Corporations Act 2001 (Cth)
EBIT	Earnings before interest and tax, on a normalised basis excluding significant items as disclosed in the Operating and Financial Review section of the Annual Report
EBITA	Earnings before interest, taxes and amortisation of acquired intangibles, on a normalised basis excluding significant items as disclosed in the Operating and Financial Review section of the Annual Report
EPS	Fully diluted EPS disclosed in the Operating and Financial Review section of the Annual Report
Executive KMP	Those KMP who were also part of Aristocrat's Executive Steering Committee during the Reporting Period, being (i) T Croker (CEO and Managing Director), (ii) M Bowen (CEO, Anaxi and Chief Transformation Officer), (iii) M Lang (CEO, Pixel United), (iv) H Fernandez (CEO Gaming) for part year and (v) J Cameron-Doe (Chief Financial Officer) for part year
Executive special equity award	One-off grant of PSRs made in 2021 to selected Executives. Executive KMP that participated in the Executive special equity award during the Reporting Period were: (i) J Cameron-Doe (Chief Financial Officer), (ii) M Bowen (CEO, Anaxi and Chief Transformation Officer) and (iii) M Lang (CEO, Pixel United)
Executives	The group of executives consisting of: (i) the Executive KMP, and (ii) other members of Aristocrat's Executive Steering Committee (details of which can be found on www.aristocrat.com)
Face Value	The volume-weighted average price of Aristocrat shares for the 5 trading days up to and including the day before the start of the performance period
FCF Conversion	Target based on free cash flow as a percentage of NPATA
Group	Aristocrat Leisure Limited and its related bodies corporate
Group Financial Performance Threshold	The minimum threshold required to receive payment under the STI Plan (being 85% of the Group STI financial performance condition) as described on page 39
KMP	Persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of Aristocrat and the Group during the Reporting Period
LTI Plan	Aristocrat's long-term incentive plan
NPATA	Net profit after tax before amortisation of acquired intangibles. References to 'normalised NPATA' means NPATA normalised for significant items as disclosed in the Operating and Financial Review section of the Annual Report
OKRs	Organisational Key Results
Peer Comparator Group	Constituents of the S&P/ASX100 Index, defined at the commencement of the performance period
PSR	Performance Share Right, with each right entitling the holder to receive one fully-paid ordinary share in Aristocrat on vesting (or if the Board determines, an equivalent cash payment). Vesting of PSRs may be subject to vesting conditions and performance hurdles
Relative TSR	Aristocrat's compounded TSR measured against the ranking of constituents of the Peer Comparator Group
Relevant EPS	EPS over the performance period compared to a target set by the Board at the commencement of the performance period
Reporting Period	12 month period ended 30 September 2022
STI Plan	Aristocrat's short-term incentive plan
TSR	Total shareholder return measures the percentage growth in the share price together with the value of dividends received during the relevant three year performance period, assuming all dividends are reinvested into new securities

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Aristocrat Leisure Limited for the year ended 30 September 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aristocrat Leisure Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Mark Dow', written in a cursive style.

Mark Dow
Partner
PricewaterhouseCoopers

Sydney
16 November 2022

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Nevada Regulatory Disclosure Information Statement

The Nevada Gaming Commission has requested that the following be brought to the attention of shareholders.

Summary of the Nevada Gaming Regulations

The manufacture, sale and distribution of gaming devices, internet and mobile gaming, and cashless wagering systems for use or play in Nevada and the operation of slot machine routes and inter-casino linked systems are subject to:

- i. the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the "Nevada Act");
- ii. and various local ordinances and regulations.

Gaming and manufacturing and distribution operations in Nevada are subject to the licensing and regulatory control of the Nevada Gaming Commission ("Nevada Commission"), the Nevada Gaming Control Board ("Nevada Board") and various other county and city regulatory agencies, collectively referred to as the "Nevada Gaming Authorities".

Nevada Regulatory Disclosure

The laws, regulations and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy which are concerned with, among other things:

- i. the prevention of unsavory or unsuitable persons from having a direct or indirect involvement with gaming, manufacturing or distributing activities at any time or in any capacity;
- ii. the establishment and maintenance of responsible accounting practices and procedures;
- iii. the maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues, providing reliable record keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities;
- iv. the prevention of cheating and fraudulent practices; and
- v. providing a source of state and local revenues through taxation and licensing fees.

Aristocrat Leisure Limited ("the Company") is registered with the Nevada Commission as a publicly traded corporation (a "Registered Corporation") and has been found suitable to directly or indirectly own the stock of five subsidiaries. Two subsidiaries (collectively, the "Operating Subsidiaries"), have been licensed as manufacturers and distributors of gaming devices and Internet Gaming System ("IGS") Service Providers.

A manufacturer's and distributor's license permits the manufacturing, sale and distribution of gaming devices and cashless wagering systems for use or play in Nevada or for distribution outside of Nevada. The IGS Service Provider license allows the provision of certain services of internet gaming to licensed Internet Operators.

If it were determined that the Nevada Act was violated by the Company or the Operating Subsidiaries, the registration of the Company and the licenses of the Operating Subsidiaries could be limited, conditioned, suspended or revoked, subject to compliance with certain statutory and regulatory procedures. In addition, the Company, the Operating Subsidiaries and the persons involved could be subject to substantial fines for each separate violation of the Nevada Act at the discretion of the Nevada Commission.

Any beneficial owner of a Registered Corporation's voting securities (in the case of the Company its ordinary shares), regardless of the number of voting securities owned, may be required to file an application, be investigated, and have their suitability as a beneficial owner of the Registered Corporation's voting securities determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the state of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation.

The Nevada Act requires any person who acquires a beneficial ownership of more than 5% of a Registered Corporation's voting securities to report the acquisition to the Nevada Commission. The Nevada Act requires that beneficial owners of more than 10% of a Registered Corporation's voting securities apply to the Nevada Commission for a finding of suitability within thirty days after the Chairman of the Nevada Board mails the written notice requiring such filing.

Under certain circumstances, an "institutional investor", as defined in the Nevada Act, which acquires the beneficial ownership of more than 10%, but not more than 25% of a Registered Corporation's voting securities may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities for investment purposes only. An institutional investor that has been granted a waiver by the Nevada Commission may beneficially own more than 25%, but not more than 29%, of the voting securities of a Registered Corporation, only if such additional ownership results from a stock repurchase program conducted by a Registered Corporation, and upon the condition that such institutional investor does not purchase or otherwise acquire any additional voting securities of the Registered Corporation that would result in an increase in the institutional investor's ownership percentage.

Further, an institutional investor that is subject to NRS 463.643(4) as a result of its beneficial ownership of voting securities of a Registered Corporation and that has not been granted a waiver by the Commission, may beneficially own more than 10%, but not more than 11%, of the voting securities of such Registered Corporation, only if such additional ownership results from a stock repurchase program conducted by the Registered Corporation, upon the condition that such institutional investor does not purchase or otherwise acquire any additional voting securities of the Registered Corporation that would result in an increase in the institutional investor's ownership percentage. Unless otherwise notified by the chairman, such an institutional investor is not required to apply to the commission for a finding of suitability but shall be subject to reporting requirements as prescribed by the chairman.

The applicant is required to pay all costs of investigation incurred by the Nevada Gaming Authorities.

NRS 463.643 (6-8) also requires that each person who, individually or in association with others, acquires or holds, directly or indirectly, the beneficial ownership of any amount of any class of voting securities of a publicly traded corporation registered with the Commission or each plan sponsor of a pension or employee benefit plan that acquires or holds any amount of any class of voting securities in such a publicly traded corporation, and who has the intent to engage in any proscribed activity shall:

- a. Within 2 days after possession of such intent, notify the Chair of the Board in the manner prescribed by the Chair;
- b. Apply to the Commission for a finding of suitability within 30 days after notifying the Chair pursuant to paragraph (a); and
- c. Deposit with the Board the sum of money required by the Board pursuant to subsection 8.

Except as otherwise provided by the Commission, a person who has beneficial ownership of less than 10 percent of each class of voting securities of a publicly traded corporation registered with the Commission, acquired or held by the person through a pension or employee benefit plan, or the plan sponsor of a pension or employee benefit plan that has ownership of less than 10 percent of each class of voting securities of such a publicly traded corporation, need not notify the Commission, apply for a finding of suitability with the Commission or deposit the required sum of money with the Board pursuant to subsection 6 before engaging in any proscribed activity.

Any person required by the Commission to be found suitable shall apply for a finding of suitability within 30 days after the Commission requests that the person do so; and together with the application, deposit with the Board a sum of money which, in the opinion of the Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of the application, and deposit such additional sums as are required by the Board to pay final costs and charges.

"Proscribed activity" is defined as:

- i. An activity that necessitates a change or amendment to the corporate charter, bylaws, management, policies or operation of a publicly traded corporation that is registered with the Commission;
- ii. An activity that materially influences or affects the affairs of a publicly traded corporation that is registered with the Commission; or
- iii. Any other activity determined by the Commission to be inconsistent with holding voting securities for investment purposes only.

(Added to NRS by 2019, 1274, effective January 1, 2020)

The Nevada Act provides that any person who fails or refuses to apply for a finding of suitability or a license within thirty days after being ordered to do so by the Nevada Commission or the Chair of the Nevada Board, may be found unsuitable. The same restrictions apply to a record holder (in the case of the Company a registered holder) if the record owner, after request, fails to identify the beneficial owner.

Any person found unsuitable and who holds, directly or indirectly, any of the voting securities of a Registered Corporation beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offence under Nevada law. A Registered Corporation can be sanctioned, including the loss of its approvals if, after it receives notice that a person is unsuitable to be the holder of the voting securities of the Registered Corporation or to have any other relationship with the Registered Corporation, it:

- i. pays that person any dividend or interest upon its voting securities,
- ii. allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person,
- iii. pays remuneration in any form to that person for services rendered or otherwise, or
- iv. fails to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

The Nevada Commission may, in its discretion, require the holder of any debt security of a Registered Corporation to file applications, be investigated and be found suitable to own the debt security of a Registered Corporation. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Act, the Registered Corporation can be sanctioned, including the loss of its approvals, if after it receives notice that a person is unsuitable to be the holder of the debt securities of the Registered Corporation and without the prior approval of the Nevada Commission, it:

- i. pays to the unsuitable person any dividend, interest, or any distribution whatsoever;
- ii. recognises any voting right by such unsuitable person in connection with such securities;
- iii. pays the unsuitable person remuneration in any form; or
- iv. makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation, or similar transaction.

A Registered Corporation may not make a public offering of its securities without the prior approval of the Nevada Commission if the securities or proceeds therefrom are intended to be used to construct, acquire or finance gaming facilities in Nevada, or to retire or extend obligations incurred for such purposes. On June 21, 2001, the Nevada Commission granted the Company prior approval to make public offerings for a period of two years subject to certain conditions ("Shelf Approval"). This approval has been extended and remains in place today. However, the Shelf Approval may be rescinded for good cause without prior notice upon the issuance of an interlocutory stop order by the Chair of the Nevada Board.

The Shelf Approval does not constitute a finding, recommendation or approval by the Nevada Commission or the Nevada Board as to the accuracy or adequacy of the prospectus or the investment merits of the securities offered. Any representation to the contrary is unlawful. An application to renew the Shelf Approval (which can only be issued for a maximum term of three years) will be lodged with the Commission when required.

Other Regulatory requirements – Other Gaming Authorities throughout the world may require any person who acquires a beneficial ownership of more than 3% of a Registered Corporation's voting securities to report the acquisition to the Gaming Authority and in some cases, apply to the Gaming Authority for a waiver of the requirement to be found suitable or apply for a finding of suitability within thirty days of acquiring more than 3% of the Registered Corporation's voting securities. The applicant is subject to the same rules as in Nevada in relation to an unsuitable finding. The applicant is required to pay all costs of investigation incurred by the Gaming Authorities.

A copy of the Nevada Act is available on request from:

The Secretary, Aristocrat Leisure Limited
Building A, Pinnacle Office Park,
85 Epping Road,
North Ryde NSW 2113
Australia

Telephone: +61 2 9013 6000
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5 Year Summary

\$'m (except where indicated)	12 months to 30 Sep 2022	12 months to 30 Sep 2021	12 months to 30 Sep 2020	12 months to 30 Sep 2019	12 months to 30 Sep 2018	
Profit and loss items						
Revenue ¹	5,573.7	4,736.6	4,139.1	4,397.4	3,583.8	
EBITDA ²	1,850.9	1,542.9	1,078.9	1,596.8	1,328.6	
Depreciation and amortisation	(385.5)	(394.2)	(462.5)	(434.3)	(355.6)	
EBIT ²	1,465.4	1,148.7	616.4	1,162.5	973.0	
Net interest expense ²	(137.7)	(131.9)	(140.7)	(124.0)	(105.4)	
Profit before income tax expense ²	1,327.7	1,016.8	475.7	1,038.5	867.6	
Income tax expense ²	(326.8)	(251.2)	(118.6)	(285.7)	(250.7)	
Profit after income tax expense ²	1,000.9	765.6	357.1	752.8	616.9	
Significant items after tax	(52.4)	54.4	1,020.6	(54.0)	(74.3)	
Reported net profit	948.5	820.0	1,377.7	698.8	542.6	
Add back: Amortisation of acquired intangibles after tax	98.4	99.1	119.5	141.6	112.7	
Add/(less): Significant items after tax	52.4	(54.4)	(1,020.6)	54.0	74.3	
Profit after tax and before amortisation of acquired intangibles and significant items (NPATA) ²	1,099.3	864.7	476.6	894.4	729.6	
Total dividends paid	347.8	159.4	217.1	312.4	249.0	
Balance sheet items						
Contributed equity	1,651.9	715.1	715.1	715.1	715.1	
Reserves	547.8	(58.5)	(121.6)	2.6	(23.5)	
Retained earnings	3,823.0	3,222.3	2,561.7	1,425.9	1,040.9	
Total equity	6,022.7	3,878.9	3,155.2	2,143.6	1,732.5	
Cash and cash equivalents	3,021.3	2,431.6	1,675.7	568.6	428.1	
Other current assets	1,159.3	867.1	840.3	1,164.6	924.0	
Property, plant and equipment	357.8	325.4	353.2	431.2	389.3	
Intangible assets	3,891.2	3,527.7	3,567.6	4,008.3	3,898.8	
Other non-current assets	1,690.8	1,520.2	1,415.3	164.3	206.6	
Total assets	10,120.4	8,672.0	7,852.1	6,337.0	5,846.8	
Current payables and other liabilities	1,084.1	1,004.7	791.5	856.3	821.1	
Current borrowings	99.9	7.0	7.0	–	–	
Current tax liabilities and provisions	132.6	187.6	247.0	185.1	196.4	
Non-current borrowings	2,357.4	3,229.1	3,236.2	2,792.3	2,881.1	
Non-current provisions	41.1	44.6	24.3	30.4	13.8	
Other non-current liabilities	382.6	320.1	390.9	329.3	201.9	
Total liabilities	4,097.7	4,793.1	4,696.9	4,193.4	4,114.3	
Net assets	6,022.7	3,878.9	3,155.2	2,143.6	1,732.5	
Other information						
Employees at year end	Number	7,500	7,000	6,000	6,400	6,100
Return on Aristocrat shareholders' equity ²	%	16.6	19.7	11.3	35.1	35.6
Basic earnings per share ²	Cents	150.8	120.1	56.0	118.1	96.7
Net tangible assets/(liabilities) per share	\$	2.94	0.30	(0.93)	(2.92)	(3.39)
Total dividends per share – ordinary	Cents	52.0	41.0	10.0	56.0	46.0
Dividend payout ratio ²	%	34	34	18	47	48
Issued shares at year end	'000	659,793	638,544	638,544	638,544	638,544
Net (cash)/debt ³	\$'m	(564.0)	804.5	1,567.5	2,223.7	2,453.0
Net cash/(debt) to equity	%	9.4	(20.7)	(49.7)	(103.7)	(141.6)

1. Revenue as per segment results.

2. Before the impact of abnormal and one-off items that are not representative of the underlying operational performance of the Group. The non-IFRS information presented above has not been audited in accordance with the Australian Auditing Standards.

3. Current and non-current borrowings net of cash and cash equivalents.

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Statement of Profit or Loss & Other Comprehensive Income

for the year ended 30 September 2022

Consolidated	Note	2022 \$'m	2021 \$'m
Revenue	1.2	5,573.7	4,736.6
Cost of revenue		(2,493.9)	(2,276.2)
Gross profit		3,079.8	2,460.4
Other income	1.2	26.0	6.9
Design and development costs		(666.5)	(527.6)
Selling, general and administrative expenses	1.3	(955.4)	(866.0)
Finance costs	1.3	(254.8)	(137.8)
Profit before income tax		1,229.1	935.9
Income tax expense	1.4	(280.6)	(115.9)
Profit for the year		948.5	820.0
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations	3.3	592.2	15.9
Net investment in foreign operations	3.3	(34.8)	0.8
Changes in fair value of interest rate hedge	3.3	53.7	23.6
Other comprehensive income for the year, net of tax		611.1	40.3
Total comprehensive income for the year		1,559.6	860.3
		Cents	Cents
Earnings per share attributable to ordinary equity holders of the Company			
Basic earnings per share	1.5	142.9	128.6
Diluted earnings per share	1.5	142.3	128.5

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 September 2022

Consolidated	Note	2022 \$'m	2021 \$'m
Assets			
Current assets			
Cash and cash equivalents		3,021.3	2,431.6
Trade and other receivables	2.1	842.2	686.3
Inventories	2.2	249.7	159.2
Other financial assets	3.2	23.4	7.0
Current tax assets		44.0	14.6
Total current assets		4,180.6	3,298.7
Non-current assets			
Trade and other receivables	2.1	164.2	171.0
Other financial assets	3.2	27.3	11.2
Property, plant and equipment	2.4	357.8	325.4
Right-of-use assets	2.5	192.1	159.2
Intangible assets	2.3	3,891.2	3,527.7
Deferred tax assets	1.4	1,307.2	1,178.8
Total non-current assets		5,939.8	5,373.3
Total assets		10,120.4	8,672.0
Liabilities			
Current liabilities			
Trade and other payables	2.6	868.3	838.5
Borrowings	3.1	99.9	7.0
Lease liabilities	2.5	56.0	50.1
Current tax liabilities		87.3	141.4
Provisions	2.7	45.3	46.2
Other financial liabilities	3.2	0.3	3.9
Deferred revenue		159.5	112.2
Total current liabilities		1,316.6	1,199.3
Non-current liabilities			
Trade and other payables	2.6	87.7	23.9
Borrowings	3.1	2,357.4	3,229.1
Lease liabilities	2.5	271.8	238.8
Provisions	2.7	41.1	44.6
Other financial liabilities	3.2	—	31.6
Deferred tax liabilities	1.4	9.0	12.4
Deferred revenue		8.5	9.5
Other liabilities		5.6	3.9
Total non-current liabilities		2,781.1	3,593.8
Total liabilities		4,097.7	4,793.1
Net assets		6,022.7	3,878.9
Equity			
Contributed equity	3.4	1,651.9	715.1
Reserves	3.3	547.8	(58.5)
Retained earnings	3.3	3,823.0	3,222.3
Total equity		6,022.7	3,878.9

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 September 2022

Consolidated	Note	Contributed equity \$'m	Reserves \$'m	Retained earnings \$'m	Total equity \$'m
Balance at 1 October 2020		715.1	(121.6)	2,561.7	3,155.2
Profit for the year ended 30 September 2021		—	—	820.0	820.0
Other comprehensive income		—	40.3	—	40.3
Total comprehensive income for the year		—	40.3	820.0	860.3
Transactions with owners in their capacity as owners:					
Net movement in share-based payments reserve	3.3	—	22.8	—	22.8
Dividends provided for and paid	1.6	—	—	(159.4)	(159.4)
		—	22.8	(159.4)	(136.6)
Balance at 30 September 2021		715.1	(58.5)	3,222.3	3,878.9
Balance at 1 October 2021		715.1	(58.5)	3,222.3	3,878.9
Profit for the year ended 30 September 2022		—	—	948.5	948.5
Other comprehensive income		—	611.1	—	611.1
Total comprehensive income for the year		—	611.1	948.5	1,559.6
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	3.4	1,277.2	—	—	1,277.2
Buy-back of fully paid ordinary shares	3.4	(340.4)	—	—	(340.4)
Net movement in share-based payments reserve	3.3	—	(4.8)	—	(4.8)
Dividends provided for and paid ¹	1.6	—	—	(347.8)	(347.8)
		936.8	(4.8)	(347.8)	584.2
Balance at 30 September 2022		1,651.9	547.8	3,823.0	6,022.7

1. Payment of dividends relates to the 2021 final dividend and 2022 interim dividend.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

for the year ended 30 September 2022

Consolidated	Note	2022 \$'m	2021 \$'m
Cash flows from operating activities			
Receipts from customers		5,673.0	4,787.9
Payments to suppliers and employees		(3,935.3)	(3,117.6)
Other income		1.1	1.0
Interest received		24.4	4.7
Interest and other finance costs paid		(152.2)	(129.3)
Income tax paid		(365.0)	(218.3)
Net cash inflow from operating activities		1,246.0	1,328.4
Cash flows from investing activities			
Payments for acquisition of subsidiaries and businesses (net of cash acquired)		(0.6)	(78.5)
Payments for property, plant and equipment		(208.2)	(173.2)
Payments for financial assets at fair value through profit or loss		(92.3)	–
Proceeds from disposal of financial assets at fair value through profit or loss		28.7	–
Payments for intangibles		(60.6)	(54.5)
Payments for investments		(1.4)	(4.2)
Net cash outflow from investing activities		(334.4)	(310.4)
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)	3.4	1,277.2	–
Payments for shares acquired by the employee share trust	3.3	(58.2)	(54.9)
Payments for shares bought back (net of transaction costs)	3.4	(312.0)	–
Repayments of borrowings		(3,676.9)	(6.7)
Proceeds from borrowings (net of transaction costs)		2,551.8	–
Lease principal payments		(39.4)	(36.3)
Dividends paid	1.6	(347.8)	(159.4)
Net cash outflow from financing activities		(605.3)	(257.3)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		2,431.6	1,675.7
Effects of exchange rate changes		283.4	(4.8)
Cash and cash equivalents at the end of the year		3,021.3	2,431.6

The above cash flow statement should be read in conjunction with the accompanying notes.

Cash Flow Statement continued

for the year ended 30 September 2022

Consolidated	2022 \$'m	2021 \$'m
Reconciliation of net cash inflow from operating activities		
Profit for the year	948.5	820.0
Non-cash items		
Depreciation and amortisation	385.5	394.2
Equity-settled share-based payments	56.9	66.2
Loss on sale and impairment of property, plant and equipment, intangibles and right-of-use assets	8.6	46.9
Loss on financial assets at fair value through profit or loss	68.4	—
Net foreign currency exchange differences	121.4	39.5
Non-cash borrowing costs	37.5	8.5
Change in operating assets and liabilities:		
(Increase)/decrease in assets (adjusted for acquisitions of subsidiaries and businesses)		
– Receivables and deferred revenue	(101.7)	(87.5)
– Inventories	(68.4)	2.1
– Other operating assets	(15.0)	(19.1)
– Tax balances	(215.3)	(106.4)
Increase/(decrease) in liabilities (adjusted for acquisitions of subsidiaries and businesses)		
– Trade and other payables	24.0	142.7
– Provisions	(4.4)	21.3
Net cash inflow from operating activities	1,246.0	1,328.4

Depreciation and amortisation

The depreciation and amortisation amount above includes amortisation of \$15.0m (2021: \$19.8m) that is classified as contra-revenue in the profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank.

Notes to the Financial Statements

1. Business performance

This section provides the information that is most relevant to understanding the financial performance of the Group during the financial year.

Details on the primary operating assets used and liabilities incurred to support the Group's operating activities are set out in Section 2 while the Group's financing activities are outlined in Section 3.

- 1.1 Segment performance
- 1.2 Revenues
- 1.3 Expenses
- 1.4 Taxes
- 1.5 Earnings per share
- 1.6 Dividends

1.1 Segment performance

a) Identification of reportable segments

The activities of the entities in the Group are predominantly within a single business which is the development, assembly, sale, distribution and service of games and systems.

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. Reports reviewed consider the business primarily from a geographical perspective. The following reportable segments have been identified:

- The Americas;
- Australia and New Zealand;
- International Class III; and
- Pixel United (formerly 'Digital').

b) Segment results

Segment results represent earnings before interest and tax, and before significant items, design and development expenditure, amortisation of acquired intangibles, selected intercompany charges and corporate costs.

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment revenues, expenses and results exclude transfers between segments. The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the statement of profit or loss and other comprehensive income.

1. Business performance continued

1.1 Segment performance continued

	The Americas \$'m		Australia and New Zealand \$'m		International Class III \$'m		Pixel United \$'m		Consolidated \$'m	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue										
Segment revenue from external customers	2,415.1	1,824.9	460.7	399.8	106.8	44.9	2,591.1	2,467.0	5,573.7	4,736.6
Results										
Segment results	1,350.8	972.6	157.1	152.0	39.1	(9.4)	852.7	804.1	2,399.7	1,919.3
Interest income									24.9	5.9
Finance costs									(254.8)	(137.8)
Design and development costs									(666.5)	(527.6)
Amortisation of acquired intangibles									(127.5)	(128.7)
Expenses from significant items									(6.4)	(80.9)
Other expenses									(141.4)	(115.3)
Sundry income									1.1	1.0
Profit before income tax									1,229.1	935.9
Income tax expense									(280.6)	(115.9)
Profit for the year									948.5	820.0
Other segment information										
Non-current assets other than financial and deferred tax assets	2,154.4	1,903.1	160.1	171.7	39.8	40.6	2,251.0	2,067.9	4,605.3	4,183.3
Depreciation and amortisation expense	154.8	158.0	31.9	35.0	15.2	22.9	41.1	29.8	243.0	245.7

Finance costs include \$92.2m of significant items relating to the proposed acquisition of Playtech plc that did not proceed.

The amortisation of acquired intangibles amounting to \$127.5m (2021: \$128.7m) does not form part of segment results. The depreciation and amortisation amount above excludes amortisation of \$15.0m (2021: \$19.8m) that is classified as contra-revenue in the segment results.

1.2 Revenues

Revenue disaggregated by business:	2022 \$'m	2021 \$'m
Gaming operations	1,618.9	1,315.7
Class III outright sales and other gaming revenue	1,363.7	953.9
Pixel United	2,591.1	2,467.0
Total revenue	5,573.7	4,736.6

Gaming operations revenue is derived from contracts with customers in the Americas reporting segment, while Class III outright sales and other revenue is derived from contracts with customers across the Americas, Australia and New Zealand, and International Class III reporting segments.

Other income	2022 \$'m	2021 \$'m
Interest	24.9	5.9
Sundry income	1.1	1.0
Total other income	26.0	6.9

Interest income is recognised using the effective interest method.

Notes to the Financial Statements continued

1. Business performance continued

1.2 Revenues continued

Recognition and measurement for contracts with customers

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of consideration paid to customers, returns, trade allowances, settlement discounts and duties and taxes paid.

Revenue by business	Revenue stream	Revenue recognition methods and payment timing	Description of revenue recognition
Gaming operations	Participation revenue from lease contracts	Over time recognition, with payments received monthly	Participation revenue represents variable consideration that is recognised over time based upon the turnover or net win of the participating machine.
	Fixed fee lease income	Over time recognition, with payments received monthly	Operating leases rental income is recognised on a straight line basis over the term of the lease contract. Rental income is calculated by multiplying a daily fee by the total number of days the machine has been operating on the venue floor. Selling profit on finance leases is recognised in accordance with machine sales. Finance income is recognised based on a constant periodic rate of return on the remaining balance of the finance lease investment.
Class III outright sales and other revenue	Machine sales	Point in time recognition, with payments received over various terms depending on negotiations with customers	When control of the goods has transferred, usually upon delivery of goods to the customer.
	Licence income	Point in time and over time recognition, with payment received either upfront or on a monthly basis	When all obligations in accordance with the agreement have been met, which may be at the time of sale or over the life of the agreement.
	Systems contracts	Point in time and over time recognition. Payment terms include in advance as well as other terms as negotiated with customers	Systems hardware and software is recognised when control has transferred, usually upon delivery of goods to the customer. Revenue from the installation of the system is recognised over time as the performance obligation is satisfied.
	Service revenue	Over time recognition, with payments usually received monthly or in advance	Recognised evenly over the period of the service agreement or as services are performed. Revenue received in advance on prepaid service contracts is included in deferred revenue.
	Multiple element arrangements	Point in time and over time recognition depending on the component, with payments received over various terms depending on negotiations with customers	The transaction price for multiple element arrangements is allocated to each performance obligation based on the proportion of their stand-alone selling prices. Stand-alone selling prices are determined based on the current market price of each of the performance obligations when sold separately. Where there is a discount on the arrangement, such discounts are allocated proportionally between the performance obligations. Revenue is then recognised for each performance obligation as control passes to the customer. Multiple element arrangements may include revenue from outright sales, gaming operations and systems contracts.
Pixel United	Digital revenue	Point in time and over time recognition, with payments usually received monthly	Revenue is recognised when credits purchased by customers are consumed, or if the items purchased with credits are available to the player for the entire time that they play the game, the average player life. Amounts relating to credits not used at year end are included in deferred revenue. Statistical analysis is used to determine the average consumption periods of credits within games based on historical information such as repurchase intervals.

1. Business performance continued

1.2 Revenues continued

Note 2.1 shows the assets relating to contracts with customers under trade receivables. The balance sheet shows liabilities from contracts with customers as deferred revenue, with the current amount of \$159.5m (2021: \$112.2m) expected to be recognised as revenue in the next 12 months and \$8.5m (2021: \$9.5m) expected to be recognised in the 2024 and 2025 years. Deferred revenue relates to performance obligations that are not satisfied at the end of the reporting period. Within other receivables, amounts totalling \$69.6m (2021: \$69.6m) relate to payments made to customers for entering sales contracts. These payments are amortised as contra-revenue over the period of the agreement.

Changes in transaction price only impact a small portion of the revenues generated by the Group, usually in connection with multiple element arrangements. For contracts with variable consideration, the Group uses an expected value to estimate the amount of revenue that should be recognised, based on historical and forecast information. The amount of consideration allocated to the contract is regularly reassessed to ensure it represents the most recent information.

Standard warranties are provided for goods sold, with provision made for costs expected to arise from these obligations. These costs are typically not material.

1. Business performance continued

1.3 Expenses

	2022 \$'m	2021 \$'m
Depreciation and amortisation		
Depreciation of right-of-use assets	34.8	33.5
Property, plant and equipment		
– Buildings	7.4	0.9
– Plant and equipment	147.3	162.8
– Leasehold improvements	13.0	11.1
Total depreciation and amortisation of property, plant and equipment	167.7	174.8
Intangible assets		
– Customer relationships and contracts	46.5	43.9
– Game names	10.9	11.8
– Technology and software	76.7	77.3
– Intellectual property and licences	17.4	13.6
– Capitalised development costs	16.5	19.5
Total amortisation of intangible assets	168.0	166.1
Total depreciation and amortisation	370.5	374.4
Employee benefits expense		
Remuneration including bonuses and leave entitlements	937.6	777.6
Superannuation costs	42.8	35.7
Post-employment benefits other than superannuation	9.6	1.5
Share-based payments expense	56.9	66.2
Total employee benefits expense	1,046.9	881.0
Selling, general and administrative expenses (SG&A) reconciliation		
SG&A before significant expense items and amortisation of acquired intangibles	821.5	656.4
Significant expense items in SG&A	6.4	80.9
Amortisation of acquired intangibles included in SG&A	127.5	128.7
Total selling, general and administrative expenses	955.4	866.0
Finance costs		
Borrowing costs	162.6	137.8
Debt fees and hedging costs for Playtech acquisition offer	92.2	–
Total finance costs	254.8	137.8
Other expense items		
Bad and doubtful debts (write-back)/expense	(4.8)	8.8
Write down of inventories to net realisable value	24.9	30.2
Legal costs	41.6	36.4
Net foreign exchange loss	11.4	2.3

1. Business performance continued

1.3 Expenses continued

Recognition and measurement

Finance and borrowing costs

Finance costs comprise interest expense on borrowings, the costs to establish financing facilities (which are expensed over the term of the facility) and lease interest charges.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in other payables in respect of employees' services up to the reporting date. The amounts are measured at the amounts expected to be paid when the liabilities are settled.

Long-term benefits

The liability for long service leave which is not expected to be settled within 12 months after the end of the period is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Bonus plans

The Group recognises a liability and an expense for bonuses based on criteria that takes into account the profit attributable to the Company's shareholders. The Group recognises a liability where contractually obliged or where there is past practice that has created a constructive obligation. Where bonus plans are settled by way of the issue of shares in the Company, the expense is accounted for as part of the share-based payments expense.

Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

1. Business performance continued

1.4 Taxes

	2022 \$'m	2021 \$'m
Major components of income tax expense are:		
a) Income tax expense		
<i>Current</i>		
Current year	327.0	210.9
Adjustment for prior years	(34.8)	(18.5)
<i>Deferred</i>		
Temporary differences	(49.4)	(90.2)
Adjustment for prior years	37.8	13.7
Income tax expense	280.6	115.9
Deferred income tax (benefit) included in income tax comprises:		
Change in net deferred tax assets	(11.6)	(76.5)
Deferred income tax (benefit) included in income tax expense	(11.6)	(76.5)
b) Tax reconciliation		
Profit before tax	1,229.1	935.9
Tax at the Australian tax rate of 30% (2021: 30%)	368.7	280.8
Impact to tax expense due to an internal reorganisation of the Group structure	(55.1)	(128.9)
Impact of changes in tax rates and law	0.1	1.6
Exempt income	–	6.6
Non-deductible expenses	8.9	8.5
Research and development tax credit	(7.8)	(5.6)
Difference in overseas tax rates	(37.2)	(42.3)
Adjustment in respect of previous years income tax	3.0	(4.8)
Income tax expense	280.6	115.9
Average effective tax rate	22.8%	12.4%
c) Income tax expense		
Income tax expense on profit before tax	320.1	235.7
Significant item – internal reorganisation of the Group structure	(39.5)	(119.8)
Income tax expense	280.6	115.9
d) Amounts recognised directly in equity		
Current income tax – credited/(debited) directly to equity	3.1	(1.1)
Net deferred tax – (debited)/credited directly to equity	(11.2)	5.1
e) Revenue and capital tax losses		
Unused gross revenue tax losses for which no deferred tax asset has been recognised	74.4	67.0
Unused gross capital tax losses for which no deferred tax asset has been recognised	204.4	204.4
Revenue and capital tax losses	278.8	271.4
Potential tax benefits on losses	76.4	74.8

Unused revenue tax losses were incurred by the Company's overseas subsidiaries. All unused capital tax losses were incurred by Australian entities.

1. Business performance continued

1.4 Taxes continued

Current taxes

The income tax expense for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities, current income tax of prior years and unused tax losses/credits.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income.

	2022 \$'m	2021 \$'m
f) Deferred tax		
Gross deferred tax assets		
Intangible assets arising from an internal reorganisation of the Group structure	1,235.7	1,097.4
Employee benefits	73.9	61.5
Accruals and other provisions	79.3	62.2
Provision for stock obsolescence	5.5	9.2
Unrealised foreign exchange losses	8.2	5.3
Lease liabilities	81.2	79.0
Share-based equity	17.6	21.3
Financial liabilities	0.8	8.0
Other	4.8	5.5
Gross deferred tax assets	1,507.0	1,349.4
Deferred tax liabilities:		
Right-of-use assets	(32.8)	(33.5)
Plant, equipment and intangible assets	(176.0)	(149.5)
Net deferred tax assets	1,298.2	1,166.4
Movements		
Balance at the start of the year	1,166.4	1,081.0
Credited/(charged) to profit or loss	11.6	76.5
Credited/(charged) to equity	(11.2)	5.1
Foreign exchange currency movements	131.4	3.8
Balance at the end of the year	1,298.2	1,166.4

1. Business performance continued

1.4 Taxes continued

Deferred taxes

Deferred tax is recognised for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences relating to:

- initial recognition of goodwill;
- initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- investments in subsidiaries, where the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/ Group intends to settle its current tax assets and liabilities on a net basis.

In a prior period a deferred tax asset and corresponding income tax benefit was recognised in respect of non-Australian tax deductions due to an internal reorganisation of the Group structure and corresponding change in the tax base of the Group's intangible assets. The potential tax benefits recognised at 30 September 2022 were \$1,235.7m (30 September 2021: \$1,097.4m). A further \$384.7m of potential tax benefits remain unrecognised at 30 September 2022 (2021: \$483.6m). The current year benefit to tax expense of \$55.1m is offset by an adjustment to previous years income tax of \$15.6m, resulting in a net benefit of \$39.5m relating to the internal reorganisation of the Group structure. Of the \$131.4m foreign exchange currency and other movements recognised during the period, \$129.1m related to foreign exchange currency movements on retranslation of the deferred tax asset into Australian dollars as at the balance sheet date.

Judgement is required in determining the initial recognition and the subsequent carrying value of the deferred tax assets. Deferred tax assets are only able to be recognised to the extent that utilisation is considered probable. A reassessment of the carrying amount of the deferred tax assets is performed at each reporting period.

Tax consolidation

The Company and its wholly-owned Australian controlled entities are part of a tax-consolidated group under Australian taxation law. Aristocrat Leisure Limited is the head entity in the tax-consolidated group. Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Aristocrat Leisure Limited and each of the entities in the tax-consolidated group have agreed to pay (or receive) a tax equivalent payment to (or from) the head entity, based on the current tax liability or current tax asset of the entity. Each entity in the tax-consolidated group measures its current and deferred taxes as if it continued to be a separate taxable entity in its own right.

Key judgements and estimates: Income tax provision and deferred tax assets

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes and carrying value of deferred tax assets. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate determination is uncertain. Where the amount of tax payable or recoverable is uncertain, the Group establishes provisions based on either: the Group's judgement of the most likely amount of the liability or recovery; or, when there is a wide range of possible outcomes, a probability weighted average approach. In all circumstances, the Group estimates its tax liabilities based on the Group's understanding of the tax law.

Judgement is required in determining the initial recognition and the subsequent carrying value of all deferred tax assets. Deferred tax assets are only able to be recognised to the extent that utilisation is considered probable. With respect to the deferred tax asset initially recognised in a prior period following an internal reorganisation of the Group structure, the full benefits of this asset may be utilised over a minimum period of 15 years. In determining the amount of benefits to be recognised as at the balance sheet date, regard must be had to various risk factors, including the risk of a change in profit forecasts that could reduce or increase the amount of taxable profits that are available to use the benefits, as well as other factors that could impact the portion of the tax benefits that are recognised at any point in time. It is reasonably possible that a change in risk factors could result in a material change to the deferred tax asset and income tax expense in future periods. Changes in business operations in different jurisdictions, foreign exchange rates or any regulatory or tax legislation changes are examples of risks that may have a significant impact on amounts recognised.

A reassessment of the carrying amount of all deferred tax assets is performed at each reporting period based on the above factors.

Where the final outcome of the reassessment is different from the amounts that were previously recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

1. Business performance continued

1.5 Earnings per share

Basic and diluted earnings per share (EPS) calculations	2022	2021
Net profit attributable to members of Aristocrat Leisure Limited (\$'m)	948.5	820.0
Weighted average number of ordinary shares (WANOS) used in calculating basic EPS (number)	663,876,734	637,400,870
Effect of Performance Share Rights (number)	2,529,681	508,245
WANOS used in calculating diluted EPS (number)	666,406,415	637,909,115
Basic EPS (cents per share)	142.9	128.6
Diluted EPS (cents per share)	142.3	128.5

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

Information concerning the classification of securities

Share-based payments

Rights granted to employees under share-based payments arrangements are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. Details relating to the rights are set out in Note 5.2.

Included within the weighted average number of potential ordinary shares related to Performance Share Rights are 536,315 (2021: 54,207) Performance Share Rights that had vested or been forfeited during the year.

Share-based payments trust

Shares purchased on-market and issued shares through the Aristocrat Employee Equity Plan Trust have been treated as shares bought back and cancelled for the purpose of the calculation of the weighted average number of ordinary shares in calculating earnings per share. At the end of the reporting period, there were 1,265,455 (2021: 1,822,899) shares held in the share trust.

1.6 Dividends

Ordinary shares	2022 Final	2022 Interim	2021 Final	2021 Interim
Dividend per share (cents)	26.0c	26.0c	26.0c	15.0c
Franking percentage (%)	100%	100%	100%	100%
Cost (\$'m)	171.5	173.8	174.0	95.6
Payment date	16 December 2022	1 July 2022	17 December 2021	2 July 2021

Franking credits

The franking account balance at 30 September 2022 was \$88.1m (2021: \$204.9m).

Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date. The final 2022 dividend had not been declared at the reporting date and therefore is not reflected in the financial statements.

Dividends not recognised at year end

Since the end of the year, the Directors have recommended the payment of a final dividend of 26.0 cents (2021: 26.0 cents) per fully paid ordinary share, franked at 100%. The aggregate amount of the proposed final dividend expected to be paid on 16 December 2022 out of retained earnings at 30 September 2022, but not recognised as a liability at the end of the year is \$171.5m. This amount is based on the shares issued at the date of these financial statements.

2. Operating assets and liabilities

This section provides information relating to the operating assets and liabilities of the Group which contribute to the business platform for generating revenues and profits.

- 2.1 Trade and other receivables
- 2.2 Inventories
- 2.3 Intangible assets
- 2.4 Property, plant and equipment
- 2.5 Leases
- 2.6 Trade and other payables
- 2.7 Provisions

2.1 Trade and other receivables

	2022 \$'m	2021 \$'m
Current		
Trade receivables	765.5	637.9
Provision for impairment	(63.1)	(63.2)
Loan receivables	7.2	7.8
Other receivables	132.6	103.8
Total current receivables	842.2	686.3
Non-current		
Trade receivables	85.7	85.5
Loan receivables	5.3	7.8
Other receivables	73.2	77.7
Total non-current receivables	164.2	171.0
Movements in the provision:		
At the start of the year	(63.2)	(63.8)
Provisions recognised during the year	(1.0)	(1.3)
Foreign currency exchange differences	(2.6)	0.1
Provisions no longer required	3.7	1.8
At the end of the year	(63.1)	(63.2)

The provision includes \$58.6m (2021: \$61.3m) of trade receivables past due and considered impaired.

	2022 \$'m	2021 \$'m
Trade receivables past due but not impaired		
Under 3 months	68.2	32.3
3 months and over	2.4	—
Total receivables past due but not impaired	70.6	32.3

2. Operating assets and liabilities continued

2.1 Trade and other receivables continued

Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less an allowance for impairment. Current trade receivables are non-interest bearing and generally have credit terms of up to 120 days. If the contract with the customer has a significant financing component, receivables are recognised at present value, and interest is recognised over the contract term.

There were no other significant changes in trade receivables outside of normal sales and cash collections.

Impairment of trade receivables

The Group measures expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A provision matrix is then determined based on the historic credit loss rate for each group, adjusted for forward looking information on factors affecting the ability of the customers to settle trade receivables.

Details about the Group's exposure to credit risk are provided in Note 3.6.

Other receivables

These include prepayments, other receivables, long-term deposits and costs relating to entering sales contracts incurred under normal terms and conditions and which do not earn interest. They do not contain impaired assets and are not past due.

Fair value

Due to their short-term nature, the carrying amount of current receivables are estimated to represent their fair value. Non-current receivables are carried at discounted carrying values which are estimated to represent their fair value.

Key judgements and estimates: Recoverability of trade and other receivables

The Group reviews at each reporting date whether trade and other receivables are recoverable, including assessing the expected payments to be received from customers. This process involves estimates and assumptions that are based on current expectations of customers ability to pay amounts due.

2.2 Inventories

	2022 \$'m	2021 \$'m
Current		
Raw materials and stores	287.7	178.3
Work in progress	32.2	25.7
Finished goods	52.5	48.0
Provision for obsolescence	(122.7)	(92.8)
Total inventories	249.7	159.2

Inventory expense

Inventories recognised as an expense for sales during the year ended 30 September 2022 amounted to \$427.9m (2021: \$303.0m).

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell.

Key judgements and estimates: Carrying value of inventory

The Group performs an assessment at each reporting date whether inventory is recorded at the lower of cost and net realisable value, including assessing the expected sales of slow moving inventories. These assessments involve estimates and assumptions that are based on current expectations of demand and market conditions, including opportunities to sell into new markets and supply chain disruptions.

2. Operating assets and liabilities continued

2.3 Intangible assets

\$'m	Goodwill	Customer relationships and contracts	Trade names and game names	Intellectual property and licences	Capitalised development costs	Technology and software	Total
Cost	2,825.0	700.4	157.0	96.9	105.1	663.0	4,547.4
Accumulated amortisation	—	(332.0)	(51.5)	(74.3)	(61.1)	(500.8)	(1,019.7)
Net carrying amount	2,825.0	368.4	105.5	22.6	44.0	162.2	3,527.7
Carrying amount at 1 October 2020	2,754.9	415.3	118.2	37.9	48.1	193.2	3,567.6
Additions	—	—	—	9.6	15.5	19.2	44.3
Additions on acquisition of subsidiaries	77.8	—	—	—	—	33.2	111.0
Disposals	—	—	—	—	—	(3.0)	(3.0)
Impairment losses	—	—	—	(11.0)	—	—	(11.0)
Amortisation charge	—	(43.9)	(11.8)	(13.6)	(19.5)	(77.3)	(166.1)
Foreign currency exchange movements	(7.7)	(3.0)	(0.9)	(0.3)	(0.1)	(3.1)	(15.1)
Carrying amount at 30 September 2021	2,825.0	368.4	105.5	22.6	44.0	162.2	3,527.7
Cost	3,170.4	786.5	176.3	158.8	121.1	762.7	5,175.8
Accumulated amortisation	—	(424.1)	(69.9)	(69.8)	(77.6)	(643.2)	(1,284.6)
Net carrying amount	3,170.4	362.4	106.4	89.0	43.5	119.5	3,891.2
Carrying amount at 1 October 2021	2,825.0	368.4	105.5	22.6	44.0	162.2	3,527.7
Additions	—	—	—	77.1	16.0	20.0	113.1
Additions on acquisition of subsidiaries	0.6	—	—	—	—	—	0.6
Transfers	—	—	—	—	—	0.7	0.7
Impairment losses	—	—	—	(2.5)	—	—	(2.5)
Amortisation charge	—	(46.5)	(10.9)	(17.4)	(16.5)	(76.7)	(168.0)
Foreign currency exchange movements	344.8	40.5	11.8	9.2	—	13.3	419.6
Carrying amount at 30 September 2022	3,170.4	362.4	106.4	89.0	43.5	119.5	3,891.2

2. Operating assets and liabilities continued

2.3 Intangible assets continued

Intangible assets	Useful life	Amortisation method	Recognition and measurement
Goodwill	Indefinite	Not amortised	Goodwill acquired in a business combination is measured at cost and subsequently measured at cost less any impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired.
Customer relationships and contracts	Up to 15 years	Straight line	Customer relationships and contracts acquired in business combinations are carried at cost less accumulated amortisation and any accumulated impairment losses. The remaining useful life of the customer relationships and contracts assets is 7 years.
Tradenames	Indefinite	Not amortised	<p>The tradenames were acquired as part of business combinations and recognised at fair value at the dates of acquisition. These have an indefinite life so are not amortised, but rather tested for impairment at each reporting date.</p> <p>The factors that determined that this asset has an indefinite useful life included the history of the business and tradename, the market position, stability of the industry and the expected usage.</p>
Game names	Up to 15 years	Straight line	Game names were acquired as part of business combinations. Game names are recognised at their fair value at the date of acquisition and are subsequently amortised.
Intellectual property and licences	Up to 10 years	Straight line	Intellectual property and licences are carried at cost less accumulated amortisation and impairment losses.
Capitalised development costs	Up to 4 years	Straight line	Capitalised development costs are costs incurred on internal development projects. Development costs are only capitalised when they relate to the creation of an asset that can be used or sold to generate benefits and can be reliably measured.
Technology and software	Up to 7 years	Straight line	Technology and software is carried at cost less accumulated amortisation and impairment losses. Technology and software acquired through business combinations is measured at the fair value at acquisition date and is subsequently amortised.

2. Operating assets and liabilities continued

2.3 Intangible assets continued

a) Impairment tests

Goodwill and other assets are allocated to the Group's cash-generating units (CGUs) for the purpose of impairment testing. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

A summary of the goodwill allocation by CGU is presented below:	2022 \$'m	2021 \$'m
Americas segment		
Americas (excluding VGT)	115.3	102.4
VGT	1,076.3	958.5
Pixel United segment		
Product Madness	1,069.9	38.5
Big Fish	238.9	1,128.8
Plarium	667.8	594.6
Other	2.2	2.2
Total goodwill at the end of the year	3,170.4	2,825.0

Part of the Big Fish CGU including goodwill of \$1,028.7m was transferred into the Product Madness CGU following a change in structure with all social casino games being in the Product Madness CGU in future periods, and the Big Fish CGU containing casual games. Amounts were allocated based on the relative value approach of the business units impacted, valued on the same basis as the impairment testing. The movement of the Big Fish and Product Madness goodwill balances include the impact of foreign currency movements.

In addition to goodwill, the VGT CGU includes \$19.4m and the Big Fish and Product Madness CGUs \$49.2m relating to tradenames that are not amortised, and are tested for impairment annually.

b) Key assumptions used for value-in-use calculations

Discounted cash flow models have been used based on operating and investing cash flows (before borrowing costs and tax impacts) in valuing the Group's CGUs that contain intangible assets. The following key inputs and assumptions have been adopted:

Inputs	Assumptions																		
Cash flow projections	Financial budgets and strategic plans approved by the Board to 2023 and management projections from 2024 to 2027. These projections, which include projected revenues, gross margins and expenses, have been determined based on past performance and management expectations for the future. Expected market conditions in which each CGU operates have been taken into account in the projections.																		
Pre-tax annual discount rate	<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">2022</th> <th style="text-align: right;">2021</th> </tr> </thead> <tbody> <tr> <td>Americas (excluding VGT)</td> <td style="text-align: right;">12.9%</td> <td style="text-align: right;">11.2%</td> </tr> <tr> <td>VGT</td> <td style="text-align: right;">12.5%</td> <td style="text-align: right;">10.8%</td> </tr> <tr> <td>Product Madness</td> <td style="text-align: right;">12.4%</td> <td style="text-align: right;">10.8%</td> </tr> <tr> <td>Big Fish</td> <td style="text-align: right;">13.2%</td> <td style="text-align: right;">11.6%</td> </tr> <tr> <td>Plarium</td> <td style="text-align: right;">13.1%</td> <td style="text-align: right;">11.5%</td> </tr> </tbody> </table>		2022	2021	Americas (excluding VGT)	12.9%	11.2%	VGT	12.5%	10.8%	Product Madness	12.4%	10.8%	Big Fish	13.2%	11.6%	Plarium	13.1%	11.5%
	2022	2021																	
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	2022	2021																	
Americas (excluding VGT)	2.0%	2.0%																	
VGT	2.0%	2.0%																	
Product Madness	3.0%	3.0%																	
Big Fish	3.0%	3.0%																	
Plarium	3.0%	3.0%																	
Allocation of head office assets	The Group's head office assets do not generate separate cash inflows and are utilised by more than one CGU. Head office assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the head office assets are allocated.																		

2. Operating assets and liabilities continued

2.3 Intangible assets continued

c) Impact of possible changes in key assumptions

With regard to the assessment of the value-in-use of the CGUs, management do not believe that a reasonably possible change in any one of the key assumptions would lead to a material impairment charge.

Growth in Pixel United businesses is dependent on the success of existing games and those that are being developed or will be developed in future periods. Assumptions do not include all games developed being successful.

Key judgements and estimates: Recoverable amount of intangible assets

The Group tests annually whether goodwill and other intangible assets that are not amortised have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. The above note details these assumptions and the potential impact of changes to the assumptions. Judgement is also required in relation to the useful life of intangible assets.

2.4 Property, plant and equipment

	Land and buildings \$'m		Leasehold improvements \$'m		Plant and equipment \$'m		Total \$'m	
	2022	2021	2022	2021	2022	2021	2022	2021
Cost	35.1	31.2	161.2	132.9	1,266.8	1,043.6	1,463.1	1,207.7
Accumulated depreciation/amortisation	(28.1)	(17.8)	(87.5)	(63.5)	(989.7)	(801.0)	(1,105.3)	(882.3)
Net carrying amount	7.0	13.4	73.7	69.4	277.1	242.6	357.8	325.4
Carrying amount at the start of the year	13.4	14.3	69.4	89.4	242.6	249.5	325.4	353.2
Additions	–	–	12.2	0.4	186.7	178.6	198.9	179.0
Disposals	–	–	(0.2)	–	(5.7)	(8.5)	(5.9)	(8.5)
Impairment losses	–	–	–	(8.5)	–	(0.4)	–	(8.9)
Transfers ¹	–	–	–	–	(23.7)	(3.4)	(23.7)	(3.4)
Depreciation and amortisation	(7.4)	(0.9)	(13.0)	(11.1)	(147.3)	(162.8)	(167.7)	(174.8)
Foreign currency exchange differences	1.0	–	5.3	(0.8)	24.5	(10.4)	30.8	(11.2)
Carrying amount at the end of the year	7.0	13.4	73.7	69.4	277.1	242.6	357.8	325.4

1. Transfers predominantly relate to gaming operations assets that have been transferred to and from inventory.

Recognition and measurement

All property, plant and equipment are stated at historical cost less accumulated depreciation/amortisation and impairment.

The expected useful lives and depreciation and amortisation methods are listed below:

Asset	Useful life	Depreciation method
Buildings	Up to 40 years	Straight line
Leasehold improvements	Up to 12 years	Straight line
Plant and equipment	Up to 10 years	Straight line
Land	Indefinite	No depreciation

Derecognition

An item of property, plant and equipment is derecognised when it is sold or disposed, or when its use is expected to bring no future economic benefits. Gains and losses on disposals are determined by comparing disposal proceeds with the carrying amount of the asset and are recognised within other income or selling, general and administration expenses in the profit or loss in the period the disposal occurs.

2. Operating assets and liabilities continued

2.5 Leases

This note provides information for leases where the Group is a lessee.

a) Amounts recognised in the balance sheet

The balance sheet includes the following amounts relating to leases:

	2022 \$'m	2021 \$'m
Right-of-use assets		
Property	188.3	155.9
Motor vehicles	3.8	3.2
Equipment	—	0.1
Total right-of-use assets	192.1	159.2
Lease liabilities		
Current	56.0	50.1
Non-current	271.8	238.8
Total lease liabilities	327.8	288.9

Additions to the right-of-use assets were \$37.7m (2021: \$30.1m), and no impairment was recognised in 2022 (2021: \$17.9m). The impairment charges in 2021 relate to a property lease that is not expected to be able to be fully utilised and has been made available to be sub-leased. The impairment charge and related onerous lease provision is subject to estimates of sub-leasing income. This includes estimates of rental rates that the property will be able to be sub-leased at, and the time required to locate a tenant. These estimates are subject to change based on the latest available information in future reporting periods.

b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts related to leases:

	2022 \$'m	2021 \$'m
Depreciation charge for right-of-use assets		
Property	32.5	31.1
Motor vehicles	2.2	2.0
Equipment	0.1	0.4
Total depreciation of right-of-use assets	34.8	33.5
Interest expense (included in finance costs)	15.0	13.8
Expense relating to short-term leases	4.3	2.7
Expense related to lease of low-value assets that are not shown as short term leases	0.2	0.1

The total cash out flow for leases was \$58.9m (2021: \$52.9m).

2. Operating assets and liabilities continued

2.5 Leases continued

c) Leasing activities and accounting

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are for various periods and in some cases include extension options. Contracts may include lease and non-lease components. Non-lease components such as outgoings are not included in the amount recognised for right-of-use assets and lease liabilities.

Leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the Group. Lease liabilities include the present value of fixed payments less any lease incentives received, and variable payments that are based on an index or rate, initially measured using the index or rate at the commencement date of the lease. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The Group's incremental borrowing rate is used as the discount rate. Lease liabilities are adjusted when based on an index or rate at the time that changes occur. Lease payments are allocated between repayments of principal and finance cost. Lease contracts that have been signed but have not yet commenced are not included in right-of-use assets and lease liabilities until the lease commencement date. Lease contracts amounting to \$41.9m (2021: \$21.9m) that had been signed but had not yet commenced were not included in right-of-use assets and lease liabilities, and are included from the lease commencement date.

Right-of-use assets are generally depreciated over the shorter of the assets useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of less than 12 months of equipment and motor vehicles and leases of low value assets are recognised on a straight-line basis as an expense in the profit and loss.

Some leases include variable lease payments that do not depend on an index or a rate. Such payments are not included in the measurement of the lease liability and are expensed as incurred.

2.6 Trade and other payables

	2022 \$'m	2021 \$'m
Current		
Trade payables	196.7	150.7
Accrued expenses	671.6	687.8
Total current payables	868.3	838.5
Non-current		
Accrued expenses	87.7	23.9
Total non-current payables	87.7	23.9

Recognition and measurement

Trade payables and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 120 days of recognition. Accrued expenses include accruals for short-term employee benefits, employment taxes, user acquisition costs, legal fees and other administrative expenses.

The carrying amounts of trade and other payables are estimated to represent their fair value.

2. Operating assets and liabilities continued

2.7 Provisions

	Employee benefits \$'m		Make good allowances \$'m		Progressive jackpot liabilities \$'m		Onerous lease and other provisions \$'m		Total \$'m	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Current	24.5	21.6	3.0	0.8	13.4	19.9	4.4	3.9	45.3	46.2
Non-current	0.3	2.3	4.6	6.3	1.9	2.1	34.3	33.9	41.1	44.6
Carrying amount at the end of the year	24.8	23.9	7.6	7.1	15.3	22.0	38.7	37.8	86.4	90.8

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Make good allowances \$'m		Progressive jackpot liabilities \$'m		Onerous lease and other provisions \$'m	
	2022	2021	2022	2021	2022	2021
Carrying amount at the start of the year	7.1	6.6	22.0	28.8	37.8	18.7
Payments	—	—	(88.8)	(75.1)	(3.6)	(2.7)
Additional provisions recognised	0.5	0.5	79.5	68.2	0.2	21.8
Foreign currency exchange differences	—	—	2.6	0.1	4.3	—
Carrying amount at the end of the year	7.6	7.1	15.3	22.0	38.7	37.8

Recognition and measurement

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Progressive jackpot liabilities

In certain jurisdictions in the United States, the Group is liable for progressive jackpots, which are paid as an initial amount followed by either:

- an annuity paid out over 19 or 20 years after winning; or
- a lump sum amount equal to the present value of the progressive component.

Provision is made for the estimated cash flows expected to be required to settle the obligation.

Make good allowances

Provision is made for the estimated discounted cash flows expected to be required to satisfy the make good clauses in the lease contracts.

Onerous leases

Provision is made for onerous leases when the expected costs of the contract exceed the expected benefits. This usually arises when property is not able to be fully utilised, and sub-lease rents are lower than required payments. The provision includes the non-lease components of the contract such as outgoings.

3. Capital and financial structure

This section provides information relating to the Group's capital structure and its exposure to financial risks, how they affect the Group's financial position and performance, and how the risks are managed.

The Directors review the Group's capital structure and dividend policy regularly and do so in the context of the Group's ability to invest in opportunities that grow the business, enhance shareholder value and continue as a going concern.

- 3.1 Borrowings
- 3.2 Other financial assets and financial liabilities
- 3.3 Reserves and retained earnings
- 3.4 Contributed equity
- 3.5 Net tangible assets per share
- 3.6 Capital and financial risk management
- 3.7 Net debt reconciliation

3.1 Borrowings

	2022 \$'m	2021 \$'m
Current		
<i>Secured</i>		
Bank loans	99.9	7.0
Total current borrowings	99.9	7.0
Non-current		
<i>Secured</i>		
Bank loans	2,357.4	3,229.1
Total non-current borrowings	2,357.4	3,229.1

Lease liabilities are shown separately on the balance sheet.

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are included as part of the carrying amount of the borrowings.

The fair value of borrowings approximates the carrying amount.

The Group's borrowings are denominated in USD.

For an analysis of the sensitivity of borrowings to interest rate and foreign exchange risk, refer to Note 3.6.

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit (net of transaction costs):

Credit standby arrangements	Notes	2022 \$'m		2021 \$'m	
		Total	Unused	Total	Unused
Total facilities					
– Bank overdrafts	i)	8.1	8.1	7.8	7.8
– Bank loans	ii)	3,227.9	770.6	3,512.9	276.8
Total facilities		3,236.0	778.7	3,520.7	284.6

i) The bank overdraft facilities (A\$5,000,000 and US\$2,000,000) are subject to annual review.

ii) Syndicated loan facilities:

- US\$1,333 million US Term Loan A debt facility maturing 24 May 2027
- US\$250 million US Term Loan B debt facility maturing 24 May 2029
- US\$500 million multi-currency revolving facility maturing 24 May 2027

3. Capital and financial structure continued

3.1 Borrowings continued

These secured facilities are provided by a syndicate of banks and financial institutions and are supported by guarantees from certain members of the Company's wholly owned subsidiaries. Various affirmative and negative covenants on the Group are imposed, including restrictions on encumbrances, and customary events of default. As part of the corporate facility, the Group is subject to certain customary financial covenants measured on a six-monthly basis. The Group was in compliance with all debt covenants.

Borrowings under the Term Loan A facility are currently priced at a floating rate of 3-month Term SOFR with a fixed credit spread adjustment plus a credit margin based on leverage as specified in the relevant Credit Agreement. The Term Loan A credit margin is locked at 1.50% until delivery of the first compliance certificate, at which point the credit margin will reduce to 1.25%. Borrowings made under the Term Loan B facility are currently priced at a 0.50% 3-month Term SOFR floor with a fixed credit spread adjustment plus a fixed credit margin as specified in the relevant Credit Agreement. The Term Loan A facility has mandatory repayments of 1.25% quarterly, beginning from 30 September 2022.

A portion of the interest rate exposure has been fixed under separate interest rate swap arrangements. As of 30 September 2022 approximately 43% of the exposure was fixed with hedging out to October 2022. Forward interest rate swap arrangements fixing 57% of floating rate debt held at 30 September 2022 are in place until 2025.

3.2 Other financial assets and financial liabilities

	2022 \$'m	2021 \$'m
Financial assets		
Current		
Debt securities held-to-maturity	8.3	7.0
Interest rate swap contracts – cash flow hedges	15.1	–
Total current financial assets	23.4	7.0
Non-current		
Debt securities held-to-maturity	4.1	4.3
Convertible bond	3.9	3.5
Interest rate swap contracts – cash flow hedges	14.3	–
Other investments	5.0	3.4
Total non-current financial assets	27.3	11.2
Financial liabilities		
Current		
Interest rate swap contracts – cash flow hedges	–	1.7
Derivatives used for hedging	0.3	2.2
Total current financial liabilities	0.3	3.9
Non-current		
Interest rate swap contracts – cash flow hedges	–	31.6
Total non-current financial liabilities	–	31.6

a) Classification

The Group classifies its financial assets as those measured at amortised cost and those to be measured subsequently at fair value. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges.

Amortised cost

The Group classifies its financial assets at amortised cost only if the asset is held with the objective to collect contractual cashflows and these cashflows are solely principal and interest.

Financial assets at amortised cost comprise trade and other receivables, debt securities held-to-maturity and other investments.

3. Capital and financial structure continued

3.2 Other financial assets and financial liabilities continued

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise.

Further information on financial assets and liabilities is disclosed in Note 3.6.

c) Impairment

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to impairment calculations, based on the Group's past history and existing market conditions as well as forward-looking estimates at the end of each reporting period.

Refer to Note 2.1 regarding the expected credit losses approach used to assess impairment of trade and other receivables.

d) Derivatives and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge effectiveness for interest rate swaps is determined at inception of the hedge relationship, and through periodic prospective effectiveness assessments. As all critical terms matched during the year, the economic relationship was 100% effective, and there was no hedge ineffectiveness.

Cash flow hedges

The Group designates interest-rate swaps contracts as hedges of interest rate risk associated with floating interest cash flows of borrowings drawn under Term Loan A & B facilities (cash flow hedges). Group policy is to maintain at least 30-70% of its borrowings at fixed rate using floating-to-fixed interest rate swaps to achieve this when necessary. The Group's borrowings are carried at amortised cost.

Swaps currently in place cover approximately 43% (2021: 38%) of the Term Loan A and B facilities outstanding. Interest rate swaps effective from October 2022 cover approximately 57% of the facilities outstanding. The fixed interest rates of the swaps range between 2.71% and 2.78% (2021: 2.68% and 2.73%) and the floating rate of the borrowings at the end of the reporting period was 3.55% (2021: 0.13%). The swap contracts require settlement of net interest receivable or payable every quarter. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The effects of interest rate swaps on the Group's financial position and performance are as follows:

	2022	2021
Carrying amount – assets/(liabilities) (\$'m)	29.4	(33.3)
Notional amount in US\$m	685.0	900.0
Maturity dates	2022	2021-2022
Hedge ratio	1:1	1:1
Change in fair value of interest rate hedges since 1 October (\$'m)	62.7	30.4
Weighted average hedged rate for the year	2.76%	2.70%

An interest rate swap contract that hedges the interest rate risk on US\$900.0m of debt at a fixed rate of 3.21% was entered during the year following the refinancing of debt arrangements in May 2022. This contract is effective upon expiry of the interest rate swaps referred to above. The impact of fair value changes in this contract are included in the table above.

3. Capital and financial structure continued

3.3 Reserves and retained earnings

\$'m	Retained earnings	Foreign currency translation reserve	Share-based payments reserve	Interest rate hedge reserve	Non-controlling interest reserve	Total reserves
Balance at 1 October 2020	2,561.7	28.1	(84.6)	(58.0)	(7.1)	(121.6)
Profit for the year	820.0	—	—	—	—	—
Exchange difference on translation of foreign operations	—	15.9	—	—	—	15.9
Net investment in foreign operations	—	0.8	—	—	—	0.8
Movement in fair value of interest rate hedges	—	—	—	23.6	—	23.6
Total comprehensive income for the year	820.0	16.7	—	23.6	—	40.3
Transactions with owners in their capacity as owners						
Dividends paid or provided for	(159.4)	—	—	—	—	—
Share-based payments expense	—	—	66.2	—	—	66.2
Issues of shares to and purchases of shares by the Aristocrat Employee Share Trust	—	—	(54.9)	—	—	(54.9)
Share-based tax and other adjustments	—	—	11.5	—	—	11.5
Balance at 30 September 2021	3,222.3	44.8	(61.8)	(34.4)	(7.1)	(58.5)
Balance at 1 October 2021	3,222.3	44.8	(61.8)	(34.4)	(7.1)	(58.5)
Profit for the year	948.5	—	—	—	—	—
Exchange difference on translation of foreign operations	—	592.2	—	—	—	592.2
Net investment in foreign operations	—	(34.8)	—	—	—	(34.8)
Movement in fair value of interest rate hedges	—	—	—	53.7	—	53.7
Total comprehensive income for the year	948.5	557.4	—	53.7	—	611.1
Transactions with owners in their capacity as owners						
Dividends paid or provided for	(347.8)	—	—	—	—	—
Share-based payments expense	—	—	56.9	—	—	56.9
Issues of shares to and purchases of shares by the Aristocrat Employee Share Trust	—	—	(58.2)	—	—	(58.2)
Share-based tax and other adjustments	—	—	(3.5)	—	—	(3.5)
Balance at 30 September 2022	3,823.0	602.2	(66.6)	19.3	(7.1)	547.8

Nature and purpose of reserves:

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency exchange differences arising from the translation of foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in foreign operations.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of all shares and rights both issued and issued but not exercised under the various employee share plans, as well as purchases of shares by the Aristocrat Employee Share Trust.

Interest rate hedge reserve

The interest rate hedge reserve is used to record gains or losses on interest rate hedges that are recognised in other comprehensive income.

Non-controlling interest reserve

The non-controlling interest reserve is used to record transactions with non-controlling interests that do not result in the loss of control.

3. Capital and financial structure continued

3.4 Contributed equity

	Shares		\$'m	
	2022	2021	2022	2021
Ordinary shares, fully paid	659,792,616	638,544,150	1,651.9	715.1
Movements in ordinary share capital				
Ordinary shares at the beginning of the year	638,544,150	638,544,150	715.1	715.1
Shares issued during the year	31,079,144	–	1,300.8	–
Transaction costs arising from shares issued	–	–	(23.6)	–
Buy-back of fully paid ordinary shares	(9,830,678)	–	(340.4)	–
Ordinary shares at the end of the financial year	659,792,616	638,544,150	1,651.9	715.1

Ordinary shares

Ordinary shares have no par value and entitle the holder to participate in dividends and the winding up of the Company in proportion to the number of, and amounts paid on, the shares held. Holders of ordinary shares are entitled to one vote per share at meetings of the Company.

Recognition and measurement

Incremental costs directly attributable to the issue of new shares are shown in contributed equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental cost (net of income taxes) is recognised directly in equity.

In May 2022, the Group announced an on-market buy-back program, with up to \$500 million of shares to be purchased, funded from existing cash reserves. As of 30 September 2022, the Group had purchased 9,830,678 fully paid ordinary shares to be cancelled. Of these, 8,979,525 were cancelled as at 30 September 2022, and 851,153 purchased for \$28.4m were cancelled after 30 September 2022. The shares were acquired at an average price of \$34.61 per share, with prices ranging from \$32.67 to \$37.00. The total cost of \$340.4m including after-tax transaction costs was deducted from equity.

3.5 Net tangible assets per share

	2022 \$	2021 \$
Net tangible assets per share	2.94	0.30

Net tangible assets is calculated based on net assets excluding intangible and right-of-use assets. A large proportion of the Group's assets are intangible in nature, including goodwill and identifiable intangible assets relating to businesses acquired.

Net assets per share at 30 September 2022 were \$9.13 (2021: \$6.07).

3.6 Capital and financial risk management

a) Capital management

The Group's overall strategic capital management objective is to maintain a funding structure, which provides sufficient flexibility to fund the operational demands of the business and to underwrite any strategic opportunities.

The Group has managed its capital through interest and debt coverage ratios as follows:

	2022	2021
Gross debt/bank EBITDA ¹	1.2x	2.0x
Net (cash)/debt/bank EBITDA ¹	(0.3)x	0.5x
Interest coverage ratio (bank EBITDA ¹ /interest expense ²)	19.7x	14.6x

1. Bank EBITDA refers to Consolidated EBITDA for the Group as defined in Aristocrat's Syndicated Facility Agreement.

2. Interest expense includes ongoing finance fees relating to bank debt facility arrangements, such as line fees.

This section explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

3. Capital and financial structure continued

3.6 Capital and financial risk management continued

b) Financial risk management

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

Risk	Exposure arising from	Measurement	Management
Market risk: Interest rate	Floating rate borrowings drawn under a Term Loan A and B facilities	Sensitivity analysis	<ul style="list-style-type: none"> – Use of floating to fixed interest rate swaps; and – The mix between fixed and floating rate debt is reviewed on a regular basis under the Group Treasury policy.
Market risk: Foreign exchange	Future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency	Sensitivity analysis and cash flow forecasts	<ul style="list-style-type: none"> – The Group's foreign exchange hedging policy reduces the risk associated with transactional exposures; and – Unrealised gains/losses on outstanding foreign exchange contracts are taken to the profit or loss on a monthly basis.
Market risk: Price risk	The Group's exposure to commodity price risk is indirect and is not considered likely to be material	Nil	Nil
Credit risk	Cash and cash equivalents, trade and other receivables, derivative financial instruments and held-to-maturity investments	Ageing analysis and credit ratings	<ul style="list-style-type: none"> – Customers and suppliers are appropriately credit assessed per Group policies; – Derivative counterparties and cash transactions are limited to high credit quality financial institutions; and – Cash and cash equivalents are predominately held with counterparties which are rated 'A' or higher.
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts and debt covenants	<ul style="list-style-type: none"> – Maintaining sufficient cash and marketable securities; – Maintaining adequate amounts of committed credit facilities and the ability to close out market positions; and – Maintaining flexibility in funding by keeping committed credit lines available.

3. Capital and financial structure continued

3.6 Capital and financial risk management continued

Hedge of net investment in foreign entity

Prior to debt refinancing in May 2022 (Note 3.1), US\$203.2m (2021: \$203.2m) of the US Term Loan B debt facility that was held within an Australian company was designated as a hedge of the net investment in subsidiaries with US dollar functional currencies. The foreign exchange gains and losses on translation of the borrowing into Australian dollars was recognised in other comprehensive income and accumulated in the foreign currency translation reserve within shareholders equity (Note 3.3). Hedges of net investments in foreign operations was accounted for similar to cash flow hedges. There was no ineffectiveness to be recorded in the profit or loss from net investment foreign entity hedges.

As part of debt refinancing, the US Term Loan B debt facility held within the Australian company was fully repaid by a related company with US dollar functional currencies (100% owned subsidiary of the Group). The discontinuation of net investment hedge does not result in reclassification of gains and losses accumulated in foreign currency translation reserve to profit or loss, until the foreign operation is disposed of. As repayment of the US Term Loan B debt facility by a related US company resulted in an intercompany loan in US dollars, and the loan is not intended to be settled, the foreign exchange gains and losses on translation of the loan into Australian dollars is accounted for similar to net investment hedge and recognised in the foreign currency translation reserve.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's non-derivative financial assets and financial liabilities to interest rate risk and foreign exchange risk. These sensitivities are prior to the offsetting impact of hedging instruments, and are shown on a pre-tax basis:

	Carrying amount		Interest rate risk				Foreign exchange risk			
	\$'m		-1% Profit \$'m		+1% Profit \$'m		-10% Profit \$'m		+10% Profit \$'m	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Financial assets										
Cash and cash equivalents	3,021.3	2,431.6	(23.2)	(2.7)	23.2	24.2	1.1	0.1	(1.0)	(0.1)
Receivables	1,006.4	857.3	—	—	—	—	10.5	8.3	(8.6)	(6.8)
Debt securities held-to-maturity	12.4	11.3	(0.1)	(0.1)	0.1	0.1	—	—	—	—
Convertible bond and other investments	8.9	6.9	(0.1)	(0.1)	0.1	0.1	—	—	—	—
Financial liabilities										
Trade and other payables	956.0	862.4	—	—	—	—	(4.3)	(4.3)	5.3	3.5
Borrowings	2,457.3	3,236.1	24.7	4.4	(24.7)	(32.6)	—	—	—	—
Lease liabilities	327.8	288.9	—	—	—	—	—	—	—	—
Progressive jackpot liabilities	15.3	22.0	0.2	0.2	(0.2)	(0.2)	—	—	—	—
Total increase/(decrease)			1.5	1.7	(1.5)	(8.4)	7.3	4.1	(4.3)	(3.4)

Foreign exchange risk from intercompany balances is managed using forward contracts, resulting in no material net exposure.

Refer to Notes 3.1 and 3.2 for details of hedging undertaken to manage interest rate risk. Changes in the fair value of interest rate swaps are recognised in equity. A 1% increase in interest rates would cause a \$36.1m (2021: \$12.5m) increase in the fair value of swap contracts held at year end. A 1% decrease would cause a \$36.9m (2021: \$12.7m) decrease in the fair value of swaps held at year-end.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings as follows:

- i) based on their contractual maturities:
 - all non-derivative financial liabilities, and
 - net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of cash flows.
- ii) based on the remaining period to the expected settlement date:
 - derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

3. Capital and financial structure continued

3.6 Capital and financial risk management continued

Contractual maturities of financial liabilities	Less than 1 year \$'m		Between 1 to 5 years \$'m		Over 5 years \$'m		Total contractual cash Flows \$'m		Carrying amount (assets)/liabilities \$'m	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Non-derivatives										
Trade payables	196.7	150.7	—	—	—	—	196.7	150.7	196.7	150.7
Accrued expenses	671.6	687.8	87.7	23.9	—	—	759.3	711.7	759.3	711.7
Borrowings	99.9	7.0	1,966.6	3,229.1	390.8	—	2,457.3	3,236.1	2,457.3	3,236.1
Borrowings – interest payments	126.3	82.0	443.2	157.0	15.1	—	584.6	239.0	—	—
Lease liabilities	57.1	51.2	183.5	158.7	161.7	146.8	402.3	356.7	327.8	288.9
Progressive jackpot liabilities	13.4	19.9	0.8	1.1	1.1	1.0	15.3	22.0	15.3	22.0
Total non-derivatives	1,165.0	998.6	2,681.8	3,569.8	568.7	147.8	4,415.5	4,716.2	3,756.4	4,409.4
Derivatives										
Net settled (interest rate swaps)	(15.1)	1.7	(14.3)	31.6	—	—	(29.4)	33.3	(29.4)	33.3
Gross settled (forward foreign exchange contracts)										
– (inflow)	(5.0)	(205.8)	—	—	—	—	(5.0)	(205.8)	(5.0)	(205.8)
– outflow	5.3	208.0	—	—	—	—	5.3	208.0	5.3	208.0
Total outflow	0.3	2.2	—	—	—	—	0.3	2.2	0.3	2.2
Total derivatives	(14.8)	3.9	(14.3)	31.6	—	—	(29.1)	35.5	(29.1)	35.5

c) Foreign currency risk

The carrying amounts of the Group's current and non-current receivables are denominated in the following currencies:

	2022 \$'m	2021 \$'m
US dollars	727.1	608.4
Australian dollars	211.4	171.6
Other ¹	67.9	77.3
Total carrying amount	1,006.4	857.3

The carrying amounts of the Group's current and non-current payables are denominated in the following currencies:

	2022 \$'m	2021 \$'m
US dollars	747.4	665.8
Australian dollars	144.3	142.5
Other ¹	64.3	54.1
Total carrying amount	956.0	862.4

1. Other refers to a basket of currencies (including Euro, Pound Sterling, Israeli New Shekel and New Zealand Dollar).

d) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer above for more information on the risk management policy of the Group. The Group holds guarantees over the debts of certain customers. The value of debtor balances over which guarantees are held is detailed below:

	2022 \$'m	2021 \$'m
Trade receivables with guarantees	1.5	11.5
Trade receivables without guarantees	786.6	648.7
Total net trade receivables	788.1	660.2

3. Capital and financial structure continued

3.6 Capital and financial risk management continued

e) Forward exchange contracts

The Group enters into derivatives in the form of forward exchange contracts to hedge foreign currency denominated receivables and also to manage the purchase of foreign currency denominated inventory and capital items. The following table provides information as at 30 September 2022 on the net fair value of the Group's existing foreign exchange hedge contracts:

Currency pair	Weighted average exchange rate	Maturity profile ¹		Net fair value loss ² \$'m
		1 year or less \$'m	1 to 7 year(s) \$'m	
AUD/EUR	0.6685	5.0	—	(0.3)
Total		5.0	—	(0.3)

1. The foreign base amounts are converted at the prevailing period end exchange rate to AUD equivalents.

2. The net fair value of the derivatives above is included in financial assets/(liabilities).

f) Fair value measurements

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below the table.

	Level 1 \$'m		Level 2 \$'m		Level 3 \$'m		Total \$'m	
	2022	2021	2022	2021	2022	2021	2022	2021
Assets								
Convertible bond	—	—	3.9	3.5	—	—	3.9	3.5
Interest rate swap contracts	—	—	29.4	—	—	—	29.4	—
Total assets at the end of the year	—	—	33.3	3.5	—	—	33.3	3.5
Liabilities								
Interest rate swap contracts	—	—	—	33.3	—	—	—	33.3
Derivatives used for hedging	—	—	0.3	2.2	—	—	0.3	2.2
Contingent consideration	—	—	—	—	38.0	20.4	38.0	20.4
Total liabilities at the end of the year	—	—	0.3	35.5	38.0	20.4	38.3	55.9

Fair value hierarchy levels	Definition	Valuation technique
Level 1	The fair value is determined using the unadjusted quoted market price in an active market for similar assets or liabilities.	The Group did not have any Level 1 financial instruments at the end of the current and prior reporting periods.
Level 2	The fair value is calculated using predominantly observable market data other than unadjusted quoted prices for an identical asset or liability.	Derivatives used for hedging are valued using forward exchange rates at the balance sheet date. Interest rate swap contracts are valued using the present value of estimated future cashflows based on observable yield curves. The convertible bond is not material.
Level 3	The fair value is calculated using inputs that are not based on observable market data.	The fair value of contingent consideration is based on forecasts of the performance of the entity subject to earn-out payments. Part of the liability has been accounted for as acquisition consideration and part as employee remuneration due to retention requirements.

There were no transfers between levels in the fair value hierarchy and no changes to the valuation techniques applied since 30 September 2021. The carrying amount of financial instruments not measured at fair value approximates fair value.

3. Capital and financial structure continued

3.7 Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt.

Net debt	2022 \$'m	2021 \$'m
Cash and cash equivalents	3,021.3	2,431.6
Current borrowings	(99.9)	(7.0)
Non-current borrowings	(2,357.4)	(3,229.1)
Net cash/(debt)	564.0	(804.5)
Net debt – opening balance	(804.5)	(1,567.5)
Net increase in cash per cash flow statement	306.3	760.7
Debt repayments	3,676.9	6.7
Proceeds from borrowings (net of transaction costs)	(2,551.8)	–
Amortisation of borrowing costs	(37.5)	(8.5)
Foreign exchange movements	(25.4)	4.1
Net cash/(debt) – end of year	564.0	(804.5)

4. Group structure

This section explains significant aspects of the Group structure, including its controlled entities and how changes affect the Group structure. It provides information on business acquisitions and disposals made during the current and prior financial years and the impact they had on the Group's financial performance and position.

- 4.1 Subsidiaries
- 4.2 Business combinations

4.1 Subsidiaries

The principal controlled entities of the Group are listed below. These were wholly owned during the current and prior year, unless otherwise stated:

Controlled entities	Country of incorporation
Aristocrat Technologies Australia Pty Ltd	Australia
Aristocrat International Pty Ltd	Australia and USA
Aristocrat Technologies, Inc.	USA
Video Gaming Technologies, Inc.	USA
Product Madness Inc.	USA
Big Fish Games Inc.	USA
Aristocrat Technologies Canada Inc.	Canada
Plarium Global Limited	Israel
Futureplay Oy (from August 2021)	Finland
Aristocrat Technologies Macau Limited	Macau
Aristocrat Technologies NZ Limited	New Zealand
Aristocrat Technologies Europe Limited	UK
Aristocrat Technologies Mexico, S.A. DE C.V.	Mexico
Aristocrat Service Mexico, S.A. DE C.V.	Mexico
AI (Puerto Rico) Pty Limited	Australia
Aristocrat (Argentina) Pty Limited	Australia
Aristocrat Technologies India Private Ltd	India
Product Madness (UK) Limited	UK
Playsoft SAS (from August 2021)	France
Aristocrat Technologies Spain S.L.	Spain

4.2 Business combinations

Current period acquisitions

No acquisitions were completed during the year.

In September 2022, a contract was signed to acquire Roxor Gaming. Roxor Gaming is a Business-to-Business Real Money Gaming supplier. The acquisition is expected to complete in the first quarter of calendar year 2023, subject to regulatory approvals and customary closing conditions. The Group will fund the transaction from existing cash, and the transaction is not expected to have a material earnings impact.

Prior period acquisitions

During the prior year Futureplay Oy ('Futureplay') and Playsoft SAS ('Playsoft') were acquired to expand the Pixel United segment. Futureplay is a free to play mobile gaming studio, specialising in casual games. Playsoft is a mobile gaming studio specialising in the social casino genre.

The acquisition price for Futureplay was \$87.0m and Playsoft \$16.3m. Goodwill of \$62.3m for Futureplay and \$13.9m for Playsoft was recognised. The acquisition price for Futureplay included a fixed consideration of \$66.1m and an earn-out of \$20.4m.

These acquisitions did not have a significant impact on the results for the current year and prior year.

5. Employee benefits

This section provides a breakdown of the various programs the Group uses to reward and recognise employees and key executives, including Key Management Personnel.

- 5.1 Key management personnel
- 5.2 Share-based payments

5.1 Key management personnel

Key management personnel compensation

Key management personnel includes all Non-Executive Directors, the Executive Director and Senior Executives who were responsible for the overall planning, directing and controlling of activities of the Group.

	2022 \$	2021 \$
Short-term employee benefits	11,469,028	11,906,041
Post-employment benefits	124,558	98,527
Long-term benefits	28,671	53,726
Share-based payments	7,835,512	15,315,139
Key management personnel compensation	19,457,769	27,373,433

Detailed remuneration disclosures are provided in the remuneration report.

5.2 Share-based payments

The below provides information on share-based payments arrangements. The Remuneration Report, presented in the Directors' Report, also provides detailed disclosure on share-based payments.

Plan	Description
Long Term Incentive Plan	A long-term employee share scheme that provides for eligible employees to be offered conditional entitlements to fully paid ordinary shares in the parent entity ('Performance Share Rights'). Performance Share Rights issued under the PSP are identical in all respects other than performance conditions and periods.
Key Employee Equity Program	Certain eligible employees are offered incentives of share rights that are based on individual performance, subject to continued employment for two years.
Aristocrat Equity Scheme Offer	Certain eligible employees are offered incentives of share rights that are based on individual performance, subject to continued employment. These rights are subject to the respective employees remaining with the Group for one, two and three year periods.
Deferred Short-Term Incentive Plan	Upon the vesting of short-term incentives, Executives receive the incentives as 50-75% cash, with 25-50% deferred as Performance Share Rights.
Special grants	Contractual share rights are granted to retain key employees from time to time across the Group, including after acquisitions, subject to continued employment.

The total Performance Share Rights are detailed in the tables below:

	2022 Number of rights	2021 Number of rights
As at 1 October	4,755,258	3,197,034
Granted during the year	1,837,908	2,881,603
Vested during the year	(1,896,419)	(843,793)
Forfeited during the year	(654,818)	(479,586)
As at 30 September	4,041,929	4,755,258

All rights on issue are provided for no consideration, and are converted to shares upon meeting of the vesting conditions.

5. Employee benefits continued

5.2 Share-based payments continued

a) Share-based payments expense

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefits expense were as follows:

	2022 \$'m	2021 \$'m
Long Term Incentive Plan	10.8	9.9
Key Employee Equity Program	–	10.2
Aristocrat Equity Scheme Offer	31.9	20.3
Deferred Short-Term Incentive Plan	5.6	0.7
Special grants	8.6	25.1
Total share-based payments expense	56.9	66.2

Recognition and measurement

The fair value of rights granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of non-vesting conditions but excludes the impact of any individual performance based and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Shares issued through the Aristocrat Employee Equity Plan Trust continue to be recognised in the share-based payments reserve in equity. Similarly, treasury shares acquired by the Aristocrat Employee Equity Plan Trust are recorded in share-based payments trust reserves. Information relating to these shares is disclosed in Note 3.3.

b) Long Term Incentive Plan

Accounting fair value of Performance Share Rights granted

The assessed accounting fair values of Performance Share Rights granted during the financial years ended 30 September 2022 and 30 September 2021 are as follows:

Timing of grant of rights	Performance period start date	Performance period expiry date	Performance condition	Accounting valuation date	Accounting valuation \$
2022 financial year	1 October 2021	30 September 2024	TSR	25 February 2022	17.84
			EPSP		35.87
			Individual performance		35.87
2021 financial year	1 October 2020	30 September 2023	TSR	16 April 2021	25.78
			EPSP		35.69
			Individual performance		35.69

The accounting valuation represents the independent valuation of each tranche of Performance Share Rights at their respective grant dates. The valuations have been performed by Deloitte using Total Shareholder Return ('TSR'), Earnings Per Share Growth ('EPSP') and individual performance condition models. Performance Share Rights with a market vesting condition (for example, TSR) incorporates the likelihood that the vesting condition will be met. The accounting valuation of Performance Share Rights with a non-market vesting condition (for example, EPSP) does not take into account the likelihood that the vesting condition will be met.

5. Employee benefits continued

5.2 Share-based payments continued

i) Total Shareholder Return ('TSR') model

Deloitte has developed a Monte-Carlo Simulation-based model which simulates the path of the share price according to a probability distribution assumption. The pricing model incorporates the impact of performance hurdles and the vesting scale on the value of the share rights. The model considers the Relative TSR hurdles to be market hurdles and any individual performance conditions attached to the Relative TSR rights are not used in the determination of the fair value of the rights at the valuation date. This pricing model takes into account such factors as the Company's share price at the date of grant, volatility of the underlying share price, expected dividend yield, risk free rate of return and time to maturity.

ii) Earnings Per Share Growth ('EPSG') model, individual performance condition

Deloitte has utilised a Black-Scholes-Merton model to determine the fair value of share rights. This pricing model takes into account such factors as the Company's share price at the date of grant, volatility of the underlying share price, expected dividend yield, risk-free rate of return and time to maturity.

The accounting valuation of the rights has been allocated equally over the vesting period.

The model inputs for share rights granted during the year ended 30 September 2022 and year ended 30 September 2021 included:

Input	Consideration	
	Zero consideration and have a three year life	
Share rights granted	2022	2021
Grant date	25 February 2022	16 April 2021
Share price at grant date	\$37.38	\$37.12
Price volatility of Company's shares	38.2%	40.1%
Dividend yield	1.5%	1.5%
Risk-free interest rate	1.7%	0.3%

The expected price volatility is based on the historical volatility of the share price of the Company due to the long-term nature of the underlying share rights.

6. Other disclosures

This section provides details on other required disclosures relating to the Group to comply with the accounting standards and other pronouncements.

- 6.1 Commitments and contingencies
- 6.2 Events occurring after reporting date
- 6.3 Remuneration of auditors
- 6.4 Related parties
- 6.5 Parent entity financial information
- 6.6 Deed of cross guarantee
- 6.7 Basis of preparation

6.1 Commitments and contingencies

	2022 \$'m	2021 \$'m
a) Commitments		
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities:		
Property, plant and equipment	5.6	6.1

b) Contingent liabilities

The Group and parent entity may have contingent liabilities at 30 September 2022 in respect of the following matters:

- i) a contingent liability may exist in relation to certain guarantees and indemnities given in the ordinary course of business by the Group;
- ii) controlled entities within the Group are and become parties to various legal actions in the ordinary course of business and from time to time. The Directors consider that any liabilities arising from this type of legal action are unlikely to have a material adverse effect on the Group;
- iii) controlled entities within the Group may become parties to various legal actions concerning intellectual property claims. Intellectual property claims can include challenges to the Group's patents on various products or processes and/or assertions of infringement of third party patents.

Most intellectual property claims involve highly complex issues. Often, these issues are subject to substantial uncertainties and therefore the probability of damages, if any, being sustained and an estimate of the amount of damages is difficult to ascertain. Based on the information currently available, the Directors consider that there are no current claims likely to have a material adverse effect on the Group; and

- iv) Aristocrat Leisure Limited, Aristocrat International Pty Ltd, Aristocrat Technologies Australia Pty Ltd, Aristocrat (Holdings) Pty Limited, Aristocrat (Asia) Pty Limited, Aristocrat (Macau) Pty Limited, Aristocrat Technologies Holdings Pty Limited, System 7000 Pty Limited and Aristocrat Technical Services Pty Limited are parties to a deed of cross guarantee which has been lodged with and approved by the Australian Securities & Investments Commission as discussed in Note 6.6.

6. Other disclosures continued

6.2 Events occurring after reporting date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial reporting periods.

Refer to Note 1.6 for information regarding dividends declared after reporting date.

6.3 Remuneration of auditors

During the year, the following fees were paid or payable to the auditor of the parent entity, PricewaterhouseCoopers and its related practices:

	2022 \$	2021 \$
Audit or review of financial reports		
Australia	1,522,850	1,327,507
Overseas	2,528,000	2,268,492
Total remuneration for audit/review services	4,050,850	3,595,999
Other assurance services		
Australia	163,000	–
Total remuneration for other assurance services	163,000	–
Total remuneration for assurance services	4,213,850	3,595,999
Tax and advisory services		
Overseas	58,542	146,450
Total remuneration for advisory services	58,542	146,450

It is the Group's policy to employ PricewaterhouseCoopers (PwC) on low value assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important.

6.4 Related parties

a) Other transactions with key management personnel

There were no other related party transactions aside from disclosures under key management personnel. Refer to Note 5.1.

b) Subsidiaries

Interests in subsidiaries are set out in Note 4.1.

6. Other disclosures continued

6.5 Parent entity financial information

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022 \$'m	2021 \$'m
Balance sheet		
Current assets	443.1	42.0
Total assets	12,816.4	12,224.3
Current liabilities	19.5	36.4
Total liabilities	19.5	36.4
Net assets	12,796.9	12,187.9
<i>Shareholders' equity</i>		
Contributed equity	1,651.9	715.1
Reserves	341.6	284.9
Retained profits	10,803.4	11,187.9
Total equity	12,796.9	12,187.9
(Loss)/profit for the year after tax	(36.3)	97.4
Total comprehensive (loss)/income after tax	(36.3)	97.4

b) Guarantees entered into by the parent entity

Cross guarantees given by the parent entity are set out in Note 6.6.

c) Contingent liabilities of the parent entity

Contingent liabilities of the parent entity are set out in Note 6.1.

Recognition and measurement

The financial information for the parent entity, Aristocrat Leisure Limited, disclosed above has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries where they are accounted for at cost less impairment charges in the financial statements of Aristocrat Leisure Limited.

6. Other disclosures continued

6.6 Deed of cross guarantee

Pursuant to ASIC Corporations Instrument 2016/785, the wholly owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of a financial report and Directors' Report.

It is a condition of the Instrument that the Company and each of the participating subsidiaries enter into a Deed of Cross Guarantee (Deed). The effect of the Deed, dated 28 August 2019, is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the participating subsidiaries under certain provisions of the Corporations Act. If a winding up occurs under other provisions of the Corporations Act, the Company will only be liable in the event that after six months, any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event the Company is wound up.

The subsidiaries subject to the Deed are:

- Aristocrat Technologies Australia Pty Limited
- Aristocrat International Pty Limited
- Aristocrat (Asia) Pty Limited
- Aristocrat (Macau) Pty Limited
- Aristocrat (Holdings) Pty Limited
- Aristocrat Technologies Holdings Pty Limited
- System 7000 Pty Limited
- Aristocrat Technical Services Pty Limited

The above named companies represent a Closed Group for the purposes of the Instrument, and as there are no other parties to the Deed that are controlled by the Company, they also represent the Extended Closed Group.

Set out below is the statement of profit or loss and other comprehensive income of the Closed Group:

	2022 \$'m	2021 \$'m
Revenue	424.3	359.5
Other income from related parties	289.3	447.6
Other income from non-related parties	6.2	1.3
Cost of revenue and other expenses	(287.2)	(214.2)
Employee benefits expense	(195.6)	(188.0)
Finance costs	(11.5)	(9.5)
Depreciation and amortisation expense	(31.5)	(34.6)
Profit before income tax	194.0	362.1
Income tax expense	(91.6)	(101.6)
Profit for the year	102.4	260.5
Other comprehensive income		
Changes in fair value of interest rate hedge	–	0.2
Other comprehensive income net of tax	–	0.2
Total comprehensive income for the year	102.4	260.7
Set out below is a summary of movements in consolidated retained earnings of the Closed Group:		
Retained earnings at the beginning of the financial year	915.1	814.0
Profit for the year	102.4	260.5
Dividends paid	(348.2)	(159.4)
Retained earnings at the end of the financial year	669.3	915.1

6. Other disclosures continued

6.6 Deed of cross guarantee continued

Set out below is the balance sheet of the Closed Group:

	2022 \$'m	2021 \$'m
Current assets		
Cash and cash equivalents	846.7	72.9
Trade and other receivables	212.2	99.3
Inventories	51.6	43.0
Total current assets	1,110.5	215.2
Non-current assets		
Trade and other receivables	102.1	256.0
Investments	1,378.3	1,378.3
Property, plant and equipment	19.1	22.6
Right-of-use assets	19.4	24.8
Deferred tax assets	68.7	77.6
Intangible assets	48.6	51.3
Total non-current assets	1,636.2	1,810.6
Total assets	2,746.7	2,025.8
Current liabilities		
Trade and other payables	635.2	199.1
Lease liabilities	10.6	11.1
Current tax liabilities	73.4	116.5
Provisions	19.6	15.3
Deferred revenue and other liabilities	18.1	18.5
Total current liabilities	756.9	360.5
Non-current liabilities		
Borrowings	—	281.0
Lease liabilities	20.9	28.0
Provisions	4.7	8.3
Deferred revenue and other liabilities	8.0	7.2
Total non-current liabilities	33.6	324.5
Total liabilities	790.5	685.0
Net assets	1,956.2	1,340.8
Equity		
Contributed equity	1,651.9	715.1
Reserves	(365.0)	(289.4)
Retained earnings	669.3	915.1
Total equity	1,956.2	1,340.8

6. Other disclosures continued

6.7 Basis of preparation

Corporate information

Aristocrat Leisure Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of Aristocrat Leisure Limited and its subsidiaries (together referred to as the Group). A description of the nature of the Group's operations and its principal activities is included in the Directors' Report and the Operating and Financial Review. The financial report was authorised for issue in accordance with a resolution of Directors on 16 November 2022.

The Group's registered office and principal place of business is:

Aristocrat Leisure Limited
Building A, Pinnacle Office Park
85 Epping Road
North Ryde NSW 2113
Australia

The Group ensures that its corporate reporting is timely, complete and available globally. All press releases, financial statements, and other information are available in the investor information section of the Company's website: www.aristocrat.com

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the *Corporations Act 2001*. The report presents information on a historical cost basis, except for financial assets and liabilities (including derivative instruments), which have been measured at fair value and for classes of property, plant and equipment which have been measured at deemed cost. Amounts have been rounded off to the nearest whole number of million dollars and one decimal place representing hundreds of thousands of dollars, or in certain cases, the nearest dollar in accordance with the relief provided under the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 as issued by the Australian Securities and Investments Commission.

Policies have been applied consistently for all years presented, unless otherwise stated. Sales and marketing costs and general and administration costs that were previously reported separately are now part of selling, general and administrative expenses. Comparative information is reclassified where appropriate to enhance comparability. The financial statements have been prepared on a going concern basis.

Significant judgements and estimates

The Group continues to navigate volatility in the global operating environment as well as managing impacts of the conflict involving Russia and Ukraine.

The estimates and projections that these financial statements are prepared on the basis of are based on the best information available at this time and the Directors have paid consideration to the key assumptions that underpin the forecast estimations.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of Aristocrat Leisure Limited (the Company) and its subsidiaries as at 30 September 2022.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised gains have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has a trust to administer the Group's employee share scheme. This trust is consolidated as it is controlled by the Group.

6. Other disclosures continued

6.7 Basis of preparation continued

Foreign currency

The consolidated financial statements are presented in Australian dollars. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The results and financial position of foreign operations are translated into Australian dollars at the reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date
Reserves	Historical date

Foreign exchange gains and losses resulting from translation are recognised in the statement of profit or loss, except for qualifying cash flow hedges which are deferred to equity.

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to the profit or loss on disposal of the foreign operation.

New accounting standards and interpretations

The Group adopted all relevant new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board which are effective for annual reporting periods beginning on or after 1 October 2021. These did not have a material impact on the Group.

Directors' Declaration

for the year ended 30 September 2022

In the Directors' opinion:

- a) the financial statements and notes set out on pages 64 to 109 are in accordance with the *Corporations Act 2001* including:
 - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2022 and of its performance, for the year ended on that date; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 6.6 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 6.6.

Note 6.7 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have received a declaration as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Neil Chatfield

Chairman

Sydney

16 November 2022



Independent auditor's report

To the members of Aristocrat Leisure Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Aristocrat Leisure Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 September 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group consolidated financial report comprises:

- the balance sheet as at 30 September 2022
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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Liability limited by a scheme approved under Professional Standards Legislation.



We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$61 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group comprises entities located globally with the most financially significant operations being located in the United States of America (USA), Australia and Israel. Accordingly, we structured our audit as follows:
 - The group audit was led by our team from PwC Australia (group audit team). The group audit team completed audit procedures in respect of the special purpose financial information of operations in Australia used to prepare consolidated financial statements.
 - Under instruction from and on behalf of the group audit team, component auditors in the USA and Israel performed audits of the respective special purpose financial information of businesses operating from those locations used to prepare the consolidated financial statements.
- The group audit team decided on the level of involvement needed in the work performed by the component auditors, to be satisfied that sufficient appropriate evidence had been obtained for the purposes of our opinion. Regular dialogue between the group audit team and the component auditors up to the reporting date, augmented the reporting provided by the component auditors. The group audit team also held meetings with local management of each financially significant operation.
- The group audit team undertook the remaining audit procedures, including over significant financial statement items controlled at the Group level, the Group consolidation and the audit of the financial report and remuneration report.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Taxes (Refer to note 1-4)</p> <p>The Group operates globally and is subject to tax regimes and tax legislation administered by tax authorities in a number of countries.</p> <p>Taxes was a key audit matter due to the:</p> <ul style="list-style-type: none"> complexity of tax legislation and the significant judgements applied by the Group to assess some tax treatments and calculate associated tax; and financial significance of taxes to the statement of profit or loss and other comprehensive income and to the balance sheet. 	<p>In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others:</p> <ul style="list-style-type: none"> evaluating the relevant analyses conducted by the Group to support significant judgements made in respect of amounts expected to be paid to tax authorities and determination of recognised and unrecognised deferred taxes; testing, on a sample basis, the calculation of current and deferred tax ; together with PwC Tax experts: <ul style="list-style-type: none"> considering significant judgements made by the Group in the application of tax laws in significant jurisdictions; and reading selected correspondence with tax authorities in significant territories and with the Group's relevant tax advisors; assessing the appropriateness of the key assumptions included in the Group's models to support the determination of the amounts expected to be paid to tax authorities and deferred tax balances, including testing the mathematical accuracy of the models; and evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.



Key audit matter	How our audit addressed the key audit matter
<p>Estimated recoverable amount of goodwill and indefinite life intangibles <i>(Refer to note 2-3)</i></p> <p>Under Australian Accounting Standards, the Group is required to test goodwill and other indefinite-lived intangibles assets annually for impairment at the cash generating unit (CGU) level. This assessment is inherently complex and requires judgement in forecasting the operational cash flows and determining discount rates and growth rates used in the cash flow models (the models).</p> <p>The recoverable amount of goodwill and other indefinite life intangibles assets was a key audit matter given the:</p> <ul style="list-style-type: none"> • financial significance of these intangibles assets to the balance sheet; and • judgement applied by the Group in completing and concluding on the impairment assessment. 	<p>We focused our efforts on developing an understanding and testing the overall calculation and methodology of the Group's impairment assessment, including identification of the cash generating units (CGUs) of the Group for the purposes of impairment testing, and the attribution of assets, revenues and costs to those CGUs.</p> <p>In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others:</p> <ul style="list-style-type: none"> • assessing the appropriateness of cash flow forecasts included in the models with reference to historical earnings, Board and/or management approved budgets and forecasts; • testing the mathematical calculations within the models; • assessing the appropriateness of the discount rates and terminal value growth rates, with the assistance of PwC Valuation experts; • considering the sensitivity of the models by varying key assumptions, such as terminal growth rates and discount rates; and • evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2022, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report and Operating and Financial Review. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 33 to 59 of the directors' report for the year ended 30 September 2022.

In our opinion, the remuneration report of Aristocrat Leisure Limited for the year ended 30 September 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten signature of PricewaterhouseCoopers in black ink.

PricewaterhouseCoopers

A handwritten signature of Mark Dow in black ink.

Mark Dow
Partner

Sydney
16 November 2022

Shareholder Information

Distribution of Equity Securities as at 15 November 2022

Size of holding	Holders of Performance Share Rights ¹	Number of Performance Share Rights ¹	% of Performance Share Rights	Holders of shares ²	Number of shares ²	% of issued capital
1 – 1,000	177	107,790	2.777	39,293	12,111,645	1.840
1,001 – 5,000	344	775,148	19.970	8,767	18,037,172	2.730
5,001 – 10,000	69	475,431	12.248	937	6,482,615	0.980
10,001 – 100,000	55	1,447,445	37.290	488	10,385,187	1.570
100,001 – over	4	1,075,756	27.714	71	612,775,997	92.870
Total	649	3,881,570	100.000	49,556	659,792,616	100.000
Less than a marketable parcel of \$500.00	0	0	0.000	959	4,859	0.00074

1. All share rights are allocated under the Company's incentive and share purchase programs to take up ordinary shares in the capital of the Company. These share rights are subject to the rules of the relevant program and are unquoted and non-transferable.

2. Fully paid ordinary shares (excludes unvested performance share rights that have not been converted into shares).

Substantial Shareholders as at 15 November 2022

As at 15 November 2022, the following shareholders were registered by the Company as a substantial shareholder, having notified the Company of a relevant interest in accordance with Section 671B of the *Corporations Act 2001* (Cth), in the voting shares below:

Name of shareholder	Number of ordinary shares held	% of issued capital	Date of notice
State Street Corporation	34,084,624	5.09%	1/04/2022
Blackrock Group	38,342,681	6.00%	31/08/2020
AustralianSuper Pty Ltd	40,573,633	6.06%	27/06/2022

Twenty largest Ordinary Shareholders as at 15 November 2022

Name of shareholder	Number of ordinary shares held	% issued capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	238,021,493	36.075%
JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	137,479,746	20.837%
CITICORP NOMINEES PTY LIMITED	84,513,409	12.809%
BNP PARIBAS NOMINEES PTY LTD	34,382,611	5.211%
NATIONAL NOMINEES LIMITED	22,690,732	3.439%
WRITEMAN PTY LIMITED	16,651,591	2.524%
THUNDERBIRDS ARE GO PTY LTD	15,977,667	2.422%
ARMINELLA PTY LIMITED	15,301,938	2.319%
ECA 1 PTY LIMITED	8,712,171	1.320%
MAAKU PTY LIMITED	5,284,127	0.801%
PRIMECHIP PTY LTD	5,085,895	0.771%
AEPRO PTY LTD	4,981,032	0.755%
ARGO INVESTMENTS LIMITED	3,973,787	0.602%
BUTTONWOOD NOMINEES PTY LTD	3,450,000	0.523%
UBS NOMINEES PTY LTD	2,457,940	0.373%
MUTUAL TRUST PTY LTD	2,038,360	0.309%
NETWEALTH INVESTMENTS LIMITED	1,958,199	0.297%
BNP PARIBAS NOMS (NZ) LTD	1,527,786	0.232%
CERTANE CT PTY LTD	1,212,181	0.184%
SOLIUM NOMINEES (AUSTRALIA) PTY LTD	1,103,033	0.167%

Voting Rights

At meetings of shareholders, each shareholder may vote in person or by proxy, attorney or (if the shareholder is a body corporate) corporate representative. On a show of hands, every person present who is a shareholder or a representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy or attorney has one vote for each fully paid ordinary share. Performance share right holders have no voting rights.

Regulatory Considerations Affecting Shareholders

Aristocrat Leisure Limited and its subsidiaries could be subject to disciplinary action by gaming authorities in some jurisdictions if, after receiving notice that a person is unsuitable to be a shareholder, that person continues to be a shareholder.

Because of the importance of licensing to the Company and its subsidiaries, the Constitution contains provisions that may require shareholders to provide information and also gives the Company powers to divest or require divestiture of shares, suspend voting rights and withhold payments of certain amounts to shareholders or other persons who may be unsuitable.

Shareholder Enquiries

You can access information about Aristocrat Leisure Limited and your holdings via the internet. Aristocrat's website, www.aristocrat.com, has the latest information on Company announcements, presentations and reports. Shareholders may also communicate with the Company via its website. In addition, there is a link to the Australian Securities Exchange to provide current share prices. The share registry manages all your shareholding details. Visit www.boardroomlimited.com.au and access a wide variety of holding information, make changes to your holding record and download forms. You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

Dividends

Electronic Funds Transfer

The Company has a mandatory direct payment of dividends program for all shareholders who were requested to complete and submit Direct Credit payment instructions with the Company's share registrar. Shareholders who have not submitted valid Direct Credit payment instructions will receive a notice from the Company's share registrar advising that:

- i. the relevant dividend amount is being held as direct credit instructions have not been received;
- ii. the relevant dividend will be credited to the nominated bank account as soon as possible on receipt of direct credit instructions; and
- iii. no interest is payable on the dividend being withheld.

Such notices are sent to shareholders who have not completed and submitted a Direct Credit of Dividends instructions on the record date of the relevant dividend.

Dividend Reinvestment Plan

The Directors consider whether the Company's Dividend Reinvestment Plan (DRP) should operate each time a dividend is declared.

The DRP Rules and the 'Dividend Reinvestment Plan Application or Variation Form' are available from the Company's share registrar, Boardroom Pty Limited on 1300 737 760 (in Australia), or +61 2 9290 9600 (international) or email enquiries@boardroomlimited.com.au

Shareholders should note that: (i) Shareholders who elect to participate in the DRP and who do not revoke their elections will automatically participate on the next occasion the DRP is activated; (ii) the fact that the DRP operated in respect of any dividend does not necessarily mean that the DRP will operate in respect of any further dividends (a separate decision is made for each dividend); and (iii) when the DRP does operate, the DRP rules provide that the number of shares that DRP participants will receive will not be determinable on the Record Date determined by the Board.

Directors

Neil Chatfield

Non-Executive Chairman

Trevor Croker

Chief Executive Officer and
Managing Director

Kathleen Conlon

Non-Executive Director

Philippe Etienne

Non-Executive Director

Arlene Tansey

Non-Executive Director

Sylvia Summers Couder

Non-Executive Director

Pat Ramsey

Non-Executive Director

Bill Lance Jr.

Non-Executive Director (elect)

Company Secretary

Kristy Jo

Registered Office

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Investor Contacts

Share Registry

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Level 8, 210 George Street
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Telephone: 1300 737 760 (in Australia)

Telephone: +61 2 9290 9600 (international)

Email: enquiries@boardroomlimited.com.au

Website: www.boardroomlimited.com.au

Auditor

PricewaterhouseCoopers

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Watermans Quay, Barangaroo
Sydney NSW 2001
Australia

Stock Exchange Listing

Aristocrat Leisure Limited

Ordinary shares are listed on the
Australian Securities Exchange
Code: ALL

Internet Site www.aristocrat.com

Investor Email Address

Investors may send email queries to:
investor.relations@aristocrat.com



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