2023 Profit Announcement

Results to be released to the market

Annual information given to the ASX under listing rule 4.3A

Aristocrat Leisure Limited, Building A, Pinnacle Office Park, 85 Epping Road, North Ryde, New South Wales, 2113

ARISTOCRAT LEISURE LIMITED | ABN 44 002 818 368

2023 Profit Announcement

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ARISTOCRAT LEISURE LIMITED

A.B.N. 44 002 818 368

APPENDIX 4E

Preliminary Final Report
Period ended: 30 September 2023
Previous corresponding period: 30 September 2022

Results for announcement to the market

Statutory results				2023 $'m
Revenue from ordinary activities	up	13.0%	to	6,295.7
Profit from ordinary activities before tax	up	35.9%	to	1,670.4
Profit from ordinary activities after tax	up	53.3%	to	1,454.1
Normalised results[1]				
Operating revenue	up	13.0%	to	6,295.7
Profit before tax	up	25.1%	to	1,660.8
Profit after tax and before amortisation of acquired intangibles	up	20.7%	to	1,326.6

Dividends

	Amount per security	Franked amount per security	Record date for determining entitlements to dividends
Current year – 2023:			
- Interim dividend	30.0c	30.0c	26 May 2023
- Final dividend	34.0c	34.0c	1 December 2023
Previous year – 2022:			
- Interim dividend	26.0c	26.0c	27 May 2022
- Final dividend	26.0c	26.0c	1 December 2022

Dividend Reinvestment Plan

The Aristocrat Leisure Limited Dividend Reinvestment Plan (DRP) will not operate in respect of the 2023 final dividend.

For further explanation of the above figures please refer to the Operating and Financial Review and market presentations. Other financial information required by the Appendix 4E is contained in the financial statements.

Audit

This report is based on accounts that have been audited. The audit report is included as part of this profit announcement.

[1] Normalised results exclude the impact of certain significant items which are either individually or in aggregate material to Aristocrat and are outside the ordinary course of business or part of the ordinary activities of the business but unusual due to their size and nature. Details are provided in the Operating and Financial Review.

Directors' Report

For the 12 months ended 30 September 2023

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 2023 (the **financial year**). The information in this report is current as at 15 November 2023 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 2023 was a profit of $1,454.1 million after tax (2022: profit of $948.5 million after tax) and normalised profit after tax and before amortisation of acquired intangibles (**NPATA**) for the financial year was $1,326.6 million (2022: $1,099.3 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 34.0 cents (2022: 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.

During the financial year, the Board approved an increase to the existing on-market share buy-back program to allow up to $1.5 billion to be bought up until 31 May 2024. As at 30 September 2023, $755 million of the share buy-back program had been completed.

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 60 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.

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 identify and appropriately address those obligations and where required, provide notification to the relevant authority of material breaches.

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, improving data capturing capabilities to facilitate better quality disclosures and more accurate emissions reporting.

Aristocrat currently discloses against the Task Force on Climate-related Disclosures (**TCFD**) framework. Using the TCFD framework, Aristocrat's sustainability disclosures provide a progress update across each of the TCFD pillars: Governance, Strategy, Risk Management, Metrics and Targets. These detailed sustainability disclosures are published annually on the Company's website.

Aristocrat has submitted its draft targets for reductions in emissions to the Science-Based Targets Initiative (**SBTi**) and anticipates obtaining the required SBTi approval in the first half of calendar 2024.

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

Principal activities

Aristocrat is a global entertainment and content creation company that leverages technology to deliver industry-leading casino games and is a 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, free-to-play mobile games and online real money games. Aristocrat's regulated gaming products are approved for use in more than 325 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.

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** *M.Bus, FCPA, FAICD*	Nominated December 2017. Appointed February 2018. – Chairman of Costa Group Holdings Limited (since July 2015, appointed as a Non-Executive Director in October 2011) – Former Non-Executive Director of Transurban Group (February 2009 – October 2021) – Former Chairman of Seek Ltd (November 2012 – December 2018, appointed as a Non-Executive Director in June 2005) and Virgin Australia Holdings Ltd (June 2007 – May 2015, appointed as a Non-Executive Director in May 2006) – 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** *Advanced Management Program, GAICD*	Appointed 1 March 2017. – Director of the Cerebral Palsy Alliance Research Foundation (since July 2023) and 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 (until October 2009)	Managing Director & Chief Executive Officer
 **Kathleen Conlon** *BEc, MBA, FAICD*	Nominated January 2014. Appointed February 2014. – Chairman of Lynas Rare Earths Limited (since September 2020, appointed as a Non-Executive Director in November 2011) – Non-Executive Director of BlueScope Steel Limited (since February 2020) – Member of Chief Executive Women – Chairman 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) and The Benevolent Society (February 2013 – February 2022) – Former Partner and Director, Boston Consulting Group (BCG) (August 1989 – December 2004)	Chairman, People & Culture Committee Member, Audit Committee

Directors' Report

Director	Experience and other directorships	Special responsibilities
 **Arlene Tansey** *BBA, MBA,* *Juris Doctor, FAICD*	Nominated March 2016. Appointed July 2016. – Non-Executive Director of McMillan Shakespeare Limited (since November 2022), TPG Telecom Limited (since July 2020) and Lendlease Real Estate Investments Limited (since October 2010) – Director of the Australian Institute of Company Directors (NSW Division Council) (since November 2021) – Member of Chief Executive Women, the International Women's Forum Australia and the Australian National Maritime Museum Council – Former Non-Executive Director of WiseTech Global Limited (June 2020 – November 2022) and Healius Limited (August 2012 – October 2020)	Chairman, Audit Committee Member, Regulatory & Compliance Committee
 **Sylvia Summers Couder** *Dip Electrical Engineering,* *Masters in Electrical Engineering* *and Computer Sciences,* *Cycle de Perfectionnement* *Option (Equivalent MBA),* *MAICD*	Nominated August 2016. Appointed September 2016. – 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)	Member, Audit Committee Member, People & Culture Committee
 **Pat Ramsey** *BA, Economics,* *MBA, MAICD*	Nominated September 2016. Appointed October 2016. – Non-Executive Director of Betr Holdings, Inc. (since May 2023) and Chairman of Codere Online (since November 2021) – Advisor to Arrow International and EPR Properties – Former Vice Chairman of the Board of Trustees for the Meadows School (Las Vegas, USA) – Former Director of SimpleBet, Inc. (July 2021– March 2023) – Former Chief Digital Officer of Aristocrat Leisure Limited (January 2016 – October 2016) and former CEO of Multimedia Games, Inc. (March 2010 – December 2014) – Previously held various senior roles at Caesars Entertainment (formerly Harrah's)	Lead US Director Chairman, Regulatory & Compliance Committee Member, Audit Committee

Director	Experience and other directorships	Special responsibilities
 **Philippe Etienne** *GradDip Marketing, BSc, MBA, Advanced Management Program, GAICD*	Nominated October 2019. Appointed November 2019. – Chairman of Cleanaway Waste Management Limited (since September 2023, appointed as a Non-Executive Director in May 2014) – Chairman and Non-Executive Director, Quantem (since October 2017) – Non-Executive Director of Lynas Rare Earths Limited (since January 2015) – Former Managing Director & CEO of Innovia Security Pty Ltd – Former Non-Executive Director of Sedgman Limited – Previously held various senior executive positions at Orica Limited	Member, People & Culture Committee Member, Regulatory & Compliance Committee
 **Bill Lance** *Master of Public Health, BSc, Graduate of Leadership Oklahoma class XXV*	Nominated October 2022. Appointed January 2023. – Independent Director of BancFirst Corp (since August 2018) – Honorary title of Secretary of State, Chickasaw Nation (since May 2022). In this role, he 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 – 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)	Member, Audit Committee Member, Regulatory & Compliance Committee
 **Jennifer Aument** *B.S., MBA, MAICD*	Nominated April 2023. Appointed August 2023. – Former global chief executive for transportation, AECOM (April 2021 – February 2023) – Former CEO of North America for Transurban (2012 – 2021) – Served as Commissioner and Executive Committee member for Port of Virginia, which is among the largest shipping enterprises in the U.S. – Independent director for variety of private infrastructure companies – Visiting professor and advisory board member, Cornell University – Board member for major not-for-profit trade associations and industry groups, including Eno Center for Transportation and the American Road and Transportation Builders Association	Member, People & Culture Committee Member, Regulatory & Compliance Committee

Directors' Report

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]	12/12	5/5	4/4	5/5	1/1
Trevor Croker	12/12	–	–	–	–
Kathleen Conlon[1]	12/12	5/5	4/4	–	1/1
Philippe Etienne[1]	12/12	–	4/4	5/5	1/1
Pat Ramsey[1]	12/12	5/5	–	5/5	1/1
Sylvia Summers Couder[1]	12/12	5/5	4/4	–	1/1
Arlene Tansey[1]	12/12	5/5	–	5/5	1/1
Bill Lance[1, 4]	8/8	3/3	–	4/4	1/1
Jennifer Aument[1, 5]	1/1	–	–	–	1/1

1. During FY2023, 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 21 September 2023.
4. Bill Lance was appointed as a director on 4 January 2023 and a member of the Audit Committee and Regulatory & Compliance Committee on 23 February 2023.
5. Jennifer Aument was appointed as a director on 1 August 2023 and a member of the People & Culture Committee and Regulatory & Compliance Committee on 7 September 2023.

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, Aristocrat 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 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 Chairman of the Audit Committee or CFO (based on fee quantum), may decide to employ PwC, 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 $102,239. 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

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

15 November 2023

Operating and Financial Review

Aristocrat at a Glance

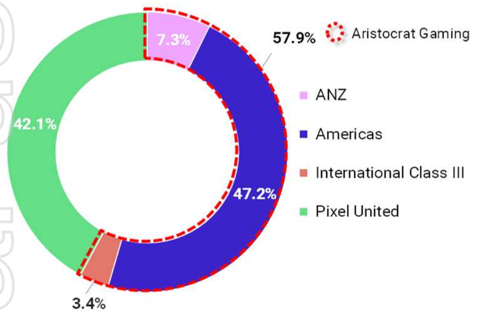
Revenue

$6.3 billion

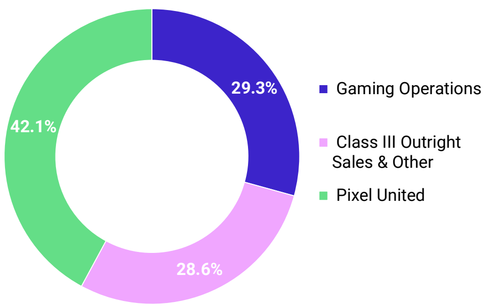
Licensed Jurisdictions

327

Revenue by segment



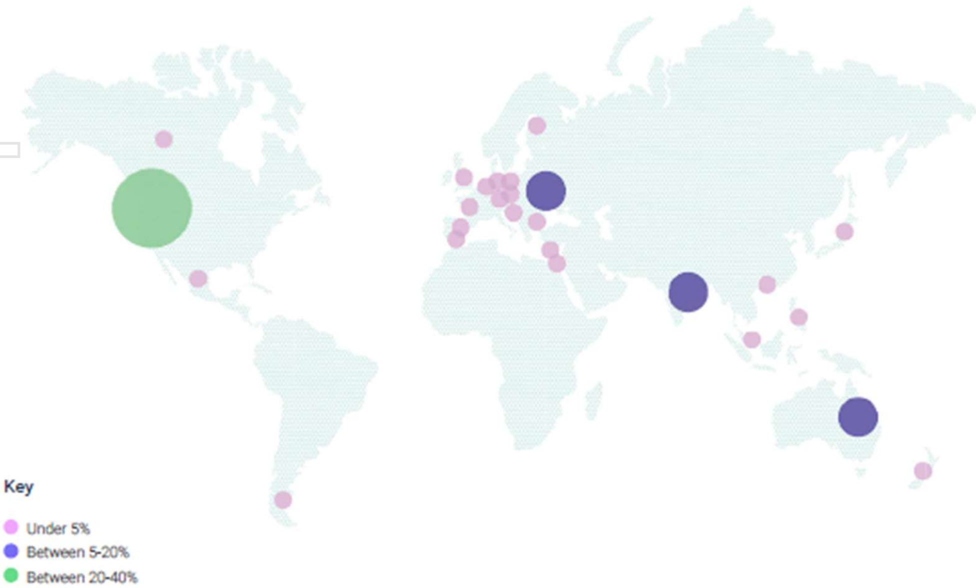
Revenue by strategic segment



Countries

103

Proportion of headcount by country



Employees

7,800+

Operating and Financial Review

Business Strategy & Performance Summary

Robust fundamentals and strong investment deliver a high-quality result in line with growth strategy

Over the twelve months to 30 September 2023, Aristocrat delivered a high-quality Group result, reflecting the competitiveness and diversification of our portfolio, and the impact of sustained, market-leading investment in product, technology and strategic capabilities, notwithstanding mixed market conditions.

Net profit after tax and before amortisation of acquired intangibles (NPATA) of $1,326.6 million increased 21% in reported terms (13% in constant currency) compared to $1,099.3 million delivered in the prior year. Earnings before interest, tax, depreciation and amortisation (EBITDA) of $2,105.4 million represented an increase of 14% in reported terms (7% in constant currency). Group revenue rose 13% over the same period in reported terms (7% in constant currency). This was driven by strong performance in Aristocrat Gaming, with outstanding portfolio performance and growth in North America Outright Sales a highlight of the period. Pixel United performance was impacted by mixed market conditions, as overall mobile bookings moderated. However, the business retained its leading positions in key mobile game genres across the year, with growth in social casino, dynamic User Acquisition (UA) allocation and cost management supporting a resilient result.

Aristocrat demonstrated disciplined investment across the key growth drivers of Design & Development (D&D), UA and Capital Expenditure (Capex), to optimise returns across the portfolio and execute our Group growth strategy. Across the year, $820 million was committed to market-leading D&D, further strengthening and broadening product portfolios. This investment supported growth in Gaming and improved performance in Pixel United, while accelerating Aristocrat's entry into online Real Money Gaming (RMG). Over $100m of D&D investment was made in Aristocrat's online RMG business, Anaxi, and our systems business (CXS) during the year, in addition to the acquisition of Roxor in January 2023. UA of US$433 million was also invested to support mobile portfolio performance.

Anaxi delivered on its initial market entry commitments and continued to establish solid foundations for growth. At period end, Anaxi had signed content agreements with partners representing over 80% of the US iGaming market, and had live content placed with seven operators in six countries across eight jurisdictions. The acquisition of Roxor completed during the year. Roxor was successfully integrated into Anaxi as a core product technology, accelerating delivery of our market entry commitments and supporting our broader online RMG strategy.

Aristocrat also announced the proposed acquisition of NeoGames in May 2023, with the acquisition remaining on track to close during the 2024 financial year. In combination with Aristocrat's content and strong operator and regulator relationships, we believe that NeoGames' technology, distribution, new capabilities and talent will allow us to build a world class online RMG company at scale and unlock our potential to become the leading and most trusted online RMG provider globally.

Strong free cash flow generation was applied to fund both organic and inorganic growth, while surplus cash of $811 million was returned to shareholders through dividends and on-market share buy-backs in the period, in line with the Group's capital allocation framework. At period end, Aristocrat had completed over 50 percent of our on-market share buy-back program of up to $1.5 billion.

Aristocrat's engaged team of over 7,800 people around the world put shared values into practice and demonstrated outstanding commitment to deliver these results. We particularly recognise those impacted by conflict during the year – including our people navigating the challenges of the ongoing war in Ukraine, and, post period end, the outbreak of conflict in Israel.

The business made meaningful strides forward in its ambitious Environmental, Social & Governance (ESG) agenda during the period. Aristocrat continued to invest in responsible gameplay initiatives, with the completion of Australia's first cashless gaming technology trial conducted by Aristocrat in New South Wales, in partnership with our customer, the government and the regulator. The business also made significant progress towards its commitment to publicly set Group-wide, science-based emissions reduction targets by the end of calendar 2023. Proposed targets were submitted to the Science Based Targets initiative, post period end, and are expected to be validated in the first half of the 2024 calendar year. Across the year, Aristocrat made further advances in lifting the representation of women, with the percentage of women on the company's Board increasing to 44%, and over 45% of the executive team, as at period end.

In summary, the Group delivered a high-quality result for the 2023 financial year, demonstrating strong portfolio quality and robust fundamentals. Once again, Aristocrat's performance highlighted the benefit of sustained investment to grow and diversify its operations, including in adjacent markets and segment opportunities, as well as the Group's ongoing focus on capability, culture and sustainability. Aristocrat remains fully focused on delivering long term performance for shareholders, employees, customers, players and other stakeholders.

Operating and Financial Review

Group Performance

Earnings Summary

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

A$ million	Constant currency[2] 2023	2023	2022	Variance vs. 2022 Constant currency[2] %	Variance vs. 2022 Reported %
Normalised results[1]					
Operating revenue	5,947.2	**6,295.7**	5,573.7	6.7	13.0
EBITDA	1,974.7	**2,105.4**	1,850.9	6.7	13.8
EBITA	1,692.1	**1,807.7**	1,592.9	6.2	13.5
NPAT	1,165.9	**1,245.1**	1,000.9	16.5	24.4
NPATA	1,242.4	**1,326.6**	1,099.3	13.0	20.7
Earnings per share (fully diluted)	177.5c	**189.6c**	150.2c	18.2	26.2
EPS before amortisation of acquired intangibles (fully diluted)	189.2c	**202.0c**	165.0c	14.7	22.4
Total dividend per share	64.0c	**64.0c**	52.0c	23.1	23.1
Reported results					
Revenue	5,947.2	**6,295.7**	5,573.7	6.7	13.0
Profit after tax	1,375.2	**1,454.1**	948.5	45.0	53.3
NPATA	1,451.7	**1,535.6**	1,046.9	38.7	46.7
Balance sheet and cash flow					
Net working capital/revenue	2.3%	**2.2%**	1.2%	1.1pts	1.0pts
Operating cash flow	1,687.4	**1,799.1**	1,246.0	35.4	44.4
Closing net (cash)/debt	(810.0)	**(809.1)**	(564.0)	43.6	43.5
Gearing (net (cash)/debt to consolidated EBITDA[3])	n/a	**(0.4)x**	(0.3)x	n/a	0.1x

1. Normalised results are statutory profit (before and after tax), excluding the impact of certain significant items detailed on page 16.
2. Results for 12 months to 30 September 2023 are adjusted for translational exchange rates using rates applying in 2022.
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 Operating and Financial Review has not been audited in accordance with Australian Auditing Standards.

Operating and Financial Review

Operational Highlights

The Group's portfolio of scaled, world-class Aristocrat Gaming and Pixel United assets continued to deliver with normalised profit after tax and before amortisation of acquired intangibles (NPATA) of $1,327 million for the year ended 30 September 2023, reflecting a high-quality product portfolio, ongoing investment and effective execution, with mixed conditions across some key segments. Key operational highlights are set out below.

Growth in Aristocrat Gaming driven by high performing portfolio and superior execution in North America

In North America:

- Exceptional growth in Outright Sales, with unit sales and average selling price (ASP) per unit increasing 25.5% and 14.1% respectively over the year.
- Premium Class III and Class II installed base grew 8.2% to exceed 64,000 units. Growth was fueled by continued penetration of superior hardware configurations and high performing game titles. Market-leading average fee per day of US$54.97 was achieved across the expanded footprint, compared to US$55.78 in the prior year.
- Aristocrat Gaming was the leading supplier in the US market, achieving portfolio performance of 1.4x floor average[1]. Aristocrat games featured in 19 of the Top 25 Premium Leased games, 17 of the Top 25 Class II Mechanical Reel games, and 14 of the Top 25 Class II Video Reel games[2].
- The business continued to expand and scale strategic adjacencies including the Video Lottery Terminal (VLT) segments in Canada, Oregon, Illinois and New York, the Central Determinant System (CDS) segment in Washington and Historical Horse Racing (HHR) markets in Kentucky, Louisiana, New Hampshire and Wyoming.
- At the 2023 EKG Slot Awards, Aristocrat Gaming was named the "Best Overall Supplier of Slot Content". Aristocrat won 6 out of an eligible 13 awards in the land-based gaming segment, further underscoring the superior quality of the business' product portfolio.
- Aristocrat Gaming was awarded three Global Gaming Awards: Land-Based Industry Supplier of the Year, Slot of the Year, and Best Land-Based Product. These reputable and prestigious awards recognise the most innovative companies and individuals across the global gaming industry.

In Australia and New Zealand (ANZ):

- Maintained market-leading ship share, supported by the continued penetration of the *MarsX*™ cabinet and a high performing game portfolio, within a challenging operating environment with regulatory uncertainty.

In International Class III:

- Growth driven by strong game performance and market recovery in Asia and improved operating conditions in Europe.

Pixel United demonstrated resilience in mixed conditions with lower market demand

- Pixel United's bookings declined 4.3% compared to contraction of 4.7% in the global mobile market during the period[3].
- Average Bookings Per Daily Active User (ABPDAU) grew 13%, driven by robust performance in the Social Casino and RPG, Strategy & Action genres.
- Pixel United retained leading positions in key genres, including #1 position in the Social Slots segment, #2 in the broader Social Casino genre, #1 in the Squad RPG (Role-Playing Games) segment and #4 in the Casual Merge segment[3].
- At year end, Pixel United titles accounted for 6 of the top 100 mobile games in the US[3] across multiple genres, showing the benefits of continued investment in features, new content and best practices in Live Ops.
- The casual game *Merge Gardens*™ performed successfully following a re-launch in January 2023.

Superior investment in great talent, technology and product

- Aristocrat continued its fully funded organic investment in our priority areas of D&D, capex and UA, to drive near and longer-term competitiveness, capability and performance.
- D&D investment was proactively increased to 13% on a percentage of revenue basis, above our historical 11-12% range. Investment was directed into talent and product technology to support sustained growth across priority segments and genres.
- UA investment declined to 25% of Pixel United revenue reflecting portfolio mix and a dynamic approach to UA allocation.
- Capex of $453 million reflected continued investment in Gaming Operations to support growth, with almost 5,000 net additional units placed over the reporting period.
- Strong investment in talent and product technology also accelerated execution of Anaxi's iGaming strategy, including completion of the Roxor acquisition, and lifted core product technology infrastructure and capability across the Group.

Strong financial fundamentals, preserving full investment optionality

- Gearing, net (cash)/debt to EBITDA, reduced to (0.4)x at period end from (0.3)x at 30 September 2022.
- Aristocrat's balance sheet remained strong, with $3.9 billion in available liquidity at 30 September 2023 to support future investments including the proposed acquisition of NeoGames, enabling dividend payments, and $443 million in shares purchased through the on-market share buy-back program during the year.

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[1] Based on the average theoretical net win index versus house, Eilers September 2023 report for North America
[2] Average performance per Eilers' Game Performance reports in the 12 months to 30 September 2023
[3] Bookings estimate for financial year ended 30 September 2023 as at October 2023, Sensor Tower

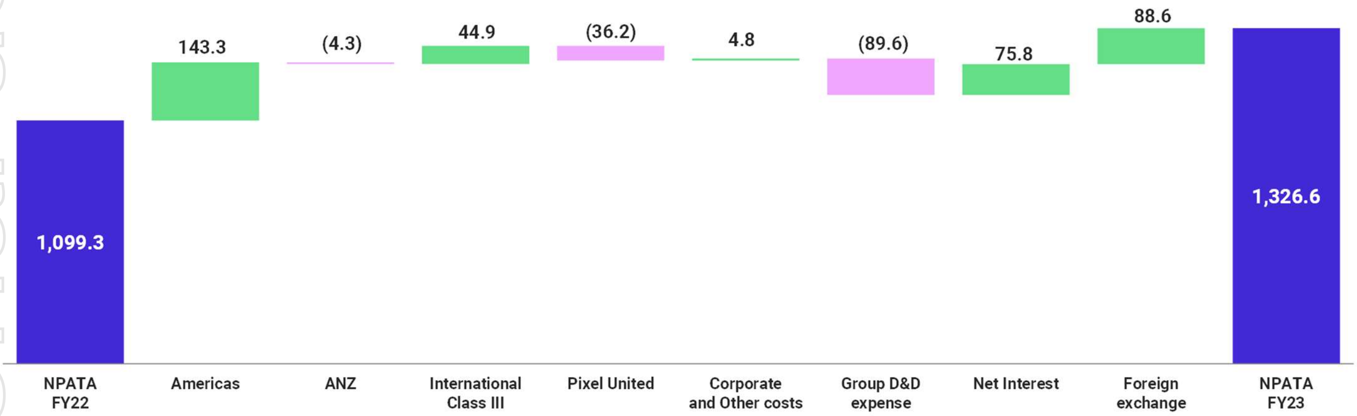
Operating and Financial Review

Performance Summary

NPATA of $1,326.6 million for the year increased 21% (13% in constant currency) compared to $1,099.3 million in the prior year. Revenue increased 13% (7% in constant currency), driven by strong performance in North America Outright Sales and Gaming Operations partly offset by Pixel United's lower result reflecting ongoing mixed market conditions. The strong Group profit result was delivered in the context of continued industry leading investment in talent, technology and product, including the scaling of online RMG. The result benefited from lower net interest expense and foreign exchange movements over the year, compared to the prior year.

Normalised fully diluted earnings per share before amortisation of acquired intangibles of 202.0c increased 22% (15% in constant currency) on the prior year.

NPATA movement FY22 to FY23 (A$ million)



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

- In Aristocrat Gaming:
  - Americas delivered a $143.3 million increase in post-tax profit, due to a 26% increase in North America Outright Sales units and an 8% increase in the Gaming Operations footprint. Growth was driven by larger customer capital spend, increased penetration of premium portrait cabinets and further successful expansion into strategic adjacencies.
  - ANZ post-tax earnings declined by $4.3 million amid challenging market conditions, with regulatory uncertainty, higher competition, and increased input costs due to cabinet components purchased in US dollars, partly offset by higher average selling price with further penetration of the *MarsX*™ cabinet.
  - The International Class III segment grew post-tax earnings by $44.9 million. This reflected improved operating conditions in Europe, and all markets in Asia being reopened since January, with faster than anticipated recovery from COVID restrictions.
- Pixel United post-tax earnings decreased $36.2 million on the prior year, reflecting a global mobile games market decline of 4.7%[1], and the impact of ceasing games in Russia from March 2022. Social Casino titles continued to take market share including the high performing franchises *Lightning Link*™, *Cashman Casino*™ and *Jackpot Magic Slots*™. Casual and RPG Strategy & Action games, including the world-class game *RAID: Shadow Legends*™, delivered resilient results supported by effective UA investments across the portfolio.
- Corporate and other costs decreased $4.8 million post-tax largely as the prior year included costs associated with the lapsed Playtech acquisition offer. This was partly offset by continued investment in strategic capabilities.
- The Group's investment in talent and technology increased year on year and remains at industry leading levels, in line with our growth plans, and the scaling of online RMG, including the acquisition of Roxor during the year.
- Net interest expense was significantly lower than the prior year due to benefits from higher interest rates on cash balances.
- Foreign exchange positively impacted the result by $88.6 million.

[1] Bookings estimate for financial year ended 30 September 2023 as at October 2023, Sensor Tower

Operating and Financial Review

Group Profit or Loss

Results in the current and prior year are in reported currency and normalised for significant items as outlined on page 16. Segment profit is stated before amortisation of acquired intangibles.

A$ million	2023	2022	Variance %
Segment revenue			
Australia and New Zealand	**458.7**	460.7	(0.4)
Americas	**2,973.2**	2,415.1	23.1
International Class III	**212.2**	106.8	98.7
Pixel United	**2,651.6**	2,591.1	2.3
Total segment revenue	**6,295.7**	5,573.7	13.0
Segment profit			
Australia and New Zealand	**151.4**	157.1	(3.6)
Americas	**1,639.0**	1,350.8	21.3
International Class III	**104.5**	39.1	167.3
Pixel United	**854.9**	852.7	0.3
Total segment profit	**2,749.8**	2,399.7	14.6
Unallocated expenses			
Group D&D expense	**(820.2)**	(666.5)	(23.1)
Foreign exchange	**(5.2)**	(11.4)	54.4
Corporate	**(116.7)**	(128.9)	9.5
Total unallocated expenses	**(942.1)**	(806.8)	(16.8)
EBIT before amortisation of acquired intangibles (EBITA)	**1,807.7**	1,592.9	13.5
Amortisation of acquired intangibles	**(106.3)**	(127.5)	16.6
EBIT	**1,701.4**	1,465.4	16.1
Interest	**(40.6)**	(137.7)	70.5
Profit before tax	**1,660.8**	1,327.7	25.1
Income tax	**(415.7)**	(326.8)	(27.2)
Profit after tax (NPAT)	**1,245.1**	1,000.9	24.4
Amortisation of acquired intangibles after tax	**81.5**	98.4	(17.2)
Profit after tax and before amortisation of acquired intangibles (NPATA)	**1,326.6**	1,099.3	20.7

Operating and Financial Review

Revenue

Segment revenue increased 13.0% in reported currency (6.7% in constant currency) to $6,295.7 million, fueled by Aristocrat Gaming, with outstanding growth in Gaming Outright Sales combined with continued expansion of the Class III Premium Gaming Operations footprint.

The percentage of revenue derived from recurring sources (Gaming Operations and Pixel United) decreased from 75.5% in the prior year to 71.4% reflecting the strength of Class III Outright Sales performance in the period.

In Aristocrat Gaming, North America Outright Sales revenue increased 40.3% in local currency, as customers committed more capital to Aristocrat's high performing products. Increased penetration of *Neptune Single*™, launched in August 2022, *MarsX*™ Portrait cabinets and successful expansion into strategic adjacencies drove this result.

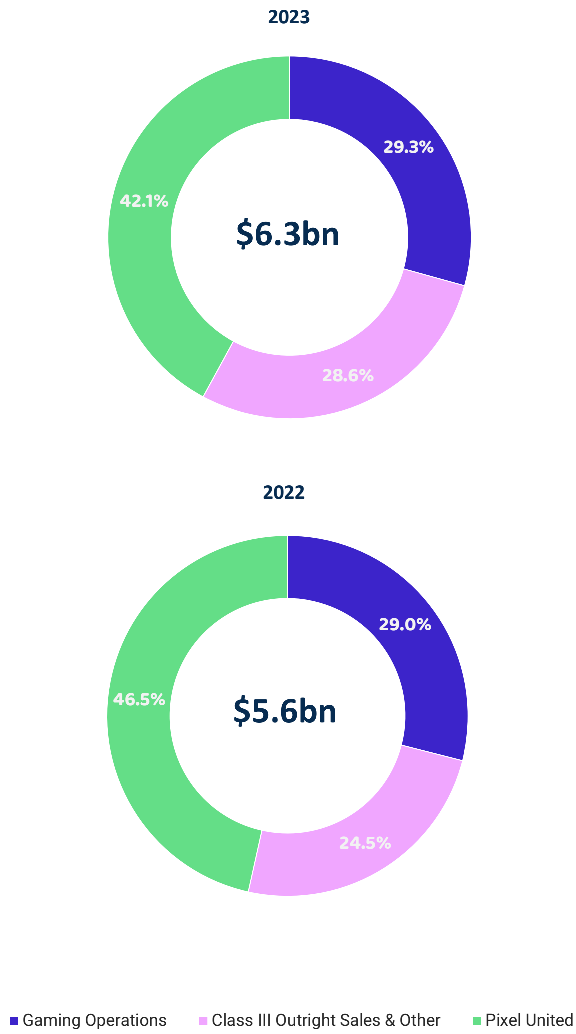
North America Gaming Operations revenue increased 7.0% in local currency. Premium Class III and Class II footprint increased 8.2%, off the back of increased penetration of high performing products including *Dragon Link*™, *Lightning Dollar Link*™ and *Jackpot Carnival*™. Average fee per day remained strong at a market leading US$54.97.

In the predominantly outright sales markets of ANZ, revenue decreased marginally by 0.4% to $458.7 million in reported currency, a resilient result amid challenging market and regulatory conditions.

In the International Class III segment, revenue increased 98.7% to $212.2 million in reported currency, with faster than anticipated post COVID market recovery and strong game performance in Asia, and improved operating conditions across Europe.

Pixel United revenue of US$1,764.0 million declined 3.9%, in local currency, on the prior year reflecting the global mobile markets decline of 4.7%[1] and the exit from the Russian market. The Group's more established RPG, Strategy & Action titles and Casual games were most impacted by mixed market conditions, whilst the Group's Social Casino franchises of *Lightning Link*™, *Cashman Casino*™ and *Jackpot Magic Slots*™ performed strongly, gaining market share with further bookings growth also delivered from the successfully re-launched Casual game, *Merge Gardens*™.

Revenue by Strategic Segment



[1] Bookings estimate for financial year ended 30 September 2023 as at October 2023, Sensor Tower

Operating and Financial Review

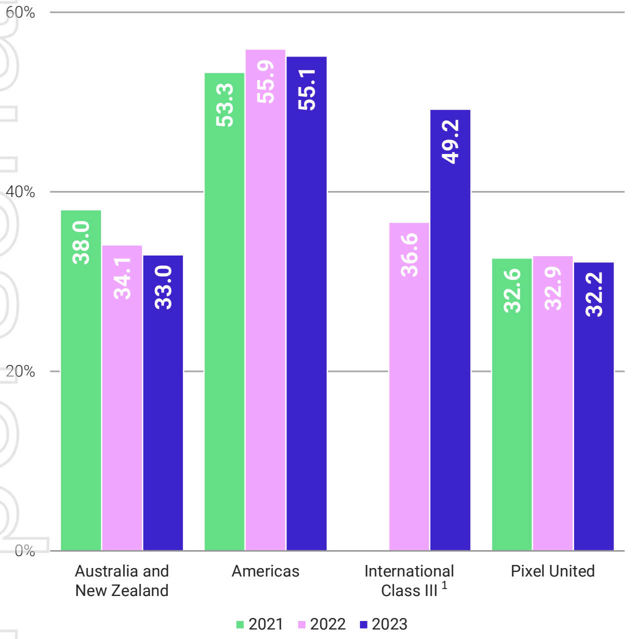
Earnings

Segment profit increased 14.6% on the prior year, in reported currency, to $2,749.8 million.

Americas Gaming margin decreased from 55.9% to 55.1%, due to the mix impact of strong growth in the lower-margin outright sales segment.

Pixel United's margin decreased from 32.9% to 32.2%, largely due to a decline in the global mobile games market which lowered bookings from some higher margin legacy products, as well as the impact of exiting Russia. This was partly offset by efficient UA investment across the portfolio. Proactive cost management further protected margins.

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.

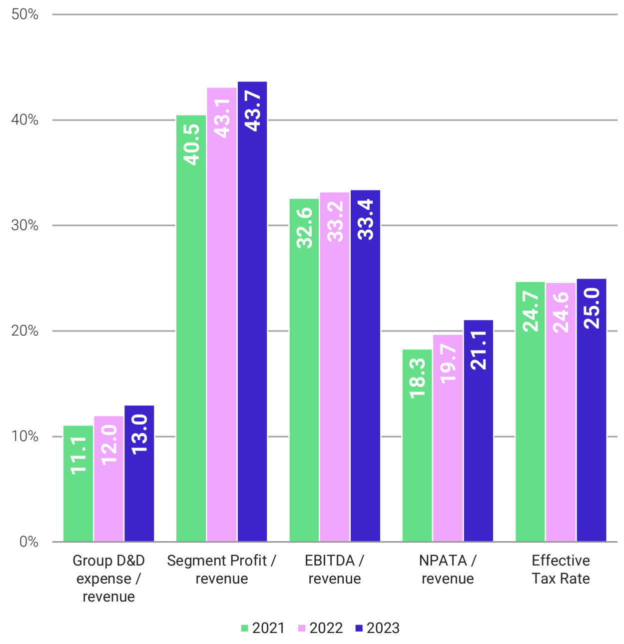
The Group continued to invest in talent and technology to deliver competitive product across a broader range of priority segments and genres, including investment to establish and scale online RMG and acquire Roxor during the year. Investment in D&D increased to 13.0% on a percentage of revenue basis.

Corporate costs decreased $12.2 million reflecting costs associated with the lapsed Playtech acquisition offer in the prior year partially offset by continued investment in strategic capabilities and talent.

Interest improved by $97.1 million largely attributable to higher interest income on cash balances.

The effective tax rate (ETR) for the reporting period was 25.0%.

Other Key Margins % of Revenue and ETR



Operating and Financial Review

Reconciliation of statutory profit to NPATA

A$ million	2023	2022
Statutory profit as reported in the financial statements	**1,454.1**	948.5
Amortisation of acquired intangibles (tax effected)	**81.5**	98.4
Reported profit after tax before amortisation of acquired intangibles (Reported NPATA)	**1,535.6**	1,046.9
(Less)/Add back net (gain)/loss from significant items after tax	**(209.0)**	52.4
Normalised profit after tax before amortisation of acquired intangibles (Normalised NPATA)	**1,326.6**	1,099.3

Significant items

	30 Sep 2023	
A$ million	**Before tax**	**After tax**
Litigation proceeds	36.0	25.1
Acquisition related transaction and integration costs	(13.9)	(13.7)
Onerous lease	(12.5)	(9.6)
Changes in deferred tax asset	-	207.2
Net gain from significant items	**9.6**	**209.0**

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

Litigation proceeds of $25.1 million relating to an intellectual property matter finalised during the year.

Acquisition related transaction and integration costs of $13.7 million related to Roxor and the proposed acquisition of NeoGames.

Onerous lease expense of $9.6 million relating to an onerous lease for the Seattle premises, which was committed to by previous ownership.

Changes in deferred tax asset with a net benefit of $207.2 million relating to Group structure changes in a prior period.

Operating and Financial Review

Balance Sheet

The balance sheet can be summarised as follows:

A$ million	30 Sep 2023	31 Mar 2023	30 Sep 2022	Variance vs. 30 Sep 2022 %
Cash and cash equivalents	**3,151.0**	2,743.2	3,021.3	4.3
Property, plant and equipment	**485.9**	377.4	357.8	35.8
Intangible assets	**4,000.5**	3,882.5	3,891.2	2.8
Other assets	**3,284.9**	3,008.8	2,850.1	15.3
Total assets	**10,922.3**	10,011.9	10,120.4	7.9
Current borrowings	**99.6**	95.7	99.9	(0.3)
Non-current borrowings	**2,242.3**	2,207.4	2,357.4	(4.9)
Payables, provisions and other liabilities	**1,854.3**	1,555.6	1,640.4	13.0
Total equity	**6,726.1**	6,153.2	6,022.7	11.7
Total liabilities and equity	**10,922.3**	10,011.9	10,120.4	7.9
Net working capital	**139.6**	318.3	64.1	117.8
Net working capital / revenue %	**2.2**	5.4	1.2	1.0pts
Net (cash) / debt	**(809.1)**	(440.1)	(564.0)	43.5
Gross debt	**2,341.9**	2,303.1	2,457.3	(4.7)

Significant movements from 30 September 2022

Cash and cash equivalents: The increase reflects continued strong cash flow generation partly offset by the $174.2 million payment for the acquisition of Roxor along with increased capital expenditure to support the Americas Gaming Operations installed base, dividends and on-market share buy-backs.

Net working capital: The movement reflects growth in Gaming business revenue compared to the prior year, with continued focus on maintaining customer order fulfillment resulting in higher levels of inventory, as well as timing of receivables and payables across the business.

Property, plant and equipment (PP&E): The increase in PP&E primarily reflects the investment in Americas Gaming Operations' recurring revenue assets.

Other assets: The increase in other assets reflects movements in trade receivables and inventory, that form part of working capital, and deferred tax assets.

Intangible assets: The change in intangibles primarily reflects the acquisition of Roxor.

Total equity: The change in total equity reflects the current year's result, currency movements, the on-market share buy-backs and dividends paid.

Operating and Financial Review

Statement of Cash Flows

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

Operating cash flow

A$ million	2023	2022	Change %
EBITDA	**2,105.4**	1,850.9	13.8
Change in net working capital	**(75.5)**	(169.3)	55.4
Interest and tax	**(420.9)**	(492.8)	14.6
Other significant items (cash and non-cash)	**9.6**	(6.4)	n/a
Other cash and non-cash movements	**180.5**	63.6	183.8
Operating cash flow	**1,799.1**	1,246.0	44.4
Operating cash flow less capex	**1,346.4**	977.2	37.8

Consolidated cash flow

A$ million	2023	2022	Change %
Operating cash flow	**1,799.1**	1,246.0	44.4
Capex	**(452.7)**	(268.8)	(68.4)
Acquisitions net of cash acquired	**(174.2)**	(0.6)	n/a
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 and divestments	**(2.8)**	(1.4)	(100.0)
Investing cash flow	**(629.7)**	(334.4)	(88.3)
Proceeds from borrowings (net of transaction costs)	**-**	2,551.8	n/a
Repayments of borrowings	**(101.6)**	(3,676.9)	97.2
Proceeds from issue of shares (net of transaction costs)	**-**	1,277.2	n/a
Payments for shares bought back (net of transaction costs)	**(443.3)**	(312.0)	(42.1)
Lease principal payments	**(42.9)**	(39.4)	(8.9)
Dividends and Employee share purchases	**(443.6)**	(406.0)	(9.3)
Financing cash flow	**(1,031.4)**	(605.3)	(70.4)
Net increase in cash	**138.0**	306.3	(54.9)

Operating cash flow increased 44% on the prior year to $1.8 billion, reflecting continued strong business performance and underlying cash flow generation, increased interest income on cash balances and receipt of litigation proceeds.

The net working capital movement during the year reflects the continued growth in Aristocrat's Gaming business revenue compared to the prior year, timing of receivables and payables, and increased inventory levels to ensure customer order fulfilment.

The increase in other cash and non-cash movements largely reflects the impact of share buy-backs transacted on 30 September 2022 and settled during the current year, and movements in share-based payments that are non-cash in nature.

Interest and tax decreased 15%, reflecting higher interest income on cash balances.

Capital expenditure was largely driven by investment to support continued growth in the Americas Gaming Operations installed base.

The $174.2 million acquisition of Roxor was completed during the year.

During the year, a further $443 million of shares have been purchased through the on-market share buy-back program, with $755 million returned to shareholders to date.

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

Operating and Financial Review

Funding and Liquidity

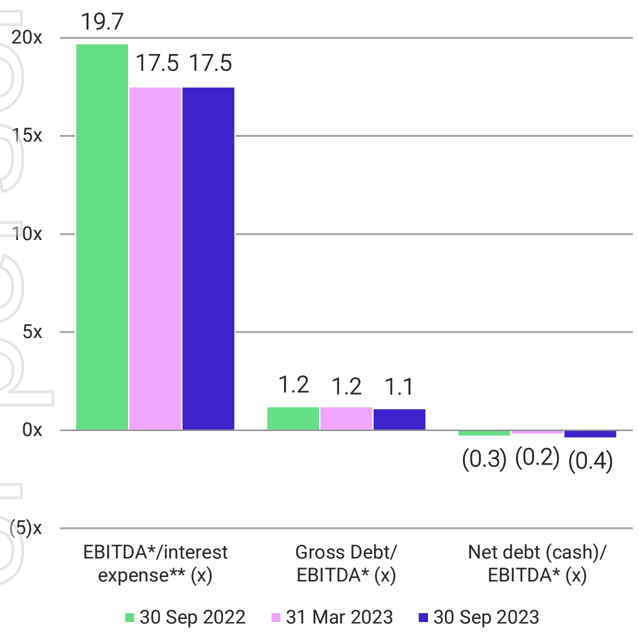
The Group maintained ample liquidity and a strong balance sheet over the reporting period. The Group had committed loan facilities of $3.1 billion as at 30 September 2023, comprising a US$1.3 billion Term Loan A, US$250 million Term Loan B and a US$500 million revolving credit facility.

At year end, Aristocrat had total liquidity of approximately $3.9 billion, comprised of cash and $766 million of the available revolving credit facility, net of $11 million supporting letters of credit.

The Group's facilities are summarised below:

Facility	Drawn as at 30 Sep 2023	Limit	Maturity date
Term Loan A facility	US$1,265.6m	US$1,265.6m	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 below:



* 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 (0.4)x at 30 September 2023, from (0.3)x in the prior year.

Credit Ratings

During the period, Aristocrat's S&P's credit rating was increased to investment grade at BBB-, and Moody's Ba1 and Fitch's BBB- credit ratings were maintained. These ratings were affirmed during the reporting period.

Dividends

The Directors authorised a final fully franked dividend of 34.0 cents per share for the year ended 30 September 2023, and is estimated at A$220.4 million based on the shares issued at the date of the financial statements. The dividend is expected to be declared and paid on 19 December 2023 to shareholders on the register at 5.00pm on 1 December 2023.

Total dividends in respect of the 2023 financial year amount to 64.0 cents per share (A$416.6 million) and represents an increase of 23% (or 12 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 2023, the Australian dollar was, on average, weaker against the US dollar when compared to the prior year. The impact of translating foreign currency (translational impact) increased revenue by $348.5 million, while increasing normalised NPATA by $84.2 million on a weighted average basis when compared with rates prevailing in the respective months in the prior year. In addition, as at 30 September 2023, 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 $625.3 million (compared to a credit balance of $602.2 million as at 30 September 2022).

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 $21 million translational impact on the Group's annual normalised NPATA, based on the last 12-month period. This impact will vary in line with the magnitude and mix of overseas profits.

Exchange rates compared with prior periods for the US dollar are below.

A$:	30 Sep 2023	31 Mar 2023	30 Sep 2022	2023 Average[1]	2022 Average[1]
USD	0.6434	0.6683	0.6397	0.6655	0.7084

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

Segment Review

Segment profit represents earnings before interest and tax, and before significant items detailed on page 16, charges for D&D expenditure, amortisation of acquired intangibles and corporate costs. These amounts are disclosed in the Group's statement of profit or loss. Constant currency amounts refer to 2023 results restated using exchange rates applying in 2022.

1. Aristocrat Gaming

Americas

Summary Profit or Loss

US$ million	2023	2022	Variance %
Revenue	**1,977.5**	1,704.6	16.0
Profit	**1,091.0**	956.4	14.1
Margin	**55.2%**	56.1%	(0.9) pts

In local currency, Americas profit increased 14.1% to $1,091.0 million, driven by continued growth in both Outright Sales and the Class III Premium Gaming Operations footprint, supported by the depth and strength of the portfolio.

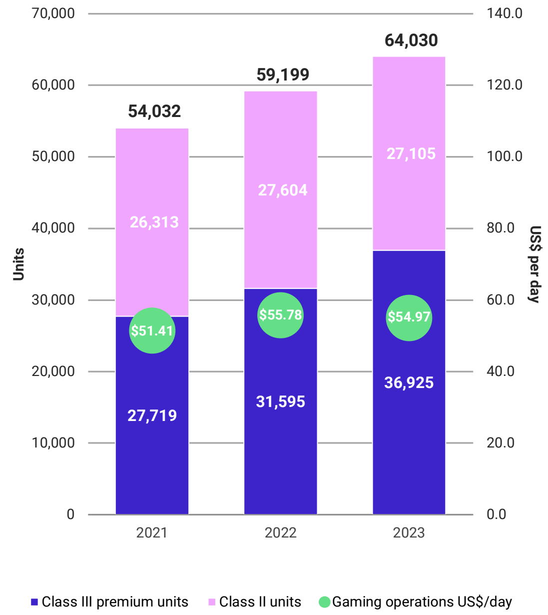
Overall margin decreased 0.9 percentage points to 55.2% due to the mix impact of the strong growth delivered in the lower-margin outright sales segment.

Aristocrat's Class III Premium and Class II Gaming Operations installed base grew by over 4,800 units to exceed 64,000 units. North America Outright Sales units grew 25.5% and ASP grew 14.1% reflecting continued penetration of leading hardware configurations, high performing game titles and further expansion into adjacent markets.

North America Gaming Operations units and Average US$ Fee/day

+8%

Unit Growth



Aristocrat's Class III Premium installed base grew 16.9% to nearly 37,000 units. Key titles including *Dragon Link*™, *Lightning Dollar Link*™ and *Jackpot Carnival*™ drove momentum in the year.

Aristocrat's Class II Gaming Operations installed base decreased 1.8% year on year to 27,000 units as tribal customers replaced legacy Class II games with premium Class III games behind stronger performance expectations.

Aristocrat Gaming achieved market-leading portfolio performance of 1.4x floor average[1] in the period. Aristocrat held 19 of the Top 25 Premium Leased games, 17 of the Top 25 Class II Mechanical Reel games, and 14 of the Top 25 Class II Video Reel games in the period, demonstrating exceptional portfolio strength[2].

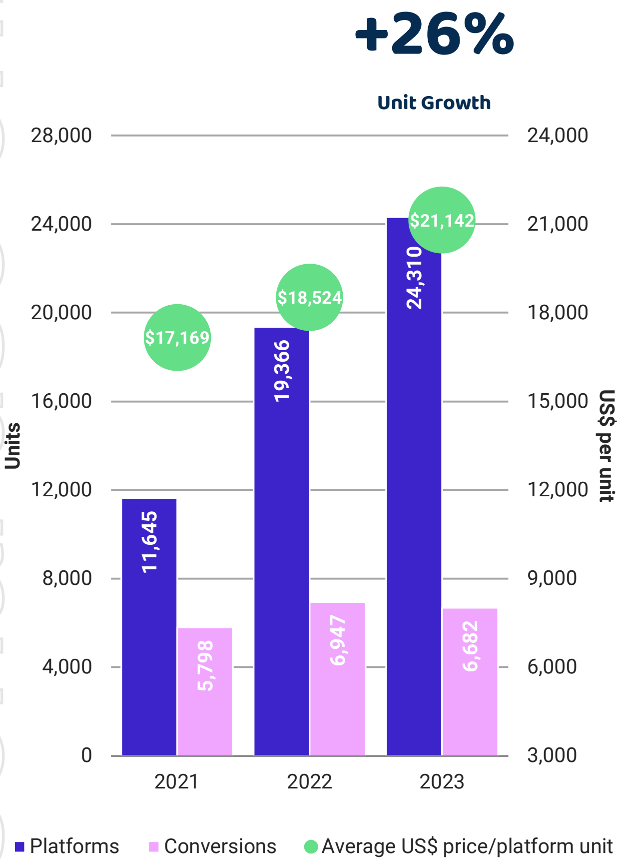
The market leading FPD remained strong at US$54.97 across the expanded footprint.

[1] Based on the average theoretical net win index versus house, Eilers September 2023 report for North America

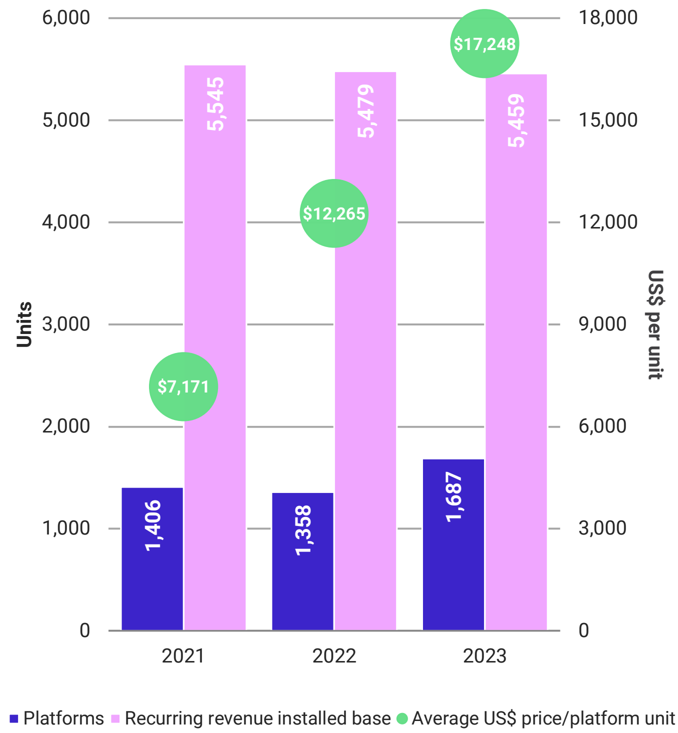
[2] Average performance per Eilers' Game Performance reports in the 12 months to 30 September 2023

Operating and Financial Review

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



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



Outright Sales revenue increased 40.3% compared to the prior year, supported by customer capital commitments, increased penetration of premium portrait cabinets, and growth in strategic adjacencies. ASP per unit increased 14.1%, and unit sales grew by 25.5% over the prior year.

MarsX™ Portrait and *Neptune Single*™ penetration (launched August 2022) was enabled by continued strong game performance, led by *Coin Trio*™, *Buffalo Ascension*™, *Bao Zhu Zhao Fu*™, *Mo' Mummy*™ and *Buffalo Strike*™.

Successful expansion continued into attractive adjacencies, including the Video Lottery Terminal (VLT) segments in Canada, Oregon, Illinois, and New York, the Central Determinant System (CDS) segment in Washington, and Historical Horse Racing (HHR) markets in Kentucky, Louisiana, New Hampshire, and Wyoming.

Latin America performance benefitted from improved economic conditions compared to the prior year. Average cabinet selling price increased from the prior year due to an increased proportion of sales arising from new cabinets.

Operating and Financial Review

Australia and New Zealand

Summary Profit or Loss

	Constant currency		
A$ million	**2023**	**2022**	**%**
Revenue	**458.4**	460.7	(0.5)
Profit	**151.3**	157.1	(3.7)
Margin	**33.0%**	34.1%	(1.1) pts

ANZ revenue was resilient in challenging market conditions, with regulatory uncertainty. Revenue, which is predominately Outright Sales, declined slightly to $458.4 million in constant currency on the prior year. Profit decreased by 3.7% to $151.3 million.

Margin decreased 1.1 percentage points to 33.0% due to increased input costs with foreign exchange impacts for product purchases largely made in US dollars, partly offset by further penetration of the *MarsX*™ cabinet.

ANZ Outright Sales units and Average A$ price/unit

The ANZ business maintained its market-leading ship share, driven by the continued success of the *Dollar Storm*™ and *Cash Express Luxury Line*™ game families and the newly released *Aqua Kingdom*™ family.

Investment in responsible gameplay initiatives continued during the reporting period, with the completion of Australia's first cashless gaming technology trial conducted by Aristocrat in New South Wales, in partnership with the government, regulatory bodies and Wests New Lambton.

Aristocrat has applied to participate in the next round of cashless trials announced by the New South Wales government, with a solution that builds on the lessons of our initial trial, along with player experience and customer feedback.

International Class III

Summary Profit or Loss

	Constant currency		
A$ million	**2023**	**2022**	**%**
Revenue	**200.0**	106.8	87.3
Profit	**98.6**	39.1	152.2
Margin	**49.3%**	36.6%	12.7 pts
Class III Platforms	**4,314**	2,297	87.8

International Class III revenue and profit increased 87.3% and 152.2% on the prior year, respectively, to $200.0 million and $98.6 million.

Revenue and profit grew in the European market, which benefitted from improved operating conditions.

In Asia, revenue and profit more than doubled compared to the prior year, with all markets open from January and Aristocrat's participation in venue openings.

Aristocrat grew share year on year driven by strong new release game performance, including *Dragon Link*™, *Tian Ci Ji Lui*™ and *5 Dragons Pearl*™.

The strength of the Asia game portfolio was recognised at the 2023 Asia Gaming Awards with Aristocrat awarded "Best Slot Product (Land-based)".

Operating and Financial Review

2. Pixel United

Summary Profit or Loss

US$ million	2023	2022	Variance %
Bookings	1,748.0	1,826.1	(4.3)
Revenue	1,764.0	1,834.7	(3.9)
Profit	567.6	604.6	(6.1)
Margin	32.2%	33.0%	(0.8) pts

Pixel United bookings declined 4.3% on the prior year to US$1,748.0 million, against a decline in the global mobile games market of 4.7%[1].

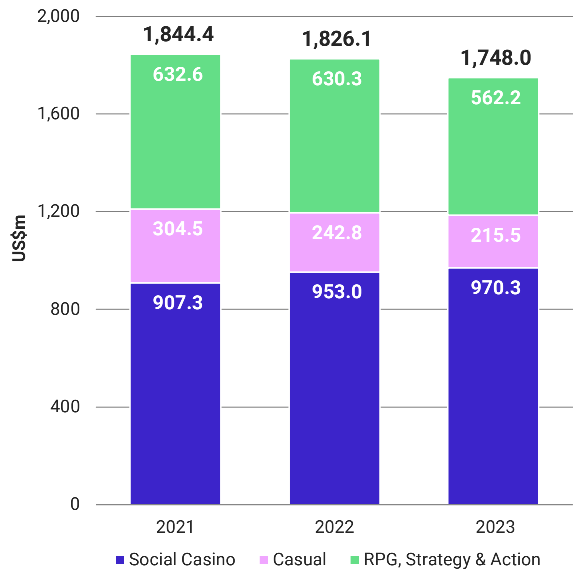
Social Casino franchises outperformed the market, demonstrating portfolio resilience and effective player engagement, supported by investments in Live Ops, features and new content with revenue growth in the key franchises of *Lightning Link*™, *Cashman Casino*™ and *Jackpot Magic Slots*™. Casual bookings were down due to mixed demand across the genre and moderation in *EverMerge*™. *Merge Gardens*™ positively impacted bookings following the successful re-launch in January 2023. In the RPG, Strategy & Action genre, exiting Russia in March 2022 impacted bookings compared to the prior year, as well as the maturing of *RAID: Shadow Legends*™.

Profit of US$567.6 million compared to US$604.6 million in the prior year. Margin decreased 0.8 percentage points to 32.2%, reflecting a reduction in bookings from some higher margin legacy products as well as exiting Russia, and costs associated with the conflict in Ukraine, partly offset by disciplined and efficient investment in UA across the portfolio.

Social Casino

Social Casino contributed bookings of US$970.3 million, an increase of 1.8% on the prior year, driven primarily by the strong growth of *Lightning Link*™, and the ongoing performance of *Jackpot Magic Slots*™, partly offset by some softening of *Big Fish Casino*™ and *Heart of Vegas*™. These titles benefited from successful investment in Live Ops, features, new slot content and effective investment in UA.

Bookings[1] 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.

RPG, Strategy and Action (Midcore)

Role-Playing Games (RPG), Strategy and Action contributed US$562.2 million in bookings, a decrease of 10.8% compared to the prior year, impacted by the exit from Russia in March 2022. Sustained profitability in *RAID: Shadow Legends*™ was supported by efficient UA investment as well as innovative marketing initiatives including the animated YouTube series, *RAID: Call of the Arbiter*™.

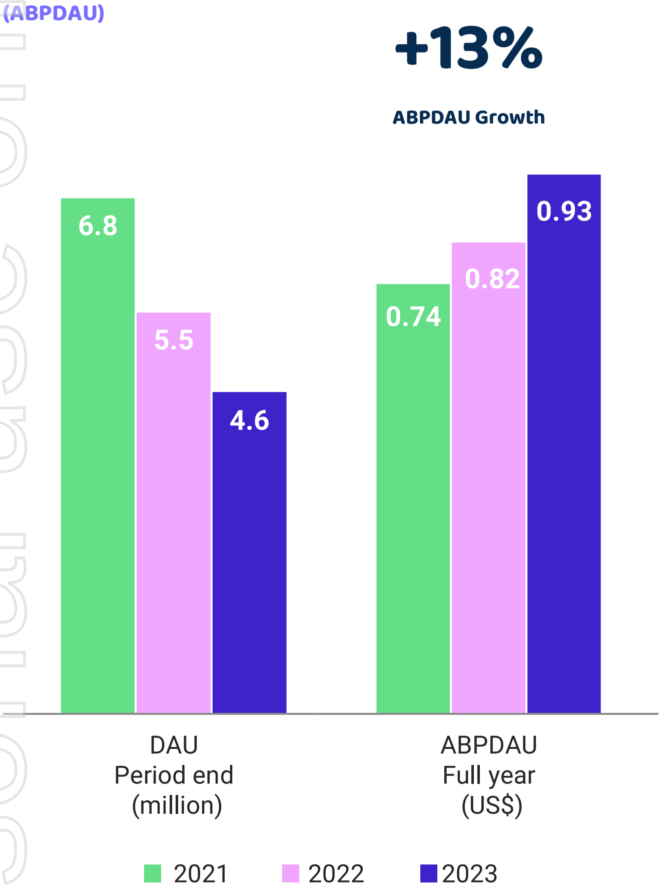
Casual

Casual delivered US$215.5 million in bookings, a decrease of 11.2% on the prior year, due to a decline in *EverMerge*™, after successfully scaling the game over the last two years, and the maturity of legacy titles. Positive growth in *Merge Gardens*™ followed its re-launch in January 2023.

[1] Bookings estimate for financial year ended 30 September 2023 as at October 2023, Sensor Tower

Operating and Financial Review

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



DAU decreased to 4.6 million year on year driven by an overall market decline and the maturing of the Pixel United portfolio.

ABPDAU grew 13% or US$0.11 compared to the prior year, demonstrating strengthening player engagement across the portfolio.

Operating and Financial Review

Principal Risks

Managing risk provides greater certainty in the delivery of our strategy and continued performance of Aristocrat's diversified business

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.

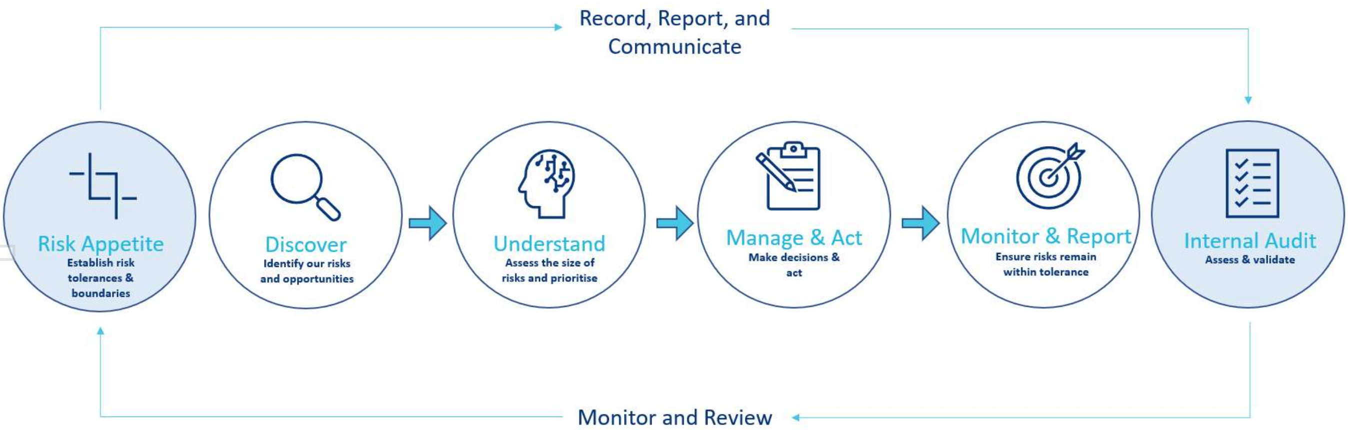
Aristocrat uses risk management across the organisation to mitigate potential threats, improve our preparedness to respond to crises and emerging risks, and provide greater surety as we pursue opportunities.

Risk Management Framework

Aristocrat's Enterprise Risk Management (ERM) Framework (the Framework) is core to our risk management program and approach. The Framework establishes accountabilities for risk management and 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, monitor and prepare for 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 our Board-approved Risk Appetite Statements, the Risk and Opportunity Management Support Guide and the Significant Incidents Escalation Policy. These artefacts guide our leaders and employees on how to practically identify, assess and manage, monitor and escalate risks in line with the appetite and tolerance Aristocrat has established to achieve its strategic objectives. 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 is designed to integrate risk management into our ways of working and facilitates the management of risk at both an enterprise and business unit/functional level and connects risk across the enterprise. It addresses financial and non-financial risk (strategic, brand and trust, operational, product, technology and innovation, cybersecurity, people and legal and regulatory), with consideration of both internal and external factors. Figure 2 illustrates our ERM coverage.

Operating and Financial Review

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 business unit/functional leaders, in addition to a network of Risk Champions. The Framework is maintained by the Group Risk and Audit function, and 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 in an evolving operating environment, and we have continued to navigate significant uncertainties throughout this year. In FY23, challenges associated with Ukraine and Russia, macroeconomic uncertainty, a softer mobile gaming market, political and regulatory inquiries into the Gaming industry in Australia and increasing sophistication of cyber-criminals have all been monitored and managed. These challenges combined with the increasing complexity and diversity of business operations with our acceleration into the online real-money gaming market, have underpinned the need for a robust Framework and resiliency program.

Aristocrat continues to proactively prepare and 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.

In FY24, we anticipate global economic uncertainty to continue. In addition, we expect that further disruption and changes within the mobile gaming market, regulatory changes to both gaming and social casino industries, Aristocrat's growing Anaxi business and the proposed acquisition of NeoGames, will continue to create new and varied risks and opportunities that we are poised to manage. We are also prepared to navigate complex geopolitical situations, including maintaining the health and safety of our people and continuity of operations in Israel and Ukraine.

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

Operating and Financial Review

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.

Importance to Aristocrat

The health, safety and wellbeing of our people is key to our success. Some of our employees operate in inherently higher risk environments which require effective health, safety and environment (HSE) controls, and a strong safety culture.

FY23 Commentary

In FY23, the key health and safety risk remained centred around our employees in Ukraine. We continued to evaluate the situation and offer support (including relocation) to our impacted colleagues.

Outside of Ukraine, employee Health, Safety and Wellbeing priorities for FY23 were centred around improving driver safety through implementation of driver assistance tools, preserving employee mental health and wellbeing, uplifting and embedding emergency preparedness and response capabilities through training of employees and heightened awareness by leadership, and the implementation of tools to better utilise data. These efforts have resulted in health and safety incident rates consistently below industry benchmarks.

Management and Mitigation

- Global HSE Management System aligned to global safety standards
- Strategic HSE Working Group and People, Culture and Reputation 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 regular leadership communication
- Periodic review of Employee Assistance Program data to identify trends
- Ongoing HSE training for all employees
- Comprehensive incident management and near miss reporting and lessons learned processes
- Driver Safety software implemented within fleet

People

Attraction and Retention of Talent

Risk Description

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

Importance to Aristocrat

Our growth strategy depends on our ability to attract, engage and retain best-in-class talent and the maintenance of our people-first approach.

FY23 Commentary

Aristocrat continued to invest strongly in the development and retention of high performing employees in pursuit of our growth strategy. This investment, in combination with labour market softening, low churn rates across the business, and implementation of key mitigating actions means the risk surrounding talent attraction has fallen this year.

However, the challenges surrounding the attraction and retention of key technology, digital and creative talent are expected to continue in FY24, particularly as the organisation continues to diversify into new segments and markets, and the business continues to acquire new talent through acquisition. Accordingly, the management of talent will be a continued area of focus for Aristocrat.

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 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
- Consistent global onboarding experience
- Monitoring of key talent metrics

Operating and Financial Review

Business Resilience

Responding to an unplanned Operational Incident or Other Business Disruptive Event

Risk Description

Failure to continue, adapt or recover critical activities in a timely manner as a result of unplanned operational incidents or other business disruptions may impact employee health and wellbeing, our commercial objectives and reputation.

Importance to Aristocrat

As a global technology company, Aristocrat operates in locations where geopolitical tensions exist (e.g. Ukraine and Israel), and technological disruptions or adverse health/weather incidents are likely. Failure to prepare for disruptive events or build organisational resilience could cause adverse impacts to employee health and wellbeing, critical business operations, player experience, financial performance, brand and trust.

FY23 Commentary

The unstable global geopolitical environment and other unplanned operational incidents continue to present a risk to Aristocrat. This year, all major business units have reviewed and refreshed their business impact analyses and business resilience plans and held tabletop exercises. Through these assessments and exercises, we continue to learn and identify opportunities to improve our business continuity and disaster recovery plans.

Following the outbreak of conflict in Ukraine in 2022, we have continued to support our Ukraine based employees by providing mental health services, and the voluntary relocation of our employees and their families including the provision of transportation, visa, legal aid, housing and settling-in assistance for relocated staff.

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
- Ongoing monitoring and evaluation of international issues, economic, geopolitical and political indicators and scenarios, and legislation with the support of third-party specialists including external legal counsel and geopolitical risk specialists where required
- Mass communication system to notify and account for employees
- Business Impact Analyses and Business Resilience Plans completed by all major areas of the business and updated on a regular cadence
- Continued diversification of operations in line with growth strategy
- Execution of crisis event tabletop exercises/simulations and training across all regions

Operating and Financial Review

Customer

Maintaining and Growing Market Share

Risk Description

Failure to innovate and expand our portfolio of games/products and services, and explore new markets and enabling technologies, could impact our ability to grow market share and achieve our strategic objectives.

Importance to Aristocrat

Innovative products and services underpin our growth and competitive advantage. Entering new markets and genres provides new distribution channels for our content.

FY23 Commentary

We continued to strengthen customer and player relationships through the development and delivery of world class technology and content.

Gaming delivered another strong year through its strong game performance and world class content, underpinned by innovation in its products and revenue models. Anaxi delivered on its initial market entry commitments and continued to establish foundations for growth in online RMG, whilst Pixel United continued to explore new markets. We recognise that our operating environment remains highly competitive.

Management and Mitigation

- 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
- Continued investment in differentiators that drive competitive advantage, including market-leading product portfolios, tailored to customer needs
- Establishment and scaling of Anaxi
- Voice of the Customer and Player programs and strong focus on customer experience
- Continued investment in customer and market insights programs
- Gaming revenue diversification strategy

Global Supply Chain

Managing Global Supply Chain Constraints

Risk Description

Global supply chain disruptions, including material/component shortages and logistical constraints impacting our ability to serve our Gaming customers.

Importance to Aristocrat

Successfully managing supply chain challenges is critical to meeting business requirements and satisfying customer demands for our products.

FY23 Commentary

During the COVID-19 pandemic, the supply chain was critically impacted: materials and commodities were in limited supply, worldwide logistics constrained, and manufacturing capacity and labour availability compromised.

In FY23, the risk has stabilised and reduced due to:

- Improved material availability and reduced lead times with order cycle times aligning with best-in-industry
- Continued build of supplier network strength and resiliency.

Management and Mitigation

- Dedicated team actioning a supply chain strategy to deliver through market conditions
- 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
- Controlled spot buying processes to secure critical supply
- Product re-engineering to mitigate reliance on parts in short supply
- Redesigned supply chain to deliver flexibility and maximise used parts utilisation
- Supplier due diligence, performance and risk assessment processes

Operating and Financial Review

Cyber Security

Securing and Controlling Information Assets and Systems

Risk Description

Enterprise disruptions to Aristocrat and/or its customers and consequential damage (e.g. reputational, intellectual property or personally identifiable information data loss, financial, regulatory/standards breach) from a cyber breach.

Importance to Aristocrat

Failure to protect/secure Aristocrat assets could damage our business operations, player experience, financial performance, brand and trust.

FY23 Commentary

Aristocrat continues to build robust internal capabilities, and implement leading tools and systems to identify, respond to and mitigate incidents 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, with focus on risks relating to ransomware, insider threat, unsecure product configuration and supply chain attack.

In FY23, Aristocrat, like many other organisations, was impacted by a cyber incident whereby a criminal hacker exploited a newly identified (zero day) vulnerability in third-party file sharing software (MOVEit) used by the company. The hacker extracted data from a company server, including personal information belonging to Aristocrat employees and other data. We have taken comprehensive steps to contain the incident and have compiled lessons learned to further mature the cybersecurity program.

Management and Mitigation

- Cybersecurity Architecture Standards and Security Policies
- Combined Cyber and Privacy Operating Committee with a documented Committee Charter to provide program governance
- Strong controls in identity and access management, endpoint detection and response, data loss prevention, cloud security, email security, vulnerability management and threat intelligence/dark web monitoring
- Third party/supply chain risk management
- Logging, monitoring and incident response
- Compulsory information security training program
- Monthly phishing campaign for the enterprise
- 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 cybersecurity internal audit

Data Privacy

Protecting Sensitive Consumer and Personal Data

Risk Description

Breach of data privacy and retention laws and regulations resulting in regulatory fines, litigation, and reputational damage.

Importance to Aristocrat

Failure to protect/secure Aristocrat's personal data could damage our business operations, brand and trust as well as lead to regulatory actions, litigation, and financial penalties.

FY23 Commentary

The independent maturity assessment of the Privacy Program in FY23 indicated strong progress against our multi-year Privacy Roadmap, reflecting further investment in policies, processes and capabilities. In particular, FY23 saw the introduction of Personal Data Quality Privacy Policy, Privacy Complaints Policy, standardised privacy reporting and metrics, and further establishment of an enterprise-wide data inventory and Record of Processing Activities library.

As mentioned above, following a cyber incident in FY23, we have taken lessons learned to augment the Privacy Roadmap. We also recognise that as technology changes, Aristocrat continues to grow and diversify, and privacy laws and regulations continue to evolve at a rapid pace, Data Privacy will continue to be a key risk for the Group to manage.

Management and Mitigation

- Global data privacy program framework, policies and principles which are published on Aristocrat's intranet site for all staff to access
- Combined Cyber and Privacy Operating Committee with a documented Committee Charter to provide program governance
- Compulsory data privacy training program
- Data management practices, procedures, and expertise, including detailed Privacy Roadmap
- Standardised privacy reporting and metrics
- Annual independent data privacy maturity assessment

Social Responsibility

Maintaining our Social License to Operate

Risk Description

Community, regulator and government concerns around our product responsibility, how we conduct our business and our employer responsibilities lead to negative stakeholder perceptions and 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.

Importance to Aristocrat

Aristocrat recognises our stakeholders are increasingly informing their decisions based on our environmental, social and governance (ESG) credentials and it is therefore critical that we actively improve performance and engagement in these areas.

FY23 Commentary

The business continued to make meaningful strides forward in its ESG agenda. Our Responsible Gameplay (RG) policies were refreshed and expanded this year, supported by Group-wide training, to reflect our increasing ambitions and the expectations of stakeholders. With the support of the NSW government and a major customer, Aristocrat's Australian-first trial of cashless Electronic Gaming Machine (EGM) technology was successfully completed, and independently assessed during the period. Insights gained are being applied as Aristocrat develops further cashless technology, ahead of the launch of a new and larger trial sponsored by the NSW government.

Aristocrat's decarbonisation journey took a significant step forward, with the business on track to submit a Group-wide, science-based emissions reduction target to the SBTi organisation by the end of calendar 2023, and the development of an initial abatement plan and governance framework, in line with our commitment to decarbonise our business and grow value.

Aristocrat published its annual Anti-Modern Slavery statement, in FY22 providing more detail on the steps the business is taking to recognise, assess and minimise these risks across its supply chains. Additionally, we made progress towards our 40:40 gender priorities – at period end, the representation of women increased to over 44% on our Board, and over 45% on our executive team. We also launched a Tribal Advancement program in the US Gaming business to deepen links with Tribal customers including through scholarships and support for charitable organisations.

Management and Mitigation

- Dedicated RG and Corporate Social Responsibility team with active Board oversight and engagement
- CEO and key executives have performance metrics addressing sustainability and RG priorities
- Group-wide RG policy and other RG policies covering product design, marketing, player communication and other core functions are updated and strengthened periodically
- Compulsory RG training deployed to all employees
- Multiple employee RG education and engagement programs and bespoke Board RG education program in place
- Ongoing RG product innovation investment (including funding for trials), with a dedicated budget and governance framework
- Periodic RG Risk Assessment workshops conducted for all major areas of the business, to inform further progress
- Continued investment in driving progress, engagement and awareness around people-related priorities including employee health, safety and wellbeing, diversity and inclusion and anti-modern slavery program

Operating and Financial Review

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 (PxU)

New laws or new interpretations of laws and regulations affecting loot boxes, age assurance or other aspects of PxU's portfolio (in particular Social Casino) may impact our game economics and design, resulting in reduced revenues and/or competitive disadvantage.

Non-Gaming Laws and Regulations

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

Importance to Aristocrat

Failing to adhere to material laws and regulations could result in difficulties in obtaining or maintaining licenses for Gaming and Anaxi, fines and penalties, sanctions, civil/criminal proceedings and reputational damage.

FY23 Commentary

Scrutiny of consumer uptake of both digital games and gambling products continued in FY23. In particular, we recognised escalating negative political and media sentiment around gaming in Australia and the heightened risk to our overall business.

In Australia, the federal government has stated its position that 'simulated gambling' games should be rated R18+, which would necessitate a restricted access system to prevent minors playing these games. We will continue to lead engagement with the government (and closely monitor solutions proposed by platform providers) to develop practical low-impact implementation options.

Across our regulated businesses and operations, Aristocrat takes a scrupulous approach to compliance, and this will remain a prominent focus as we scale Anaxi. Specific to Anaxi, we have hired a new and highly experienced online RMG regulatory compliance specialist in FY23.

Management and Mitigation

- Comprehensive regulatory compliance function and governance framework across all regulated businesses 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 regulated and unregulated businesses
- Active engagement with industry associations and other stakeholders, active monitoring of expectations and potential reform measures
- Increased focus on our Non-Gaming Compliance Framework
- Global mandatory compliance training programs
- Engagement of external legal and regulatory specialists where needed

Operating and Financial Review

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.

Importance to Aristocrat

A significant portion of Aristocrat's Pixel United revenue is generated through third party platforms. Any unfavourable changes may significantly impact our distribution and commercial position.

FY23 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.

In FY23, we have continued to diversify our marketing and platform mix to mitigate impacts. Additionally, we are closely monitoring global regulatory developments, including the European Union's Digital Markets Act, which may impact the competitive behaviours of major platforms.

Management and Mitigation

- Monitoring of latest developments, proposals and rules enacted by platform partners
- Ongoing and proactive dialogue with platform partners
- Continued diversification into new channels, including maintenance of a nimble and responsive technology platform enabling quick compliance with rules put in place by platform providers
- Continued investment in new and existing platform strategies, including Plarium Play and PC, and push of ad monetisation for games
- 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.

Importance to Aristocrat

IP is one of Aristocrat's most critical assets. Our product portfolio continues to be best-in-class, and we protect our IP and innovative new products by investing in IP generation and acquisition.

FY23 Commentary

In FY23, an IP awareness campaign was launched with multiple touchpoints scheduled covering various topics and stakeholder groups, including a mandatory trade secret protection training for all employees. An IP management tool was also implemented to allow central management of Branding and Patent IP assets, providing better management of the process with the various patent and trademark offices and allowing visibility of the process to the business. While the strategy and training initiatives are ongoing, they set the foundation for increased awareness and protection of IP across the entire business.

Additionally, a Brand Enforcement team was launched to focus on detecting and preventing third parties from using our brands.

Generative Artificial Intelligence (AI) and its impact on IP has also become a focus of Aristocrat.

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
- Brand enforcement process, including on-line detection tools and direct ad-hoc detection and take-downs
- Establishment of cross-functional AI Working Group to provide governance and guardrails surrounding the use of AI

Remuneration Report

People & Culture Committee Chairman's Letter

Dear Shareholder

On behalf of the Board, I am pleased to present our Remuneration Report for the financial year ended 30 September 2023.

At the outset, I'd like to express appreciation to the leaders across our business – particularly in Ukraine and more recently in Israel – who have worked tirelessly to support the wellbeing of our people and business in difficult and distressing circumstances.

Aristocrat delivered a high quality Group result, underpinned by market-leading investment in competitive and diversified product portfolios. Strong operational performance drove the result, most notably in our largest Gaming market in North America. Pixel United demonstrated resilience in mixed market conditions, supported by dynamic User Acquisition allocation and cost management, and retained its leading positions in key mobile game genres across the year. Our online Real Money Gaming (**RMG**) business, Anaxi, delivered its initial market entry commitments during the year. Aristocrat continued to execute its 'build and buy' strategy to scale in this important adjacency, including with the announcement of the proposed acquisition of NeoGames.

Delivering in FY2023

Performance under our incentive programs is assessed across core financial and non-financial outcomes, considering both individual and collective accountabilities.

Key performance metrics underpinning Executive remuneration outcomes for FY2023 include:

- Our share price finished FY2023 more than 20% higher than at the start of the financial year.
- Our three-year relative total shareholder return (**TSR**) performance against the S&P/ASX100 Index resulted in that element of our long term incentive (**LTI**) vesting at 82.6%, while our three year earnings per share (**EPS**) growth of 50.2% was well above the maximum target of 20% and resulted in full vesting of that LTI tranche.
- The Free Cash Flow conversion threshold, which operates as a STI gateway, was met. The cash flow generated funded our growth plans, while allowing $811 million of surplus cash to be returned to shareholders through dividends and share buy backs in line with the Group's disciplined capital allocation framework.
- Strong growth in normalised NPATA of 20.7% for the year (13.0% in constant currency) drove good outcomes on the financial component of our STI.

Remuneration outcomes for FY2023

This performance resulted in the Board approving:

- STI outcomes for current Executive KMP of between 104% and 128% of target (with an outcome of 110% for the CEO and Managing Director).
- In line with our performance against the relative TSR and relevant EPS conditions outlined above and the LTI Individual Performance Based Condition over the 3 year performance period, LTI vesting (for the period 1 October 2020 to 30 September 2023) of 94.8%.

No risk-based or other adjustments to remuneration were recommended by the Board Committees as a result of their review of risks and behaviours.

Board renewal and management changes

The Board continued with its orderly renewal program throughout the year. In addition to the nomination of Bill Lance, which I mentioned in last year's report, Jennifer Aument was nominated to the Board in April 2023. Jennifer has more than 25 years of business experience, including holding leadership roles in large, US and Australian listed companies in global and regulated environments.

Sally Denby was promoted to Chief Financial Officer earlier in the 2023 fiscal year (November 2022). Sally was previously Aristocrat's Deputy Chief Financial Officer, prior to which she served seven years in senior finance leadership roles in the Group. In addition, Tracey Elkerton, Chief Compliance Officer, was elevated to the Executive Steering Committee in February 2023, evidencing the careful succession planning and ongoing investment in developing senior executive talent and leadership bench strength.

Lastly, after four years as CEO of Pixel United, Michael Lang departed the business in September although he remains available to us through to mid-December 2023. We thank Michael for his contribution and wish him all the best in his future endeavours.

Looking ahead

Our remuneration and employment strategies have served us well and underpin our ability to compete successfully in the truly global talent markets in which we operate. Continuing to attract, motivate and retain the very best people to support our strategy is absolutely vital and will remain our focus. Your Board believes that the strong remuneration and governance framework we have in place is effective in driving management focus on our strategy, the delivery of high quality, sustainable performance and close alignment with shareholders' interests throughout.

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

Kathleen Conlon
People & Culture Committee Chairman

Remuneration Report Overview

This FY2023 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 62.

Who is covered by this report?

The composition of the Group's KMP during FY2023 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
Bill Lance	Director	United States	Nominated on 19 October 2022
Jennifer Aument	Director	United States	Nominated on 11 April 2023
Executive KMP			
Trevor Croker	Group CEO and Managing Director	United States	Full financial year
Sally Denby	CFO	Australia	Commenced as KMP on 14 November 2022 [2]
Mitchell Bowen	CEO, Anaxi and Chief Transformation Officer	Australia	Full financial year
Hector Fernandez	CEO, Aristocrat Gaming	United States	Full financial year
Michael Lang	CEO, Pixel United	United States	Ceased to be KMP on 8 September 2023 [3]

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. Sally Denby was appointed to the role of CFO on 14 November 2022. Prior to this, Sally Denby was Deputy CFO of Aristocrat.
3. Although Michael Lang ceased to be a member of the Executive KMP on 8 September 2023, his last day with the Company will be on 15 December 2023.

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 6.7% 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 7,800 employees based globally, is licensed in more than 325 jurisdictions and operates in over 100 countries around the world.

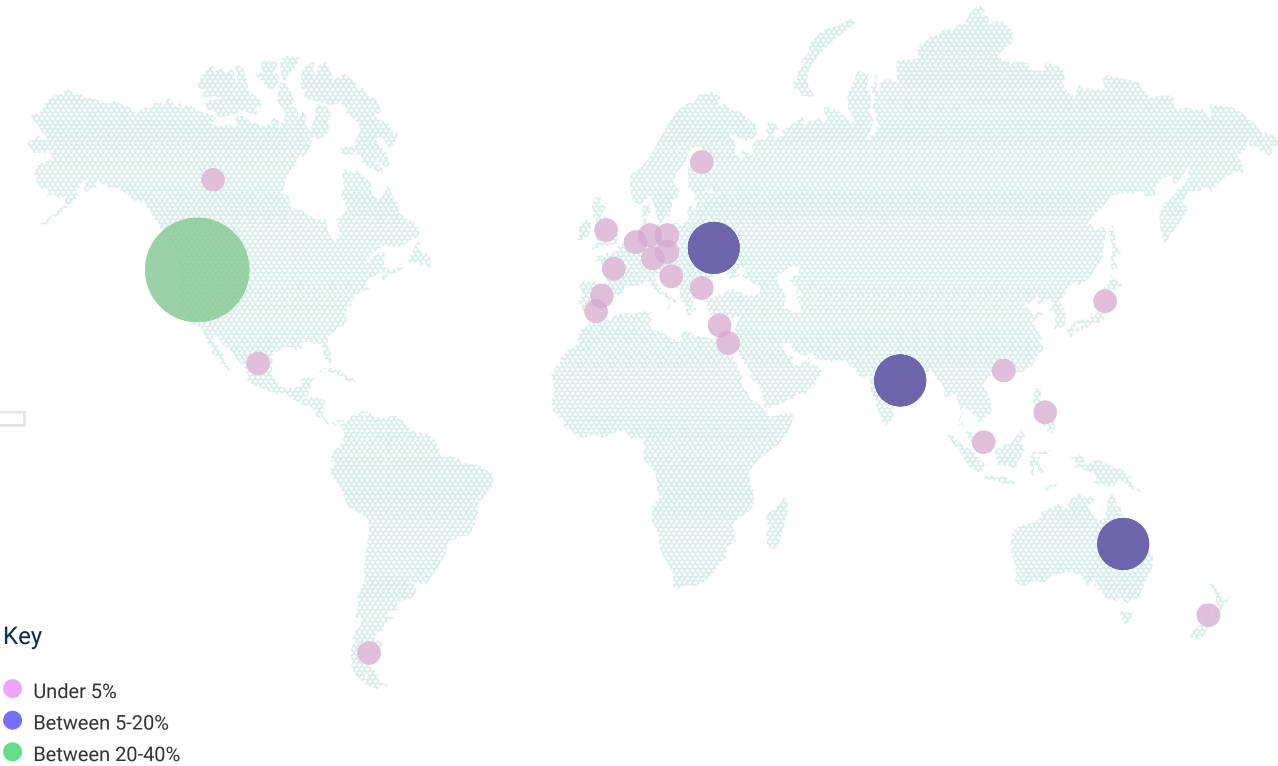
Aristocrat's Executive team is majority US based, and the business must increasingly attract and retain leaders in US and other markets with technology and global management skillsets. US market practice in particular places a greater emphasis on at-risk opportunity, and significant equity grants are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

Pixel United's contribution of 42.1% of Group revenue during the Reporting Period, 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



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

	AT-RISK	
Fixed Remuneration Base salary, superannuation and other benefits	**Short-Term Incentive (STI)** Reward for strong individual and Group performance during the financial year	**Long-Term Incentive (LTI)** Reward for sustainable longer-term Group performance
Value determined by		
– Individual skills, performance, experience and contribution to Aristocrat – Benchmarked against equivalent roles at companies of comparable size and competitors – Truly global operations and complex probity requirements of Gaming regulators	Achievement of both annual financial and non-financial performance hurdles at a: – Group level – Individual level	Achievement of multi-year financial and non-financial performance hurdles: – Relative TSR – 30% weighting – Relevant EPS – 30% weighting – Individual Performance Based 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 retention and aligns the interests of executives and shareholders – Pre-vest assessment of deferred equity promotes sustained performance	– Multi-year metrics that support sustained shareholder value creation – Delivered in equity to align the interests of executives and shareholders – Mix of financial and non-financial measures recognises both the 'what' and the 'how' of performance

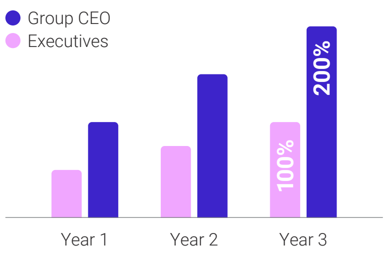
Executive Minimum Shareholding Policy

The Board has endorsed 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 60.

MSP as a proportion of base salary



Remuneration Report

Remuneration Report Overview continued

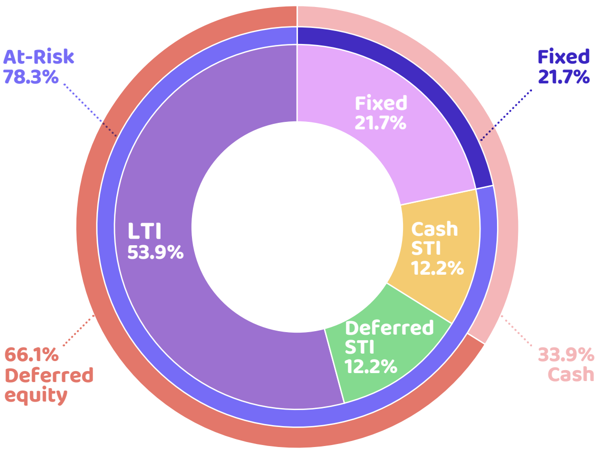
EXECUTIVE KMP REMUNERATION MIX

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.

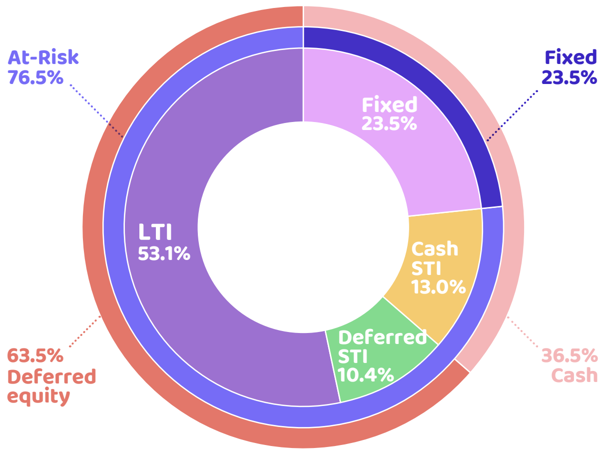
The following illustration shows the remuneration mix for the Executive KMP in FY2023. It has been modelled on the average of the Executive KMP's target opportunity (but excluding any one-off equity, awards or bonuses).

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 and individual level.

CEO

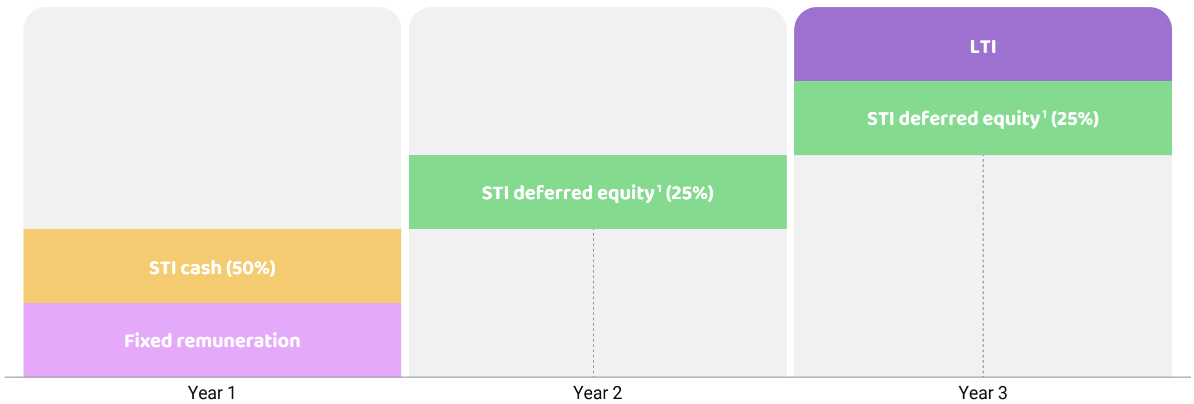


Other Executive KMP



EXECUTIVE REMUNERATION TIME HORIZON

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



1. Vesting of deferred equity PSRs subject to additional pre-vest assessment.

How Variable Remuneration is Structured

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

This section summarises the terms of the FY2023 STI program.

Description

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.

The STI Plan is considered to be at-risk remuneration and is not a guaranteed part of Executive remuneration.

STI opportunity

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.

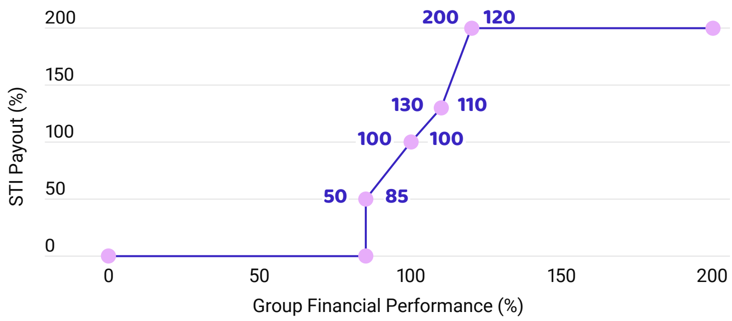
Executive KMPs (other than the CEO) have a target STI of between 88% and 106% of fixed remuneration. The CEO has a target STI of 113% of fixed remuneration. The maximum STI payout is capped at 200% of a participant's target STI opportunity.

Gateway and Group Financial Performance Threshold

FCF Conversion remains a key metric, operating as an overarching gateway condition.

NPATA forms the basis of the Group financial performance condition. As set out in the diagram, 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%.

Payments are made in connection with the financial performance condition if the FCF Conversion gateway and Group Financial Performance Threshold are achieved.



Setting stretch targets

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.

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.

Individual performance condition

A rating 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.

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.

Executives have a clear line of sight to OKRs and are able to directly affect outcomes through their own actions. Executives are also assessed on behaviour metrics which contribute to that individual's overall performance rating.

Payments are only made in connection with the individual performance condition if the Group Financial Performance Threshold is achieved.

Remuneration Report

How Variable Remuneration is Structured continued

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

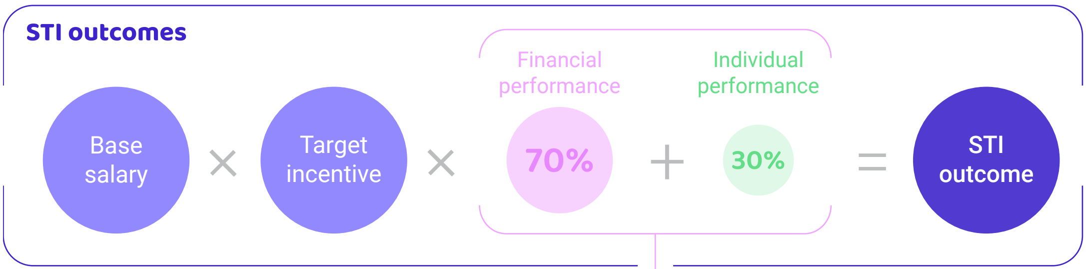
Reasons for these performance conditions

The Board considers that a combination of individual and financial performance conditions is appropriate as it supports annual delivery of key strategic objectives and rewards individual performance. 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% Threshold	100% Target	120% Max
NPATA	70%	$m	$m	$m
Individual performance	30%	50%	100%	185%
		Challenging year	Successful year	Exceptional year

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

A formal review process is conducted by the full Board to confirm whether the Executive's individual performance conditions are satisfied. The process includes taking feedback from the People & Culture Committee, the CEO and Managing Director (in respect of other Executives) and the consideration at a concurrent meeting of the People & Culture Committee and Audit Committee in September 2023 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

Who assesses performance? continued

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.

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.

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.

Deferral terms

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:

- 50% after 12 months;
- 50% after 24 months.

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.

An additional pre-vest assessment applies. The deferred STI PSRs will not vest unless the Executive has met or exceeded the target individual performance rating for the period in which the deferred STI PSRs are due to vest.

The number of PSRs granted to an Executive 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.

Eligibility for dividends

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.

Cessation of employment

If the Executive has ceased employment with the Company, and is a 'qualifying leaver', then the unvested PSRs will remain on foot and will vest in the ordinary course, unless the Board determines otherwise.

As a general rule, an Executive will not be deemed to be a 'qualifying leaver' to the extent they are terminated for cause or underperformance, breach their terms of employment contract or they resign from Aristocrat.

If the Executive has ceased employment with the Company and is not a 'qualifying 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.

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.

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.

Remuneration Report

How Variable Remuneration is Structured continued

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

This section summarises the terms of LTI grants made in FY2023.

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

Three vesting conditions apply to LTI grants made during FY2023:

- Relative TSR – 30%
- Relevant EPS – 30%
- Individual Performance Based Condition – 40%

Relative TSR – 30% weighting

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.

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.

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

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 75th percentile	Between 50% and 100% increasing on a straight-line basis
At or above the 75th percentile	100%

For the purposes of calculating TSR over the performance period, the value of the relevant shares at the start of the performance period is based on volume weighted average price (**VWAP**) of those shares over the 90 calendar days prior to (but not including) the performance period start date. The value of the relevant shares at the end of the performance period is based on the VWAP of those shares over the 90 calendar days prior to (and including) the performance period end date.

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.

How Variable Remuneration is Structured continued

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

This section summarises the terms of LTI grants made in FY2023.

Relevant EPS – 30% weighting

The Relevant EPS vesting condition is measured by comparing Aristocrat's CAGR over a three-year performance period (1 October 2022 to 30 September 2025 in respect of LTI grants in FY2023) 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 prior to the award as the base year (FY2022), and the final financial year in the three-year performance period as the end year (FY2025).

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 target for the 2021 LTI Grants that vest in 2023 is 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 program (12 months), noting that any overlap in metrics across the STI and LTI programs are 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 on page 45 across a three-year performance period.

Pages 52 and 53 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 FY2023 remuneration outcomes with business strategy and Group performance. Equivalent information is included in the FY2022 and FY2021 Remuneration Reports.

Remuneration Report

How Variable Remuneration is Structured continued

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

	Business strategy & objectives	Measures
Individual Performance Based Condition – 40% weighting continued	**Sustainable Core Growth**	– Multiple financial measures and metrics – Market share measures – Cyber security and data privacy maturity targets – Quality targets – Risk management & Business Continuity Plan processes – Health, Safety & Environment (including wellbeing) indicators
	Growing in Adjacencies	– Product portfolio optimisation – Quality execution of new market opportunities (organic & inorganic) – Establishment of online RMG business unit – Transformation and integration projects
	Innovating Experiences	– Net promoter score targets – Collaboration and synergies across Gaming, Pixel United and Anaxi – Leverage industry-leading IP portfolio across three business units – Execute on technology initiatives to improve operating scale and organisational efficiency
	Operational Excellence	– ESG program and disclosure maturity – Diversity and inclusion metrics – Talent acquisition, retention and succession – Employee engagement / experience measure

Why were these vesting conditions chosen?

Relative TSR
- 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

Relevant EPS
- Is a relevant indicator of increases in shareholder value
- Is a target that provides a suitable line of sight to encourage executive performance

Individual Performance Based Condition
- Importantly, this is a performance-based hurdle requiring that an Executive 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
- 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 majority 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)

The Board is confident that it has the right arrangements in place to drive performance and retention in line with shareholders' interests.

How Variable Remuneration is Structured continued

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

Who assesses performance and when?

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.

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:

- A formal review process is conducted by the full Board against the objective-balanced scorecard OKRs.
- The process includes taking feedback from the People & Culture Committee, the CEO and Managing Director (in respect of other Executives) and the consideration at a concurrent meeting of the People & Culture Committee and Audit Committee (typically held in September each year) of whether there were any risk-based or other adjustments that may warrant consideration in the Board's determination of remuneration outcomes.

The vesting conditions are therefore tested only at the end of the performance period. There is no re-testing of vesting conditions.

The Board believes the abovementioned methods in assessing performance are an appropriate way to assess the performance of the Company and the Executive's individual contribution, and to determine their remuneration outcomes.

Vesting

The Board has discretion to issue new shares, acquire shares on-market or cash settle any PSRs that vest.

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.

Are PSRs eligible for dividends?

Holders of LTI PSRs are not entitled to dividends until the PSRs have vested and converted into shares.

Cessation of employment

If a participant ceases employment during the first 12 months of the three year performance period then, regardless of whether the participant is a 'qualifying leaver', all unvested PSRs lapse, unless the Board determines otherwise.

If a participant ceases employment after the first 12 months of the performance period but before the end of the performance period:

- 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 'qualifying leaver'), unless the Board determines otherwise;
- if the participant is a 'qualifying 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.

If the participant is not a 'qualifying leaver', then all of these unvested PSRs will automatically lapse on or around the date of cessation of employment, unless the Board determines otherwise.

As a general rule, an Executive will not be deemed to be a 'qualifying leaver' to the extent they are terminated for cause or underperformance, breach their terms of employment contract or they resign from Aristocrat.

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.

Remuneration Report

How Variable Remuneration is Structured continued

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

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 FY2023

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 2023 STI grant (performance period 1 October 2022 – 30 September 2023)
– the 2021 LTI Grant (performance period 1 October 2020 – 30 September 2023)
– tranche 3 of the Executive special equity award (performance period 1 October 2022– 30 September 2023)

STI GRANT TARGETS AND OUTCOMES IN 2023

2023 STI Grant Targets

The Board set a challenging NPATA target (70% weighting) of $1,221.0m (on a constant currency basis[1]) in connection with the 2023 STI grant, which was a 27% increase on the 2022 STI target of $961.5m (on a constant currency basis).

The NPATA target was set in the context of:

– growth in key Gaming markets and adjacencies in North America (other than in Class II North America Gaming Operations, which was broadly flat) and broadly flat ANZ Outright Sales. These markets and segments remained in line with those assumptions over the course of the STI performance period; and
– contracting Pixel United markets and segments, and these markets and segments softened more than expected over the course of the STI performance period.

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 FY2023

Executive KMPs received on average 104% of their STI target award (compared to the maximum target STI opportunity of 200%), supported by achieving normalised NPATA of $1,326.6 million (in reported currency), which is an increase year on year of 20.7%.

– Strong normalised NPATA of $1,252.8 million on a constant currency basis[1] ($1,326.6 million in reported currency), which was 102.6% of target, reflecting a high quality product portfolio, ongoing investment and effective execution, despite challenging conditions across some key segments.
– Strong FCF Conversion of 106% which was 107.1% of target, reflecting cash flow discipline and ability to fund organic and inorganic growth.

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

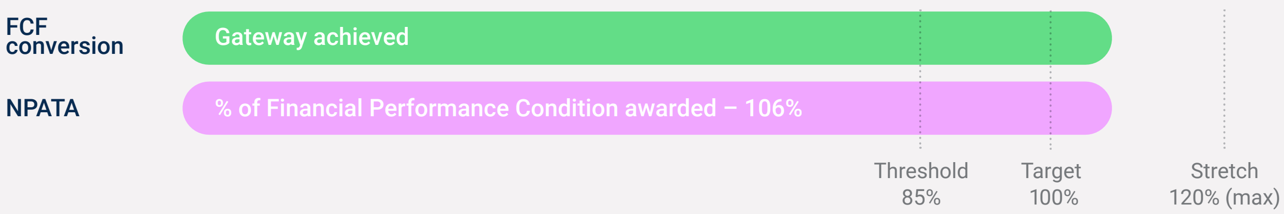
– Gaming's Class III Premium and Class II Gaming Operations installed base grew 8.2% to exceed 64,000 units.
– Pixel United demonstrated resilience in challenging conditions with lower market demand and retained leading positions in key genres, including #1 position in the Social Slots segment, according to industry 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 Group Financial Performance Hurdle and FCF Conversion Gateway achieved, the STI outcome is calculated by reference to NPATA.

Measure	Target	Actual Performance	STI outcome
FCF Conversion (Gateway)	99%[2]	106%	Gateway achieved
NPATA (Financial Performance Condition)	$1,221.0m	$1,252.8m[1]	106%



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.

Remuneration Report

Stretch Performance Targets and Remuneration Outcomes in FY2023 continued

LTI GRANT TARGETS AND OUTCOMES IN 2023

The following three vesting conditions applied to the 2021 LTI Grant:

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

Stretch EPS targets were set by the Board in connection with the 2021 LTI Grants:

- Targets were set in a COVID-disrupted environment, with assumptions made on speed of recovery in key Gaming markets and segments while Pixel United was anticipated to build on momentum from COVID-related tailwinds from FY2020.
- 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 FY2019 to FY2021

	Relevant EPS					
Award year	**Threshold Target**	**Maximum Target**	**Actual**	**Performance Period**	**Vesting Date**	**Award Outcome**
FY2021	15%	20%	50.2%	FY2021 – FY2023	After 30 September 2023	Achieved
FY2020	10%	15%	8.4%	FY2020 – FY2022	After 30 September 2022	Not achieved
FY2019	10%	15%	6.0%	FY2019 – FY2021	After 30 September 2021	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 $1,326.6 million ($1,252.8 million on a constant currency basis[1]) was used for the purposes of testing the EPS growth outcome in connection with the 2021 LTI Grant and the testing of the outcome of the 2023 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 Normalised NPATA

A$ million	2023	2022
Statutory profit as reported in the financial statements	1,454.1	948.5
Amortisation of acquired intangibles (tax effected)	81.5	98.4
Reported profit after tax before amortisation of acquired intangibles (Reported NPATA)	1,535.6	1,046.9
(Less)/Add back net (gain)/loss from significant items after tax	(209.0)	52.4
Normalised profit after tax before amortisation of acquired intangibles (Normalised NPATA)	**1,326.6**	**1,099.3**

Significant Items

	30 Sep 2023	
A$ million	**Before tax**	**After tax**
Litigation proceeds	36.0	25.1
Acquisition related transaction and integration costs	(13.9)	(13.7)
Onerous lease	(12.5)	(9.6)
Changes in deferred tax asset	–	207.2
Net gain from significant items	**9.6**	**209.0**

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

Litigation proceeds of $25.1 million relating to an intellectual property matter finalised during the year.

Acquisition related transaction and integration costs of $13.7 million related to Roxor and the proposed acquisition of NeoGames.

Onerous lease expense of $9.6 million relating to an onerous lease for the Seattle premises, which was committed to by previous ownership.

Changes in deferred tax asset with a net benefit of $207.2 million relating to Group structure changes in a prior period.

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

Stretch Performance Targets and Remuneration Outcomes in FY2023 continued

2021 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 2021 LTI Grants

30 September 2023: three-year performance period ends for 2021 LTI Grants.
Performance is tested in November 2023 for Relative TSR and Relevant EPS

RELATIVE TSR (30% weighting)

82.6% OF THE PSRS LINKED TO THE RELATIVE TSR MEASURE VESTED

With a TSR performance of 50.5%, Aristocrat was the 32nd performer (equivalent to 66th percentile) of its Peer Comparator Group.

RELEVANT EPS (30% weighting)

100% of the PSRs linked to the Relevant EPS measure vested given that Aristocrat's actual EPS CAGR of 50.2% across the three-year performance period was well above the maximum target of 20%.

This was delivered through strong performance in North American Outright Sales and Gaming Operations partly offset by Pixel United's lower result in FY2023 reflecting ongoing challenging market conditions.

1 Oct 2020 to 30 Sept 2023	Threshold EPS Target	Maximum EPS Target	Actual Outcome	Relevant EPS Achievement
3 year CAGR	15%	20%	50.2%	100%

100% 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 2021 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 45. Pages 52 and 53 provide information on how achievement of incentive plan performance conditions delivers sustainable growth and superior returns to shareholders and the alignment of FY2023 remuneration outcomes with business strategy and Group performance. Equivalent information is included in the FY2022 and FY2021 Remuneration Reports.

Remuneration Report

Stretch Performance Targets and Remuneration Outcomes in FY2023 continued

Executive Special Equity Awards Targets and Outcomes in 2023

Set out below are the outcomes of the third and final tranche 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 then Executive remuneration arrangements were materially out of line with prevailing arrangements in Aristocrat's key global talent markets. The Board was keen to ensure that the Group did not lose executive talent as a result of its remuneration arrangements and these one-off awards were designed to augment STI and LTI programs in place.

The PSRs are progressively tested and vested 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 RMG through execution of the 'build and buy' strategy;
- sustainable growth in core businesses;
- ensuring technology and hardware innovation, quality and delivery, 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.

Reflecting back at the end of the three year program, the Executive special equity awards have been effective in securing and motivating the Executive team to lead Aristocrat through a period of disruption (COVID-19 and macroeconomic related uncertainty) and deliver on Aristocrat's growth strategy. The Board believes that the awards have been successful in positioning the business for sustainable growth and business over the three years since grant.

The vesting process for tranche 3 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 45 and which are captured in table 5, bringing together how remuneration outcomes in FY2023 align with business strategy and Group performance.

Table 4 below discloses what was granted and has vested

		Vesting outcomes of the third tranche	
Executive KMP	**Total number of PSRs granted**	**% of third tranche that vested**	**Number of PSRs that vested**
Trevor Croker	0 [1]	N/A	N/A
Mitchell Bowen	98,784	100%	32,928
Hector Fernandez	0 [2]	N/A	N/A
Sally Denby	0 [2]	N/A	N/A
Former Executive KMP			
Michael Lang	65,856	100% [3]	21,952

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, neither Hector Fernandez (who was promoted in FY2022) nor Sally Denby (who was promoted in FY2023) were participants in the one-off Executive special equity award scheme.
3. Michael Lang's last day with the Company is 15 December 2023 and therefore he was eligible to have his third tranche of the Executive special equity awards tested and vested in the ordinary course.

Link to Business Strategy and Shareholder Interests

Table 5 below discloses remuneration outcomes in FY2023 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	**STI performance measure of NPATA and FCF:** Measures profitability across and free cash flow generated by the Group. **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. **LTI performance measure of Relevant EPS:** Measures profitability across the Group on a per share basis.	**EXCEEDED** – NPATA increasing year-on-year by 20.7% to $1,326.6 million and EBITDA up 13.8% to $2,105.4 million (in reported currency) – Achieved strong FCF Conversion of 106% (target 99%) – TSR performance of 50.5% over the 2021 LTI Grant performance period, 32nd in its Peer Comparator Group and ranked in the 66th percentile – Strong Group balance sheet with available liquidity of approximately $3.9bn, to support committed and future investments – Gearing (net (cash)/debt to EBITDA) of (0.4)x, improved on prior year (FY2022: (0.3)x)	**Executive remuneration outcomes in FY2023 were as follows:** **Total LTI vesting outcome in FY2023 = 91.3% of target based on TSR and EPS performance measures** **CEO STI outcome in FY2023 = 110% of target** **Average STI outcome in FY2023 for other Executive KMP = 102% of target**
Growing adjacent opportunities	**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.	**EXCEEDED** – Delivered on Aristocrat's commitment to enter into online RMG, live with 7 operators globally, in 6 countries and in 8 jurisdictions – Executed on the 'buy' portion of Anaxi's 'build and buy' strategy by completing the acquisition of Roxor in January 2023 and announcing the proposed acquisition of NeoGames in May 2023 – Approximately 22% of volume of units sold in the Americas derived from adjacent market sources – Continued its successful expansion into strategic adjacencies including the Video Lottery Terminal segments in Canada, Oregon, Illinois and New York, the Central Determinant System segment in Washington and Historical Horse Racing markets in Kentucky, Louisiana, New Hampshire and Wyoming	
Sustainable core growth	**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 market growth of Pixel United.	**MET** – 71.4% of Group revenues (FY2022: 75.5%) derive from recurring sources, with the decrease reflecting increased North America Outright Sales – In North America, growth in the Class II and Class III Premium installed base and the ANZ business maintained market-leading ship share – Continued resilience demonstrated by Pixel United in mixed market conditions – Pixel United contributed 42.1% of Group revenue	
Risk management and governance	**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: – achievement of business objectives – corporate governance objectives – risk-based identification of ESG priorities and opportunities.	**MET** – Alll major business units have reviewed and refreshed their business impact analyses and business resilience plans and held tabletop exercises – Enactment of crisis and resilience management framework to respond to the economic and political volatility in Ukraine, and more recently in Israel – Submission of a Group-wide, science-based emissions reduction target to the SBTi organisation by the end of calendar year 2023 – Independent maturity assessment of the Privacy Program and Cyber Security Program indicated strong progress against its respective multi-year Roadmaps, reflecting further investment in policies, tooling, processes and capabilities	
Product quality and innovation, great game content and customer centric culture	**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.	**MET** – Continued investment in talent and technology, with D&D investment at market-leading levels at 13% of total revenue – *Buffalo*™ and other classic Aristocrat slot titles now available across Gaming, Anaxi and Pixel United – Aristocrat was awarded the following at the Global Gaming Awards 2023: • Land-Based Industry Supplier of the Year (5th consecutive year) • Slot of the Year – *Jackpot Carnival*™ (6th consecutive year) – Quality metrics declined over FY2023, achieving 90.1% (FY2022: 94%; FY2021: 93.9%) but Net Promoter Score of 63 (FY2022: 40) outperformed other industry participants by at least 40 points	
Leadership Effectiveness and high performing People and Culture	**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. Measures also include attracting, developing and retaining gaming design talent.	**EXCEEDED** – Group Employee Engagement Scores stable at 8.6 (0.5 above benchmark) (FY2022: 8.7; FY2021: 8.4) – Key Executive appointments (Chief Financial Officer and Chief Compliance Officer) are internal promotions – Ranked 1st in the All-in Diversity Project's annual All-Index survey measuring diversity, inclusion and belonging practices among 29 participating global gaming companies – 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	

Remuneration Report

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 2019 to 30 September 2023, 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 mixed market conditions demonstrates disciplined management and execution.

$811 million returned to shareholders via dividends and share buy-backs during FY2023.

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 FY2023 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

	FY2023	FY2022	FY2021	FY2020	FY2019
STI Financial Performance Condition awarded (%)	106%	118%	200%	0%	104%
LTI (% vesting) based on Relative TSR and Relevant EPS performance measures[5]	91.3%	40.2%	46.5%	47.9%	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 2019 was $28.44.
4. The graph shows the percentage of female direct reports to Executives (Senior Leaders) and the direct reports of those Senior Leaders.
5. Percentage vesting based on financial performance conditions only. Percentage vesting does not include the Individual Performance Based Condition as outcomes may vary for each Executive.

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 2023 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 FY2023.

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

BOARD

Approve remuneration framework

Final approval of targets and goals for CEO and CEO's direct reports and funding pools

PEOPLE AND CULTURE COMMITTEE

Oversee remuneration governance framework and assist the Board to ensure the Group's remuneration strategy and policies are appropriate and effective

Executive KMP and NED remuneration outcome recommendations

AUDIT COMMITTEE

Assesses and advises the People & Culture Committee of any audit/risk matters of significance which may warrant any risk-based adjustments to incentive outcomes

MANAGEMENT

Proposals on executive remuneration outcomes

Implementing remuneration policies

REMUNERATION ADVISORS

May be engaged to provide external and independent remuneration advice and information

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 Chairman 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.

Remuneration Report

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 Chairman of each committee receives an additional fee for that service. The Chairman of the Board does not receive separate Committee fees.

There were no increases in Board or Committee fees for the Reporting Period.

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. The Plan assists Non-Executive Directors in building their shareholding

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.

Bill Lance and Jennifer Aument, both of whom were appointed to the Board during this Reporting Period, have five years from their respective appointment dates to meet their minimum shareholding requirement under the policy. All other Non-Executive Directors have met their minimum shareholding requirement under the policy.

Further information on Non-Executive Director shareholdings are set out in Table 14.

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.

There was no change in FY2023 to fees paid to Non-Executive Directors, which remain at the level set in March 2022. Those fees are set out in Table 7 below.

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

Board / Committee[1]	Chairman Fees	Member Fees
Board	A$695,000	A$250,000 / US$220,000
Lead US Director	–	Additional US$50,000
Audit Committee	A$60,000 / US$50,000	A$27,500 / US$22,500
People & Culture Committee	A$60,000 / US$50,000	A$27,500 / US$22,500
Regulatory & Compliance Committee	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 Australian 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

		Short-term benefits			Post Employment Benefits		Long-term benefits	Share-based payments[6]				
Executive KMP	Year	Cash salary[1] $	Cash bonuses[2] $	Non-monetary benefits[3] $	Super-annuation $	Termin-ation[4] $	Long service leave[5] $	STI PSRs[7] $	LTI PSRs[8] $	Executive Special Equity $	Total $	% of Share-based remuneration[9] %
Trevor Croker	2023	2,159,298	1,353,198	–	32,198	–	–	1,397,378	4,215,891	–	9,157,963	46.0
	2022	1,837,796	1,425,668	–	–	–	–	1,282,335	2,547,867	–	7,093,666	35.9
Mitchell Bowen	2023	858,359	494,950	411	27,500	–	14,602	585,202	1,862,552	341,782	4,185,358	52.7
	2022	892,650	584,665	766	27,500	–	28,671	582,018	1,508,524	862,192	4,486,986	52.8
Hector Fernandez[10]	2023	1,176,474	797,078	–	18,340	–	–	575,372	1,454,714	–	4,021,978	36.2
	2022	673,662	1,010,513	–	13,142	–	–	258,270	778,046	–	2,733,633	28.5
Sally Denby[11]	2023	714,910	634,195	1,578	24,292	–	12,046	118,182	528,229	–	2,033,432	26.0
	2022	–	–	–	–	–	–	–	–	–	–	–
Former Executive KMP												
Michael Lang[12]	2023	1,316,628	686,873	–	18,340	1,323,782	–	208,370	210,601	227,854	3,992,448	11.0
	2022	1,402,144	787,947	–	–	–	–	695,944	1,612,490	574,795	5,073,320	43.1
J Cameron-Doe[13]	2023	–	–	–	–	–	–	–	–	–	–	–
	2022	491,803	–	–	11,382	–	–	(291,739)	(1,856,736)	(718,494)	(2,363,784)	N/A
Total	**2023**	**6,225,669**	**3,966,294**	**1,989**	**120,670**	**1,323,782**	**26,648**	**2,884,504**	**8,271,987**	**569,636**	**23,391,179**	**37.8**
	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**

1. 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.
2. Amounts reflect the non-deferred cash component of STI incentives and other bonuses.
3. Non-monetary benefits include insurance premiums.
4. Termination payments for Michael Lang comprised of $360,788 of garden leave, a $302,389 payment in lieu of notice and a $660,605 severance payment. The termination benefits provided to Michael Lang were paid in compliance with Part 2D.2, Division 2 of the Corporations Act.
5. The amounts provided for by the Group during the financial year in relation to accruals for long service leave.
6. 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. For equity instruments that are due to vest after the reporting period, the fair value 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.
7. 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 FY2023 include the accounting accruals attributable to deferred share rights pursuant to the 2021, 2022 and 2023 STI awards.
8. 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. Share based payments also includes the writeback of unvested PSRs 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.
9. Percentage calculated by reference to LTI PSRs and Executive Special Equity.
10. Hector Fernandez became an Executive KMP upon his promotion to CEO, Gaming on 24 February 2022. The details provided in the FY2022 figures are on and from the date of Hector's promotion.
11. Sally Denby was promoted to CFO on 14 November 2022. She was not an Executive KMP during FY2022 nor prior to her appointment as CFO. The details provided in the table above are on and from the date of Sally's promotion.
12. Michael Lang ceased to be a member of the Executive KMP on 8 September 2023. As his last day with the Company will be on 15 December 2023, Michael is eligible to have his 2023 STI, his deferred STI rights related to the second tranche of his 2021 STI and first tranche of his 2022 STI, 2021 LTI and the third tranche of the Executive special equity awards tested in the ordinary course. All of Michael Lang's unvested equity as at 15 December 2023 (184,864 PSRs) will lapse.
13. Julie Cameron-Doe ceased to be a member of the Executive KMP on 15 April 2022.

Remuneration Report

Statutory Remuneration Tables and Data continued

Table 9 Details of 2023 STI outcomes (including deferred equity component)

Executive KMP	Total award [1] $	Cash payment [2] $	Deferred component [3] $	No. of PSRs vesting 1 Oct 2024 [3]	No. of PSRs vesting 1 Oct 2025 [3]	Total award as % of target STI	Total award as % of max STI	% of total award deferred
Trevor Croker	2,706,396	1,353,198	1,353,198	16,442	16,442	110%	55%	50%
Mitchell Bowen	989,900	494,950	494,950	6,013	6,014	104%	52%	50%
Hector Fernandez	1,594,156	797,078	797,078	9,685	9,685	128%	64%	50%
Sally Denby	845,593	634,195	211,398	2,568	2,569	128%	64%	25%
Former Executive KMP								
Michael Lang [4]	686,873	686,873	–	–	–	49%	25%	0%

1. Amounts reflect the value of the total 2023 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 2023 STI award to be paid. Amounts in USD are translated at the FX rate on the reporting date.
3. Amounts reflect the value of 2023 STI awards deferred into PSRs. Part of the deferred component of awards will vest as soon as practicable following FY2024 results announcement and the remainder as soon as practicable following FY2025 results announcement. The number of PSRs granted is determined using the five-day VWAP up to and including 30 September 2023, being $41.15. 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 Sally Denby) is only subject to a deferral of 25% of their STI outcome (as opposed to 50%) in their first year.
4. Michael Lang's last day with the Company will be on 15 December 2023. As all of Michael Lang's unvested equity will lapse following 15 December 2023, only the cash component of his 2023 STI award will be paid. He will not receive the deferred component of his 2023 STI award and the deferred PSRs will not be granted to Michael Lang.

Table 10 Details of PSRs granted to Executive KMP during the Reporting Period

Performance rights were granted during the Reporting Period as follows:

	Short-term PSRs		Long-term PSRs	
Executive KMP	Rights granted [1,2]	Value of grant [3] $	Rights granted [2,4]	Value of grant [5] $
Trevor Croker	42,859	1,269,576	163,541	5,110,840
Mitchell Bowen	17,576	584,665	73,652	2,241,768
Hector Fernandez	10,126	299,958	75,191	2,288,608
Sally Denby [6]	–	–	42,087	1,281,011
Former Executive KMP				
Michael Lang	23,687	701,677	105,737	3,218,340

1. Further details on short-term PSRs granted to Trevor Croker, Hector Fernandez, Mitchell Bowen and Michael Lang are found in Table 9 of the FY2022 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 2022. The fair value of the rights at grant date is based on the share price at grant date ($33.26). 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 43. Long-term PSRs have a three-year performance period.
5. Trevor Croker's PSRs were granted on 24 February 2023. The fair value of the rights at the grant date is $21.40 for rights with a total shareholder return condition and $35.47 for rights with an Individual Performance Based Condition and EPS condition. The remaining Executive KMP's PSRs were granted on 1 December 2022. The fair value of the rights at the grant date is $20.94 for rights with a total shareholder return condition and $34.51 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. Sally Denby became an Executive KMP upon her promotion to CFO on 14 November 2022. The table includes details of PSRs granted to Sally from that date to the end of the Reporting Period.

Statutory Remuneration Tables and Data continued

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

Executive KMP	Balance at 1 October 2022	Granted during the year [1]	Short-term PSRs vested [2,3]	Long-term PSRs Vested [3,4]	Lapsed/ forfeited [5]	Balance at 30 September 2023
Trevor Croker	421,513	206,400	(19,487)	(93,175)	(52,138)	463,113
Mitchell Bowen	234,894	91,228	(41,707)	(29,352)	(16,425)	238,638
Hector Fernandez	93,278	85,317	(22,440)	(13,200)	(7,386)	135,569
Sally Denby [6]	25,025	42,087	(3,472)	(3,236)	(1,810)	58,594
Former Executive KMP						
Michael Lang [7]	278,788	129,424	(32,391)	(46,587)	(26,069)	303,165

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 163,541 PSRs under the Long-term Incentive Plan was approved at the 2023 Annual General Meeting of the Company on 24 February 2023, 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 43 to 47.
2. PSRs with performance periods of less than three years, and includes tranche 2 of the Executive special equity awards (which had a 12 month performance period) in the case of Mitchell Bowen and Michael 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. These lapsed PSRs were granted in FY2020.
6. Sally Denby became an Executive KMP upon her promotion to CFO on 14 November 2022.This table details the balance of PSRs held by Sally on 14 November 2022 and the PSRs granted, vested and lapsed/forfeited between that date to the end of the Reporting Period.
7. Michael Lang ceased to be a member of the Executive KMP on 8 September 2023 and his closing balance is as at that date. All of Michael Lang's unvested equity as at 15 December 2023 (184,864 PSRs) will lapse.

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
Trevor Croker	6 months	12 months	12 months (fixed remuneration)	12 months
Mitchell Bowen	6 months	6 months	6 months (fixed remuneration)	12 months
Hector Fernandez	6 months	6 months	12 months (fixed remuneration)	12 months
Sally Denby	6 months	6 months	12 months (fixed remuneration)	12 months
Former Executive KMP				
Michael Lang	6 months	6 months	12 months (fixed remuneration)	12 months

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

Remuneration Report

Statutory Remuneration Tables and Data continued

Details of Non-Executive Director Remuneration

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

		Short-term benefits	Post-employment benefits		Share based payments	
Non-Executive Directors	**Year**	**Cash salary and fees [1] $**	**Super-annuation [2] $**	**Retirement benefits [3] $**	**PSRs $**	**Total $**
Neil Chatfield	2023	667,500	27,500	–	–	695,000
	2022	652,169	27,500	–	–	679,669
Kathleen Conlon	2023	345,627	6,875	–	–	352,502
	2022	336,472	6,323	–	–	342,795
Philippe Etienne	2023	286,118	27,500	–	–	313,618
	2022	275,379	26,496	–	–	301,875
Patrick Ramsey	2023	458,881	–	–	–	458,881
	2022	422,624	–	–	–	422,624
Sylvia Summers Couder	2023	399,087	–	–	–	399,087
	2022	363,669	–	–	–	363,669
Arlene Tansey	2023	330,453	13,198	–	–	343,651
	2022	311,101	12,215	–	–	323,316
Bill Lance [4]	2023	345,259	–	–	–	345,259
	2022	–	–	–	–	–
Jennifer Aument [4]	2023	162,926	–	–	–	162,926
	2022	–	–	–	–	–
Total	**2023**	**2,995,851**	**75,073**	**–**	**–**	**3,070,924**
	2022	**2,361,414**	**72,534**	**–**	**–**	**2,433,948**

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 benefits.
4. Bill Lance and Jennifer Aument were nominated as a Non-Executive Director on 19 October 2022 and 11 April 2023, respectively. The table includes details of fees paid to Bill Lance and Jennifer Aument from those dates.

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 2022	Purchased / Transferred	Balance as at 30 September 2023
Neil Chatfield	18,876	4,000	22,876
Kathleen Conlon	11,026	—	11,026
Philippe Etienne	6,792	1,253 [1]	8,045
Patrick Ramsey	19,360	—	19,360
Sylvia Summers Couder	10,650	—	10,650
Arlene Tansey	4,794	2,000	6,794
Bill Lance [2]	—	—	—
Jennifer Aument [2]	—	—	—

1. During FY2023, 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. At the start of the Reporting Period, Philippe Etienne held 559 NED Rights. He was granted 1,388 NED Rights on 24 November 2022 and 1,253 NED Rights vested during the Reported Period. 694 NED Rights remain unvested as at 30 September 2023. 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.
2. Bill Lance and Jennifer Aument's opening balance is as at their date of nomination as a Non-Executive Director, being 19 October 2022 and 11 April 2023, respectively.

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.

The Executive Minimum Shareholding Policy came into effect in September 2022 and Executives have a three-year period to meet the minimum shareholding expectation. Hector Fernandez and Sally Denby were internally promoted during calendar year 2022 and are within the timeframe to meet the Executive minimum shareholding expectation.

	Executive KMP			
Executive KMP	Balance as at 1 October 2022	Shares allocated upon PSR vesting	Other net changes during the year	Balance as at 30 September 2023
Trevor Croker	502,675	73,381 [1]	—	576,056
Mitchell Bowen	115,404	71,059	(80,000)	106,463
Hector Fernandez	7,738	26,667 [2]	(22,618)	11,787
Sally Denby [3]	5,841	6,708	—	12,549
Former Executive KMP				
Michael Lang	30,678	40,666 [4]	—	71,344 [5]

1. Although 112,662 PSRs vested, 39,281 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 35,640 PSRs vested, 8,973 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.
3. Sally Denby became an Executive KMP upon her promotion to CFO on 14 November 2022. This table details the balance of shares held by Sally Denby on 14 November 2022 and any net changes between that date to the end of the Reporting Period.
4. Although 78,978 PSRs vested, 38,312 of the vested PSRs were sold by the third party plan administrator for the purposes of satisfying US/UK withholding tax liabilities on vesting of PSRs.
5. Michael Lang ceased to be a member of the Executive KMP on 8 September 2023 and his closing balance is as at that date.

Remuneration Report

Shareholdings and other Transactions continued

Disclosures under Listing Rule 4.10.22

A total of 2,100,000 securities were acquired on-market by the Aristocrat Employee Equity Trust during the Reporting Period (at an average price per security of $36.30) to satisfy Aristocrat's obligations under various equity and related plans.

Share Trading Policy

Aristocrat's share trading policy prohibits hedging in relation to unvested equity instruments, including PSRs and vested securities which are subject to a holding lock or restriction. Designated Persons (which includes Executives) are strictly prohibited from entering into margin lending arrangements in respect of Aristocrat shares or from transferring Aristocrat shares into an existing margin loan account.

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 2023 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

2021 LTI Grant	Awards made under the LTI Plan during FY2021 with a three-year performance period from 1 October 2020 to 30 September 2023
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) Trevor Croker (CEO and Managing Director), (ii) Mitchell Bowen (CEO, Anaxi and Chief Transformation Officer), (iii) Michael Lang (CEO, Pixel United) for part year, (iv) Hector Fernandez (CEO Gaming) and (v) Sally Denby (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) Mitchell Bowen (CEO, Anaxi and Chief Transformation Officer) and (ii) Michael 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 40
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 2023
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

As lead auditor for the audit of Aristocrat Leisure Limited for the year ended 30 September 2023, 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.

Mark Dow
Partner
PricewaterhouseCoopers

Sydney
15 November 2023

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Aristocrat

Aristocrat Leisure Limited ABN 44 002 818 368
Consolidated financial statements for the year ended 30 September 2023

Financial statements

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Statement of profit or loss and other comprehensive income

for the year ended 30 September 2023

Consolidated	Note	2023 $'m	2022 $'m
Revenue	1-2	6,295.7	5,573.7
Cost of revenue		(2,746.5)	(2,493.9)
Gross profit		3,549.2	3,079.8
Other income	1-2	150.1	26.0
Design and development costs		(820.2)	(666.5)
Selling, general and administrative expenses	1-3	(1,055.0)	(955.4)
Finance costs	1-3	(153.7)	(254.8)
Profit before income tax		1,670.4	1,229.1
Income tax expense	1-4	(216.3)	(280.6)
Profit for the year		1,454.1	948.5
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations	3-3	23.1	592.2
Net investment hedge	3-3	-	(34.8)
Changes in fair value of interest rate hedge	3-3	5.0	53.7
Other comprehensive income for the year, net of tax		28.1	611.1
Total comprehensive income for the year		1,482.2	1,559.6
Earnings per share attributable to ordinary equity holders of the Company			
		Cents	Cents
Basic earnings per share	1-5	222.5	142.9
Diluted earnings per share	1-5	221.4	142.3

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 2023

Consolidated	Note	2023 $'m	2022 $'m
ASSETS			
Current assets			
Cash and cash equivalents		3,151.0	3,021.3
Trade and other receivables	2-1	994.8	842.2
Inventories	2-2	309.0	249.7
Other financial assets	3-2	35.8	23.4
Current tax assets		56.7	44.0
Total current assets		4,547.3	4,180.6
Non-current assets			
Trade and other receivables	2-1	143.4	164.2
Other financial assets	3-2	31.5	27.3
Property, plant and equipment	2-4	485.9	357.8
Right-of-use assets	2-5	196.9	192.1
Intangible assets	2-3	4,000.5	3,891.2
Deferred tax assets	1-4	1,516.8	1,307.2
Total non-current assets		6,375.0	5,939.8
Total assets		10,922.3	10,120.4
LIABILITIES			
Current liabilities			
Trade and other payables	2-6	982.0	868.3
Borrowings	3-1	99.6	99.9
Lease liabilities	2-5	64.0	56.0
Current tax liabilities		146.1	87.3
Provisions	2-7	52.2	45.3
Other financial liabilities	3-2	1.0	0.3
Deferred revenue	1-2	182.2	159.5
Total current liabilities		1,527.1	1,316.6
Non-current liabilities			
Trade and other payables	2-6	79.1	87.7
Borrowings	3-1	2,242.3	2,357.4
Lease liabilities	2-5	276.0	271.8
Provisions	2-7	40.4	41.1
Deferred tax liabilities	1-4	17.4	9.0
Deferred revenue	1-2	8.5	8.5
Other liabilities		5.4	5.6
Total non-current liabilities		2,669.1	2,781.1
Total liabilities		4,196.2	4,097.7
Net assets		6,726.1	6,022.7
EQUITY			
Contributed equity	3-4	1,237.0	1,651.9
Reserves	3-3	579.4	547.8
Retained earnings	3-3	4,909.7	3,823.0
Total equity		6,726.1	6,022.7

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

Statement of changes in equity

For the year ended 30 September 2023

Consolidated	Note	Contributed equity $'m	Reserves $'m	Retained earnings $'m	Total equity $'m
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	1-6	-	-	(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
Balance at 1 October 2022		1,651.9	547.8	3,823.0	6,022.7
Profit for the year ended 30 September 2023		-	-	1,454.1	1,454.1
Other comprehensive income		-	28.1	-	28.1
Total comprehensive income for the year		-	28.1	1,454.1	1,482.2
Transactions with owners in their capacity as owners:					
Buy-back of fully paid ordinary shares	3-4	(414.9)	-	-	(414.9)
Net movement in share-based payments reserve	3-3	-	3.5	-	3.5
Dividends provided for and paid*	1-6	-	-	(367.4)	(367.4)
		(414.9)	3.5	(367.4)	(778.8)
Balance at 30 September 2023		1,237.0	579.4	4,909.7	6,726.1

*Payment of dividends relates to the 2022 final dividend and 2023 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 2023

Consolidated	Note	2023 $'m	2022 $'m
Cash flows from operating activities			
Receipts from customers		6,318.0	5,673.0
Payments to suppliers and employees		(4,118.9)	(3,935.3)
Other income		37.0	1.1
Interest received		111.7	24.4
Interest and finance costs paid		(147.8)	(152.2)
Transaction costs paid relating to acquisitions		(16.1)	-
Income tax paid		(384.8)	(365.0)
Net cash inflow from operating activities		1,799.1	1,246.0
Cash flows from investing activities			
Payments for purchase of subsidiary, net of cash acquired	4-2	(174.2)	(0.6)
Payments for property, plant and equipment		(352.0)	(208.2)
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		(100.7)	(60.6)
Proceeds from sale of investments		3.1	-
Payments for investments		(5.9)	(1.4)
Net cash outflow from investing activities		(629.7)	(334.4)
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	(76.2)	(58.2)
Payments for shares bought back (net of transaction costs)	3-4	(443.3)	(312.0)
Repayments of borrowings		(101.6)	(3,676.9)
Proceeds from borrowings (net of transaction costs)		-	2,551.8
Lease principal payments		(42.9)	(39.4)
Dividends paid	1-6	(367.4)	(347.8)
Net cash outflow from financing activities		(1,031.4)	(605.3)
Net increase in cash and cash equivalents		138.0	306.3
Cash and cash equivalents at the beginning of the year		3,021.3	2,431.6
Effects of exchange rate changes		(8.3)	283.4
Cash and cash equivalents at the end of the year		3,151.0	3,021.3

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

Reconciliation of net cash inflow from operating activities

	2023	2022
Profit for the year	1,454.1	948.5
Non-cash items		
Depreciation and amortisation	404.0	385.5
Equity-settled share-based payments	76.4	56.9
Loss on sale and impairment of property, plant and equipment, intangibles and right-of-use assets	35.9	8.6
Loss on financial assets at fair value through profit or loss	-	68.4
Net foreign currency exchange differences	6.4	121.4
Non-cash borrowing costs	5.3	37.5
Change in operating assets and liabilities:		
(Increase)/decrease in assets (adjusted for acquisitions of subsidiaries and businesses)		
- Receivables and deferred revenue	(126.0)	(116.7)
- Inventories	(30.2)	(68.4)
- Tax balances	(171.8)	(215.3)
Increase/(decrease) in liabilities (adjusted for acquisitions of subsidiaries and businesses)		
- Trade and other payables	137.0	24.0
- Provisions	8.0	(4.4)
Net cash inflow from operating activities	1,799.1	1,246.0

Depreciation and amortisation

The depreciation and amortisation amount above includes amortisation of $22.0m (2022: $15.0m) 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:

- Americas;
- Australia and New Zealand;
- International Class III; and
- Pixel United

(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.

	Americas $'m		Australia and New Zealand $'m		International Class III $'m		Pixel United $'m		Consolidated $'m	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue										
Segment revenue from external customers	2,973.2	2,415.1	458.7	460.7	212.2	106.8	2,651.6	2,591.1	6,295.7	5,573.7
Segment results	1,639.0	1,350.8	151.4	157.1	104.5	39.1	854.9	852.7	2,749.8	2,399.7
Interest income									113.1	24.9
Finance costs									(153.7)	(254.8)
Design and development costs									(820.2)	(666.5)
Amortisation of acquired intangibles									(106.3)	(127.5)
Expenses from significant items									(26.4)	(6.4)
Other expenses									(122.9)	(141.4)
Other income									37.0	1.1
Profit before income tax									1,670.4	1,229.1
Income tax expense									(216.3)	(280.6)
Profit for the year									1,454.1	948.5
Other segment information										
Non-current assets other than financial and deferred tax assets	2,220.8	2,154.4	152.7	160.1	270.6	39.8	2,182.6	2,251.0	4,826.7	4,605.3
Depreciation and amortisation expense	187.5	154.8	34.5	31.9	16.7	15.2	37.0	41.1	275.7	243.0

The amortisation of acquired intangibles amounting to $106.3m (2022: $127.5m) does not form part of segment results. The depreciation and amortisation amounts above exclude amortisation of $22.0m (2022: $15.0m) that is classified as contra-revenue in the segment results.

Other income includes a significant item amounting to $36.0m relating to a legal matter finalised during the year. In 2022, finance costs included a significant item of $92.2m related to the lapsed Playtech plc acquisition offer. Refer to Note 1-3.

Anaxi is not considered a separate reportable segment. Any Anaxi revenues, expenses, assets or liabilities are allocated to Americas, Australia and New Zealand, and International Class III depending on the region where the revenue is earned or expense incurred, or where the asset or liability is geographically located.

1-2 Revenues

Revenue disaggregated by business:	2023 $'m	2022 $'m
Gaming operations	1,844.5	1,618.9
Class III outright sales and other gaming revenue	1,799.6	1,363.7
Pixel United	2,651.6	2,591.1
Total revenue	6,295.7	5,573.7

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	2023 $'m	2022 $'m
Interest	113.1	24.9
Litigation proceeds	36.0	-
Sundry income	1.0	1.1
Total other income	150.1	26.0

Interest income is recognised using the effective interest method.

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.

Notes to the financial statements

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 $182.2m (2022: $159.5m) expected to be recognised as revenue in the next 12 months and $8.5m (2022: $8.5m) expected to be recognised in the 2025 and 2026 years. Deferred revenue relates to performance obligations that are not satisfied at the end of the reporting period. Within other receivables, amounts totalling $58.3m (2022: $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.

1-3 Expenses

	2023 $'m	2022 $'m
Depreciation and amortisation		
Depreciation of right-of-use assets	38.7	34.8
Property, plant and equipment		
- Buildings	0.4	7.4
- Plant and equipment	174.8	147.3
- Leasehold improvements	10.1	13.0
Total depreciation and amortisation of property, plant and equipment	185.3	167.7
Intangible assets		
- Customer relationships and contracts	50.2	46.5
- Game names	13.7	10.9
- Technology and software	56.9	76.7
- Intellectual property and licences	22.7	17.4
- Capitalised development costs	14.5	16.5
Total amortisation of intangible assets	158.0	168.0
Total depreciation and amortisation	382.0	370.5
Employee benefits expense		
Remuneration including bonuses and leave entitlements	1,150.7	937.6
Superannuation costs	50.5	42.8
Post-employment benefits other than superannuation	11.7	9.6
Share-based payments expense	76.4	56.9
Total employee benefits expense	1,289.3	1,046.9
Selling, general and administrative expenses (SG&A) reconciliation		
SG&A before significant expense items and amortisation of acquired intangibles	922.3	821.5
Significant expense items in SG&A	26.4	6.4
Amortisation of acquired intangibles included in SG&A	106.3	127.5
Total selling, general and administrative expenses	1,055.0	955.4
Finance costs		
Borrowing costs	153.7	162.6
Debt fees and hedging costs for Playtech acquisition offer	-	92.2
Total finance costs	153.7	254.8
Other expense/(income) items		
Bad and doubtful debts expense/(write-back)	0.1	(4.8)
Write down of inventories to net realisable value	17.8	24.9
Legal costs	42.7	41.6
Net foreign exchange loss	5.2	11.4

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.

Notes to the financial statements

Business performance (continued)

1-4 Taxes

	2023 $'m	2022 $'m
Major components of income tax expense are:		
(a) Income tax expense		
Current		
Current year	431.5	327.0
Adjustment for prior years	5.0	(34.8)
Deferred		
Temporary differences	(212.4)	(49.4)
Adjustment for prior years	(7.8)	37.8
Income tax expense	216.3	280.6
Deferred income tax (benefit) included in income tax comprises:		
Change in net deferred tax assets	(220.2)	(11.6)
Deferred income tax (benefit) included in income tax expense	(220.2)	(11.6)
(b) Tax reconciliation		
Profit before tax	1,670.4	1,229.1
Tax at the Australian tax rate of 30% (2022: 30%)	501.1	368.7
Net impact to tax expense due to internal reorganisation of the Group structure	(217.3)	(55.1)
Impact of changes in tax rates and law	0.1	0.1
Non-deductible expenses	24.4	8.9
Research and development tax credit	(12.8)	(7.8)
Difference in overseas tax rates	(76.4)	(37.2)
Adjustment in respect of previous years income tax	(2.8)	3.0
Income tax expense	216.3	280.6
Average effective tax rate	12.9%	22.8%
(c) Amounts recognised directly in equity		
Current income tax - (debited)/credited directly to equity	(0.7)	3.1
Net deferred tax - (debited) directly to equity	(7.5)	(11.2)
(d) Revenue and capital tax losses		
Unused gross revenue tax losses for which no deferred tax asset has been recognised	194.7	74.4
Unused gross capital tax losses for which no deferred tax asset has been recognised	204.4	204.4
Revenue and capital tax losses	399.1	278.8
Potential tax benefits on losses	102.7	76.4

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

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.

1-4 Taxes (continued)

(e) Deferred tax	2023 $'m	2022 $'m
Gross deferred tax assets		
Intangible assets arising from an internal reorganisation of the Group structure	1,453.0	1,235.7
Employee benefits	83.5	73.9
Accruals and other provisions	78.0	79.3
Provision for stock obsolescence	4.4	5.5
Unrealised foreign exchange losses	12.1	8.2
Lease liabilities	75.4	81.2
Share-based equity	33.4	17.6
Financial liabilities	-	0.8
Other	3.5	4.8
Gross deferred tax assets	1,743.3	1,507.0
Deferred tax liabilities:		
Financial assets	(8.8)	-
Right-of-use assets	(32.1)	(32.8)
Plant, equipment and intangible assets	(203.0)	(176.0)
Net deferred tax assets	1,499.4	1,298.2
Movements		
Balance at the start of the year	1,298.2	1,166.4
Credited to profit or loss	220.2	11.6
(Charged) to equity	(7.5)	(11.2)
Movements due to acquisition of subsidiaries	(16.6)	-
Foreign exchange currency movements	5.1	131.4
Balance at the end of the year	1,499.4	1,298.2

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 difference 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 2023 were $1,453.0m (30 September 2022: $1,235.7m). A further $122.1m of potential tax benefits remain unrecognised at 30 September 2023 (2022: $384.7m). The current year tax expense includes recognition of previously unrecognised benefits.

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.

1-4 Taxes (continued)

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.

Notes to the financial statements

Business performance (continued)

1-5 Earnings per share

Basic and diluted earnings per share (EPS) calculations	2023	2022
Net profit attributable to members of Aristocrat Leisure Limited ($'m)	1,454.1	948.5
Weighted average number of ordinary shares (WANOS) used in calculating basic EPS (number)	653,547,145	663,876,734
Effect of Performance Share Rights (number)	3,264,933	2,529,681
WANOS used in calculating diluted EPS (number)	656,812,078	666,406,415
Basic EPS (cents per share)	222.5	142.9
Diluted EPS (cents per share)	221.4	142.3

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 511,165 (2022: 536,315) 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 1,938,042 (2022: 1,265,455) shares held in the share trust.

1-6 Dividends

Ordinary shares	2023 Final	2023 Interim	2022 Final	2022 Interim
Dividend per share (cents)	34.0c	30.0c	26.0c	26.0c
Franking percentage (%)	100%	100%	100%	100%
Cost ($'m)	220.4	196.2	171.2	173.8
Payment date	19 December 2023	3 July 2023	16 December 2022	1 July 2022

Franking credits

The franking account balance at 30 September 2023 was $56.8m (2022: $88.1m).

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 2023 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 34.0 cents (2022: 26.0 cents) per fully paid ordinary share, franked at 100%. The aggregate amount of the proposed final dividend expected to be paid on 19 December 2023 out of retained earnings at 30 September 2023, but not recognised as a liability at the end of the year is $220.4m. 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

	2023 $'m	2022 $'m
Current		
Trade receivables	904.8	765.5
Provision for impairment	(60.7)	(63.1)
Loan receivables	0.7	7.2
Other receivables	150.0	132.6
Total current receivables	994.8	842.2
Non-current		
Trade receivables	76.3	85.7
Loan receivables	7.2	5.3
Other receivables	59.9	73.2
Total non-current receivables	143.4	164.2
Movements in the provision:		
At the start of the year	(63.1)	(63.2)
Provisions recognised during the year	(1.9)	(1.0)
Foreign currency exchange differences	3.4	(2.6)
Provisions no longer required	0.9	3.7
At the end of the year	(60.7)	(63.1)

The provision includes $54.4m (2022: $58.6m) of trade receivables past due and considered impaired.

	2023 $'m	2022 $'m
Trade receivables past due but not impaired		
Under 3 months	77.9	68.2
3 months and over	1.3	2.4
Total receivables past due but not impaired	79.2	70.6

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

	2023 $'m	2022 $'m
Current		
Raw materials and stores	278.2	287.7
Work in progress	58.9	32.2
Finished goods	96.1	52.5
Provision for obsolescence	(124.2)	(122.7)
Total inventories	309.0	249.7

Inventory expense

Inventories recognised as an expense for sales during the year ended 30 September 2023 amounted to $631.8m (2022: $427.9m).

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.

2-3 Intangible assets

$'m	Goodwill	Customer relationships and contracts	Tradenames and game names	Intellectual property and licences	Capitalised development costs	Technology and software	Total
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
Disposals	-	-	-	-	-	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
Cost	3,275.4	793.2	175.3	187.4	145.5	863.1	5,439.9
Accumulated amortisation	-	(473.6)	(83.6)	(93.0)	(92.0)	(697.2)	(1,439.4)
Net carrying amount	3,275.4	319.6	91.7	94.4	53.5	165.9	4,000.5
Carrying amount at 1 October 2022	3,170.4	362.4	106.4	89.0	43.5	119.5	3,891.2
Additions	-	-	-	37.0	24.5	24.5	86.0
Additions on acquisition of subsidiaries	112.0	10.3	-	-	-	72.2	194.5
Impairment losses	-	-	-	(8.4)	-	-	(8.4)
Amortisation charge	-	(50.2)	(13.7)	(22.7)	(14.5)	(56.9)	(158.0)
Foreign currency exchange movements	(7.0)	(2.9)	(1.0)	(0.5)	-	6.6	(4.8)
Carrying amount at 30 September 2023	3,275.4	319.6	91.7	94.4	53.5	165.9	4,000.5

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 are 6 and 10 years.
Tradenames	5 years to indefinite	Straight line and not amortised for indefinite life	The tradenames were acquired as part of business combinations and recognised at fair value at the dates of acquisition. Where there is an indefinite life, these assets are not amortised, but rather tested for impairment at each reporting date. One trade name is being amortised over 5 years. The factors that determined that one trade name has an indefinite useful life included the history of the business and tradename, the market position, stability of the industry and the expected usage.
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 3 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 8 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.

2-3 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:	2023 $'m	2022 $'m
Americas segment		
Americas (excluding VGT)	114.7	115.3
VGT	1,070.2	1,076.3
Pixel United segment		
Product Madness	1,065.0	1,069.9
Big Fish	237.5	238.9
Plarium	664.0	667.8
Anaxi	121.8	-
Other	2.2	2.2
Total goodwill at the end of the year	3,275.4	3,170.4

In addition to goodwill, the VGT CGU includes $19.2m 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 2024 and management projections from 2025 to 2028. 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		2023	2022
	Americas (excluding VGT)	13.7%	12.9%
	VGT	13.7%	12.5%
	Product Madness	13.2%	12.4%
	Big Fish	13.5%	13.2%
	Plarium	13.6%	13.1%
	Anaxi	14.2%	Not applicable
Terminal growth rate		2023	2022
	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%
	Anaxi	3.0%	Not applicable
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.		

(c) Impact of possible changes in key assumptions

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.

For the Big Fish CGU, management projections are based on certain Casual genre games, both current and under development, to achieve targeted revenue and profitability metrics. Going forward, should management projections fall below mid to high single digit growth rates, an impairment may be required.

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Cost	35.0	35.1	173.2	161.2	1,447.9	1,266.8	1,656.1	1,463.1
Accumulated depreciation/amortisation	(28.3)	(28.1)	(99.5)	(87.5)	(1,042.4)	(989.7)	(1,170.2)	(1,105.3)
Net carrying amount	6.7	7.0	73.7	73.7	405.5	277.1	485.9	357.8
Carrying amount at the start of the year	7.0	13.4	73.7	69.4	277.1	242.6	357.8	325.4
Additions	-	-	18.0	12.2	340.3	186.7	358.3	198.9
Disposals	-	-	(3.0)	(0.2)	(4.9)	(5.7)	(7.9)	(5.9)
Impairment losses	-	-	(5.5)	-	(0.5)	-	(6.0)	-
Transfers*	-	-	-	-	(35.5)	(23.7)	(35.5)	(23.7)
Depreciation and amortisation	(0.4)	(7.4)	(10.1)	(13.0)	(174.8)	(147.3)	(185.3)	(167.7)
Foreign currency exchange differences	0.1	1.0	0.6	5.3	3.8	24.5	4.5	30.8
Carrying amount at the end of the year	6.7	7.0	73.7	73.7	405.5	277.1	485.9	357.8

*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.

2-5 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:

	2023 $'m	2022 $'m
Right-of-use assets		
Property	192.8	188.3
Motor vehicles	3.7	3.8
Equipment	0.4	-
Total right-of-use assets	196.9	192.1
Lease liabilities		
Current	64.0	56.0
Non-current	276.0	271.8
Total lease liabilities	340.0	327.8

Additions to the right-of-use assets were $50.1m (2022: $37.7m), and an impairment of $8.7m was recognised in 2023 (2022: nil). The impairment charges mainly 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 the ability to sub-lease the property, 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.

2-5 Leases (continued)

(b) Amounts recognised in the statement of profit or loss

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

	2023 $'m	2022 $'m
Depreciation charge for right-of-use assets		
Property	36.3	32.5
Motor vehicles	2.3	2.2
Equipment	0.1	0.1
Total depreciation of right-of-use assets	38.7	34.8
Interest expense (included in finance costs)	17.4	15.0
Expense relating to short-term leases	4.1	4.3
Expense related to lease of low-value assets that are not shown as short term leases	0.2	0.2

The total cash out flow for leases was $64.6m (2022: $58.9m).

(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 $30.3m (2022: $41.9m) 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

	2023 $'m	2022 $'m
Current		
Trade payables	304.6	196.7
Accrued expenses	677.4	671.6
Total current payables	982.0	868.3
Non-current		
Accrued expenses	79.1	87.7
Total non-current payables	79.1	87.7

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.

Notes to the financial statements
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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Current	23.7	24.5	0.3	3.0	22.0	13.4	6.2	4.4	52.2	45.3
Non-current	2.2	0.3	6.6	4.6	2.5	1.9	29.1	34.3	40.4	41.1
Carrying amount at the end of the year	25.9	24.8	6.9	7.6	24.5	15.3	35.3	38.7	92.6	86.4

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	
	2023	2022	2023	2022	2023	2022
Carrying amount at the start of the year	7.6	7.1	15.3	22.0	38.7	37.8
Payments	(0.8)	-	(98.7)	(88.8)	(5.3)	(3.6)
Additional provisions recognised	-	0.5	105.9	79.5	0.2	0.2
Additions on acquisition of subsidiaries	-	-	2.1	-	-	-
Foreign currency exchange differences	0.1	-	(0.1)	2.6	1.7	4.3
Carrying amount at the end of the year	6.9	7.6	24.5	15.3	35.3	38.7

Recognition and measurement

Provisions are recognised when:
(a) the Group has a present legal or constructive obligation as a result of past events;
(b) it is probable that an outflow of resources will be required to settle the obligation; and
(c) 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:
(a) an annuity paid out over 19 or 20 years after winning; or
(b) 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

	2023 $'m	2022 $'m
Current		
Secured		
Bank loans	99.6	99.9
Total current borrowings	99.6	99.9
Non-current		
Secured		
Bank loans	2,242.3	2,357.4
Total non-current borrowings	2,242.3	2,357.4

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	2023 $'m		2022 $'m	
Total facilities		Total	Unused	Total	Unused
- Bank overdrafts	(i)	8.1	8.1	8.1	8.1
- Bank loans	(ii)	3,108.1	766.2	3,227.9	770.6
Total facilities		3,116.2	774.3	3,236.0	778.7

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

(ii) Syndicated loan facilities:

- US$1,266 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

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. 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. The Term Loan A facilities have mandatory repayments of 1.25% quarterly.

A portion of the interest rate exposure has been fixed under separate interest rate swap arrangements. As of 30 September 2023 approximately 56% of the exposure was fixed, with hedging out to October 2025.

3-2 Other financial assets and financial liabilities

	2023 $'m	2022 $'m
Financial assets		
Current		
Debt securities held-to-maturity	8.6	8.3
Interest rate swap contracts - cash flow hedges	27.2	15.1
Total current financial assets	35.8	23.4
Non-current		
Debt securities held-to-maturity	4.8	4.1
Convertible bonds	3.9	3.9
Interest rate swap contracts - cash flow hedges	14.3	14.3
Other investments	8.5	5.0
Total non-current financial assets	31.5	27.3
Financial liabilities		
Current		
Derivatives used for hedging	1.0	0.3
Total current financial liabilities	1.0	0.3

(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.

(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.

3-2 Other financial assets and financial liabilities (continued)

(d) Derivatives and hedging (continued)

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 56% (2022: 43%) of the Term Loan A and B facilities outstanding. The fixed interest rate of the swap is 3.21% (2022: between 2.71% and 2.78%) and the floating rate of the borrowings at the end of the reporting period was 5.39% (2022: 3.55%). 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:

	2023	2022
Carrying amount - assets ($'m)	41.5	29.4
Notional amount in US$'m	854.0	685.0
Maturity dates	October 2025	October 2022
Hedge effectiveness ratio	1:1	1:1
Change in fair value of interest rate hedges since 1 October ($'m)	12.1	62.7
Weighted average hedged rate for the year	3.21%	2.76%

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 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
Balance at 1 October 2022	3,823.0	602.2	(66.6)	19.3	(7.1)	547.8
Profit for the year	1,454.1	-	-	-	-	-
Exchange difference on translation of foreign operations	-	23.1	-	-	-	23.1
Movement in fair value of interest rate hedges	-	-	-	5.0	-	5.0
Total comprehensive income for the year	1,454.1	23.1	-	5.0	-	28.1
Transactions with owners in their capacity as owners						
Dividends paid or provided for	(367.4)	-	-	-	-	-
Share-based payments expense	-	-	76.4	-	-	76.4
Issues of shares to and purchases of shares by the Aristocrat Employee Share Trust	-	-	(76.2)	-	-	(76.2)
Share-based tax and other adjustments	-	-	3.3	-	-	3.3
Balance at 30 September 2023	4,909.7	625.3	(63.1)	24.3	(7.1)	579.4

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.

3-4 Contributed equity

	Shares 2023	Shares 2022	$'m 2023	$'m 2022
Ordinary shares, fully paid	648,560,092	659,792,616	1,237.0	1,651.9
Movements in ordinary share capital				
Ordinary shares at the beginning of the year	659,792,616	638,544,150	1,651.9	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	(11,232,524)	(9,830,678)	(414.9)	(340.4)
Ordinary shares at the end of the financial year	648,560,092	659,792,616	1,237.0	1,651.9

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.

In February and May 2023, the Group announced two increases to its existing on-market share buy-back program by up to a further $500 million each. These brought the total program size to up to $1.5 billion and the program will run up to 31 May 2024. In the 12 months to 30 September 2023, the Group had purchased 11,232,524 fully paid ordinary shares to be cancelled. The shares were acquired at an average price of $36.92 per share, with prices ranging from $30.93 to $40.37. The total cost of $414.9m including after-tax transaction costs was deducted from equity. This brought the total buy-back purchases made for the up to $1.5 billion program to $755.3m as of 30 September 2023.

3-5 Net tangible assets per share

	2023 $	2022 $
Net tangible assets per share	3.90	2.94

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 2023 were $10.37 (2022: $9.13).

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:

	2023	2022
Gross debt/bank EBITDA*	1.1x	1.2x
Net cash/bank EBITDA*	(0.4)x	(0.3)x
Interest coverage ratio (bank EBITDA*/interest expense**)	17.5x	19.7x

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

(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.

3-6 Capital and financial risk management (continued)

(b) Financial risk management (continued)

Risk	Exposure arising from	Measurement	Management
Market risk: Interest rate	Floating rate borrowings drawn under a Term Loan A and B facilities	Sensitivity analysis	- 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 & cash flow forecasts	- 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 & credit ratings	- 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	- 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.

Hedge of net investment in foreign entity

Prior to a debt refinancing in May 2022, US$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 the debt refinancing in the prior year, the US Term Loan B debt facility held within the Australian company was fully repaid by a related company with a US dollar functional currency (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 was not intended to be settled during the year ended 30 September 2023, 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets										
Cash and cash equivalents	3,151.0	3,021.3	(25.6)	(23.2)	25.6	23.2	11.0	1.1	(9.0)	(1.0)
Receivables	1,138.2	1,006.4	-	-	-	-	11.6	10.5	(9.4)	(8.6)
Debt securities held-to-maturity	13.4	12.4	(0.1)	(0.1)	0.1	0.1	-	-	-	-
Convertible bond and other investments	12.4	8.9	(0.1)	(0.1)	0.1	0.1	-	-	-	-
Financial liabilities										
Trade and other payables	1,061.1	956.0	-	-	-	-	(7.8)	(4.3)	9.6	5.3
Borrowings	2,341.9	2,457.3	23.6	24.7	(23.6)	(24.7)	-	-	-	-
Lease liabilities	340.0	327.8	-	-	-	-	-	-	-	-
Progressive jackpot liabilities	24.5	15.3	0.2	0.2	(0.2)	(0.2)	-	-	-	-
Total increase/(decrease)			(2.0)	1.5	2.0	(1.5)	14.8	7.3	(8.8)	(4.3)

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 $20.7m (2022: $36.1m) increase in the fair value of swap contracts held at year end. A 1% decrease would cause a $21.2m (2022: $36.9m) decrease in the fair value of swaps held at year-end.

3-6 Capital and financial risk management (continued)

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.

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Non-derivatives										
Trade payables	304.6	196.7	-	-	-	-	304.6	196.7	304.6	196.7
Accrued expenses	677.4	671.6	79.1	87.7	-	-	756.5	759.3	756.5	759.3
Borrowings	99.6	99.9	1,853.7	1,966.6	388.6	390.8	2,341.9	2,457.3	2,341.9	2,457.3
Borrowings - interest payments	162.7	126.3	436.1	443.2	19.7	15.1	618.5	584.6	-	-
Lease liabilities	66.4	57.1	195.6	183.5	164.9	161.7	426.9	402.3	340.0	327.8
Progressive jackpot liabilities	22.0	13.4	1.0	0.8	1.5	1.1	24.5	15.3	24.5	15.3
Total non-derivatives	1,332.7	1,165.0	2,565.5	2,681.8	574.7	568.7	4,472.9	4,415.5	3,767.5	3,756.4
Derivatives										
Net settled (interest rate swaps)	(27.2)	(15.1)	(14.3)	(14.3)	-	-	(41.5)	(29.4)	(41.5)	(29.4)
Gross settled (forward foreign exchange contracts)										
- (inflow)	(108.7)	(5.0)	-	-	-	-	(108.7)	(5.0)	(108.7)	(5.0)
- outflow	109.7	5.3	-	-	-	-	109.7	5.3	109.7	5.3
Total outflow	1.0	0.3	-	-	-	-	1.0	0.3	1.0	0.3
Total derivatives	(26.2)	(14.8)	(14.3)	(14.3)	-	-	(40.5)	(29.1)	(40.5)	(29.1)

(c) Foreign currency risk

The carrying amounts of the Group's current and non-current receivables are denominated in the following currencies:	2023 $'m	2022 $'m
US dollars	842.6	727.1
Australian dollars	176.8	211.4
Other[1]	118.8	67.9
Total carrying amount	1,138.2	1,006.4

The carrying amounts of the Group's current and non-current payables are denominated in the following currencies:		
US dollars	835.8	747.4
Australian dollars	108.5	144.3
Other[1]	116.8	64.3
Total carrying amount	1,061.1	956.0

(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:

	2023 $'m	2022 $'m
Trade receivables with guarantees	5.9	1.5
Trade receivables without guarantees	914.5	786.6
Total net trade receivables	920.4	788.1

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 2023 on the net fair value of the Group's existing foreign exchange hedge contracts:

Currency pair	Weighted average exchange rate	Maturity profile(1) 1 year or less $'m	Maturity profile(1) Over 1 year $'m	Net fair value loss(2) $'m
AUD/USD	0.6383	109.7	-	(1.0)
Total		109.7	-	(1.0)

(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	
	2023	2022	2023	2022	2023	2022	2023	2022
Assets								
Convertible bonds	-	-	3.9	3.9	-	-	3.9	3.9
Interest rate swap contracts	-	-	41.5	29.4	-	-	41.5	29.4
Total assets at the end of the year	-	-	45.4	33.3	-	-	45.4	33.3
Liabilities								
Derivatives used for hedging	-	-	1.0	0.3	-	-	1.0	0.3
Contingent consideration	-	-	-	-	43.2	38.0	43.2	38.0
Total liabilities at the end of the year	-	-	1.0	0.3	43.2	38.0	44.2	38.3

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. Convertible bonds are 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 2022. The carrying amount of financial instruments not measured at fair value approximates fair value.

3-7 Net debt reconciliation

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

	2023 $'m	2022 $'m
Cash and cash equivalents	3,151.0	3,021.3
Current borrowings	(99.6)	(99.9)
Non-current borrowings	(2,242.3)	(2,357.4)
Net cash	809.1	564.0
Net cash/(debt) - opening balance	564.0	(804.5)
Net increase in cash per cash flow statement	138.0	306.3
Debt repayments	101.6	3,676.9
Proceeds from borrowings (net of transaction costs)	-	(2,551.8)
Amortisation of borrowing costs	(5.3)	(37.5)
Foreign exchange movements	10.8	(25.4)
Net cash - end of year	809.1	564.0

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	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
Product Madness France SAS (formerly Playsoft SAS)	France
Aristocrat Technologies Spain S.L.	Spain
Roxor Gaming Limited (from January 2023)	UK

4-2 Business combinations

Recognition and measurement

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value. Acquisition-related costs are expensed as incurred in the profit or loss.

Current period acquisition

In September 2022, a contract was signed to acquire Roxor Gaming Limited. This acquisition was completed in January 2023. Roxor Gaming Limited is a Business-to-Business Real Money Gaming supplier. The acquisition was funded from existing cash, and the transaction did not have a material earnings impact in the current financial year.

Details of the purchase consideration, the provisional net assets acquired and goodwill are as follows:

	$'m
Purchase consideration	
Cash paid	174.5
Total purchase consideration	174.5

The provisional assets and liabilities at the date of acquisition are as follows:

	Fair value $'m
Cash and cash equivalents	0.3
Trade and other receivables	3.1
Intangible assets: Technology	72.2
Intangible assets: Customer relationships	10.3
Trade and other payables	(4.7)
Provisions	(2.1)
Deferred tax liabilities	(16.6)
Net identifiable assets acquired	62.5
Add: goodwill	112.0
Provisional net assets acquired	174.5

The goodwill is attributable to future growth opportunities and synergies from combining operations with Roxor Gaming Limited. The goodwill is not deductible for tax purposes. The purchase price accounting exercise is provisional, with any revisions to be reflected as adjustments to goodwill up to 12 months following the acquisition date at January 2023.

Proposed business combination

On 15 May 2023, the Group announced the proposed acquisition of 100% of NeoGames S.A. ("NeoGames") for an equity value of $1.5 billion (US$1.0 billion) and enterprise value of $1.8 billion (US$1.2 billion) pursuant to a Business Combination Agreement. NeoGames is a leading global content and technology solutions provider that provides platforms and develops content for the global online Real Money Gaming (RMG) industry. Completion of the acquisition is subject to NeoGames shareholder approval and certain regulatory approvals, and will be funded with existing cash.

On 19 July 2023, the Group announced that the shareholders of NeoGames voted to adopt the Business Combination Agreement entered into with NeoGames on 15 May 2023. This shareholder approval is the first of two shareholder approvals required to effect the proposed acquisition of NeoGames.

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.

	2023 $	2022 $
Short-term employee benefits	13,189,803	11,469,028
Post-employment benefits	195,743	124,558
Long-term benefits	26,648	28,671
Termination benefits	1,323,782	-
Share-based payments	11,726,127	7,835,512
Key management personnel compensation	26,462,103	19,457,769

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 Performance Share Plan are identical in all respects other than performance conditions and periods.
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:

	2023 Number of rights	2022 Number of rights
As at 1 October	4,041,929	4,755,258
Granted during the year	3,572,149	1,837,908
Vested during the year	(1,447,154)	(1,896,419)
Forfeited during the year	(563,732)	(654,818)
As at 30 September	5,603,192	4,041,929

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

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:

	2023 $'m	2022 $'m
Long Term Incentive Plan	9.8	10.8
Aristocrat Equity Scheme Offer	48.4	31.9
Deferred Short-Term Incentive Plan	4.6	5.6
Special grants	13.6	8.6
Total share-based payments expense	76.4	56.9

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 2023 and 30 September 2022 are as follows:

Timing of grant of rights	Performance period start date	Performance period expiry date	Performance condition	Accounting valuation date	Accounting valuation ($)
2023 financial year	1 October 2022	30 September 2025	TSR	1 December 2022	20.94
			EPSG		34.51
			Individual performance		34.51
			TSR	24 February 2023	21.40
			EPSG		35.47
			Individual performance		35.47
2022 financial year	1 October 2021	30 September 2024	TSR	25 February 2022	17.84
			EPSG		35.87
			Individual performance		35.87

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 ('EPSG') 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, EPSG) does not take into account the likelihood that the vesting condition will be met.

(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 2023 and year ended 30 September 2022 included:

Input	Consideration		
Share rights granted	Zero consideration and have a three year life.		
	2023		2022
Grant date	1 December 2022	24 February 2023	25 February 2022
Share price at grant date	$36.03	$36.88	$37.38
Price volatility of Company's shares	38.8%	29.1%	38.2%
Dividend yield	1.4%	1.4%	1.5%
Risk-free interest rate	3.1%	3.6%	1.7%

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

	2023 $'m	2022 $'m
(a) Commitments		
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities:		
Property, plant and equipment	3.2	5.6

(b) Contingent liabilities

The Group and parent entity may have contingent liabilities at 30 September 2023 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 may 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, Aristocrat Global Holdings Pty Ltd (formerly 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.

6-2 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:

	2023 $	2022 $
Audit or review of financial reports		
Australia	1,640,100	1,522,850
Overseas	3,024,883	2,528,000
Total remuneration for audit/review services	4,664,983	4,050,850
Other assurance services		
Australia	-	163,000
Total remuneration for other assurance services	-	163,000
Total remuneration for assurance services	4,664,983	4,213,850
Tax and advisory services		
Australia	36,875	-
Overseas	65,364	58,542
Total remuneration for advisory services	102,239	58,542

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.

6-5 Parent entity financial information

(a) Summary financial information
The individual financial statements for the parent entity show the following aggregate amounts:

	2023 $'m	2022 $'m
Balance sheet		
Current assets	29.0	443.1
Total assets	12,095.0	12,816.4
Current liabilities	1.7	19.5
Total liabilities	1.7	19.5
Net assets	12,093.3	12,796.9
Shareholders' equity		
Contributed equity	1,237.0	1,651.9
Reserves	417.9	341.6
Retained profits	10,438.4	10,803.4
Total equity	12,093.3	12,796.9
Profit/(loss) for the year after tax	2.8	(36.3)
Total comprehensive income/(loss) income after tax	2.8	(36.3)

(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.

6-6 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
- Aristocrat Global Holdings Pty Ltd (formerly 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:

	2023 $'m	2022 $'m
Revenue	427.9	424.3
Other income from related parties	424.9	289.3
Other income from non-related parties	58.0	6.2
Cost of revenue and other expenses	(270.0)	(287.2)
Employee benefits expense	(204.2)	(195.6)
Finance costs	(3.4)	(11.5)
Depreciation and amortisation expense	(34.2)	(31.5)
Profit before income tax	399.0	194.0
Income tax expense	(127.5)	(91.6)
Profit for the year	271.5	102.4
Total comprehensive income for the year	271.5	102.4

Set out below is a summary of movements in consolidated retained earnings of the Closed Group:

	2023 $'m	2022 $'m
Retained earnings at the beginning of the financial year	669.3	915.1
Profit for the year	271.5	102.4
Dividends paid	(367.9)	(348.2)
Retained earnings at the end of the financial year	572.9	669.3

Notes to the financial statements

Other disclosures (continued)

6-6 Deed of cross guarantee (continued)

Set out below is the balance sheet of the Closed Group:	2023 $'m	2022 $'m
Current assets		
Cash and cash equivalents	211.8	846.7
Trade and other receivables	230.6	212.2
Inventories	43.5	51.6
Total current assets	485.9	1,110.5
Non-current assets		
Trade and other receivables	89.6	102.1
Investments	1,639.3	1,378.3
Property, plant and equipment	19.4	19.1
Right-of-use assets	21.4	19.4
Deferred tax assets	71.4	68.7
Intangible assets	53.0	48.6
Total non-current assets	1,894.1	1,636.2
Total assets	2,380.0	2,746.7
Current liabilities		
Trade and other payables	802.1	635.2
Lease liabilities	12.6	10.6
Current tax liabilities	102.4	73.4
Provisions	16.7	19.6
Deferred revenue and other liabilities	28.7	18.1
Total current liabilities	962.5	756.9
Non-current liabilities		
Lease liabilities	18.8	20.9
Provisions	8.6	4.7
Deferred revenue and other liabilities	6.7	8.0
Total non-current liabilities	34.1	33.6
Total liabilities	996.6	790.5
Net assets	1,383.4	1,956.2
Equity		
Contributed equity	1,237.0	1,651.9
Reserves	(426.5)	(365.0)
Retained earnings	572.9	669.3
Total equity	1,383.4	1,956.2

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 15 November 2023.

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. 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 2023.

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.

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 2022. These did not have a material impact on the Group.

Change in accounting policy - Global minimum tax

The Group has adopted AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules* issued by the Australian Accounting Standards Board in June 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the Pillar Two global minimum top-up tax, which is effective immediately, however will only require mandatory disclosures about the Pillar Two exposure for years commencing 1 January 2023 onwards, which for the Group will be the year ended 30 September 2024.

The mandatory exception applies retrospectively. The retrospective application has no impact on the Group's financial statements as no new legislation implementing the top-up tax was enacted or substantively enacted at the end of the previous year (30 September 2022) in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date.

Directors' declaration

For the year ended 30 September 2023

In the Directors' opinion:

(a) the financial statements and notes set out on pages 2 to 36 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 2023 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 been given declarations by the Chief Executive Officer and Managing Director and Chief Financial Officer 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
15 November 2023

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 2023 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 2023
- 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.

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Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
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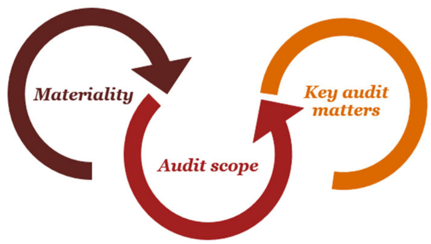
Our audit approach

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.

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 $83 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 has 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*

Taxes
(Refer to note 1-4)
 	
The Group operates globally and is subject to tax regimes and tax legislation administered by tax authorities in a number of countries.
 	
Taxes was a key audit matter due to the:
 	
• 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.
	In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others:
	
	• 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:
	    • 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*
Estimated recoverable amount of goodwill and indefinite life intangibles *(Refer to note 2-3)* Under Australian Accounting Standards, the Group is required to test goodwill and other indefinite-lived intangible 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). The recoverable amount of goodwill and other indefinite life intangible assets was a key audit matter given the: ● financial significance of these intangible assets to the balance sheet; and ● judgement applied by the Group in completing and concluding on the impairment assessment.	We focussed 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, revenue and costs to those CGUs. In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others: ● assessing the appropriateness of cash flow forecasts included in the models with reference to the 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 2023, 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 through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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 35 to 62 of the directors' report for the year ended 30 September 2023.

In our opinion, the remuneration report of Aristocrat Leisure Limited for the year ended 30 September 2023 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.

PricewaterhouseCoopers

Mark Dow
Partner

Sydney
15 November 2023