ARISTOCRAT LEISURE LIMITED

ABN 44 002 818 368

2021 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 NSW 2113

ARISTOCRAT™

2021 PROFIT ANNOUNCEMENT

CONTENTS

ARISTOCRAT™

ARISTOCRAT LEISURE LIMITED

A.B.N. 44 002 818 368

APPENDIX 4E

Preliminary Final Report

Period ended: 30 September 2021

Previous corresponding period: 30 September 2020

Results for announcement to the market

Statutory results				**2021 $'m**
Revenue from ordinary activities	up	14.4%	to	4,736.6
Profit from ordinary activities before tax	up	160.3%	to	935.9
Profit from ordinary activities after tax	down	40.5%	to	820.0
Normalised results[1]				
Operating revenue	up	14.4%	to	4,736.6
Profit before tax	up	113.7%	to	1,016.8
Profit after tax and before amortisation of acquired intangibles	up	81.4%	to	864.7

Dividends

	Amount per security	**Franked amount per security**	**Record date for determining entitlements to dividends**
Current year – 2021:			
- Interim dividend	15.0c	15.0c	31 May 2021
- Final dividend	26.0c	26.0c	2 December 2021
Previous year – 2020:			
- Interim dividend	0.0c	0.0c	Not applicable
- Final dividend	10.0c	10.0c	2 December 2020

Dividend Reinvestment Plan

The Aristocrat Leisure Limited Dividend Reinvestment Plan (DRP) will not operate in respect of the 2021 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.

For the 12 months ended 30 September 2021

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 2021 (the **financial year**). The information in this report is current as at 18 November 2021 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 2021 was a profit of $820 million after tax (2020: profit of $1,377.7 million after tax) and normalised profit after tax and before amortisation of acquired intangibles (**NPATA**) for the financial year was $864.7 million (2020: $476.6 million).

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

Dividends

Since the end of the financial year, the Directors have authorised a final fully franked dividend of 26.0 cents (2020: 10.0 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.

Remuneration Report

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

Environmental regulation

Aristocrat is committed to being a responsible business that does not cause harm to people and the environment.

The Group's operations have a limited impact on the environment, and we are committed to investing resources to drive our environmental performance across our operations. The Group is subject to a number of environmental regulations in respect of its integration activities. The Company integrates (assembles) machines and systems in Australia, the USA, Macau, and the UK. The Company uses limited amounts of chemicals in its assembly process. The Directors are not aware of any breaches of any environmental legislation or of any significant environmental incidents during the financial year.

Based on current emission levels, the Company is not required to register and report under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (**NGER Act**). However, the Company continues to receive reports and monitors its position to ensure compliance with the NGER Act.

The Company is committed to not only complying with environmental laws and regulations relevant to its operations, but also to achieving a high standard of environmental performance across all its operations. The Company is aware of, and continues to plan for, any new Australian regulatory requirements on climate change. Identified climate related risks are managed and mitigated through Aristocrat's enterprise risk management processes, which explicitly encompasses climate related risks and opportunities. These risks are also considered as part of core business processes, including strategy development and business continuity planning.

Aristocrat adopts a phased long term approach to expansive climate-related disclosures, with our current focus on Risk Management, Governance and Strategy disclosures. A key priority has been lifting Environmental, Social, and Governance (**ESG**) capability and core infrastructure – particularly data capturing. More comprehensive and reliable data in areas such as emissions and resource consumption will facilitate better quality disclosures, and more effective abatement and improvement strategies internally. Aristocrat undertakes a materiality assessment to identify ESG issues relevant to the business on a periodic basis, and environmental issues are considered as part of this assessment. Aristocrat publishes detailed sustainability disclosures annually.

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

Principal activities

Aristocrat is a leading global gaming content and technology company and top-tier mobile games publisher. The principal activities of the Group during the financial year were the design, development and distribution of gaming content, platforms and systems, including electronic gaming machines, casino management systems and free-to-play mobile games. The Company's regulated gaming products are approved for use in more than 300 licensed jurisdictions and are available in more than 100 countries.

Significant changes in the state of affairs

Except as outlined below and 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

On 18 October 2021, the Company announced:

- a recommended cash offer for Playtech plc (LSE: PTEC) (**Playtech**) that, if completed, will result in a wholly-owned subsidiary of the Company, Aristocrat (UK) Holdings Limited, acquiring the entire issued and to be issued share capital of Playtech (**Acquisition**); and
- a $1.3 billion equity raising by way of an underwritten pro rata accelerated renounceable entitlement offer with rights trading, to partly finance the Acquisition. The equity raising was successfully completed on 17 November 2021.

Other than the above and the Board authorising the final dividend, since the end of the 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 October 2011) – Non-Executive Director of Transurban Group (February 2009 – October 2021) – Former Chairman of Seek Ltd (June 2005 – December 2018) – Former Chairman of Virgin Australia Holdings Ltd – Former Non-Executive Director of Recall Holdings Ltd and Iron Mountain, Inc. – 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 and Chairman of the American Gaming Association (Chairman effective January 2020) – Former Executive Vice President, Global Product & Insights, Aristocrat Leisure Limited – Former Managing Director, ANZ – Aristocrat Leisure Limited – Sales Director – Fosters Australia Ltd	Managing Director and Chief Executive Officer
Kathleen Conlon BEc, MBA, FAICD	Nominated January 2014. Appointed February 2014. – Chair of Lynas Rare Earths Limited (since September 2020, appointed as a Non-Executive Director November 2011) – Non-Executive Director of BlueScope Steel Limited (since February 2020), and The Benevolent Society (since February 2013) – Member of Chief Executive Women – Member of the Australian Institute of Company Directors (AICD) Corporate Governance Committee and a former National Board Member of the AICD – Former Non-Executive Director of REA Group Limited (June 2007 – November 2021) and CSR Limited – Former Partner and Director, Boston Consulting Group (BCG)	Chair, People & Culture Committee Member, Audit Committee

Directors' particulars, experience and special responsibilities continued

Director	Experience and other directorships	Special responsibilities
Pat Ramsey BA, Economics, MBA, MAICD	Nominated September 2016. Appointed October 2016. – Director of SimpleBet, Inc. (since July 2021) – Member of the Operating Council of Arrow International (since January 2021) – Consultant, EPR Properties (a publicly traded REIT) – Board of Trustees for the Meadows School (Las Vegas, USA) – Executive Committee member for the TPC Shriners Hospital for Children Open – Former Independent Director of VizExplorer – Former Chief Digital Officer of Aristocrat Leisure Limited and former CEO of Multimedia Games, Inc. – Various senior roles at Caesars Entertainment (formerly Harrah's)	Lead US Director Chair, Regulatory & Compliance Committee Member, Audit 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 and Headwaters Inc. – Former Chief Executive Officer of Trident Microsystems Inc.	Member, Audit Committee Member, People & Culture Committee
Arlene Tansey BBA, MBA, Juris Doctor, FAICD	Nominated March 2016. Appointed July 2016. – Non-Executive Director of WiseTech Global Limited (since June 2020), TPG Telecom Limited (since July 2020), Lendlease Investment Management (since October 2010), and the Australian National Maritime Museum Foundation (since December 2019) – Member of Chief Executive Women and the International Women's Forum Australia – Former Non-Executive Director of Healius Limited (formerly Primary Health Care Ltd) (August 2012 – October 2020) and Adelaide Brighton Ltd (April 2011 – October 2019)	Chair, Audit Committee Member, Regulatory & Compliance Committee
Philippe Etienne GradDip Marketing, BSc, MBA, Advanced Management Program, GAICD	Nominated October 2019. Appointed November 2019. – Chairman and Non-Executive Director, ANZ Terminals (since October 2017) – Non-Executive Director of Lynas Rare Earths Limited (since January 2015) and Cleanaway Waste Management Limited (since May 2014) – Former Managing Director & CEO of Innovia Security Pty Ltd – Former Non-Executive Director of Sedgman Limited – Various senior executive positions, Orica Limited	Member, People & Culture Committee Member, Regulatory & Compliance Committee

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	Audit Committee	People & Culture Committee	Regulatory & Compliance Committee	Concurrent Committee meetings [2]
Neil Chatfield [1]	17/17	6/6	5/5	6/6	1/1
Trevor Croker	17/17	—	—	—	—
Kathleen Conlon [1]	17/17	6/6	5/5	—	1/1
Philippe Etienne [1]	17/17	—	5/5	6/6	1/1
Pat Ramsey [1]	16/17	5/6	—	6/6	1/1
Sylvia Summers Couder [1]	17/17	6/6	4/5	—	1/1
Arlene Tansey [1]	16/17	6/6	—	6/6	1/1

1. During FY2021, the Board reviewed each Non-Executive Director's independence and confirms that each Non-Executive Director is independent.
2. To support the determination of remuneration outcomes, the People & Culture Committee met concurrently with the Audit Committee on 22 September 2021.

Special Purpose Committees

In addition to the Board and Committee meetings set out in the table above, during the financial year, there were a number of Board sub-committees formed for special purposes with the sub-committee membership consisting of a various combination of Directors. There was a total of 13 Board subcommittee meetings held during the financial year.

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.

Set out below is the qualification and experience of the Company Secretary as at the end of the financial year.

Kristy Jo
BCom/LLB

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

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 deeds of indemnity for identity theft with each Director and nominated officers of the Company. No amount has been paid pursuant to those indemnities during the financial year and as at the date of this Directors' Report.

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

Proceedings on behalf of the Company

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

Auditor

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

Non-audit services provided by the Auditor

The Company, with the prior approval of the Chair of the Audit Committee, may decide to employ PricewaterhouseCoopers, the Company's auditor, on low value assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Company has an Auditor Independence Policy which specifies those non-audit services which cannot be performed by the Company 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 $146,450. Details of the amounts paid or payable to the Company's auditor, for audit services provided during the financial year, are set out in Note 6-3 to the Financial Statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services as set out in Note 6-3 to the Financial Statements is compatible with the general standard of independence for auditors imposed by the Act for the following reasons:

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

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

Loans to Directors and executives

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

Rounding of amounts to nearest thousand dollars

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

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

Neil Chatfield
Chairman

18 November 2021

Operating and Financial Review

Aristocrat at a Glance

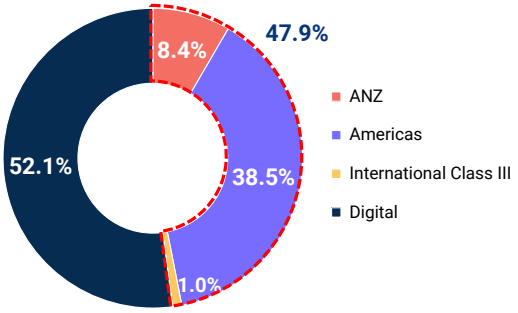
Revenue

$4.7 billion

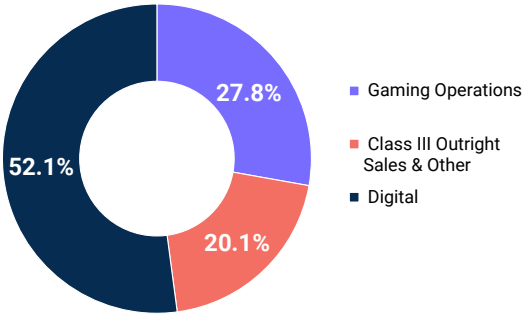
Licensed Jurisdictions

326

Revenue by segment



Revenue by strategic segment

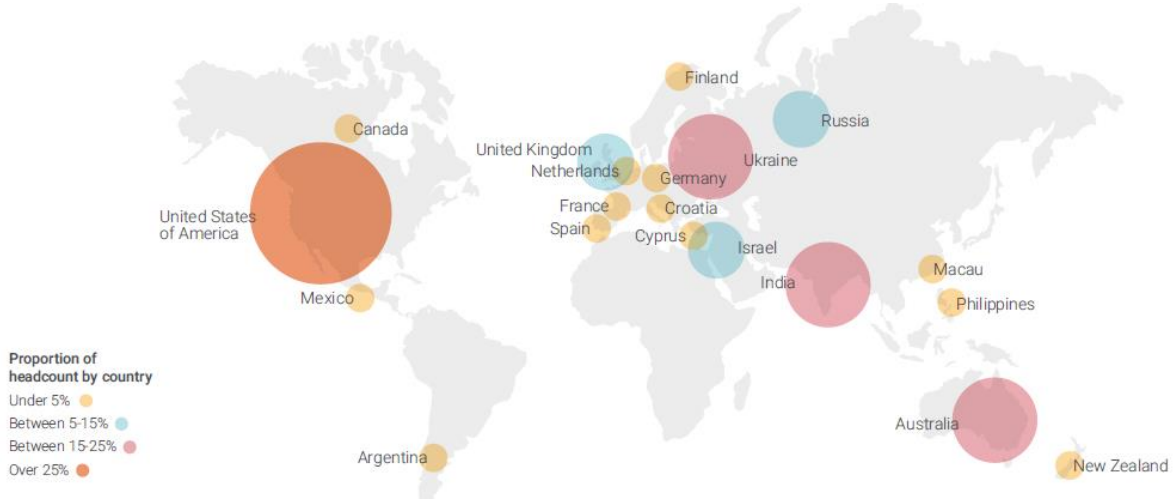


Countries

102

Employees

7,000+



Operating and Financial Review

Business Strategy

Growth strategy enhances resilience

Aristocrat's strategy aims to deliver high quality, sustainable profit growth by continuously improving the business' product portfolios and operational competitiveness – regardless of market conditions and other external factors.

Over the reporting period, we have maintained a consistent focus on share taking through sustained investment in outstanding product, the best people and capability and strong business fundamentals. We continued to deliver above-category organic growth, while looking to accelerate our progress through strategic, accretive M&A, where that delivers us new capabilities and access to new market opportunities.

In particular, Aristocrat's offer to acquire 100% of Playtech plc[1] (announced just after period end) offers compelling strategic and financial benefits, particularly material scale in the large, growing and highly complementary iGaming and online sports betting segments (collectively, Online Real Money Gaming).

Our focus on long-term performance means that addressing material Environmental, Social and Governance (ESG) factors is also an important part of our approach. Aristocrat further improved its business by making progress across a range of priorities including responsible gameplay, diversity and inclusion and employee wellbeing during the period. We also continued to lift the bar in corporate governance, reflecting the fact that this is one of our most material ESG priorities. Detailed ESG disclosures for the 2021 fiscal year will be published on the Group website (www.aristocrat.com) from 27 November 2021.

As Aristocrat continues to navigate volatility in the global operating environment as a result of COVID-19 and other factors, the Group's strategy remains relevant and robust.

Performance reflects investment choices and priorities

Throughout the year, Aristocrat continued to invest in its core, differentiating strategic drivers, including:

- Additional 'People First' employee wellbeing initiatives and flexibility for our growing team of over 7,000 people. A strong focus on lifting diversity and driving inclusion was reflected in above-benchmark engagement scores and participation for the year;
- Further leadership development and capability programs, along with targeted talent attraction and retention initiatives;
- Maintenance of Aristocrat's market-leading investment in game design, development, and technology throughout the period – driving outstanding average fee per day and share performance across Class II and Class III in North America during the period, and fuelling long-term growth;
- Ongoing, innovative approaches to supporting our Gaming customers, and striving to be a partner of choice;
- Strengthening the Digital product pipeline to sustain long-term growth ahead of category, including through multiple tuck-in acquisitions and boosting M&A capability;
- Continued targeted investment in User Acquisition (UA) spend to support long-term profitability and new game launches; and
- Further investment in core business capability, to facilitate ongoing transformation in our scale and velocity.

The Group has delivered a result for fiscal 2021 that returns us to pre-COVID performance levels, albeit as a stronger, more diverse and resilient business. Outstanding cash flows and a robust balance sheet continues to provide full strategic optionality to the Group as we accelerate implementation of our growth plans in the period ahead.

[1] The transaction is subject to approval by Playtech shareholders, along with a number of other required approvals and consents. For more information refer to the offer website at http://www.power-of-play.com

Operating and Financial Review

Review of Operations

Group Performance

Earnings Summary

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

A$ million	Constant currency[2] 2021	2021	2020	Variance vs. 2020 Constant currency[2] %	Variance vs. 2020 Reported %
Normalised results[1]					
Operating revenue	5,165.6	**4,736.6**	4,139.1	24.8	14.4
EBITDA[3]	1,706.6	**1,542.9**	1,078.9	58.2	43.0
EBITA	1,418.8	**1,277.4**	771.3	83.9	65.6
NPAT	853.3	**765.6**	357.1	139.0	114.4
NPATA	962.3	**864.7**	476.6	101.9	81.4
Earnings per share (fully diluted)	133.8c	**120.0c**	56.0c	138.9	114.3
EPS before amortisation of acquired intangibles (fully diluted)	150.9c	**135.6c**	74.7c	102.0	81.5
Total dividend per share	41.0c	**41.0c**	10.0c	310.0	310.0
Reported results					
Revenue	5,165.6	**4,736.6**	4,139.1	24.8	14.4
Profit after tax	905.0	**820.0**	1,377.7	(34.3)	(40.5)
NPATA	1,014.0	**919.1**	1,497.2	(32.3)	(38.6)
Balance sheet and cash flow					
Net working capital[3]/revenue	(2.0%)	**(2.2%)**	1.0%	(3.0)pts	(3.2)pts
Operating cash flow[3]	1,469.3	**1,328.4**	1,018.6	44.2	30.4
Closing net debt[4]	806.2	**804.5**	1,567.5	48.6	48.7
Gearing (net debt/consolidated EBITDA[4,5])	n/a	**0.5x**	1.4x	n/a	0.9x

(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 2021 are adjusted for translational exchange rates using rates applying in 2020 as referenced in the table on page 20.

(3) During the year, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements with cloud providers. The change has been applied retrospectively and impacted the comparatives of the Group. Refer to note 6-7 of the Financial Statements.

(4) Net debt excludes lease liabilities recognised under AASB 16 from 1 October 2019.

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

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

Operational Highlights

Aristocrat's portfolio of scaled, world-class Digital and Gaming assets continued to grow and diversify over the 12 months to 30 September 2021.

In the period, 80% of revenue was derived from recurring sources enhancing the business' resilience. Deliberate choices to maintain investment in outstanding product portfolios further strengthened our competitive position. These investments also positioned the business to benefit from a rebound in consumer confidence in key markets and elevated demand for Digital entertainment options.

Strong recovery in Gaming driven by market-leading products

In North America:

- Growth in the Class II and Class III Premium installed base, with almost all machines switched on in customer venues that are open at 30 September 2021, coupled with outstanding average fee per day (FPD) in the period.
- For the 12 months to 30 September 2021, Aristocrat games averaged 17 of the top performing 25 games in the Premium Leased segment and 11 of the Top 25 games in the wide area progressive (WAP) segment in the Eiler's monthly gaming reports.
- Outright Sales momentum continued in the core video segment, despite lower market volumes due to COVID-19 related customer capital prioritisation.
- The business continued to grow in attractive adjacencies, including Video Lottery Terminal (VLT) Canada, Oregon and Illinois, and Washington Central Determinant System (CDS). Aristocrat is also poised to enter both the Kentucky Historic Horse Racing (HHR) and the New York Lottery markets early in calendar 2022.
- At the Global Gaming Expo (G2E) 2021 Global Gaming Awards, Aristocrat won 3 major awards in key supplier categories, including:
    - Land-Based Industry Supplier of the Year
    - Slot of the Year: *Buffalo Link*™
    - Land-Based Product of the Year: *In the Clear*™

In Australia and New Zealand:

- Market-leading ship share was maintained throughout the period, supported by the launch of the *MarsX*™ cabinet and a high-performing game portfolio. The market was impacted by COVID-19 related venue closures across New South Wales and Victoria during the last quarter.

Outstanding growth in Digital driven by portfolio performance and strong demand

- Aristocrat Digital continued to be a Top 5 mobile games publisher in tier-1 western markets, according to market data (Sensor Tower).
- Aristocrat Digital published 7 of the top 100 mobile games in the US, across multiple genres, as at period end.
- *RAID: Shadow Legends*™ continued its impressive, profitable growth trajectory and celebrated its two-year anniversary.
- The business continued to build portfolio diversity, with the successful scaling of *EverMerge*™ in the Casual Merge genre and the worldwide launch of the new multiplayer action game *Mech Arena: Robot Showdown*™ in August.
- Aristocrat grew share in mobile games over the period to become the clear #1 in the Social Slots segment, and #2 in the broader Social Casino genre, as well as #1 in the Squad RPG (Role-Playing Games) segment and #2 in the Casual Merge segment, according to industry data (Sensor Tower).
- Growth in the period reflected the successful delivery of Live Ops, new features and slot content, and efficient User Acquisition (UA) investment.
- During the period, Aristocrat Digital finalised three key talent focused acquisitions: Futureplay (Helsinki, Finland), publisher of *Merge Gardens*™, Northern Stars (Helsinki, Finland) focused on the emerging hybrid Casual games genre, and Playsoft (Gdańsk, Poland) specialising in the Social Casino genre.
- Average Bookings Per Daily Active User (ABPDAU) grew 25% driven by improved performance in all segments, but particularly in Social Casino games, improved monetisation of Casual games, especially *EverMerge*™, and continued scaling of *RAID: Shadow Legends*™.

Overall demand remained strong year-over-year, and well above pre-COVID levels.

Sustained investment in great talent, technology and product

- Aristocrat maintained its market-leading investment in game design, development and technology throughout the period, positioning the business for sustained growth.
- Appointment of a Group Chief Technology Officer and investment in game development technology to drive efficiency and scalability.
- Aristocrat was certified as a 'Great Place to Work' for the first time in Australia and the US, and for the sixth time in India.
- User Acquisition investment maintained at 28% of Digital revenue.

Robust financial fundamentals maintained, preserving investment optionality

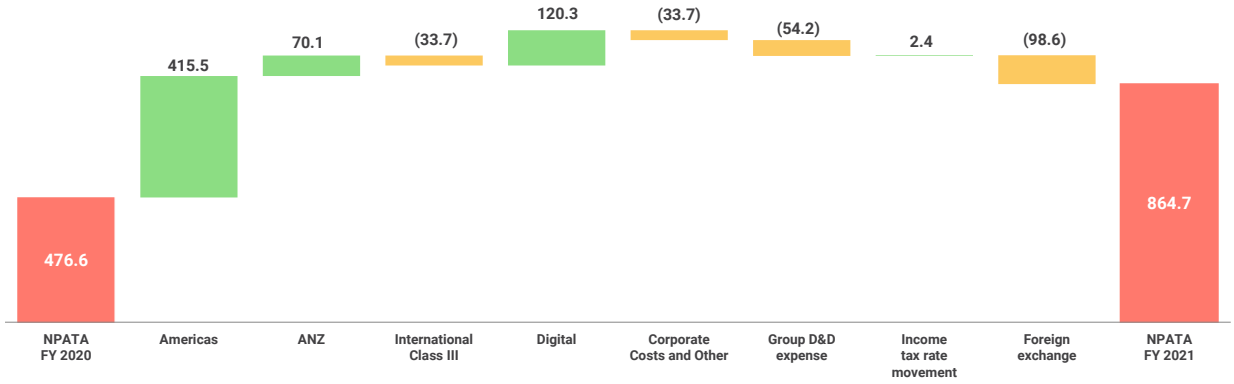
- EBITDA margin for the period improved to 32.6%.
- Capital expenditure of $228 million supported further investment in our Gaming Operations installed base, positioning for future growth.
- Gearing (Net Debt/EBITDA) improved to 0.5x at period end from 1.4x at 30 September 2020.
- Aristocrat's balance sheet remained strong, with approximately $2.7 billion in available liquidity at 30 September 2021 to support committed and future investments.

Performance Summary

Normalised profit after tax and before amortisation of acquired intangibles (NPATA) of $864.7 million for the period represented an 81% increase (102% in constant currency) compared to $476.6 million in the prior corresponding period. Revenue increased by 14% (25% in constant currency), driven by outstanding Digital and Gaming Operations performance. Normalised fully diluted earnings per share before amortisation of acquired intangibles of 135.6c represents an 82% increase (102% in constant currency) on the prior corresponding period.

Net gearing decreased to 0.5x from 1.4x leverage in the prior corresponding period.

NPATA movement FY20 to FY21 (A$ million)



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

- Aristocrat's NPATA of $864.7 million is only 3% below the pre-COVID FY19 result of $894.4 million, reflecting growth in Digital, supplemented by a strong recovery in the Americas and ANZ Gaming markets, and partly offset by unfavourable FX movements.
- In Gaming, the **Americas** business delivered a $416 million increase in post-tax profit, driven by a 13.8% expansion in the Class III Premium Gaming Operations footprint and a 4% expansion in the Class II Gaming Operations footprint. On an unadjusted basis, the average fee per day for the period was US$51.41.
- The **ANZ** business grew post-tax earnings by $70 million, despite an extended lockdown period in New South Wales and Victoria states.
- **International Class III** markets remained effectively closed.
- **Digital** delivered post-tax earnings growth of $120 million, driven by strong performance in Social Casino, continued scaling of *RAID: Shadow Legends*™ and elevated consumer demand.
- Increased investment in enterprise transformation and variable compensation grew **Corporate and Other costs** by $34 million (post-tax).
- The Group's **strategic investment** in talent and technology remained at market-leading levels consistent with our growth strategy.
- **Foreign exchange** negatively impacted the result by $99 million.

Group Profit or Loss

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

A$ million	2021	2020	Variance %
Segment revenue			
Australia and New Zealand	**399.8**	280.6	42.5
Americas	**1,824.9**	1,367.6	33.4
International Class III	**44.9**	131.4	(65.8)
Digital	**2,467.0**	2,359.5	4.6
Total segment revenue	**4,736.6**	4,139.1	14.4
Segment profit			
Australia and New Zealand	**152.0**	58.9	158.1
Americas	**972.6**	517.3	88.0
International Class III	**(9.4)**	34.3	(127.4)
Digital	**804.1**	726.9	10.6
Total segment profit	**1,919.3**	1,337.4	43.5
Unallocated expenses			
Group D&D expense	**(527.6)**	(497.9)	(6.0)
Foreign exchange	**(2.3)**	(0.7)	(228.6)
Corporate	**(112.0)**	(67.5)	(65.9)
Total unallocated expenses	**(641.9)**	(566.1)	(13.4)
EBIT before amortisation of acquired intangibles (EBITA)	**1,277.4**	771.3	65.6
Amortisation of acquired intangibles	**(128.7)**	(154.9)	16.9
EBIT	**1,148.7**	616.4	86.4
Interest	**(131.9)**	(140.7)	6.3
Profit before tax	**1,016.8**	475.7	113.7
Income tax	**(251.2)**	(118.6)	(111.8)
Profit after tax (NPAT)	**765.6**	357.1	114.4
Amortisation of acquired intangibles after tax	**99.1**	119.5	(17.1)
Profit after tax and before amortisation of acquired intangibles (NPATA)	**864.7**	476.6	81.4

Revenue

Segment revenue increased $598 million or 14% in reported currency (25% in constant currency), driven by growth across Gaming Operations, North American Outright Sales, Australia and New Zealand (ANZ) and Digital.

The percentage of total revenue derived from recurring sources increased to 79.9%, principally driven by performance in North America Gaming Operations and Digital, combined with lower global Outright Sales due to COVID-19.

Digital revenue grew 14.7% in local currency to US$1,845 million, reflecting the strong performance of our games offering across all three businesses within the portfolio, namely momentum in *RAID: Shadow Legends*™, substantial growth in *Lightning Link*™ and *Cashman Casino*™, the successful scaling of *EverMerge*™, and the launch of *Mech Arena: Robot Showdown*™.

In Gaming, North America Gaming Operations revenue increased 55% in local currency, with the Premium Class III and Class II footprints increasing 13.8% and 4.0% respectively, with the unadjusted average fee per day increasing 45% on the prior year and 2% on FY19. Performance was fuelled by continued penetration of the high-performing products *Cash Express: Luxury Line*™, *Buffalo Link*™, and *Crazy Rich Asians*™.

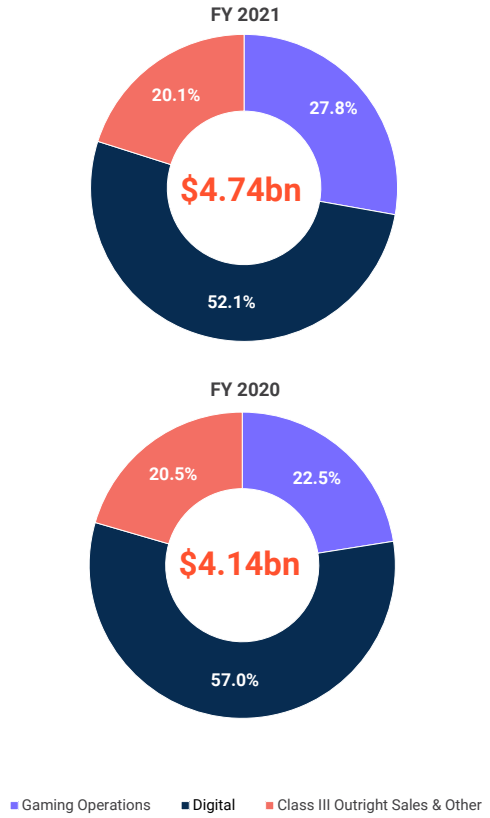
In North America Outright Sales, revenue increased 30% in local currency, which represented a significant recovery with COVID-19 continuing to impact customer capital prioritisation.

At the Global Gaming Expo (G2E) 2021 Global Gaming Awards, Aristocrat won three major awards in key supplier categories, including: Land-Based Industry Supplier of Year, Slot of the Year and Land-Based Product of the Year.

In the outright sales markets of ANZ, revenue increased 42.5% to $400 million in reported currency, reflecting strong post-COVID recoveries in first half 2021 and portfolio performance, despite COVID-19 lockdowns across New South Wales and Victoria markets during the fourth quarter.

In International Class III, revenue decreased 66% to $45 million in reported currency, with these markets effectively closed for much of the reporting period.

Revenue by Strategic Segment



All amounts are in reported currency unless otherwise stated.

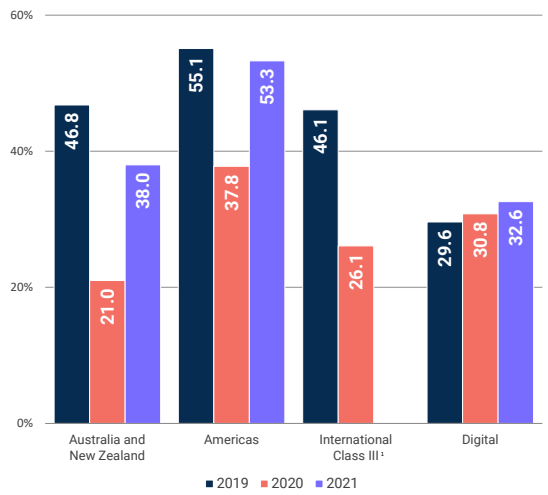
Earnings

Segment profit increased $582 million (or 44%) in reported currency compared to the prior corresponding period.

Gaming margins across ANZ and Americas increased from 21.0% to 38.0% and from 37.8% to 53.3% respectively, driven by outstanding product performance and increased operating leverage compared to the prior corresponding period. Margin in International Class III was significantly impacted by COVID-19 related customer venue closures and travel restrictions.

Digital margin increased from 30.8% to 32.6%. This result reflects excellent portfolio performance and one new game launch in the period. User Acquisition remained at 28% of Digital revenue to support long-term profitable growth.

Segment Profit Margin % of Revenue



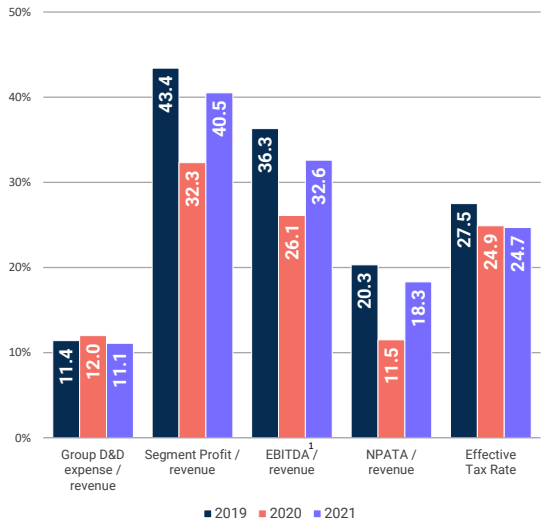
[1] International Class III FY21 margin of (20.9%) was driven by the effective closure of these markets in the reporting period.

The Group continued to invest significantly in talent and technology to deliver competitive product across a broader range of Gaming segments and Digital genres. Investment in D&D remained at a market-leading 11% on a percentage of revenue basis.

Corporate Costs increased by $45 million, driven by Aristocrat's program of transformation, incorporating a number of enterprise-wide initiatives, and increased variable compensation.

The effective tax rate (ETR) for the reporting period was 24.7% compared to 24.9% in the prior corresponding period, reflecting changes in the geographic mix of the business.

Other Key Margins % of Revenue and ETR



[1] During the year, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements with cloud providers. The change has been applied retrospectively and impacted the comparatives of the Group. Refer to note 6-7 of the Financial Statements.

Reconciliation of statutory profit to NPATA

A$ million	2021	2020[1]
Statutory profit as reported in the financial statements	**820.0**	1,377.7
Amortisation of acquired intangibles (tax effected)	**99.1**	119.5
Reported profit after tax before amortisation of acquired intangibles (Reported NPATA)	**919.1**	1,497.2
Less net gain from significant items after tax	**(54.4)**	(1,020.6)
Normalised Profit After Tax before amortisation of acquired intangibles (Normalised NPATA)	**864.7**	476.6

[1] Includes the recognition of a ~$1 billion deferred tax asset aligned with the Group structure changes disclosed in the FY20 Annual Report.

Significant items

	30 Sep 2021	
A$ million	Before tax	After tax
Contingent retention arrangements	(32.3)	(28.2)
Big Fish onerous lease	(48.6)	(37.2)
Recognition of deferred tax asset	-	119.8
Net (loss)/gain from significant items	**(80.9)**	**54.4**

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

Contingent retention arrangements: The Group's reported result after tax for the period includes an expense of $28.2 million relating to contingent retention arrangements associated with the acquisition of Plarium. These arrangements will be fully expensed and complete in FY22.

Big Fish onerous lease: The Group's reported result after tax for the period includes an expense of $37.2 million relating to an onerous lease for the Big Fish Seattle premises, which was committed to by previous ownership.

Recognition of deferred tax asset: The Group's reported result after tax for the period includes a benefit of $119.8 million (~$1 billion in the prior period) relating to the recognition of a deferred tax asset aligned with the Group structure changes disclosed in the FY20 Annual Report.

Balance Sheet

The balance sheet can be summarised as follows:

A$ million	30 Sep 2021	31 Mar 2021[1]	30 Sep 2020[1]	Variance vs. 30 Sep 2020 %
Cash and cash equivalents	2,431.6	1,728.0	1,675.7	45.1
Property, plant and equipment	325.4	316.1	353.2	(7.9)
Intangible assets	3,527.7	3,301.1	3,567.6	(1.1)
Other assets	2,387.3	2,344.0	2,255.6	5.8
Total assets	8,672.0	7,689.2	7,852.1	10.4
Current borrowings	7.0	6.5	7.0	-
Non-current borrowings	3,229.1	3,051.7	3,236.2	(0.2)
Payables, provisions and other liabilities	1,557.0	1,343.7	1,453.7	7.1
Total equity	3,878.9	3,287.3	3,155.2	22.9
Total liabilities and equity	8,672.0	7,689.2	7,852.1	10.4
Net working capital	(105.2)	188.9	42.8	(345.8)
Net working capital / revenue %	(2.2)	4.6	1.0	(3.2)pts
Net debt	804.5	1,330.2	1,567.5	(48.7)
Gross debt	3,236.1	3,058.2	3,243.2	(0.2)

(1) During the year, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements with cloud providers. The change has been applied retrospectively and impacted the comparatives of the Group. Refer to note 6-7 of the Financial Statements.

Significant balance sheet movements from 30 September 2020 are:

Cash and cash equivalents: The increase in cash reflects the underlying cash flow generation capability of the business.

Net working capital: The decrease reflects an increase in payables at year end as a result of higher business activity and variable compensation.

Property, plant and equipment: The decrease is driven by lower capital expenditure on office refurbishments and the impact of an onerous lease within the Big Fish business.

Other assets: The increase is due to the reassessment of the deferred tax asset and an increase in trade receivables given stronger business performance.

Total equity: The change in total equity reflects the result for the period and changes in reserves due to currency movements, net of dividends paid.

Statement of Cash Flows

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

Operating cash flow

A$ million	2021	2020[1]	Change %
EBITDA	**1,542.9**	1,078.9	43.0
Change in net working capital	**148.0**	205.2	(27.9)
Subtotal	**1,690.9**	1,284.1	31.7
Interest and tax	**(342.9)**	(193.5)	(77.2)
Significant items (non-cash)	**(80.9)**	(114.0)	29.0
Other cash and non-cash movements	**61.3**	42.0	46.0
Operating cash flow	**1,328.4**	1,018.6	30.4
Operating cash flow less capex	**1,100.7**	775.1	42.0

(1) During the year, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements with cloud providers. The change has been applied retrospectively and impacted the comparatives of the Group. Refer to note 6-7 of the Financial Statements.

Consolidated cash flow

A$ million	2021	2020	Change %
Operating cash flow	**1,328.4**	1,018.6	30.4
Capex	**(227.7)**	(243.5)	6.5
Acquisitions and divestments	**(78.5)**	-	n/a
Investments	**(4.2)**	-	n/a
Investing cash flow	**(310.4)**	(243.5)	(27.5)
Proceeds from borrowings	**-**	869.3	n/a
Repayments of borrowings	**(6.7)**	(217.7)	96.9
Lease principal payments	**(36.3)**	(36.6)	0.8
Dividends and share payments	**(214.3)**	(257.5)	16.8
Financing cash flow	**(257.3)**	357.5	n/a
Net increase in cash	**760.7**	1,132.6	(32.8)

Operating cash flow increased 30% to $1,328 million compared to the prior corresponding period, reflecting strong business performance and its underlying cash flow generation capability.

Interest and tax expense increased 77%, reflecting an increase in tax payments, due to improved business performance and the deferral of FY20 payments to FY21 due to COVID-19.

The change in net working capital in the period includes the payment of prior year significant items relating to the Kater and Thimmegowda legal settlement and Plarium retention payments.

Capital expenditure relates primarily to investment in hardware to support continued growth in the Americas Gaming Operations installed base.

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

Funding and Liquidity

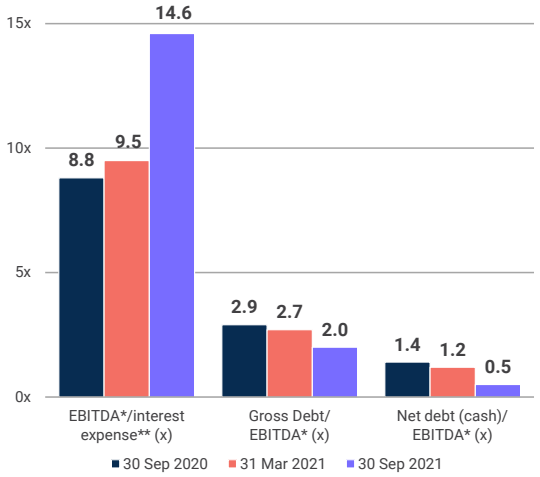
The Group maintained excellent overall liquidity and balance sheet strength over the reporting period. The Group had committed loan facilities of $3.5 billion at 30 September 2021, comprising Term Loan B (TLB) facilities of US$2.34 billion and a $286 million revolving credit facility.

At period end, Aristocrat had total liquidity of approximately $2.7 billion, comprised of cash and $277 million of the available revolving credit facility, net of $9 million supporting letters of credit.

The Group's facilities are summarised as follows:

Facility	Drawn as at 30 Sep 2021	Limit	Maturity date
Term Loan B facility	US$2,343.8m	US$2,343.8m	Oct 2024
Revolving facility	A$0.0m	A$286.0m	Jul 2024
Overdraft facilities	A$0.0m	A$7.8m	Annual Review

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



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

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

The Group's leverage (net debt / EBITDA) reduced to 0.5x at 30 September 2021, from 1.4x in the prior corresponding period.

Credit Ratings

The Group maintains credit ratings from both Moody's Investor Services and Standard & Poor's to support its Term Loan B facility arrangements.

As at 30 September 2021, Aristocrat holds credit ratings of BB+ from Standard & Poor's and Ba1 from Moody's. These ratings were affirmed by both agencies during the reporting period. In October 2021, Standard & Poor's upgraded Aristocrat's outlook to Positive, which reflects a potential upgrade to BBB- upon close of the Playtech acquisition due to the expanded scale, customer and geographic footprint, and more diverse earnings profile of the combined business. In November 2021, Fitch initiated coverage of Aristocrat with a rating of BBB- and a Stable outlook.

Dividends

The Directors have authorised a final fully franked dividend of 26.0 cents per share (A$174.0 million), in respect to the period ended 30 September 2021.

Total dividends in respect of the 2021 financial year amount to 41.0 cents per share (A$269.6 million) and represents an increase of 310% (or 31.0 cents) on the prior year.

The dividend is expected to be declared and paid on 17 December 2021 to shareholders on the register at 5.00pm 2 December 2021. The dividend will be fully franked.

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 2021, the Australian dollar was, on average, stronger against the US dollar when compared to the prior corresponding period. The impact of translating foreign currency (translational impact) decreased revenue by $429 million, while decreasing normalised profit after tax and before amortisation of acquired intangibles by $97.6 million on a weighted average basis when compared with rates prevailing in the respective months in the prior corresponding period. In addition, as at 30 September 2021, 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 $44.8 million (compared to a credit balance of $28.1 million as at 30 September 2020).

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 $13 million translational impact on the Group's annual profit after tax and before amortisation of acquired

intangibles, based on the last twelve-month period. This impact will vary in line with the magnitude and mix of overseas profits.

Foreign exchange rates compared with prior corresponding periods for key currencies are as follows:

A$:	30 Sep 2021	31 Mar 2021	30 Sep 2020	2021 Average[1]	2020 Average[1]
USD	0.7184	0.7599	0.7163	0.7484	0.6819
NZD	1.0458	1.0873	1.0837	1.0622	1.0614
EUR	0.6194	0.6479	0.6113	0.6276	0.6045
GBP	0.5348	0.5512	0.5550	0.5467	0.5308
ZAR	10.9105	11.2275	11.9900	11.1135	11.1411
ARS	70.8494	69.8948	54.5603	67.9846	45.2258

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

Operating and Financial Review

Review of Operations

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. The total amount of these items is disclosed in the Group's statement of profit or loss. Constant currency amounts refer to 2021 results restated using exchange rates applying in 2020.

1. Aristocrat Gaming

Americas

Summary Profit or Loss

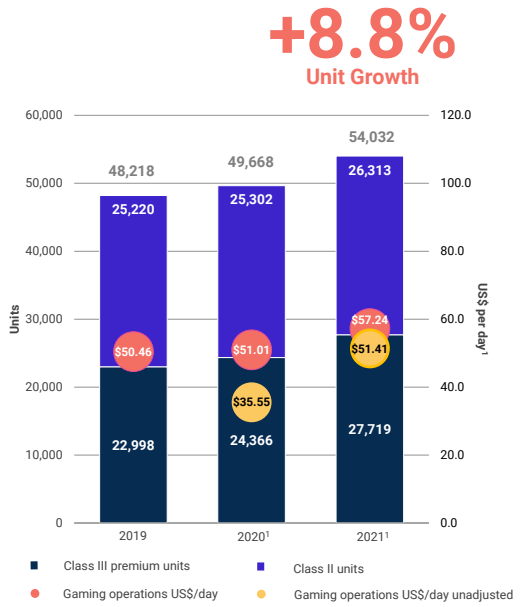
US$ million	2021	2020	Variance %
Revenue	**1,365.4**	934.7	46.1
Profit	**729.1**	356.1	104.7
Margin	**53.4%**	38.1%	15.3 pts

In local currency, Americas profit increased by 104.7% to $729.1 million, driven by growth in the Class III Premium and Class II Gaming Operations footprint, led by increasing depth and strength in the product portfolio. Almost all machines were switched back on in customer venues that were open at 30 September 2021 as pandemic social distancing restrictions eased within North America.

The business grew share across key segments, and expanded margins, despite ongoing COVID-19 impacts on market conditions. Operational momentum was supported by a stronger than expected industry recovery and consumer sentiment, coupled with the provision of ongoing customer support and partnership initiatives.

Aristocrat's Class III Premium installed base grew 13.8% to 27,719 units, with continued penetration of leading hardware configurations and high-performing game titles.

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



(1) FY20 and FY21 fee per day has been adjusted to exclude the number of days machines were not operating in the period due to COVID-19 social distancing restrictions or venue closures and therefore reflects the underlying performance of the business. Unadjusted FPD for FY21 was US$51.41.

Key titles such as *Cash Express: Luxury Line*™, *Buffalo Link*™, and *Crazy Rich Asians*™ drove momentum. Continued growth is expected in Class III Premium Gaming Operations with the introduction and scaling of new hardware *Neptune Double*™ recently featuring *Dune*™ and *Wild Buffalo*™ during the period.

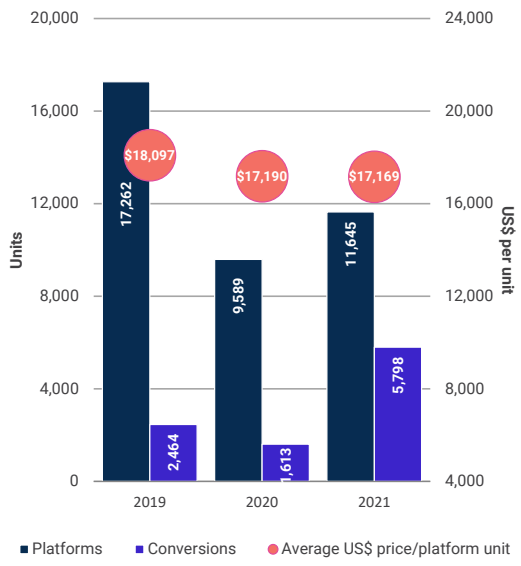
Aristocrat averaged 17 of the Top 25 games on the Eilers premium title list in the 12 months to 30 September 2021, demonstrating exceptional portfolio strength.

Aristocrat's Class II Gaming Operations installed base grew 4.0% during the period to 26,313 units with the release of the *MarsX*™ cabinet, supported by continued strength of the mechanical installed base.

Strong game performance was achieved on the *Ovation*™ platform, with titles such as *Hunt for Neptune's Gold*™ and *Buffalo Xtreme*™, while growth was also delivered in Class II Premium Gaming Operations off the back of key games including *Buffalo Grand*™, *The Walking Dead II*™, *Wild Lepre'Coins*™ and *Tarzan*™.

On a combined and unadjusted basis, the average Class II and Class III fee per day (FPD) increased 45% to US$51.41, 2% above FY19, once again reflecting exceptional portfolio quality and improving consumer and economic conditions.

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



Outright Sales revenue increased 30% compared to the prior corresponding period, which represents a significant recovery as we continue to see ongoing effects from COVID-19 drive customer capital prioritisation.

The launch of *MarsX*™ Portrait drove increased market penetration in the very competitive portrait for-sale segment. The cabinet launched with hit titles *Cash-Across*™, *Fu Di Lian Lian Boost*™ and *Wonder 4 Boost Gold*™. In addition, Aristocrat's top sales titles on the *Helix XT*™ cabinet, *Buffalo Chief*™, and *Cashman Bingo*™ are also available on the *MarsX*™ Portrait.

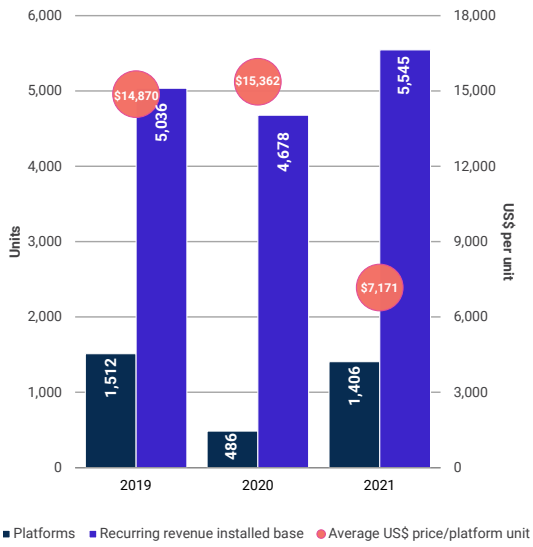
MarsX™ *Dual* continued to be the top performing dual-screen cabinet in the segment supported by *Buffalo Gold Revolution*™ and *Fu Dai Lian Lian*™, with key releases *Choy's Kingdom*™ and *Conan*™ open for sale now.

Aristocrat continued its expansion into attractive adjacent markets in line with the business strategy. These included VLT Canada, VLT Illinois and Washington CDS segments. Aristocrat is also poised to enter both the Kentucky HHR and the New York Lottery markets early in calendar 2022.

Average Sales Price (ASP) remained strong, in line with the prior corresponding period, driven by outstanding performance of the *MarsX*™ cabinet and overall product mix in the period.

Significant expansion in the Customer Experience (CX) operations in Gaming, to unlock new value streams by delivering customers and Gaming patrons connected products and services in line with Aristocrat's growth strategy. This has included deploying innovative products to promote hygiene and support social distancing on gaming floors, as well as the approval of an Australian-first field trial of Aristocrat's cashless gaming solution.

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



Latin America performance was driven by COVID-19 related customer venue re-openings and general economic conditions improving throughout the year.

Australia and New Zealand

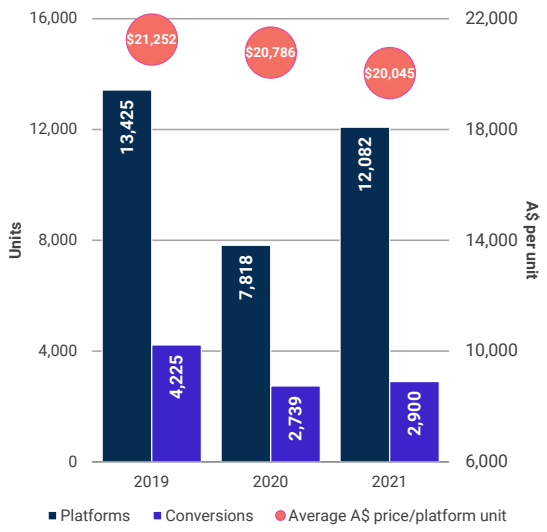
Summary Profit or Loss

A$ million	Constant currency 2021	2020	Variance %
Revenue	**400.0**	280.6	42.6
Profit	**152.2**	58.9	158.4
Margin	**38.1%**	21.0%	17.1 pts

ANZ revenue increased by 42.6% to $400.0 million in constant currency compared to the prior corresponding period, while overall profit increased by 158.4% to $152.2 million.

Margin increased 17.1 percentage points to 38.1% reflective of COVID-19 impacts in FY20 and favourable product mix against the prior period.

ANZ Outright Sales units and Average A$ price/unit



Average cabinet selling price decreased slightly from the prior corresponding period driven by promotional activity to aid customer recovery and support longer term growth.

The ANZ business extended its market-leading ship share over the period, driven by the continued performance of the *Dragon Link*™ and *Dragon Cash*™ families, recent releases *Grand Star*™, *Choy's Kingdom*™ and *Dollar Storm*™ on our *HelixX*™ *and MarsX*™ cabinets, and strengthened customer engagement.

International Class III

Summary Profit or Loss

A$ million	Constant currency 2021	2020	Variance %
Revenue	**46.7**	131.4	(64.5)
(Loss)/Profit	**(10.6)**	34.3	(130.9)
Margin	**(22.7)%**	26.1%	(48.8) pts
Class III Platforms	**626**	3,009	(79.2)

International Class III revenue and profit decreased 64.5% and 130.9% respectively to $46.7 million and ($10.6) million compared to the prior corresponding period, due to COVID-19 related venue closures across key markets.

In Asia, although venues have mostly reopened, international travel restrictions have continued to impact operators and significantly reduce capital expenditure budgets.

2. Aristocrat Digital

Summary Profit or Loss

US$ million	2021	2020	Variance %
Bookings	**1,844.4**	1,612.1	14.4
Revenue	**1,845.1**	1,609.1	14.7
Profit	**602.1**	494.9	21.7
Margin	**32.6%**	30.8%	1.8 pts

Digital bookings grew 14.4% compared to the prior corresponding period, driven by:

- Continued effective investment in Live Ops, features and new content, combined with an improvement in player engagement and monetisation.
- A US$71 million increase in User Acquisition (UA) investment supporting the profitable growth of *RAID: Shadow Legends*™, the performance of Social Casino games, especially *Lightning Link*™ and *Cashman Casino*™, the scaling of *EverMerge*™ in the growing Casual Merge genre, and the launch of *Mech Arena: Robot Showdown*™, the new multiplayer game, which represents a first step for Aristocrat Digital in the Action genre.
- A sustained increase in consumer demand for Digital games and strong overall market growth, albeit at levels somewhat moderated compared to the second half of fiscal 2020.

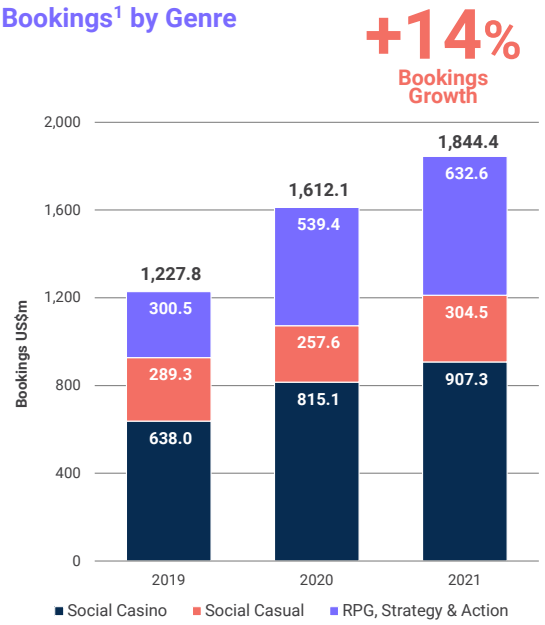
Digital profit increased 21.7% to US$602 million driven by efficient and effective UA allocation across the portfolio, the increased contribution from the PC platform Plarium Play, the strategic rebasing of the Big Fish Games business completed in the second half of fiscal year 2020, and prudent cost management. UA investment represented 28% of Digital revenue during the period.

Aristocrat Digital continues to invest in new content and widening its in-house capabilities in order to secure world-class game development talent, enhance the games pipeline and sustain strong growth momentum. The business remains focused on growing its market position in existing and new genres and markets. It is also focused on driving synergies and efficiency across the portfolio, sharing best practices and further expanding in new attractive locations.

During the period, Aristocrat Digital finalised three key talent acquisitions:

- Futureplay, Helsinki (Finland) based free-to-play mobile gaming studio specialised in the growing Merge/Match 3 segment of the Casual market and publisher of *Merge Gardens*™.
- Northern Stars, Helsinki-based studio focused on the emerging Hybrid Casual genre.
- Playsoft, Gdańsk (Poland) based mobile gaming studio specialising in the Social Casino genre.

Bookings[1] by Genre



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

Social Casino

The Social Casino segment contributed US$907 million in bookings in the period, an increase of 11% on the prior corresponding period, driven mainly by continued strong growth of *Lightning Link*™ and *Cashman Casino*™, supported by the ongoing performance of *Big Fish Casino*™ and *Jackpot Magic Slots*™.

Performance benefited from continuous optimisation of existing games, and effective investments in Live Ops, features and new slot content, with an average cadence of circa 8 new games per month during the period, showing ability to leverage capability in slots production.

RPG, Strategy and Action

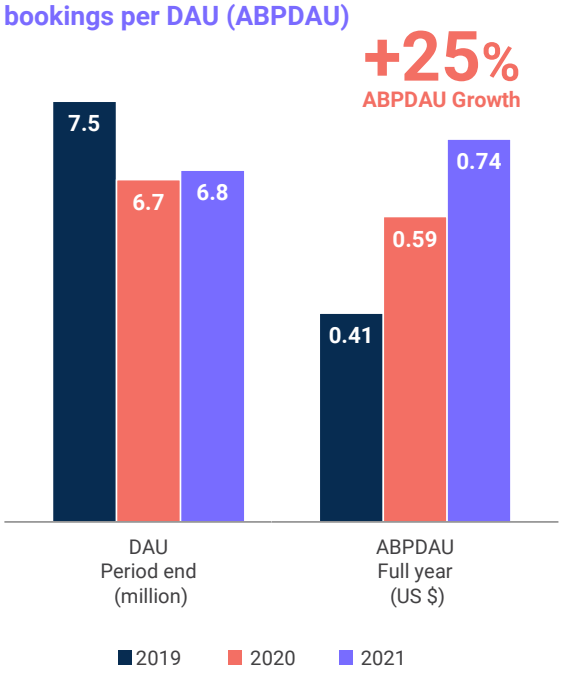
The Role-Playing Games (RPG), Strategy and Action segments contributed US$633 million in bookings in the period, an increase of 17% on the prior corresponding period, driven by continued profitable growth of *RAID: Shadow Legends*™ and the

worldwide launch of *Mech Arena: Robot Showdown*™. Legacy titles also continued to generate solid revenue and contribute to profitability, particularly *Vikings: War of Clans*™.

Social Casual

The Social Casual segment delivered US$305 million in bookings in the period, an increase of 18% on the prior corresponding period, driven by the strong growth of *EverMerge*™ as a result of the highly successful deployment of Live Ops, new content and features, and effective UA investment.

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



DAU increased to 6.8 million in the period, driven by our focus on DAU quality across the Digital portfolio. This is reflected in ABPDAU performance, which grew 25% or US$0.15 compared to the prior corresponding period, demonstrating strengthening player engagement across the portfolio.

Post year end, Aristocrat Digital has rebranded to Pixel United.

Operating and Financial Review

Principal Risks

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

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

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

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

Risk Management Framework

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

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

Figure 1: Enterprise Risk Management Process

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

Figure 2: Risk Identification, Review and Assessment Coverage

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

Principal Risks

Aristocrat has a strong track record of managing multiple and complex risks. This year, COVID-19 and other macro challenges have continued to impact our industries and business, requiring a sustained and heightened focus on our enterprise risk management efforts. Whether they be challenges caused by prolonged periods of lockdown and corresponding employee health and wellbeing concerns, changes in the global geopolitical landscape or the supply chain disruptions driven by COVID-19, Aristocrat has responded to these by remaining agile, flexing the way we operate and making swift and effective decisions. These decisions have been risk-based and informed by an Enterprise Risk Profile that has been regularly reviewed and updated by our Executive Steering Committee and the Board of Directors.

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

Business Resilience

Responding in the Face of a Pandemic or Other Unplanned Operational Incidents

Risk Description

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

2021 Commentary

COVID-19 continued to pose various challenges and disruptions in FY21. While we are managing through the current crisis effectively, including the impacts of the Delta outbreak, future waves of COVID-19, the outbreak of another pandemic, or other unplanned operational incidents present a risk to Aristocrat.

Management and Mitigation

- Refresh of Business Resilience Framework including Business Resilience Plans 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
- Mass communication system in place to notify and account for employees
- Continued diversification of operations in line with growth strategy

Customer

Maintaining and Growing Aristocrat Gaming Customer Market Share

Risk Description

Aristocrat's strategy to support customers and grow share in Aristocrat Gaming markets coming out of the COVID-19 crisis, is not effectively implemented, resulting in the weakening of operator relationships and a failure to grow share.

2021 Commentary

COVID-19 continued to disrupt Aristocrat Gaming customer operations; however customer and player demand has generally rebounded faster than expectations. Aristocrat maintained its customer-centric response, protecting our investment in strong product, people and customer service. However, we expect conditions to remain highly competitive.

Management and Mitigation

- Close monitoring of three-year plan and achievement of strategic goals
- Strong governance and approvals processes
- Continued investment in differentiators, including market-leading product portfolios, tailored to customer needs
- Voice of the Customer program and strong focus on customer experience

Global Supply Chain

Managing Global Supply Constraints

Risk Description

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

2021 Commentary

Global supply chain challenges, particularly materials shortages, freight constraints and increasing freight prices has impacted organisations worldwide.

Aristocrat has bolstered its supply chain resiliency, by diversifying sourcing for critical supply and establishing spot contracts.

Management and Mitigation

- Dedicated team actioning a supply strategy responding to market conditions as they evolve
- Regular sales and operations planning meetings with Global Supply Chain to mirror inventory to supply demand
- 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

People

Attraction and Retention of Talent

Risk Description

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

2021 Commentary

Aristocrat continued to invest strongly in the development and retention of high performing employees. We have continued to attract world-class talent across the business, including in Digital, D&D, Technology, Commercial and other core skillsets in FY21 through M&A, talent deals and extensive recruitment.

However, there continues to be heightened competition for great talent globally, accelerated by COVID-19 impacts, and evolving employee preferences.

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 and achievement of Great Places to Work certification (US, AU, India)
- Review of salary benchmarks, incentive and rewards programs
- Global talent mapping to maintain recruitment candidate pipeline and support focused talent searches
- Enterprise leadership development programs
- Adoption of flexible work policies, and pivot to permanent, hybrid work model

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 to our people.

2021 Commentary

The health and wellbeing of our people has always been paramount. However, COVID-19 has heightened both physical and mental health risks, with mental wellbeing a particular concern.

Aristocrat has implemented regular employee pulse checks, rolled out a comprehensive wellbeing and employee support program and implemented workplace safety measures that are continuously reviewed. This includes Return to Office guidelines and protocols aligned with local government guidelines. Aristocrat has also adopted a permanent flexible hybrid work model globally, supported by refreshed policies and processes, to give maximum choice and flexibility to our people.

Management and Mitigation

- Refreshed group-wide Health and Safety (H&S) Framework including policies, procedures, and risk management program
- Regular pulse surveys driving improvements in wellbeing program
- Rigorous COVID-19 H&S requirements including mandatory PPE, temperature checks, and compliance checks
- Broad reaching wellbeing initiatives including new benefits, flexible work options and increased leadership communication
- Periodic review of Employee Assistance Program data to identify trends
- Robust Return to Work protocols with a focus on employee safety and compliance with local government regulation

Cyber Security

Securing and Controlling Information Assets

Risk Description

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

2021 Commentary

FY21 saw a rapid rise in the frequency and sophistication of cyber-attacks aimed at companies, including in the industries in which we operate.

Aristocrat continued to invest in improving our cyber maturity and bolstering security defences and capabilities. Aristocrat has built robust internal capabilities, and implemented leading tools and systems to identify, respond to and mitigate incidents when they arise. We continue to monitor evolving cyber threats and changes to cyber security laws and adapt our cyber practices in response.

Management and Mitigation

- Implementation of a global information security policy
- Compulsory information security training program, including targeted programs for technicians interacting with customer networks
- Continuous improvement of cyber security posture through implementation of a robust cyber maturity roadmap
- Maintenance of a business resilience program
- Development and testing of a Ransomware Playbook and incident response processes
- Annual internal audit

Data Privacy

Protecting Sensitive Consumer and Employee Data

Risk Description

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

2021 Commentary

Aristocrat has continued to mature its data privacy program, with further investment in policies, processes and capabilities. An updated Data Privacy Roadmap was established in FY21 and will be a key strategic priority going forward.

Management and Mitigation

- Global data privacy program framework, policies and principles
- Privacy Governance Steerco in place
- Compulsory data privacy training program
- Enhancement of data management practices, procedures, and expertise, including detailed Data Privacy Roadmap
- Maintenance of a business resilience program
- Annual internal audit

Social Responsibility

Maintaining our Social License to Operate

Risk Description

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

2021 Commentary

Aristocrat seeks to take a leadership position in promoting responsible gameplay and sustainability in all we do. In FY21, we made significant strides in further embedding our commitments, particularly across our Gaming and Social Casino operations. Our Group sustainability disclosures and priorities continue to expand and are focused on material business issues.

Management and Mitigation

- Dedicated Responsible Gameplay and Corporate Social Responsibility team and strategy established, with Board oversight
- CEO and key executives have performance metrics addressing sustainability and Responsible Gameplay
- Group-wide Responsible Gameplay policy approved and embedded in product design, marketing, and other core functions
- Compulsory Responsible Gameplay training rolled out across global organisation
- Expanding program of Responsible Gameplay awareness-building and engagement activities for employees

Geopolitical Tensions

Operating in Unstable Geopolitical Environments

Risk Description

Unstable geopolitical environment impacts employee engagement, health and wellbeing, global supply chain, innovation pipeline and revenue.

2021 Commentary

Globally, there has been an increase in the level of geopolitical instability in recent years, including tensions between China and countries including the US, Australia and India. In addition, relations between Israel / the Palestinian Territories and Ukraine / Russia remain tense, and we have seen political unrest in Belarus.

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

Management and Mitigation

- Robust assessment of geopolitical conditions prior to new market entry
- Ongoing monitoring and evaluation of international issues, economic and political indicators, and legislation as relevant to our operations with the support of third-party specialists where required
- Maintenance of strong relationships with key stakeholders in relevant locations
- Enhancement of our business resilience measures
- Ongoing diversification of studios / locations

Market and Technology Disruption

Responding to Market Disruption

Risk Description

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

2021 Commentary

COVID-19 has accelerated change and will continue to create disruption and opportunities. This includes the uptake by consumers of online entertainment options, including mobile games and online gaming. The changes will produce competitive responses that have the potential to reshape our operating environments.

Management and Mitigation

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

Laws and Regulations

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

Risk Description

Gaming Laws and Regulations

Aristocrat Gaming

A change in government or regulatory policies or their interpretation or enforcement 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.

Aristocrat Digital

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

Non-Gaming Laws and Regulations

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

2021 Commentary

Scrutiny of consumer uptake of both digital games and gambling products continued to be amplified by the disruption of COVID-19. Across our regulated operations, Aristocrat takes a scrupulous approach to compliance. More generally, we continuously monitor stakeholder expectations and seek to improve our own standards and processes to remain at best practice, or better. We contribute actively to consideration of any reform measures, to ensure changes are effective, practical and affordable.

During FY21, Aristocrat maintained its strong regulatory compliance posture, sustaining strong regulator relationships, strengthening board level governance arrangements and increasing investment in compliance resources and systems.

Management and Mitigation

- Comprehensive regulatory compliance function and governance framework across all regulated business and functions
- Continuous dialogue with gaming regulators and strong commitment to transparency and compliance
- Robust government relations, responsible gameplay, and sustainability functions
- In digital games, implementation of industry-leading standards in responsible gameplay
- Active engagement with industry associations and other stakeholders, active monitoring of expectations and potential reform measures
- Increased investment in our Non-Gaming Compliance Framework and resources

- Global mandatory compliance training and awareness programs
- Engagement of legal and regulatory specialists

Distribution Platforms

Overreliance on Third Party Distribution Platforms

Risk Description

If digital platform partners enforce unfavourable terms of use, including increased fees, tighter advertising tracking or privacy requirements, or shutdown of 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.

2021 Commentary

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

During FY21, the mobile games industry was affected by changes to Apple's iOS policy, which reduced the effectiveness of digital marketing particularly within the casual and hyper-casual game genres. Aristocrat's portfolio mix and strength in social casino and RPG has mitigated the impact, and we also continued to diversify our marketing and platform mix, in line with our strategy.

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 and investment in new platforms for distribution and game marketing
- Ongoing portfolio diversification
- Development of a 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, suppressed innovation, and/or reputation and brand damage. This could impact our revenues.

2021 Commentary

IP is one of Aristocrat's most critical assets. Our product continues to be best-in-class across our Gaming and Digital portfolios, and we maintain a rigorous approach to protecting our IP and the resulting competitive advantage.

Management and Mitigation

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

People & Culture Committee Chair's Letter

Dear Shareholder

On behalf of the Board, I am pleased to present our Remuneration Report for the financial year ended 30 September 2021.

Performance and Remuneration Outcomes for FY2021

The Company delivered very strong performance over the year, stronger than was anticipated for FY2021. This was achieved notwithstanding a number of significant COVID-related headwinds including the impact of extended lockdowns in major Australian markets, ongoing economic dislocation and operational constraints on gaming customers, supply chain disruptions and fierce competition for talent. Performance highlights for the year include:

- the achievement of an enhanced market-leading position in North American Gaming Operations, with a strong average fee per day performance, and sustained momentum across key Gaming Outright Sales markets globally;
- further growth in Digital, as the business maintained its position as a Top 5 mobile games publisher in tier 1 western markets and accounted for 7 games in the US top 100 at period end, across multiple genres;
- organic growth delivered in line with our strategy, off the back of continued strong investment in D&D and User Acquisition, to further strengthen and broaden our product portfolios and drive sustained, long-term growth; and
- maintenance of strong operating cash flows with strong recurring revenues, prudent cost management and cash flow discipline, evidenced by the FCF conversion rate of 126%, which was 153% of target. The Group also maintained a robust balance sheet with gearing (Net Debt/EBITDA) at 0.5x, significantly ahead of 1.4x in FY2020.

These achievements, together with pleasing employee engagement results, and the progress our business leaders delivered in deepening the business' resilience and nurturing a 'people first' culture, have resulted in generally strong STI and LTI outcomes this year.

We set STI targets at the beginning of FY2021 on the understanding that the targets and underlying assumptions would be reviewed during the year due to the ongoing uncertainty resulting from COVID-19. The Board proactively considered and tested those underlying assumptions and targets at half year, noting those assumptions that would create unintended STI outcomes, such as the quicker than anticipated rates at which venues and casinos were re-opening globally, and the stronger than expected consumer sentiment and economic conditions in the United States and ANZ region. This was balanced against the need for the Board to acknowledge the Group's strong performance in the first half of the year – in the Gaming business, exceptional product performance and customer engagement drove profit growth while in the Digital business, above industry-average growth in bookings was delivered, translating into revenue and profit growth – and the Board determined that it was appropriate to acknowledge but cap HY2021 outperformance for STI outcomes.

Further, guided by Aristocrat's remuneration framework and governance arrangements, the Board reset STI targets and assumptions for the second half of the year. Even with these adjustments, the Group outperformed expectations, as outlined above, and our STI outcomes for our Executive KMP varied between 170% and 191% of STI target awards (compared to the maximum target STI opportunity of 200%), reflecting the achievement of normalised NPATA of $864.7 million (in reported currency), which is an increase year on year of 81.4%.

Our 2019 LTI Grant was tested this year, at the end of its 3 year performance period. While we did not meet our EPSA[1] growth targets over this COVID-disrupted period, our TSR ranking of 71.5th percentile (and TSR performance of 50.02%), together with strong delivery of applicable individual OKRs, resulted overall in the 2019 LTI Grant vesting at 67.9% for those Executive KMP with 2019 LTI Grants.

These remuneration outcomes reflect the strong performance of the executive leadership team, who have led Aristocrat's people and business effectively through a period of ongoing disruption, continuing to deliver organic growth in line with the Group's growth strategy and in support of shareholder interests.

Risk, ESG and Remuneration

The Board continued to align our risk, remuneration and consequences management framework, with the People and Culture Committee and Audit Committee meeting concurrently to consider if there were risk-based or other adjustments that may warrant consideration in the Board's determination of remuneration outcomes.

The Committees observed management's continued progress in embedding effective risk management throughout the organisation to support achievement of business priorities and fulfill corporate governance objectives.

Aristocrat also continues its focus on risk-based identification of environment, social and governance (ESG) priorities, including responsible gameplay and other sustainability initiatives. The Board is pleased to confirm that no risk-based or other adjustments to remuneration were recommended by the Committees as a result of their review of risks and behaviours.

1. 2019 LTI Grants are the final grants with EPSA growth targets. The Board has determined to transition from a Relevant EPSA hurdle to a Relevant EPS hurdle for future LTI grants, commencing with grants made in FY2020.

People & Culture Committee Chair's Letter continued

One-off Executive Remuneration Arrangements

As disclosed last year, special equity grants were made in FY2021 to key Executives excluding the CEO (the Executive special equity award).

This award followed a Board-initiated review of Aristocrat's global remuneration framework which highlighted that the executive incentive arrangements were materially lower than prevailing arrangements in Aristocrat's key global talent markets, particularly in terms of STI and LTI levels.

The grant was also made in the context of an intensely competitive market for talent in our industries, and the fact that Aristocrat's main competitors (and the US market in general) offer STI and LTI opportunities at a quantum of 2 to 3 times fixed remuneration (far above the opportunities seen in the Australian market). The LTI awards of many of these peers often contain a component that is not subject to performance conditions.

The Board took proactive steps in the form of the Executive special equity award to address substantial gaps in our Executive's remuneration and live retention risks with some of our key talent. The Executive special equity award vests progressively over the next three years to immediately (in the case of the first tranche) help address the competitiveness of our Executive remuneration and then across the mid-term (for the second and third tranches). This was undertaken in order to secure and motivate the executive team to lead Aristocrat through a challenging and intensive period of COVID-related disruption and ensure delivery of the Group's ambitious medium-term growth strategy.

These grants have been designed to complement Aristocrat's executive remuneration framework and are subject to delivery of a number of strategic objectives subject to Board discretion to ensure that awards are appropriate in all the circumstances. The strategic objectives to be met for vesting of the Executive special equity grant were aligned with those of our LTI on the basis that they are focused on delivery of our strategy and the fact that the Executive special equity award was made to address the fact that elements of our remuneration were uncompetitive with those being offered by our peers.

The first tranche of these awards vested at the end of the year and the Board is pleased to report that not only were all strategic objectives met but the awards were successful in helping to retain the overwhelming majority of executives who were eligible to receive the award.

Table 5 highlights the Company's achievements, led by the executive team, in a period of COVID-related disruption. Further detail on the Executive special equity awards can be found on pages 45 and 46.

Proposed Increase to NED Fee Pool

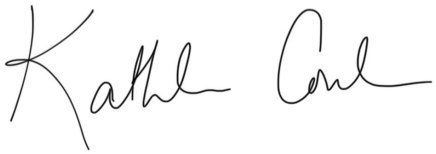
At the FY2022 AGM, the Board will be seeking approval to increase the NED fee pool. The last increase to the fee pool was approved at the FY2018 AGM, also around the time when fee levels were last increased, and your company was approximately half the size it is now (by market capitalisation). Aristocrat's strong growth across core and adjacent markets since the 2018 AGM has resulted in the increased workload and responsibilities of the Board and its Committees.

The Board anticipates that this workload is likely to continue to increase over the coming years as Aristocrat accelerates and executes on its growth strategy through acquisitions, such as the announcement by the Company on 18 October 2021 of a recommended cash offer for Playtech plc (LSE: PTEC) (Playtech) that, if completed, will result in a wholly-owned subsidiary of the Company, Aristocrat (UK) Holdings Limited, acquiring the entire issued and to be issued share capital of Playtech.

The Board is seeking approval for an increase to the NED fee pool from A$3,200,000 to A$4,000,000 per annum as it considers the competitiveness of its fees and to provide the Board with sufficient flexibility to attract and appoint global directors (including up to two new NEDs for the Board), and facilitate orderly Board succession planning.

The Board believes that Aristocrat's remuneration framework is robust and fit for purpose in driving further growth and performance of our globally scaled gaming content, technology and mobile games business. We will continue to monitor our performance and remuneration frameworks to ensure they support the Group's strategy, delivery of sustainable shareholder value and fair and equitable outcomes for our people.

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



Kathleen Conlon
People & Culture Committee Chair

Remuneration Report Overview

This FY2021 Remuneration Report has been prepared and audited as required by the Corporations Act. Terms used in this Remuneration Report are defined in the Glossary on page 59.

Who is covered by this report?

The composition of the Group's KMP is set out below. All KMP held their position for the full duration of FY2021.

KMP	Position	Location
Non-Executive Directors		
Neil Chatfield	Chairman; Director	Australia
Kathleen Conlon	Director	Australia
Philippe Etienne	Director	Australia
Pat Ramsey	Lead US Director [1]	United States
Arlene Tansey	Director	Australia
Sylvia Summers Couder	Director	United States
Executive KMP		
Trevor Croker	CEO and Managing Director	United States
Julie Cameron-Doe	CFO	United States
Mitchell Bowen	CEO Gaming and Chief Transformation Officer	Australia
Mike Lang	CEO Digital	Great Britain

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 business.

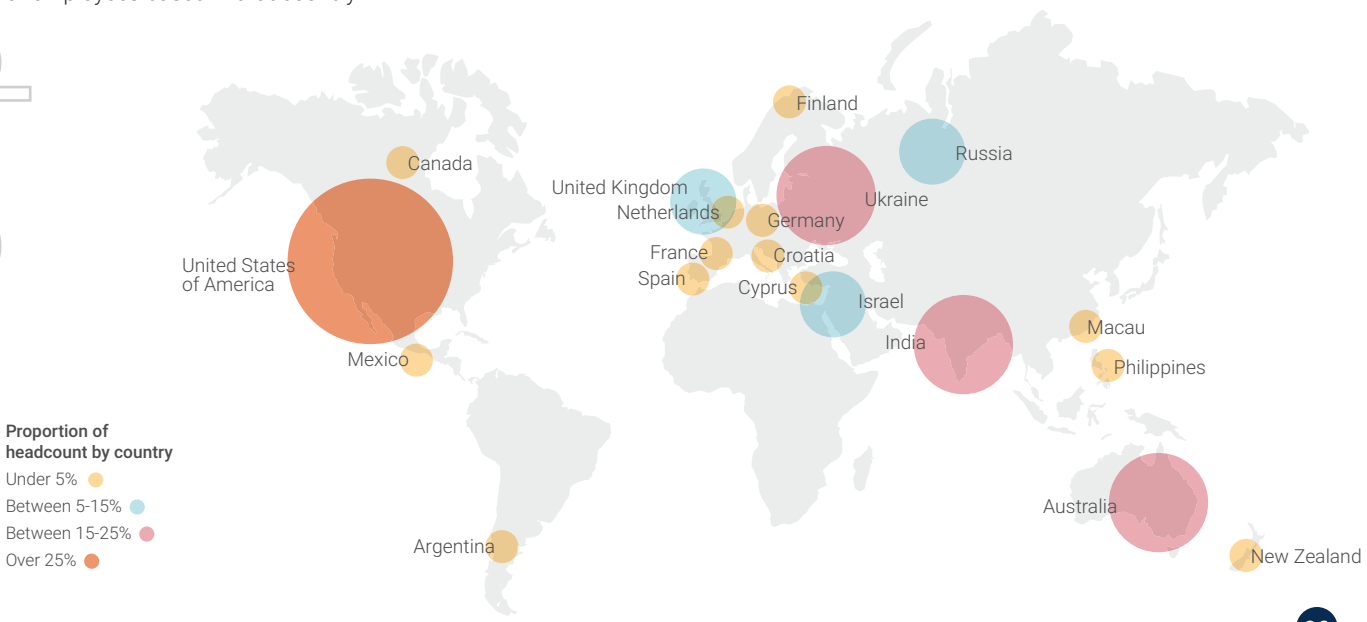
Aristocrat is one of a small group of ASX listed companies that derives the majority of its revenues from overseas markets (with approximately 8% of revenue derived from the Australian Gaming business this financial year) and is genuinely global in its structure and operations. Although Aristocrat is listed on the Australian Securities Exchange, it has over 7,000 employees based globally in over 20 locations around the world and is licensed in more than 320 jurisdictions.

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

The continued expansion of Aristocrat's digital business, which now contributes over half of Group revenue, 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.



Remuneration Report Overview continued

Executive Remuneration Framework

Our values

It's all about the player

Talent unleashed

Collective brilliance

Good business Good citizen

Our remuneration principles

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

- Alignment to shareholder interests and sustainable shareholder returns
- Encourage behaviours consistent with values and deliver good customer outcomes

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

- Performance based – link rewards to business results and strategy
- Robust governance with focus on risk management

Executive remuneration structure

	FIXED REMUNERATION	AT-RISK: SHORT-TERM INCENTIVE (STI)	AT-RISK: LONG-TERM INCENTIVE (LTI)
	Base salary, superannuation and other benefits	Reward for strong individual and Group performance during the Performance Period	Reward for sustainable longer-term Group performance
Value determined by	– Individual skills, performance, experience and contribution to Aristocrat with reference to similar roles in global competitors and companies within a range of Aristocrat's market capitalisation – Global geographic location – Complex probity requirements by regulators also considered	Achievement of both annual financial and non-financial performance hurdles at a: – Group level – Business unit level – Individual level	– Relative TSR – 30% weighting – Relevant EPS – 30% weighting – Individual performance based vesting condition – 40% weighting
How does it link with strategy & performance	Provides competitive ongoing remuneration in recognition of day-to-day responsibilities and accountabilities	– Supports annual delivery of key strategic targets and to recognise and reward individual performance – Deferral into equity supports sustained performance, retention and more closely aligns the interests of executives and shareholders	– Focuses on multi-year metrics that support sustained shareholder value creation – Delivered in equity to align the interests of executives and shareholders

Remuneration Report Overview continued

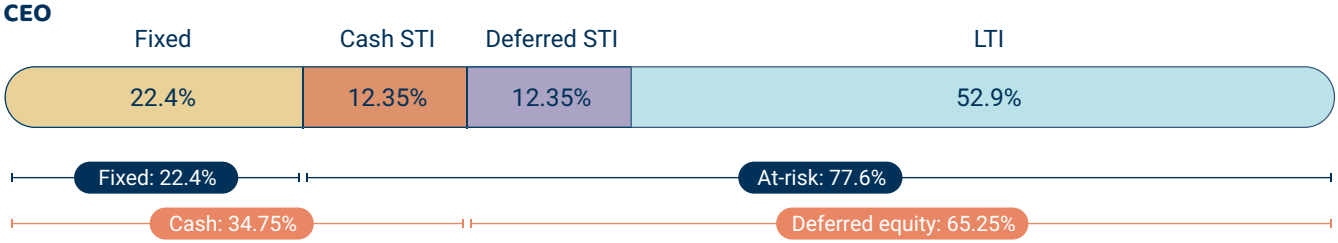
Executive KMP Remuneration Mix

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.

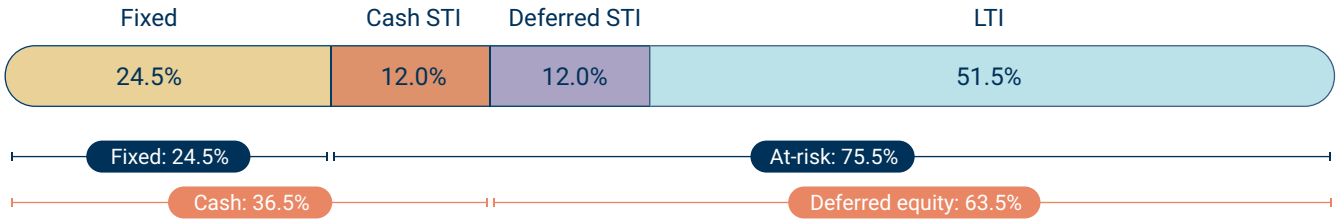
The following illustration shows the remuneration mix for the Executive KMP in FY2021. It has been modelled on the average of the Executive KMP's target opportunity (but excluding any one-off equity or bonuses, such as the Executive special equity award made to Executive KMP to address material deficiencies in the competitiveness of our remuneration arrangements).

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

CEO

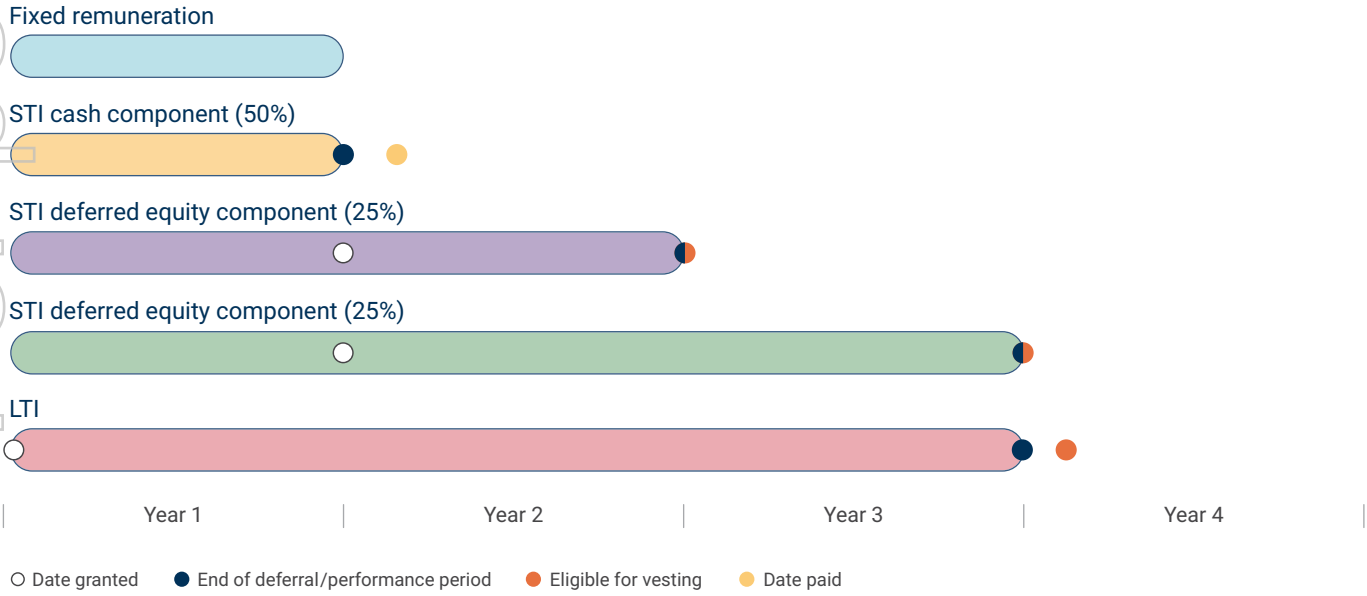


Other Executive KMP



Executive Remuneration Time Horizon

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



How Variable Remuneration is Structured

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

This section summarises the terms of FY2021 STI program.

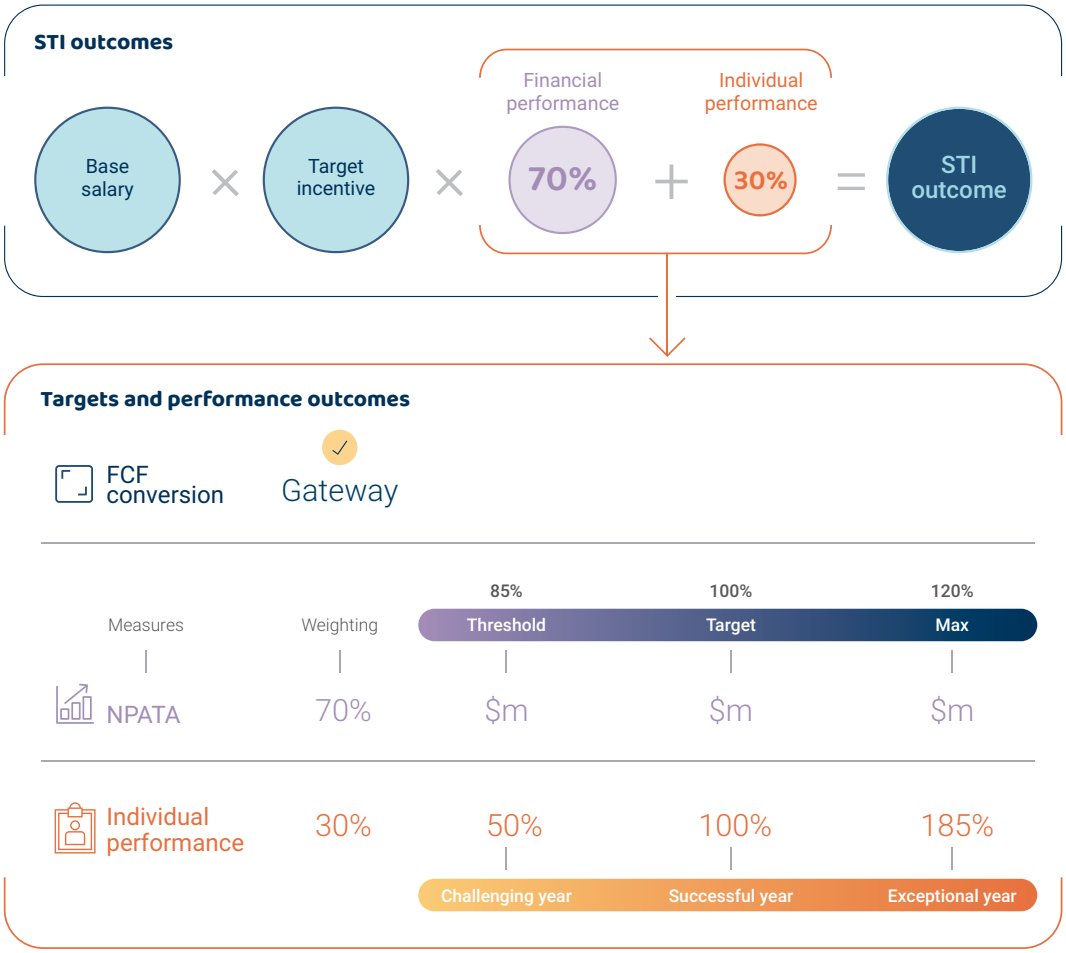
Description	Executives have the opportunity to earn an annual incentive award which is delivered in cash and deferred equity awards (in the form of PSRs). The STI Plan recognises and rewards short-term performance. The STI Plan is considered to be at-risk remuneration and is not a guaranteed part of 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. Executives (other than the CEO) have a target STI of between 70% and 100% of fixed remuneration. The CEO has a target STI of 110% of fixed remuneration. The maximum STI payout is capped at 200% of a participant's target STI opportunity.
Gateway and financial performance condition	FCF Conversion remains a key metric, changing from a scaling performance condition to an overarching gateway condition. NPATA now forms the basis of the Group financial performance condition. 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%. No payment will be made in connection with the financial performance condition unless the FCF Conversion gateway and Group Financial Performance Threshold is 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, in the context of broadly flat markets and segments, 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	No payment will be made in connection with the individual performance condition unless the Group Financial Performance Threshold is achieved. A ratings scale is used to assess individual performance. No payment is made for an Executive who has not met or exceeded a 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. Individuals have a clear line of sight to OKRs and are able to directly affect outcomes through their own actions. Individuals are also assessed on behaviour metrics which contribute to that individual's overall performance rating.
Reasons for these performance conditions	The Board considers that a combination of individual and financial performance conditions is appropriate as they are aligned with Aristocrat's objectives of delivering sustainable growth and sustainable superior returns to shareholders. In the case of the FCF Conversion gateway, this measure was chosen as it ensures cash flow discipline, which in turn allows Aristocrat to fund growth initiatives. In addition, Executives have a clear line of sight to the targets and are able to affect results through their actions. Performance measures and conditions are reviewed annually and are subject to change as considered appropriate. The Board has discretion to review and amend the performance conditions during the performance period (up or down) where significant unforeseen events have occurred which are outside the control of management.

How Variable Remuneration is Structured continued

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

How STI outcome is then determined

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



No payment is made unless the Group Financial Performance Threshold, being 85% of the STIP financial performance condition, is met.

Who assesses performance?

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

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

The assessment process for the other Executives incorporates a formal review process conducted by the full Board. The process includes taking feedback from the People & Culture Committee, the CEO and Managing Director and the consideration at a concurrent meeting of the People & Culture Committee and Audit Committee in September 2021 to consider if there were any risk-based or other adjustments that may warrant consideration in the Board's determination of remuneration outcomes.

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.

How Variable Remuneration is Structured continued

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

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. No additional performance conditions apply to vesting of the PSRs, with the exception of the continued employment by the relevant Executive as described below. The number of PSRs is calculated using the volume-weighted average price over the five trading days immediately prior to and including the last day of the performance period.
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 'good 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 'good 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 'good leaver', then all unvested PSRs will automatically lapse on or around the date of cessation of employment with the Group, unless the Board determines otherwise.
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

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

This section summarises the terms of LTI grants made in FY2021.

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. Non-Executive Directors are not eligible to participate in the LTI Plan.
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 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 FY2021: – Relative TSR – Relevant EPS – Individual Performance Based Condition

How Variable Remuneration is Structured continued

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

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%

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 conditions are adjusted to reflect sustainable growth outcomes aligned to the interests of shareholders.

Relevant EPS – 30% weighting

The Relevant EPS vesting condition is measured by comparing Aristocrat's CAGR over a three-year performance period (1 October 2020 to 30 September 2023 in respect of LTI grants in FY2021) against the 'minimum' EPS growth and the 'maximum' EPS growth thresholds, as set by the Board at the beginning of this performance period.

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

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

Aristocrat's 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 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.

As is our practice, the EPSA or 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 2019 LTI Grants had a Relevant EPSA target and accordingly, the Relevant EPSA target for the 2019 LTI Grants that vest in 2021 are disclosed in Table 3.

Individual Performance Based Condition – 40% weighting

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

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.

How Variable Remuneration is Structured continued

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

Individual Performance Based Condition – 40% weighting continued

The vesting process for the Individual Performance Based Condition considered a range of performance indicators summarised below across a three-year performance period. Table 5 brings together how remuneration outcomes in FY2021 aligns with business strategy and Group performance and an equivalent scorecard is included in the FY2020 and FY2019 Remuneration Reports.

Business strategy & objectives	Measures
Sustainable Core Growth	– Various financial measures and metrics – Market share measures – Cyber security maturity – 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) – Transformation and integration projects
Innovating Experiences	– Net promoter score targets – Digital & Gaming collaboration – Employee engagement / experience measure
Operational Excellence	– Responsible gameplay leadership – Diversity and inclusion metrics – Talent retention and succession

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 KMP meets or exceeds against objective-balanced scorecard OKRs
- The objective-balanced scorecard OKRs are aligned to supporting Aristocrat's longer-term strategy and driving continued sustainable growth, as well as other non-financial and ESG goals in line with Aristocrat's ESG priorities including responsible gameplay and other sustainability initiatives
- This hurdle allows the Board to take into account the behaviours and conduct relating to risk management in determining outcomes relating to this hurdle
- The balanced scorecard approach ensures that safeguards are in place to protect against the risk of unintended and unjustified outcomes
- Aristocrat is one of a small group of ASX listed companies that derives the majority of its revenues from overseas markets and is genuinely global in its structure and operations. Aristocrat's senior leadership is predominantly US based, and the business must increasingly attract and retain leaders in global markets with technology and global management skillsets
- This hurdle supports our LTI Plan being competitive to global peers who have elements of service-based vesting (restricted stock)

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 these 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: – The Board assesses performance of the CEO and Managing Director against the objective-balanced scorecard OKRs. – The assessment process for the other Executives incorporates a formal review process conducted by the full Board. The process includes taking feedback from the People & Culture Committee, the CEO and Managing Director and the consideration at a concurrent meeting of the People & Culture Committee and Audit Committee in September 2021 to consider if 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 KMP's individual contribution, and to determine their remuneration outcomes.
Vesting	If PSRs vest, the Board has discretion to issue new shares, acquire shares on-market or cash settle to satisfy the vestings. 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 good or bad 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 'good leaver'), unless the Board determines otherwise; – if the participant is a 'good leaver', a pro-rata portion of unvested PSRs that are subject to financial performance hurdles will remain 'on foot' and will be tested in the ordinary course, unless the Board determines otherwise. If the participant is not a 'good leaver', then all of these unvested PSRs will automatically lapse on or around the date of cessation of employment, unless the Board determines otherwise. As a general rule, an Executive will not be deemed to be a 'good leaver' to the extent they are terminated for cause or underperformance, breach their terms of employment contract or they resign from Aristocrat.
Clawback	In the event of a material misstatement of performance, or where vesting is not justified, appropriate or supportable in the opinion of the Board, including if a participant joins a competitor, the Board has the discretion to lapse unvested PSRs. The clawback policy that applies to vested incentives permits clawback of any shares allocated on vesting of the PSRs, as well as cash payments received on vesting of PSRs or proceeds from the sale of shares.
What happens in the event of a change of control?	There is no automatic vesting of PSRs on 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.

How Variable Remuneration is Structured continued

Executive special equity awards – how does it work?

As disclosed last year, special equity grants were made in FY2021 to key Executives (Executive special equity award). The CEO and Managing Director did not participate in the Executive special equity award.

This grant followed a Board-initiated review of Aristocrat's global remuneration framework which highlighted that the executive remuneration arrangements had become materially out of line with prevailing arrangements in Aristocrat's key global talent markets, particularly in terms of STI and LTI levels. This was of real concern to the Board in light of:

- the tightening global talent market (which has only intensified through FY2021); and
- Aristocrat's competitors (and the US market in general) offering STI opportunities and LTI grants at a quantum of 2 to 3 times fixed remuneration, and in many instances these LTI awards comprise a part that is not subject to performance conditions.

In response, the Board took proactive steps to grant the Executive special equity award to address the competitiveness of our Executive remuneration and live retention risks, in order to secure and motivate the executive team to lead Aristocrat through a period of COVID-related disruption and medium-term growth strategy.

This section summarises the terms of the Executive special equity awards.

Description	A one-off grant of PSRs was made to key Executives to address the competitiveness of Executive remuneration and live retention risk, in order to secure and motivate the executive team to lead Aristocrat through a period of COVID-related disruption and medium-term growth strategy. This grant was intended to make our current remuneration levels more competitive and to make approaches from competitors less attractive. It was designed to augment the current STI and LTI programs and not to be a completely separate incentive. Accordingly, the balanced scorecard OKRs to be met prior to vesting of this award and the LTI Individual Performance Based Condition were aligned, creating a strong link across both of these incentives to achievement of our medium-term strategic goals. The Executive special equity award has been effective in retaining all but one recipient of the award (who was not a member of the Executive KMP).
Performance Period	PSRs may vest progressively over three years (in equal sized tranches) with the first tranche available for testing after FY2021, the second tranche available for testing 24 months after the grant date relating to performance over the course of FY2022, and the third tranche available for testing 36 months after the grant date relating to performance over the course of FY2023. The progressive vesting was considered appropriate to immediately (in the case of the first tranche) help address the competitiveness of our Executive remuneration and then across the mid-term (for the second and third tranches).
What are the vesting conditions and why were these conditions chosen?	Vesting of tranche 1 of the Executive special equity awards are subject to a broad range of performance indicators embedded in the Executive's FY2021 objective balanced scorecard OKRs (which also applies to our LTI program) and given that these OKRs are expected to position the business for sustainable growth and business resilience over the longer term, these OKRs are robust strategic hurdles with sufficient stretch. Some of these performance indicators are set out on page 43. The Board also considers through these measures whether there are any material reasons why vesting should not occur as expected (on an individual or collective basis) and allows the Board to take into account the behaviours and conduct relating to risk management in determining outcomes relating to this hurdle. This process incorporates a formal performance review process conducted by the full Board reviewing each eligible Executive. The process includes taking feedback from the People & Culture Committee, the CEO and Managing Director (who is not participating in the Executive special equity award) and the consideration at a concurrent meeting of the People & Culture Committee and Audit Committee in September 2021 to consider if there were any risk-based or other adjustments that may warrant consideration in the Board's determination of remuneration outcomes. These grants have been designed to complement Aristocrat's executive remuneration framework and are at all times subject to Board discretion to ensure that awards are appropriate in all the circumstances. The Board is confident that these vesting conditions, in combination with the overall remuneration framework, will drive performance and retention in line with shareholders' interests and deliver sustainable benefits and table 5 highlights the Company's achievements, led by the executive team, in a period of COVID-related disruption and how remuneration outcomes in FY2021 aligns with business strategy and Group performance. Further information on vesting conditions (and outcomes) in connection with tranches 2 and 3 will be disclosed in the Remuneration Report published in respect of the year in which the vesting condition is tested.

How Variable Remuneration is Structured continued

Executive special equity awards – how does it work? continued

Who assesses performance and when?	The Board assesses the performance of the Executive KMPs with special equity grants against the vesting conditions and determines the vesting outcomes. The vesting conditions are tested only at the end of the performance period and there is no re-testing of vesting conditions. Any PSRs that do not vest following testing will lapse immediately. The Board believes the abovementioned method in assessing performance is an appropriate way to assess the performance of the Company and the Executive KMP's individual contribution, and to determine their remuneration outcomes.
Vesting	If PSRs vest, the Board has discretion to issue new shares, acquire shares on-market or cash settle to satisfy the vestings. 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?	These Executive special equity awards are granted pursuant to the LTI plan rules and accordingly, holders of these PSRs are not entitled to dividends until the PSRs have vested and converted into shares.
Cessation of employment, clawback, change of control and restrictions	These Executive special equity awards are granted pursuant to the LTI plan rules and accordingly, the terms of the LTI summarised on page 44 applies.

Stretch Performance Targets and Remuneration Outcomes in FY2021

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 2021 STI grant (performance period 1 October 2020 – 30 September 2021)
- the 2019 LTI Grant (performance period 1 October 2018 – 30 September 2021)
- tranche 1 of the Executive special equity award (performance period 1 October 2020 – 30 September 2021)

STI Grant Targets and Outcomes In 2021

2021 STI Grant Targets

The Board set STI targets at the beginning of FY2021 on the understanding that the targets and underlying assumptions would be reviewed during the year due to the ongoing uncertainty resulting from COVID-19. The Board proactively considered and tested those underlying assumptions and targets at half year, noting those assumptions that would create unintended STI outcomes, such as stronger than expected consumer sentiment and economic conditions in the United States and ANZ region. This was balanced against the need for the Board to acknowledge the Group's strong performance in the first half of the year – in the Gaming business, exceptional product performance and customer engagement drove profit growth while in the Digital business, above industry-average growth in bookings was delivered, translating into revenue and profit growth – and the Board determined that it was appropriate to acknowledge but cap HY2021 outperformance.

Guided by Aristocrat's remuneration framework and governance arrangements, the Board reset STI targets and assumptions for the second half of the year. Even with these adjustments, the Group outperformed expectations. Performance highlights include:

- the achievement of an enhanced market-leading position in North American Gaming Operations, with a strong average fee per day performance, and sustained momentum across key Gaming Outright Sales markets globally;
- further growth in Digital, as the business maintained its position as a Top 5 mobile games publisher in tier 1 western markets and accounted for 7 games in the US top 100 at period end, across multiple genres;
- organic growth delivered in line with our strategy, off the back of continued strong investment in D&D and User Acquisition, to further strengthen and broaden our product portfolios and drive sustained, long-term growth; and
- maintenance of strong operating cash flows through prudent cost management and cash flow discipline, evidenced by the FCF conversion rate of 126%, which was 153% of target.

In addition, the performance of the participants was also assessed against individual OKRs. 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 FY2021

Executives received on average 181% of their STI target award (compared to the maximum target STI opportunity of 200%), supported by achieving normalised NPATA of $864.7 million (in reported currency), which is an increase year on year of 81.4%.

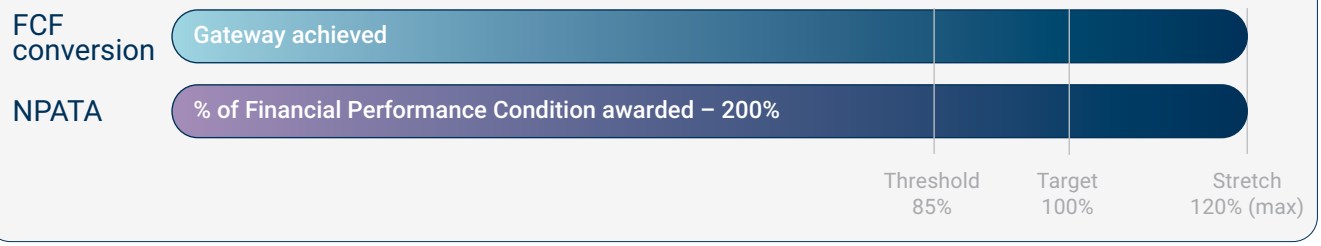
- Strong normalised NPATA of $864.7 million ($929.8 million on a constant currency basis[2]), which was 150% of target, was driven by management delivering growth with a strong product portfolio supporting the continued gain of market share across key markets, while continuing to pursue new organic and inorganic opportunities to support and drive both current and longer term performance.
- Strong FCF Conversion of 126% which was 153% of target, reflecting cash flow discipline and ability to fund growth initiatives.

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

FCF Conversion gateway achieved

With the FCF Conversion gateway of 82% achieved, the STI outcome is calculated by reference to NPATA.

Measure + Weighting	Target	Actual Performance	STI outcome
FCF Conversion (Gateway)	82%[1]	125.8%	Gateway achieved
NPATA (Financial Performance Condition)	$619.6m	$929.8m[2]	200%



1. FCF Conversion target is set annually based on the anticipated financial performance of the Group for the coming year.
2. Constant currency basis as set out in the approved budget.

Stretch Performance Targets and Remuneration Outcomes continued

LTI Grant Targets and Outcomes In 2021

The following three vesting conditions applied to the 2019 LTI Grant:

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

Challenging EPSA targets were set by the Board in connection with the 2019 LTI Grants:

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

Table 2 below discloses the Relevant EPSA Targets for LTI Grants between FY2017 to FY2019

	Relevant EPSA					
Award year	Threshold Target	Maximum Target	Actual	Performance Period	Vesting Date	Award Outcome
FY2019	10%	15%	6.0%	FY19 – FY21	After 30 September 2021	Not achieved
FY2018	10%	15%	(4.0%)	FY18 – FY20	After 30 September 2020	Not achieved
FY2017	10%	15%	31.0%	FY17 – FY19	After 30 September 2019	Achieved

Impact of Accounting Adjustments on Remuneration Outcomes

Normalised NPATA (not reported NPATA) is used for purposes of determining remuneration outcomes as normalised NPATA is reflective of the actual underlying operational performance of the Group. Therefore, NPATA of $864.7m was used for purposes of testing the EPSA growth outcome in connection with the 2019 LTI Grant and the testing of the outcome of the 2021 STI grant.

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

Reconciliation Of Statutory Profit To NPATA

A$ million	2021	2020 [1]
Statutory profit as reported in the financial statements	820.0	1,377.7
Amortisation of acquired intangibles (tax effected)	99.1	119.5
Reported profit after tax before amortisation of acquired intangibles (Reported NPATA)	919.1	1,497.2
Less net gain from significant items after tax	(54.4)	(1,020.6)
Normalised Profit After Tax before amortisation of acquired intangibles (Normalised NPATA)	864.7	476.6

1. Includes the recognition of a ~$1 billion deferred tax asset aligned with the Group structure changes disclosed in the FY2020 Annual Report.

Significant Items

	30 Sep 2021	
A$ million	Before tax	After tax
Contingent retention arrangements	(32.3)	(28.2)
Big Fish onerous lease	(48.6)	(37.2)
Recognition of deferred tax asset	–	119.8
Net (loss)/gain from significant items	(80.9)	54.4

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

Contingent retention arrangements:

The Group's reported result after tax for the period includes an expense of $28.2 million relating to contingent retention arrangements associated with the acquisition of Plarium. These arrangements will be fully expensed and complete in FY2022.

Big Fish onerous lease:

The Group's reported result after tax for the period includes an expense of $37.2 million relating to an onerous lease for the Big Fish Seattle premises, which was committed to by previous ownership.

Recognition of deferred tax asset:

The Group's reported result after tax for the period includes a benefit of $119.8 million (~$1 billion in the prior period) relating to the recognition of a deferred tax asset aligned with the Group structure changes disclosed in the FY2020 Annual Report.

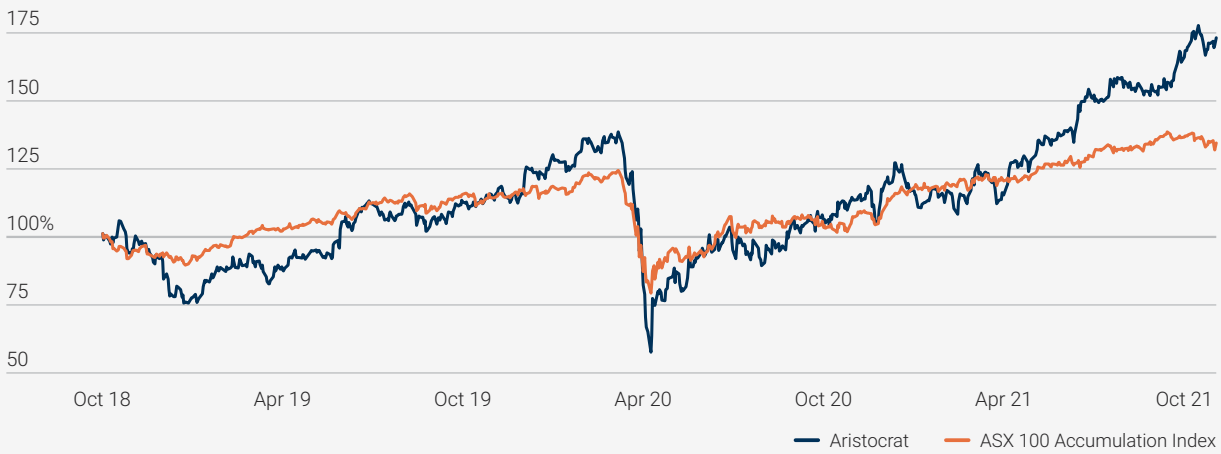
Stretch Performance Targets and Remuneration Outcomes continued

2019 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 2019 LTI Grants.

30 September 2021: three-year performance period ends for 2019 LTI Grants. Performance is tested in November 2021 for Relative TSR and Relevant EPSA

Relative TSR (30% weighting)



93% of the PSRs linked to the Relative TSR measure vested

With a TSR performance of 50.02%, Aristocrat was the 28th top performer (equivalent to 71.5th percentile) of its Peer Comparator Group.

Relevant EPSA (30% weighting)

The Relevant EPSA component did not vest given that Aristocrat's actual EPSA CAGR of 6.0% across the consecutive three-year performance period was below the threshold condition for vesting of 10%.

Although this condition was not met, management delivered growth with a strong product portfolio supporting the continued gain of market share across key markets whilst continuing to pursue new organic and inorganic opportunities to support and drive both current and longer term performance across the business. All of this was delivered notwithstanding a number of significant COVID-related headwinds including the impact of extended lockdowns in major Australian markets, ongoing economic dislocation and operational constraints on gaming customers, supply chain disruptions and fierce competition for talent.

1 Oct 2018 to 30 Sept 2021	Threshold EPSA Target	Maximum EPSA Target	Actual Outcome	Relevant EPSA Achievement
3 year CAGR	10%	15%	6.0%	0%

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

Individual Performance Based Condition (40% weighting)

100% of PSRs linked to the Individual Performance Based Condition vested for those Executive KMP with 2019 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 across a three-year performance period (2019-2021).

These OKRs are aligned to supporting Aristocrat's longer-term strategy and driving continued sustainable growth and 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 43 and are captured in table 5, which brings together how remuneration outcomes in FY2021 aligns with business strategy and Group performance and highlights the Company's achievements, led by the executive team, in a period of COVID-related disruption.

Stretch Performance Targets and Remuneration Outcomes continued

Executive Special Equity Awards Targets and Outcomes In 2021

Set out below are the outcomes of tranche 1 of the Executive special equity awards. The progressive vesting was considered appropriate to immediately (in the case of the first tranche) help address the competitiveness of our Executive remuneration and then across the mid-term (for the second and third tranches).

Further information on vesting conditions (and outcomes) in connection with tranches 2 and 3 will be disclosed in the Remuneration Report published in respect of the year in which the vesting condition is tested.

The vesting process for tranche 1 of the Executive special equity awards considered a range of performance indicators as discussed on page 45 and are captured in table 5, which brings together how remuneration outcomes in FY2021 aligns with business strategy and Group performance.

Table 4 below discloses what was granted and has vested

		Vesting outcomes of the first tranche	
Executive KMP	**Total number of PSRs granted**	**% of first tranche that vested**	**Number of PSRs that vested**
T Croker	0[1]	N/A	N/A
J Cameron-Doe	82,320	100%	27,440
M Bowen	98,784	100%	32,928
M Lang	65,856	100%	21,952

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

Link to Business Strategy and Shareholder Interests

Table 5 below discloses remuneration outcomes in FY2021 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:** Measures profitability across the Group. **STI performance measure of FCF Conversion:** Measures free cash flow generated by the Group. **LTI performance measure of Relative TSR:** Measures the benefit delivered to shareholders over three years, including dividend payments and movement in the share price over and above a market benchmark. **LTI performance measure of Relevant EPSA:** Measures profitability across the Group on a per share basis.	**EXCEEDED** – NPATA increasing year-on-year by 81.4% to $864.7 million (in reported currency) – EBITDA up 43% to $1,542.9 million, with industry leading EBITDA margins maintained – Achieved strong FCF Conversion of 126% (target 82%) – TSR performance of 50.02% over the 2019 LTI Grant performance period, 28th in its Peer Comparator Group and ranked in the 71.5th percentile – Strong Group balance sheet with available liquidity of approximately $2.7bn, which positions the business well for the future, including inorganic growth – Gearing (Net Debt/EBITDA) of 0.5x, significantly ahead of prior year (FY2020: 1.4x)	**Executive remuneration outcomes in FY2021 were as follows:** **Total LTI vesting outcome in FY2021 = 46.5% of target based on TSR and EPSA performance measures** **CEO STI outcome in FY2021 = 185% of target** **Average STI outcome in FY2021 for other Executive KMP = 182% 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** – Approximately 28% of volume of units sold in the Americas derive from adjacent market sources – Continued expansion into attractive adjacent markets, including Video Lottery Terminal (VLT) Canada, VLT Illinois, Washington Central Determinant System and the Multigame and Poker segments – Successful worldwide launch by Plarium of new Action P2P game *Mech Arena: Robot Showdown*™ in August 2021 – Targeted M&A and investments to expand into mobile merge segments (Futureplay and Neskin), EGM repairs and maintenance (Amtek), hybrid casual genre (Northern Stars Studio), social casino genre (Playsoft) – Targeted RMG entry through a recommended cash offer for Playtech plc (LSE: PTEC) (Playtech) announced after period end that, if completed, will result in Playtech being part of the Group	
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 continued growth in profitability of the Digital business. Measures also include development, retention and succession planning across all management levels and for creative talent.	**EXCEEDED** – Almost 80% of Group revenues now derive from recurring sources enhancing the business' resilience – In North America, growth in the Class II and Class III Premium installed base and ANZ business sustained market-leading ship share – Digital revenues increased by 4.6% to $2,467 million (in reported currency) and Digital profits increased by 10.6% to $804.1 million (in reported currency) – Continued diversity of earnings – the Digital business contributes 52% of Group revenue	
Risk management	**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.	**EXCEEDED** – Continued evolution of Enterprise Risk Management Framework and risk governance processes and global refresh of the Business Resilience Framework – Sector average rating by Australian Council of Superannuation Investors (ACSI) for ESG reporting – Achievement of average cyber security maturity rating of 3.37 (FY2020: 2.3; FY2021 Target: 2.5) – Lost Time Incident Rate of 0.15%, well below Industry average of 0.9% – Mandatory Responsible Gameplay and Compliance (including anti-bribery and anti-corruption) training for all staff	
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.	**EXCEEDED** – Aristocrat was awarded the following at the Global Gaming Awards 2021: • Land-Based Industry Supplier of the Year • Land-Based Product of the Year – *In the Clear*™ • Slot of the Year – *Buffalo Link*™ – Eilers-FANTINI October 2021 Survey: • Aristocrat Top Supplier Overall • Aristocrat had 18 of Top 25 Premium leased games (*Dragon Link*™, *Cash Express Luxury Line*™, *Crazy Rich Asians*™ and *Lightning Link*™) – Continued investment in talent and technology, with D&D investment remaining at market-leading levels at 11.1% of total revenue – Net Promoter Score (which indicates customer satisfaction) of 56, which is above Tech industry benchmark of 33 – Quality metrics stable over FY2021, achieving 93.9% (FY2020: 92.4%; FY2019: 95%)	
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 of 8.4, which is above Tech industry benchmark of 8.1, with a 91% participation rate Continued Investment in talent and leadership bench strength through the Senior Executive Development Plan, the Aristocrat Leadership Academy and in-business development programs Certification as a 'Great Place to Work' for the first time in Australia and the US, and for the sixth time in India	

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 table below sets out information about movements in shareholder wealth for the financial years ended 30 September 2017 to 30 September 2021, highlighting alignment between Aristocrat's remuneration strategy and framework and Group performance over the past 5 years.

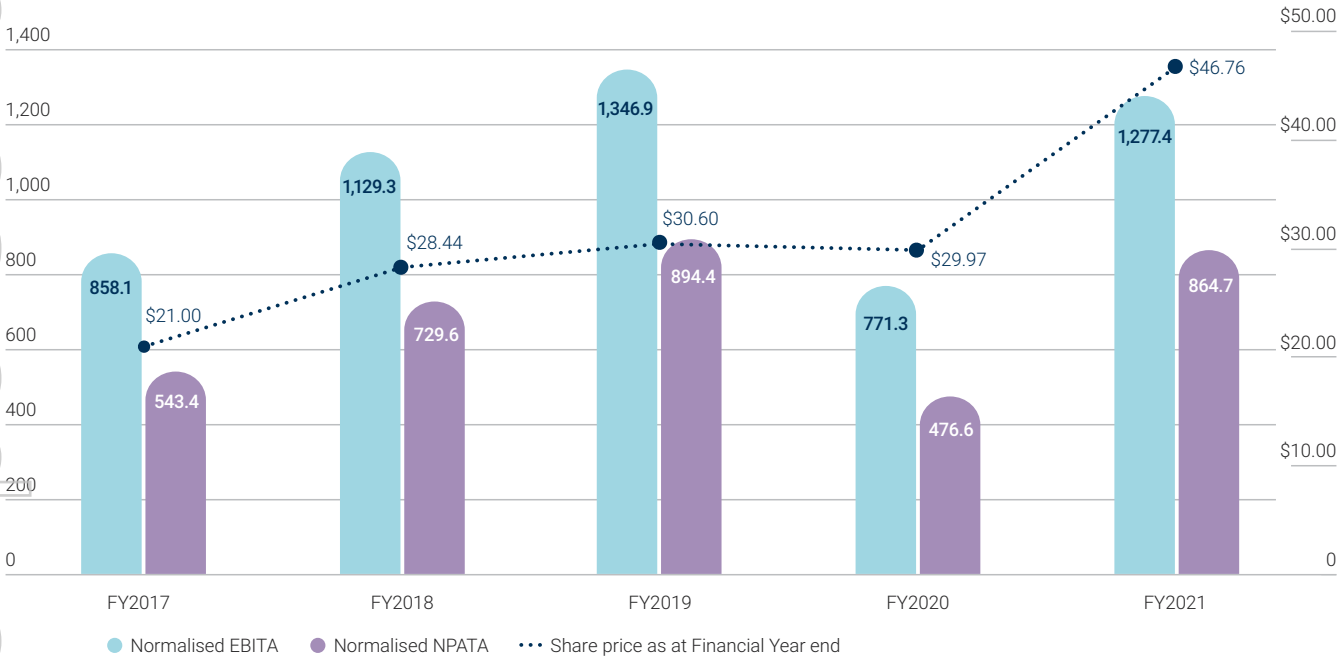
Further details about the Group's performance over this period can be found in the Five-Year Summary contained in this Annual Report.

Table 6 Summary of movement in shareholder wealth

	12 months to 30 Sep 2021	12 months to 30 Sep 2020	12 months to 30 Sep 2019	12 months to 30 Sep 2018	12 months to 30 Sep 2017[1]
Share price as at financial year-end (A$)	46.76	29.97	30.60	28.44	21.00
Total dividends (cps)	41.0	10.0	56.0	46.0	34.0
Normalised EPS (fully diluted) / EPSA (fully diluted) (cps)[2]	120/135.6	56.0/74.7	118.0/140.2	96.5/114.1	77.5/85.0
TSR (%)	57%	(2%)	10%	38%	35%
STI Financial Performance Condition awarded (%)	200%	0%	104%	130%	172%
LTI (% vesting) based on Relative TSR and Relevant EPSA performance measures	46.5%	47.9%	100%	100%	100%

1. The opening share price for the 12 months to 30 September 2017 was $15.81.
2. Excluding the effect of significant items which are not representative of the underlying operational performance of the Group.

Historical earnings performance NPATA (A$m), EBITA (A$m), and closing share price (A$)



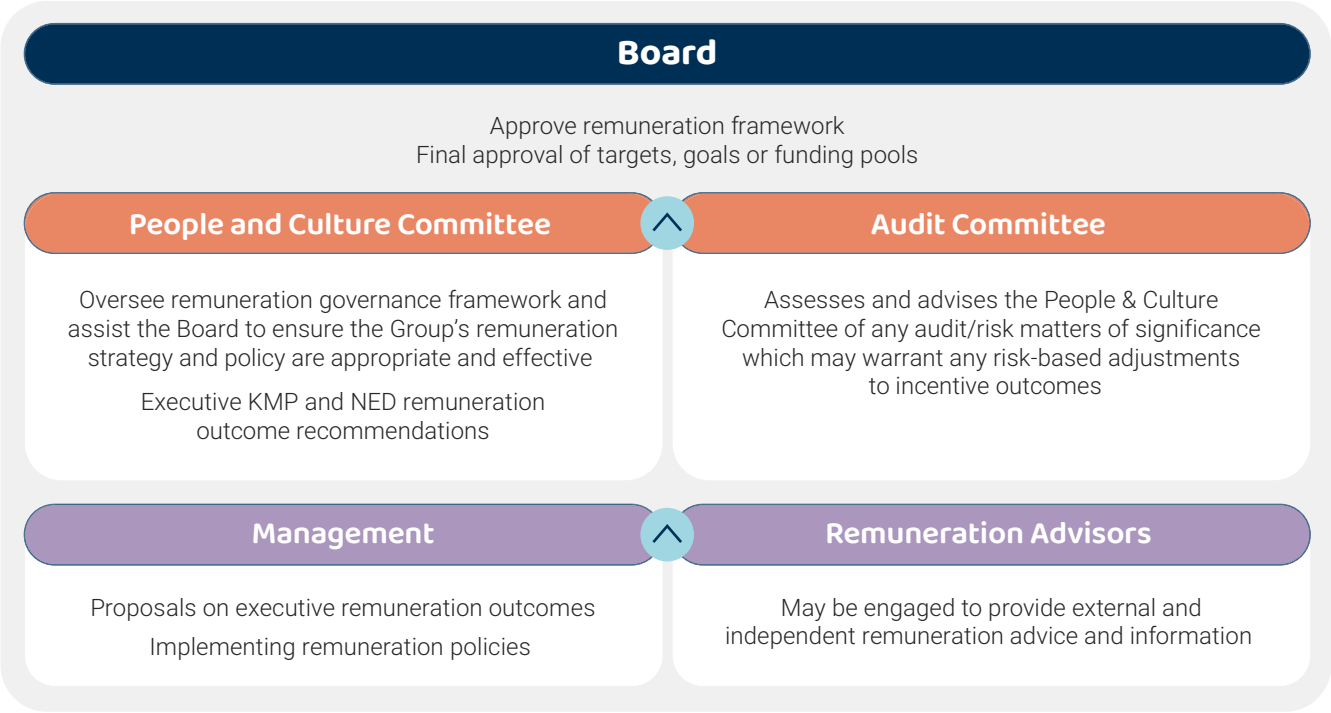
Remuneration Governance

Overview

The People and Culture Committee are 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 2021 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 FY2021.

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



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

Use of Remuneration Advisors

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

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

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

Non-Executive Director Remuneration

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

Components and details of Non-Executive Director Remuneration

Non-Executive Directors receive a fixed fee (inclusive of superannuation and committee memberships) for services to the Board. The Chair of each committee receives an additional fee for that service.

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 two major jurisdictions (US and Australia)

Preserving independence and impartiality

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

Aligning Director and security holder interests

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

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

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

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

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

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

Non-Executive Directors Minimum Shareholding Policy

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

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

Aggregate Fee Pool Approved by Shareholders

Non-Executive Directors' fees (including committee fees) are set by the Board within the maximum aggregate amount of A$3,200,000 per annum approved by shareholders at the AGM in February 2018.

There was no change in FY2021 to fees of Non-Executive Directors, which remain at the levels set in April 2018. Those fees are set out in Table 7 below.

The Chairman does not receive separate Committee fees.

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

Board fees per annum	Amount (inclusive of all statutory superannuation obligations)
Chairman	A$625,000
Non-Executive Director	A$250,000 / US$220,000
Lead US Director	Additional US$40,000
Committee Chair (Audit, People & Culture)	Additional A$45,000 / US$35,000
Committee Chair (Regulatory & Compliance)	Additional A$35,000 / US$30,000
Committee member (per committee, capped at two committees per person)	Additional A$15,000 / US$10,000

Statutory Remuneration Tables and Data

Details of Executive KMP Remuneration

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

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

Over the past two years, in the context of challenging conditions, the Digital business has exceeded industry growth, with revenue growth of 47% (in local currency) between FY2019 to FY2021, and Mike Lang, as CEO Digital, has successfully driven leadership transitions across all three Digital business units, to set the businesses up for continued sustainable growth. This is critical with talent in the digital space increasingly in demand globally across a range of sectors. This year, in addition to his normal remuneration arrangements, the Board has decided to award a one-off cash bonus to Mike Lang in recognition of the achievements of the Digital business and his continued importance to the future of our Digital business. The details of this award are outlined further below.

The total statutory remuneration for FY2021 is materially higher than in FY2020. This in part reflects the following:

- the accounting expense of the Executive Special Equity award;
- the award of FY2021 STI, noting that in FY2020 no STI was awarded; and
- the Executive KMPs volunteered a 20% reduction, and the CEO and Managing Director volunteered a 30% reduction, in base salary during 1 May 2020 to 30 September 2020.

Further, FY2021 remuneration outcomes are, as this report illustrates, reflective of the strong performance in FY2021 of the executive leadership team, who have led Aristocrat's people and business effectively through a period of ongoing disruption, continuing to deliver organic growth in line with the Group's growth strategy and in support of shareholder interests.

Table 8 Statutory Executive KMP remuneration table

		Short-term benefits			PEB[4]	Long-term benefits	Share-based payments[6]				
Executive	Year	Cash salary[1] $	Cash bonuses[2] $	Non-monetary benefits[3] $	Super-annuation $	Long service leave[5] $	STI PSRs[7] $	LTI PSRs[8] $	Executive Special Equity $	Total $	% of Share-based remuner-ation[9] %
T Croker	2021	1,767,880	1,802,742	—	—	—	903,549	3,057,038	—	7,531,209	40.6%
	2020	1,546,011	—	3,254	—	—	503,031	2,405,121	—	4,457,417	54.0%
J Cameron-Doe	2021	885,438	698,128	—	—	—	349,509	1,238,238	1,598,961	4,770,274	59.5%
	2020	847,779	—	15,052	—	—	167,806	811,723	—	1,842,360	44.1%
M Bowen	2021	827,617	812,180	510	25,625	53,726	382,158	1,594,284	1,918,753	5,614,853	62.6%
	2020	593,750	—	787	25,000	35,969	144,541	1,102,180	—	1,902,227	57.9%
M Lang[10]	2021	1,137,133	1,813,487[11]	—	—	—	403,578	2,589,902[12]	1,279,169	7,223,269	53.6%
	2020	905,289	—	—	—	—	—	1,849,980	—	2,755,269	67.1%
Total	2021	4,618,068	5,126,537	510	25,625	53,726	2,038,794	8,479,462	4,796,883	25,139,605	52.8%
	2020	3,892,829	—	19,093	25,000	35,969	815,378	6,169,004	—	10,957,273	56.3%

1. Amounts shown as cash salary and fees 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. In FY2020, Executive KMPs volunteered a 20% reduction, and the CEO & Managing Director volunteered a 30% reduction, in base salary during 1 May 2020 to 30 September 2020.
2. Amounts reflect the non-deferred cash component of STI incentives and other bonuses.
3. Non-monetary benefits include insurance premiums (FY2021) and professional fees for tax advice (FY2020).
4. Post Employment Benefits (PEB).
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. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual Executive KMP may ultimately realise should the equity instruments vest. An independent accounting valuation for each tranche of PSRs at their respective grant dates has been performed by Deloitte. In undertaking the valuation of the PSRs, Deloitte has used a TSR model and an EPSA 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.

Statutory Remuneration Tables and Data continued

Details of Executive KMP Remuneration continued

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. Therefore, the amounts reflected for FY2021 include the accounting accruals attributable to deferred share rights pursuant to the 2019 and 2021 STI awards (there were no STI awards in 2020).
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. Also includes best available estimates attributable to PSRs which may be lapsed or forfeited in future reporting periods. The sign-on award granted to M Lang during FY2020 upon his appointment as CEO Digital is included in the 2020 and 2021 calculations.
9. As a percentage of LTI PSRs and Executive Special Equity.
10. M Lang commenced with the Company on 18 November 2019.
11. This amount includes a one-off bonus of $847,732 paid to M Lang as outlined above, in addition to his FY2021 STI award. The one-off bonus was granted on 23 April 2021 as cash, in recognition of the achievements of the Digital business and his continued importance to the future of our Digital business.
12. This amount includes the impact of PSRs that were granted in previous years that have been expensed for accounting purposes over the relevant vesting period, as well as PSRs that were granted in the reporting period: (i) $753,130 attributable to FY2020 LTI award, (ii) $852,250 attributable to FY2021 LTI award, and (iii) $984,522 attributable to sign-on award.

Table 9 Details of 2021 STI outcomes (including deferred equity component)

	Total award [1] $	Cash payment [2] $	Deferred component [3] $	No. of PSRs vesting 1 Oct 2022 [3]	No. of PSRs vesting 1 Oct 2023 [3]	Total award as % of target STI	% of total award deferred
T Croker	3,605,484	1,802,742	1,802,742	19,487	19,488	185%	50%
J Cameron-Doe	1,396,256	698,128	698,128	7,546	7,547	170%	50%
M Bowen	1,624,360	812,180	812,180	8,779	8,780	191%	50%
M Lang	1,931,510	965,755	965,755	10,439	10,440	185%	50%

1. Amounts reflect the value of the total 2021 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 2021 STI award to be paid. Amounts in USD are translated at the reporting date rate.
3. Amounts reflect the value of 2021 STI awards deferred into PSRs. Part of the deferred component of awards will vest on 1 October 2022 and the remainder on 1 October 2023. The number of PSRs is determined using the five day VWAP up to and including 30 September 2021, being $46.25. Amounts in USD are translated at the FX rate on the grant date.

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

Performance rights were granted during the Reporting Period as follows:

	Deferred STI PSRs		Executive Special Equity		LTI PSRs	
	Rights granted [1]	Value of grant $	Rights granted [2]	Value of grant [3] $	Rights granted [2,4]	Value of grant [5] $
T Croker	—	—	—	—	137,905	4,511,912
J Cameron-Doe	—	—	82,320	2,602,273	59,759	1,955,173
M Bowen	—	—	98,784	3,122,727	55,976	1,831,403
M Lang	—	—	65,856	2,081,818	78,146	2,556,749

1. As the Executive KMPs did not receive any 2020 STI awards, there was no deferred STI PSRs granted during the reporting period.
2. The rights that were vested or forfeited during the Reporting Period are set out in Table 11.
3. The fair value of rights granted are $32.09 (tranche 1), $31.61 (tranche 2), and $31.14 (tranche 3). The values shown in the above table 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 41. Long-term PSRs have a three-year performance period.
5. All PSRs were granted on 16 April 2021. The fair value of the rights are $25.78 for rights with a total shareholder return condition and $35.69 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.

Statutory Remuneration Tables and Data continued

Details of Executive KMP Remuneration continued

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

	Balance at 1 October 2020	Granted during the year[1]	Short-term PSRs vested[2,3]	Long-term PSRs vested[3,4]	Lapsed/ forfeited	Balance at 30 September 2021
T Croker	445,111	137,905	(30,496)	(93,751)	(42,632)	416,137
J Cameron-Doe	125,901	142,079	(8,917)	(14,488)	(6,589)	237,986
M Bowen	137,628	154,760	(8,010)	(9,023)	(4,102)	271,253
M Lang	109,828	144,002	(18,586)	—	—	235,244

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 137,905 PSRs under the Long Term Incentive Plan was approved at the 2021 Annual General Meeting of the Company on 26 February 2021, 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 41 to 44.
2. PSRs with performance periods of less than three years.
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.

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

	Notice to be given by Executive	Notice to be given by Group[1]	Termination payment	Post-employment restraint
T Croker	6 months	12 months	12 months (fixed remuneration)	12 months
J Cameron-Doe	6 months	6 months	12 months (fixed remuneration)	12 months
M Bowen	6 months	6 months	6 months (fixed remuneration)	12 months
M Lang	6 months	6 months	12 months (fixed remuneration)	12 months

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

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] $	Superannuation[2] $	Retirement benefits[3] $	Options and PSRs $	Total $
N Chatfield	2021	599,375	25,625	—	—	625,000
	2020	548,250	25,000	—	—	573,250
K Conlon	2021	310,000	—	—	—	310,000
	2020	271,667	12,500	—	—	284,167
P Etienne	2021	254,886	25,114	—	—	280,000
	2020	228,961	24,667	—	—	253,628
P Ramsey	2021	387,849	—	—	—	387,849
	2020	391,234	—	—	—	391,234
S Summers Couder	2021	320,979	—	—	—	320,979
	2020	324,343	—	—	—	324,343
A Tansey	2021	287,837	22,163	—	—	310,000
	2020	266,243	17,923	—	—	284,166
Total	2021	2,160,926	72,902	—	—	2,233,828
	2020	2,030,698	80,090	—	—	2,110,788

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. In FY2020, Non-Executive Directors accepted a 20% reduction in their fees from 1 May 2020 to 30 September 2020. There were no increases in Board or Committee fees for the Reporting Period.
2. Superannuation contributions include amounts required to satisfy the Group's obligations under applicable Superannuation Guarantee legislation.
3. Non-Executive Directors are not entitled to any retirement benefit.

Shareholdings and other Transactions

Movement in Shares

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

No amounts are unpaid on any of the shares issued.

Table 14 Details of Non-Executive Director shareholdings

Non-Executive Directors			
	Balance as at 1 October 2020	Purchased/ Transferred	Balance as at 30 September 2021
N Chatfield	18,000	–	18,000
K Conlon	10,514	–	10,514
P Etienne	5,943	–	5,943
P Ramsey	19,360	–	19,360
S Summers Couder	10,650	–	10,650
A Tansey	4,570	–	4,570

Table 15 Details of Executive KMP shareholdings

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

Executive Director and other Executive KMP				
	Balance as at 1 October 2020	Shares allocated upon PSR vesting	Other net changes during the year	Balance as at 30 September 2021
T Croker	367,103	79,327 [1]	–	446,430
J Cameron-Doe	9,445	17,805 [2]	–	27,250
M Bowen	–	17,033	–	17,033
M Lang	–	10,243 [3]	–	10,243

1. Although 124,247 PSRs vested, 44,920 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 23,405 PSRs vested, 5,600 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. Although 18,586 PSRs vested, 8,343 of the vested PSRs were sold by the third party plan administrator for the purposes of satisfying UK withholding tax liabilities on vesting of PSRs.

Disclosures under Listing Rule 4.10.22

A total of 1,490,693 securities were acquired on-market by the Aristocrat Employee Equity Trust during the Reporting Period (at an average price per security of $36.82) to satisfy Aristocrat's obligations under various equity and related plans.

Share Trading Policy

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

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

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

Loans or Other Transactions with KMP

No KMP or their related parties held any loans from the Group during or at the end of the year ended 30 September 2021 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

2019 LTI Grant	Awards made under the LTI Plan during FY2019 with a three-year performance period from 1 October 2018 to 30 September 2021
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
EPSA	Fully diluted EPS before amortisation of acquired intangibles disclosed in the Operating and Financial Review section of the Annual Report
Executive KMP	Those KMP who were also part of Aristocrat's Executive Steering Committee during the Reporting Period, being (i) T Croker (CEO and Managing Director), (ii) J Cameron-Doe (Chief Financial Officer), (iii) M Bowen (CEO Gaming and Chief Transformation Officer) and (iv) M Lang (CEO Digital)
Executive special equity award	One-off grant of PSRs to selected Executives. Executive KMP that participated in the Executive special equity award during the Reporting Period were: (i) J Cameron-Doe (Chief Financial Officer), (ii) M Bowen (CEO Gaming and Chief Transformation Officer) and (iii) M Lang (CEO Digital)
Executives	The group of executives consisting of: (i) the Executive KMP, and (ii) other members of Aristocrat's Executive Steering Committee (details of which can be found on www.aristocrat.com)
Face Value	The volume-weighted average price of Aristocrat shares for the 5 trading days up to and including the day before the start of the performance period
FCF Conversion	Target based on free cash flow as a percentage of NPATA
Group	Aristocrat Leisure Limited and its related bodies corporate
Group Financial Performance Threshold	The minimum threshold required to receive payment under the STI Plan (being 85% of the Group STI financial performance condition as described on page 39)
KMP	Persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of Aristocrat and the Group during the Reporting Period
LTI Plan	Aristocrat's long-term incentive plan
Normalised EPS	Fully diluted earnings per share, normalised for significant items as disclosed in the Operating and Financial Review section of the Annual Report
NPATA	Net profit after tax before amortisation of acquired intangibles, 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
Relevant EPSA	EPSA over the performance period compared to a target set by the Board at the commencement of the performance period
Reporting Period	12 months period ended 30 September 2021
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

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Auditor's Independence Declaration

As lead auditor for the audit of Aristocrat Leisure Limited for the year ended 30 September 2021, 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
18 November 2021

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Aristocrat

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Consolidated financial statements for the year ended 30 September 2021

Financial statements

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Statement of profit or loss and other comprehensive income

for the year ended 30 September 2021

Consolidated	Notes	2021 $'m	2020 $'m
Revenue	1-2	4,736.6	4,139.1
Cost of revenue		(2,276.2)	(2,182.7)
Gross profit		2,460.4	1,956.4
Other income	1-2	6.9	27.5
Design and development costs		(527.6)	(497.9)
Sales and marketing costs		(213.7)	(291.1)
General and administration costs	1-3	(652.3)	(684.1)
Finance costs		(137.8)	(151.2)
Profit before income tax		935.9	359.6
Income tax (expense)/benefit	1-4	(115.9)	1,018.1
Profit for the year		820.0	1,377.7
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations	3-3	15.9	(128.4)
Net investment in foreign operations	3-3	0.8	17.3
Changes in fair value of interest rate hedge	3-3	23.6	(8.0)
Other comprehensive income/(loss) for the year, net of tax		40.3	(119.1)
Total comprehensive income for the year		860.3	1,258.6
Earnings per share attributable to ordinary equity holders of the Company		Cents	Cents
Basic earnings per share	1-5	128.6	216.0
Diluted earnings per share	1-5	128.5	216.0

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 2021

Consolidated	Note	2021 $'m	Restated 2020 $'m
ASSETS			
Current assets			
Cash and cash equivalents		2,431.6	1,675.7
Trade and other receivables	2-1	686.3	628.8
Inventories	2-2	159.2	160.2
Other financial assets	3-2	7.0	7.1
Current tax assets		14.6	44.2
Total current assets		3,298.7	2,516.0
Non-current assets			
Trade and other receivables	2-1	171.0	120.2
Other financial assets	3-2	11.2	7.9
Property, plant and equipment	2-4	325.4	353.2
Right-of-use assets	2-5	159.2	178.3
Intangible assets	2-3	3,527.7	3,567.6
Deferred tax assets	1-4	1,178.8	1,108.9
Total non-current assets		5,373.3	5,336.1
Total assets		8,672.0	7,852.1
LIABILITIES			
Current liabilities			
Trade and other payables	2-6	838.5	646.7
Borrowings	3-1	7.0	7.0
Lease liabilities	2-5	50.1	43.3
Current tax liabilities		141.4	193.2
Provisions	2-7	46.2	53.8
Other financial liabilities	3-2	3.9	2.0
Deferred revenue		112.2	99.5
Total current liabilities		1,199.3	1,045.5
Non-current liabilities			
Trade and other payables	2-6	23.9	55.3
Borrowings	3-1	3,229.1	3,236.2
Lease liabilities	2-5	238.8	232.7
Provisions	2-7	44.6	24.3
Other financial liabilities	3-2	31.6	61.7
Deferred tax liabilities	1-4	12.4	27.9
Deferred revenue		9.5	9.3
Other liabilities		3.9	4.0
Total non-current liabilities		3,593.8	3,651.4
Total liabilities		4,793.1	4,696.9
Net assets		3,878.9	3,155.2
EQUITY			
Contributed equity	3-4	715.1	715.1
Reserves	3-3	(58.5)	(121.6)
Retained earnings	3-3	3,222.3	2,561.7
Total equity		3,878.9	3,155.2

The comparative information has been restated to be consistent with the current year presentation due to a change in accounting policy. Refer to Note 6-7 for further information.

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

Statement of changes in equity

for the year ended 30 September 2021

Consolidated	Note	Contributed equity $'m	Reserves $'m	Retained earnings $'m	Total equity $'m
Reported balance at 1 October 2019		715.1	2.6	1,425.9	2,143.6
Adjustment from change in accounting policy	6-7	-	-	(24.8)	(24.8)
Adjusted balance at 1 October 2019		715.1	2.6	1,401.1	2,118.8
Profit for the year ended 30 September 2020		-	-	1,377.7	1,377.7
Other comprehensive loss		-	(119.1)	-	(119.1)
Total comprehensive (loss)/income for the year		-	(119.1)	1,377.7	1,258.6
Transactions with owners in their capacity as owners:					
Net movement in share-based payments reserve	3-3	-	(5.1)	-	(5.1)
Dividends provided for and paid		-	-	(217.1)	(217.1)
		-	(5.1)	(217.1)	(222.2)
Balance at 30 September 2020		715.1	(121.6)	2,561.7	3,155.2
Balance at 1 October 2020		**715.1**	**(121.6)**	**2,561.7**	**3,155.2**
Profit for the year ended 30 September 2021		**-**	**-**	**820.0**	**820.0**
Other comprehensive income		**-**	**40.3**	**-**	**40.3**
Total comprehensive income for the year		**-**	**40.3**	**820.0**	**860.3**
Transactions with owners in their capacity as owners:					
Net movement in share-based payments reserve	3-3	**-**	**22.8**	**-**	**22.8**
Dividends provided for and paid*	1-6	**-**	**-**	**(159.4)**	**(159.4)**
		-	**22.8**	**(159.4)**	**(136.6)**
Balance at 30 September 2021		**715.1**	**(58.5)**	**3,222.3**	**3,878.9**

*Payment of dividends relates to the 2020 final dividend and 2021 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 2021

Consolidated	2021 $'m	Restated 2020 $'m
Cash flows from operating activities		
Receipts from customers	4,787.9	4,362.5
Payments to suppliers and employees	(3,117.6)	(3,167.0)
Other income	1.0	16.6
Interest received	4.7	6.1
Interest paid	(129.3)	(143.5)
Income tax paid	(218.3)	(56.1)
Net cash inflow from operating activities	1,328.4	1,018.6
Cash flows from investing activities		
Payments for acquisition of subsidiaries and businesses (net of cash acquired)	(78.5)	-
Payments for property, plant and equipment	(173.2)	(196.1)
Payments for intangibles	(54.5)	(47.4)
Payments for investments	(4.2)	-
Net cash outflow from investing activities	(310.4)	(243.5)
Cash flows from financing activities		
Payments for shares acquired by the employee share trust	(54.9)	(40.4)
Repayments of borrowings	(6.7)	(217.7)
Proceeds from borrowings (net of transaction costs)	-	869.3
Lease principal payments	(36.3)	(36.6)
Dividends paid	(159.4)	(217.1)
Net cash (outflow)/inflow from financing activities	(257.3)	357.5
Net increase in cash and cash equivalents	760.7	1,132.6
Cash and cash equivalents at the beginning of the year	1,675.7	568.6
Effects of exchange rate changes	(4.8)	(25.5)
Cash and cash equivalents at the end of the year	2,431.6	1,675.7

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

Reconciliation of net operating cash flows

Profit for the year	820.0	1,377.7
Non-cash items		
Depreciation and amortisation	394.2	462.5
Equity-settled share-based payments	66.2	34.4
Loss on sale and impairment of property, plant and equipment, intangibles and right-of-use assets	46.9	41.6
Net foreign currency exchange differences	39.5	(31.6)
Non-cash borrowing costs amortisation	8.5	6.4
Change in operating assets and liabilities:		
(Increase)/decrease in assets (adjusted for acquisitions of subsidiaries and businesses)		
- Receivables and deferred revenue	(87.5)	295.6
- Inventories	2.1	13.7
- Other operating assets	(19.1)	(41.6)
- Tax balances	(106.4)	(1,090.9)
Increase/(decrease) in liabilities (adjusted for acquisitions of subsidiaries and businesses)		
- Payables	142.7	(44.3)
- Provisions	21.3	(4.9)
Net cash inflow from operating activities	1,328.4	1,018.6

Depreciation and amortisation

The depreciation and amortisation amount above includes amortisation of $19.8m (2020: $23.4m) 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.

During the reporting period, the Group has continued to navigate volatility in the global operating environment as a result of the COVID-19 pandemic.

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

(a) Identification of reportable segments

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

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

- The Americas;
- Australia and New Zealand;
- International Class III; and
- Digital.

(b) Segment results

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

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

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

	The Americas $'m		Australia and New Zealand $'m		International Class III $'m		Digital $'m		Consolidated $'m	
	2021	Restated 2020	2021	Restated 2020	2021	2020	2021	2020	2021	Restated 2020
Revenue										
Segment revenue from external customers	1,824.9	1,367.6	399.8	280.6	44.9	131.4	2,467.0	2,359.5	4,736.6	4,139.1
Results										
Segment results	972.6	517.3	152.0	58.9	(9.4)	34.3	804.1	726.9	1,919.3	1,337.4
Interest revenue									5.9	8.4
Interest expense									(137.8)	(151.2)
Design and development costs									(527.6)	(497.9)
Amortisation of acquired intangibles									(128.7)	(154.9)
Expenses from significant items									(80.9)	(133.0)
Other expenses									(115.3)	(68.3)
Sundry income									1.0	19.1
Profit before income tax									935.9	359.6
Income tax (expense)/benefit									(115.9)	1,018.1
Profit for the year									820.0	1,377.7
Other segment information										
Non-current assets other than financial and deferred tax assets	1,903.1	1,932.5	171.7	161.3	40.6	51.6	2,067.9	2,073.9	4,183.3	4,219.3
Depreciation and amortisation expense	158.0	194.0	35.0	32.9	22.9	19.8	29.8	37.5	245.7	284.2

Expenses from significant items include onerous lease expenses relating to the Big Fish Seattle premises of $48.6m and contingent retention payments related to the acquisition of Plarium of $32.3m.

The amortisation of acquired intangibles amounting to $128.7m (2020:$154.9m) does not form part of segment results. The depreciation and amortisation amount above excludes amortisation of $19.8m (2020: $23.4m) that is classified as contra-revenue in the segment results.

Notes to the financial statements

Business performance (continued)

1-2 Revenues

Revenue from contracts with customers disaggregated by business:	2021 $'m	2020 $'m
Gaming operations	1,315.7	930.8
Class III outright sales and other gaming revenue	953.9	848.8
Digital	2,467.0	2,359.5
Total revenue	4,736.6	4,139.1

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	2021 $'m	2020 $'m
Interest	5.9	8.4
Sundry income	1.0	19.1
Total other income	6.9	27.5

Interest income is recognised using the effective interest method. Sundry income in 2020 includes a total of $19.0m in government grants and assistance received as a result the COVID-19 pandemic. This income is recognised in the period that the grants and assistance relate to. No Jobkeeper was received in 2021 (2020: $16.2m).

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. 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.
Digital	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 $112.2m (2020: $99.5m) expected to be recognised as revenue in the next 12 months and $9.5m ($9.3m) expected to be recognised in the 2023 and 2024 years. Deferred revenue relates to performance obligations that are not satisfied at the end of the reporting period. Within other receivables, amounts totalling $69.6m (2020: $24.4m) 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

	2021 $'m	Restated 2020 $'m
Depreciation and amortisation		
Depreciation of right-of-use assets	33.5	39.9
Property, plant and equipment		
- Buildings	0.9	0.9
- Plant and equipment	162.8	197.8
- Leasehold improvements	11.1	12.6
Total depreciation and amortisation of property, plant and equipment	174.8	211.3
Intangible assets		
- Customer relationships and contracts	43.9	50.4
- Game names	11.8	13.7
- Technology and software	77.3	94.5
- Intellectual property and licences	13.6	15.8
- Capitalised development costs	19.5	13.5
Total amortisation of intangible assets	166.1	187.9
Total depreciation and amortisation	374.4	439.1
Employee benefits expense		
Remuneration including bonuses and leave entitlements	777.6	716.2
Superannuation costs	35.7	35.3
Post-employment benefits other than superannuation	1.5	25.9
Share-based payments expense	66.2	34.4
Total employee benefits expense	881.0	811.8
General and administration costs reconciliation		
General and administration before significant expense items and amortisation of acquired intangibles	442.7	396.2
Significant expense items	80.9	133.0
Amortisation of acquired intangibles included in general and administration costs	128.7	154.9
Total general and administration costs	652.3	684.1
Other expense items		
Bad and doubtful debts expense	8.8	57.1
Write down of inventories to net realisable value	30.2	43.0
Legal costs (including significant item of $46.5m in 2020)	36.4	98.3
Net foreign exchange loss	2.3	0.9

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

	2021 $'m	Restated 2020 $'m
Major components of income tax expense/(benefit) are:		
(a) Income tax expense/(benefit)		
Current		
Current year	210.9	131.3
Adjustment for prior years	(18.5)	7.8
Deferred		
Temporary differences	(90.2)	(1,162.8)
Adjustment for prior years	13.7	5.6
Income tax expense/(benefit)	115.9	(1,018.1)
Deferred income tax (benefit) included in income tax (benefit) comprises:		
Change in net deferred tax assets	(76.5)	(1,157.2)
Deferred income tax (benefit) included in income tax expense	(76.5)	(1,157.2)
(b) Tax reconciliation		
Profit before tax	935.9	359.6
Tax at the Australian tax rate of 30% (2020: 30%)	280.8	107.9
Net impact to tax expense due to Group structure changes	(128.9)	(1,122.7)
Impact of changes in tax rates and law	1.6	24.2
Exempt income	6.6	(2.4)
Non-deductible expenses	8.5	8.4
Research and development tax credit	(5.6)	(1.2)
Difference in overseas tax rates	(42.3)	(45.7)
Adjustment in respect of previous years income tax	(4.8)	13.4
Income tax expense/(benefit)	115.9	(1,018.1)
Average effective tax rate	12.4%	(283.1%)
(c) Income tax expense/(benefit)		
Income tax expense on profit before tax	235.7	104.6
Significant item - Group structure changes	(119.8)	(1,122.7)
Income tax expense/(benefit)	115.9	(1,018.1)
(d) Amounts recognised directly in equity		
Current income tax - (debited) directly to equity	(1.1)	-
Net deferred tax - credited directly to equity	5.1	2.1
(e) Revenue and capital tax losses		
Unused gross revenue tax losses for which no deferred tax asset has been recognised	67.0	417.6
Unused gross capital tax losses for which no deferred tax asset has been recognised	204.4	204.4
Revenue and capital tax losses	271.4	622.0
Potential tax benefit	74.8	118.0

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)

(f) Deferred tax	2021 $'m	Restated 2020 $'m
Gross deferred tax assets		
Intangible assets arising from changes to Group structure	1,097.4	1,083.3
Employee benefits	61.5	37.6
Accruals and other provisions	62.2	45.0
Provision for stock obsolescence	9.2	15.1
Unrealised foreign exchange losses	5.3	4.4
Lease liabilities	79.0	55.6
Share-based equity	21.3	4.9
Financial liabilities	8.0	13.4
Other	5.5	4.2
Gross deferred tax assets	1,349.4	1,263.5
Deferred tax liabilities:		
Right-of-use assets	(33.5)	(29.2)
Plant, equipment and intangible assets	(149.5)	(153.3)
Net deferred tax assets	1,166.4	1,081.0
Movements		
Balance at the start of the year	1,081.0	(99.6)
Adjustment through opening retained earnings from change in accounting policy	-	8.9
Credited to profit or loss	76.5	1,157.2
Credited directly to equity	5.1	2.1
Reclassification from current tax provision	-	8.2
Foreign exchange currency and other movements	3.8	4.2
Balance at the end of the year	1,166.4	1,081.0

Deferred taxes

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

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

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

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

In the prior period a deferred tax asset and corresponding income tax benefit was recognised in respect of non-Australian tax deductions due to a change in the Group structure and corresponding change in the tax base of the Group's intangible assets. The potential tax benefits recognised at 30 September 2021 were $1,097.4m (30 September 2020: $1,083.3m). A further $483.6m of potential tax benefits remain unrecognised at 30 September 2021 (2020: $589.6m). The current year tax benefit to tax expense of $119.8m includes an adjustment to the previous years income tax of $9.1m.

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

Notes to the financial statements

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. 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 the prior year following a change in 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, various risk factors need to be considered, 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 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 foreign exchange rates or any regulatory or tax legislation changes may also 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, inclusive of the impacts of COVID-19 and management's best estimate of the likely impacts on future near-term profitability as a result (refer to Note 6-7).

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	2021	2020
Net profit attributable to members of Aristocrat Leisure Limited ($'m)	820.0	1,377.7
Weighted average number of ordinary shares (WANOS) used in calculating basic EPS (number)	637,400,870	637,692,570
Effect of Performance Share Rights (number)	508,245	248,365
WANOS used in calculating diluted EPS (number)	637,909,115	637,940,935
Basic EPS (cents per share)	128.6	216.0
Diluted EPS (cents per share)	128.5	216.0

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 54,207 (2020: 64,744) Performance Share Rights that had lapsed 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 1,822,899 (2020: 1,175,972) shares held in the share trust.

1-6 Dividends

Ordinary shares	2021 Final	2021 Interim	2020 Final	2020 Interim
Dividend per share (cents)	26.0c	15.0c	10.0c	-
Franking percentage (%)	100%	100%	100%	0%
Cost ($'m)	174.0	95.6	63.8	-
Payment date	17 December 2021	2 July 2021	18 December 2020	Not applicable

Franking credits

The franking account balance at 30 September 2021 was $204.9m (2020: $116.0m).

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 2021 dividend had not been declared at the reporting date and therefore is not reflected in the financial statements.

Dividends not recognised at year end

Since the end of the year, the Directors have recommended the payment of a final dividend of 26.0 cents (2020: 10.0 cents) per fully paid ordinary share, franked at 100%. The aggregate amount of the proposed final dividend expected to be paid on 17 December 2021 out of retained earnings at 30 September 2021, but not recognised as a liability at the end of the year is $174.0m.

Notes to the 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

	2021 $'m	Restated 2020 $'m
Current		
Trade receivables	637.9	593.7
Provision for impairment	(63.2)	(63.8)
Loan receivables	7.8	4.0
Other receivables	103.8	94.9
Total current receivables	686.3	628.8
Non-current		
Trade receivables	85.5	73.1
Loan receivables	7.8	8.4
Other receivables	77.7	38.7
Total non-current receivables	171.0	120.2
Movements in the provision:		
At the start of the year	(63.8)	(12.2)
Provisions recognised during the year	(1.3)	(52.8)
Foreign currency exchange differences	0.1	0.5
Provisions no longer required	1.8	0.7
At the end of the year	(63.2)	(63.8)

The provision includes $61.3m (2020: $57.3m) of trade receivables past due and considered impaired. Included in the provision is $31.8m (2020: $28.1m) relating to Latin America trade receivables.

	2021 $'m	2020 $'m
Trade receivables past due but not impaired		
Under 3 months	32.3	43.1
3 months and over	-	11.8
Total receivables past due but not impaired	32.3	54.9

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. This forward looking information includes the expected impacts of COVID-19 on collections.

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.

Other receivables were impacted by a change in accounting policy, including a restatement of the comparatives. Refer to Note 6-7.

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, including the expected impact of the COVID-19 pandemic.

Notes to the financial statements

Operating assets and liabilities (continued)

2-2 Inventories

	2021 $'m	2020 $'m
Current		
Raw materials and stores	178.3	164.5
Work in progress	25.7	21.1
Finished goods	48.0	40.9
Provision for obsolescence and impairment	(92.8)	(66.3)
Total inventories	159.2	160.2

Inventory expense

Inventories recognised as an expense for sales during the year ended 30 September 2021 amounted to $303.0m (2020: $288.9m).

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.

The COVID-19 pandemic has reduced opportunities for selling products into some of the markets that the Group operates in as well as impacting the supply chain. The carrying value of inventory reflects best estimates of the conditions of markets in which the Group operates.

Notes to the financial statements

Operating assets and liabilities (continued)

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
						Restated	Restated
Cost	2,754.9	702.4	157.5	98.3	89.6	618.0	4,420.7
Accumulated amortisation	-	(287.1)	(39.3)	(60.4)	(41.5)	(424.8)	(853.1)
Net carrying amount	2,754.9	415.3	118.2	37.9	48.1	193.2	3,567.6
Carrying amount at 1 October 2019	2,923.1	491.5	139.2	49.8	46.7	295.6	3,945.9
Additions	-	-	-	5.6	17.2	2.7	25.5
Transfers	-	-	-	1.0	(1.6)	1.5	0.9
Disposals	-	-	-	-	-	(0.3)	(0.3)
Amortisation charge	-	(50.4)	(13.7)	(15.8)	(13.5)	(94.5)	(187.9)
Foreign currency exchange movements	(168.2)	(25.8)	(7.3)	(2.7)	(0.7)	(11.8)	(216.5)
Carrying amount at 30 September 2020	2,754.9	415.3	118.2	37.9	48.1	193.2	3,567.6
Cost	2,825.0	700.4	157.0	96.9	105.1	663.0	4,547.4
Accumulated amortisation	-	(332.0)	(51.5)	(74.3)	(61.1)	(500.8)	(1,019.7)
Net carrying amount	2,825.0	368.4	105.5	22.6	44.0	162.2	3,527.7
Carrying amount at 1 October 2020	2,754.9	415.3	118.2	37.9	48.1	193.2	3,567.6
Additions	-	-	-	9.6	15.5	19.2	44.3
Additions on acquisition of subsidiaries	77.8	-	-	-	-	33.2	111.0
Disposals	-	-	-	-	-	(3.0)	(3.0)
Impairment losses	-	-	-	(11.0)	-	-	(11.0)
Amortisation charge	-	(43.9)	(11.8)	(13.6)	(19.5)	(77.3)	(166.1)
Foreign currency exchange movements	(7.7)	(3.0)	(0.9)	(0.3)	(0.1)	(3.1)	(15.1)
Carrying amount at 30 September 2021	2,825.0	368.4	105.5	22.6	44.0	162.2	3,527.7

Intangible assets	Useful life	Amortisation method	Recognition and measurement
Goodwill	Indefinite	Not amortised	Goodwill acquired in a business combination is measured at cost and subsequently measured at cost less any impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired.
Customer relationships and contracts	Up to 15 years	Straight line	Customer relationships and contracts acquired in business combinations are carried at cost less accumulated amortisation and any accumulated impairment losses. The remaining useful life of the customer relationships and contracts assets is 8 years.
Tradenames	Indefinite	Not amortised	The tradenames were acquired as part of business combinations and recognised at fair value at the dates of acquisition. These have an indefinite life so are not amortised, but rather tested for impairment at each reporting date. The factors that determined that this asset has an indefinite useful life included the history of the business and tradename, the market position, stability of the industry and the expected usage.
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 8 years	Straight line	Intellectual property and licences are carried at cost less accumulated amortisation and impairment losses.
Capitalised development costs	Up to 4 years	Straight line	Capitalised development costs are costs incurred on internal development projects. Development costs are only capitalised when they relate to the creation of an asset that can be used or sold to generate benefits and can be reliably measured.
Technology and software	Up to 7 years	Straight line	Technology and software is carried at cost less accumulated amortisation and impairment losses. Technology and software acquired through business combinations is measured at the fair value at acquisition date and is subsequently amortised.

Technology and software assets were impacted by a change in accounting policy, including a restatement of the comparatives. Refer to Note 6-7.

Notes to the financial statements

Operating assets and liabilities (continued)

2-3 Intangible assets (continued)

(a) Impairment tests

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

A summary of the goodwill allocation by CGU is presented below:	2021 $'m	2020 $'m
Americas segment		
Americas (excluding VGT)	102.4	102.8
VGT	958.5	961.2
Digital segment		
Product Madness	38.5	25.0
Big Fish	1,128.8	1,132.1
Plarium	594.6	533.8
Other	2.2	-
Total goodwill at the end of the year	2,825.0	2,754.9

The VGT CGU also includes $17.3m and the Big Fish CGU $43.9m 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 2022 and management projections from 2023 to 2026. 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, including the impact of COVID-19, have been taken into account in the projections.		
Pre-tax annual discount rate		**2021**	2020
	Americas (excluding VGT)	11.2%	9.7%
	VGT	10.8%	9.1%
	Product Madness	10.8%	9.5%
	Big Fish	11.6%	10.8%
	Plarium	11.5%	10.6%
Terminal growth rate		**2021**	2020
	Americas (excluding VGT)	2.0%	2.0%
	VGT	2.0%	2.0%
	Product Madness	3.0%	3.0%
	Big Fish	3.0%	3.0%
	Plarium	3.0%	3.0%
Allocation of head office assets	The Group's head office assets do not generate separate cash inflows and are utilised by more than one CGU. Head office assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the head office assets are allocated.		

(c) Impact of possible changes in key assumptions

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

For Plarium and Big Fish, growth in Digital businesses is dependent on the success of existing games and those that are being developed or will be developed in future periods. Assumptions do not include all games developed being successful.

Key judgements and estimates: Recoverable amount of intangible assets

The Group tests annually whether goodwill and other intangible assets that are not amortised have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. The above note details these assumptions and the potential impact of changes to the assumptions. Refer to Note 6-7 for further information on the preparation of forecasts and the impact of the COVID-19 pandemic.

Judgement is also required in relation to the useful life of intangible assets.

Notes to the financial statements

Operating assets and liabilities (continued)

2-4 Property, plant and equipment

	Land and buildings $'m		Leasehold improvements $'m		Plant and equipment $'m		Total $'m	
	2021	2020	2021	2020	2021	2020	2021	2020
Cost	31.2	31.3	132.9	141.0	1,043.6	959.8	1,207.7	1,132.1
Accumulated depreciation/amortisation	(17.8)	(17.0)	(63.5)	(51.6)	(801.0)	(710.3)	(882.3)	(778.9)
Net carrying amount	13.4	14.3	69.4	89.4	242.6	249.5	325.4	353.2
Carrying amount at the start of the year	14.3	13.9	89.4	90.7	249.5	326.6	353.2	431.2
Additions	-	1.9	0.4	27.4	178.6	170.1	179.0	199.4
Disposals	-	-	-	(0.8)	(8.5)	(7.1)	(8.5)	(7.9)
Impairment losses	-	-	(8.5)	(8.2)	(0.4)	-	(8.9)	(8.2)
Transfers*	-	-	-	-	(3.4)	(25.8)	(3.4)	(25.8)
Depreciation and amortisation	(0.9)	(0.9)	(11.1)	(12.6)	(162.8)	(197.8)	(174.8)	(211.3)
Foreign currency exchange differences	-	(0.6)	(0.8)	(7.1)	(10.4)	(16.5)	(11.2)	(24.2)
Carrying amount at the end of the year	13.4	14.3	69.4	89.4	242.6	249.5	325.4	353.2

*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' 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:

	2021 $'m	2020 $'m
Right-of-use assets		
Property	155.9	173.4
Motor vehicles	3.2	4.0
Equipment	0.1	0.9
Total right-of-use assets	159.2	178.3
Lease liabilities		
Current	50.1	43.3
Non-current	238.8	232.7
Total lease liabilities	288.9	276.0

Additions to the right-of-use assets were $30.1m (2020: $27.4m), and an impairment of $17.9m was recognised in 2021 (2020: $20.4m). The impairment charges relate to a property lease that is not expected to be able to be fully utilised and will be made available to be sub-leased. The impairment charge and related onerous lease provision is subject to estimates of sub-leasing income. This includes estimates of rental rates that the property will be able to be sub-leased at, and the time required to locate a tenant. These estimates are subject to change based on the latest available information in future reporting periods.

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:

	2021 $'m	2020 $'m
Depreciation charge for right-of-use assets		
Property	31.1	36.4
Motor vehicles	2.0	2.5
Equipment	0.4	1.0
Total depreciation of right-of-use assets	33.5	39.9
Interest expense (included in finance costs)	13.8	14.9
Expense relating to short-term leases	2.7	2.1
Expense related to lease of low-value assets that are not shown as short term leases	0.1	0.2
Expense relating to variable lease payments not included in lease liabilities	-	0.2

The total cash out flow for leases was $52.9m (2020: $54.0m).

(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 $21.9m (2020: $35.5m) 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.

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

	2021 $'m	2020 $'m
Current		
Trade payables	150.7	121.2
Accrued expenses	687.8	525.5
Total current payables	838.5	646.7
Non-current		
Accrued expenses	23.9	55.3
Total non-current payables	23.9	55.3

Recognition and measurement

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

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

2-7 Provisions

	Employee benefits $'m		Make good allowances $'m		Progressive jackpot liabilities $'m		Onerous lease and other provisions $'m		Total $'m	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Current	21.6	22.1	0.8	0.4	19.9	26.3	3.9	5.0	46.2	53.8
Non-current	2.3	1.9	6.3	6.2	2.1	2.5	33.9	13.7	44.6	24.3
Carrying amount at the end of the year	23.9	24.0	7.1	6.6	22.0	28.8	37.8	18.7	90.8	78.1

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	
	2021	2020	2021	2020	2021	2020
Carrying amount at the start of the year	6.6	6.2	28.8	38.1	18.7	23.7
Payments	-	-	(75.1)	(43.4)	(2.7)	(0.4)
Additional provisions recognised	0.5	0.4	68.2	36.3	21.8	14.0
Transfers to right-of-use assets	-	-	-	-	-	(17.9)
Foreign currency exchange differences	-	-	0.1	(2.2)	-	(0.7)
Carrying amount at the end of the year	7.1	6.6	22.0	28.8	37.8	18.7

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.

Notes to the financial statements

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

	2021 $'m	2020 $'m
Current		
Secured		
Bank loans	7.0	7.0
Total current borrowings	7.0	7.0
Non-current		
Secured		
Bank loans	3,229.1	3,236.2
Total non-current borrowings	3,229.1	3,236.2

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	2021 $'m		2020 $'m	
Total facilities		Total	Unused	Total	Unused
- Bank overdrafts	(i)	7.8	7.8	7.8	7.8
- Bank loans	(ii)	3,512.9	276.8	3,520.2	277.0
Total facilities		3,520.7	284.6	3,528.0	284.8

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

(ii) Syndicated loan facilities:

- US$1,850.0 million US Term Loan B debt facility maturing 19 October 2024.
- US$493.8 million Incremental US Term Loan B debt facility maturing 19 October 2024.
- A$286 million Revolving facility maturing 22 July 2024.

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 facilities, the Group is subject to certain customary financial covenants measured on a six-monthly basis. The Group was in compliance with all facility covenants.

Borrowings under the US$1,850.0 million US Term Loan B debt facility are currently priced at a floating rate of LIBOR plus a fixed credit margin as specified in the relevant Credit Agreement. A portion of the interest rate exposure has been fixed under separate interest rate swap arrangements.

Borrowings made under the US$493.8 million Incremental Term Loan B facility are currently priced at a 1% LIBOR floor plus a fixed credit margin as specified in the relevant Credit Agreement.

Approximately 38% of interest rate exposures on borrowings is fixed with hedging out to October 2022.

3-2 Other financial assets and financial liabilities

	2021 $'m	2020 $'m
Financial assets		
Current		
Debt securities held-to-maturity	7.0	6.7
Derivatives used for hedging	-	0.4
Total current financial assets	7.0	7.1
Non-current		
Debt securities held-to-maturity	4.3	4.8
Convertible bond	3.5	2.1
Other investments	3.4	1.0
Total non-current financial assets	11.2	7.9
Financial liabilities		
Current		
Interest rate swap contracts - cash flow hedges	1.7	2.0
Derivatives used for hedging	2.2	-
Total current financial liabilities	3.9	2.0
Non-current		
Interest rate swap contracts - cash flow hedges	31.6	61.7
Total non-current financial liabilities	31.6	61.7

(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.

Notes to the financial statements

Capital and financial structure (continued)

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

(d) Derivatives and hedging (continued)

Cash flow hedges

The Group designates interest rate swap contracts as hedges of interest rate risk associated with floating interest cash flows of borrowings drawn under Term Loan 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 38% (2020 – 48%) of the Term Loan B facility outstanding. The fixed interest rates of the swaps range between 2.68% and 2.73% (2020: 2.71% and 2.75%) and the floating rate of the borrowings at the end of the reporting period was 0.13% (2020: 0.27%). 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:

	2021	2020
Carrying amount - liabilities ($'m)	(33.3)	(63.7)
Notional amount in US$'m	900.0	1,132.8
Maturity dates	2021 - 2022	2021 - 2022
Hedge ratio	1:1	1:1
Change in fair value of interest rate hedges since 1 October ($'m)	30.4	(15.4)
Weighted average hedged rate for the year	2.70%	2.72%

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 2019	1,425.9	139.2	(79.5)	(50.0)	(7.1)	2.6
Adjustment from change in accounting policy (refer to Note 6-7)	(24.8)	-	-	-	-	-
Adjusted balance at 1 October 2019	1,401.1	139.2	(79.5)	(50.0)	(7.1)	2.6
Profit for the year	1,377.7	-	-	-	-	-
Currency translation differences	-	(128.4)	-	-	-	(128.4)
Net investment in foreign operations	-	17.3	-	-	-	17.3
Movement in fair value of interest rate hedges	-	-	-	(8.0)	-	(8.0)
Total comprehensive income/(loss) for the year	1,377.7	(111.1)	-	(8.0)	-	(119.1)
Transactions with owners in their capacity as owners						
Dividends paid or provided for	(217.1)	-	-	-	-	-
Share-based payments expense	-	-	34.4	-	-	34.4
Issues of shares to and purchases of shares by the Aristocrat Employee Share Trust	-	-	(40.4)	-	-	(40.4)
Share-based tax and other adjustments	-	-	0.9	-	-	0.9
Balance at 30 September 2020	2,561.7	28.1	(84.6)	(58.0)	(7.1)	(121.6)
Balance at 1 October 2020	2,561.7	28.1	(84.6)	(58.0)	(7.1)	(121.6)
Profit for the year	820.0	-	-	-	-	-
Currency translation differences	-	15.9	-	-	-	15.9
Net investment in foreign operations	-	0.8	-	-	-	0.8
Movement in fair value of interest rate hedges	-	-	-	23.6	-	23.6
Total comprehensive income for the year	820.0	16.7	-	23.6	-	40.3
Transactions with owners in their capacity as owners						
Dividends paid or provided for	(159.4)	-	-	-	-	-
Share-based payments expense	-	-	66.2	-	-	66.2
Issues of shares to and purchases of shares by the Aristocrat Employee Share Trust	-	-	(54.9)	-	-	(54.9)
Share-based tax and other adjustments	-	-	11.5	-	-	11.5
Balance at 30 September 2021	3,222.3	44.8	(61.8)	(34.4)	(7.1)	(58.5)

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		$'m	
	2021	2020	2021	2020
Ordinary shares, fully paid	638,544,150	638,544,150	715.1	715.1
Movements in ordinary share capital				
Ordinary shares at the beginning of the year	638,544,150	638,544,150	715.1	715.1
Shares issued during the year	-	-	-	-
Ordinary shares at the end of the financial year	638,544,150	638,544,150	715.1	715.1

Ordinary shares

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

Recognition and measurement

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

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

3-5 Net tangible assets/(liabilities) per share

	2021 $	Restated 2020 $
Net tangible assets/(liabilities) per share	0.30	(0.93)

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 2021 were $6.07 (2020: $4.94).

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:

	2021	2020
Gross debt/bank EBITDA*	2.0x	2.9x
Net debt/(cash)/bank EBITDA*	0.5x	1.4x
Interest coverage ratio (bank EBITDA*/interest expense**)	14.6x	8.8x

* 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.

Notes to the financial statements

Capital and financial structure (continued)

3-6 Capital and financial risk management (continued)

Risk	Exposure arising from	Measurement	Management
Market risk: Interest rate	Floating rate borrowings drawn under a Term Loan B facility	Sensitivity analysis	- Use of floating to fixed 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

At 30 September 2021, US$203.2m (2020: $203.2m) of the US Term Loan B debt facility shown in Note 3-1 that is held within an Australian company has been 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 at the end of the reporting period are 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 are 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.

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	
	2021	Restated 2020	2021	2020	2021	2020	2021	2020	2021	2020
Financial assets										
Cash and cash equivalents	2,431.6	1,675.7	(2.7)	(2.7)	24.2	16.8	0.1	0.5	(0.1)	(0.4)
Receivables	857.3	749.0	-	-	-	-	8.3	7.4	(6.8)	(6.0)
Debt securities held-to-maturity	11.3	11.5	(0.1)	(0.1)	0.1	0.1	-	-	-	-
Convertible bond and other investments	6.9	3.1	(0.1)	-	0.1	-	-	-	-	-
Financial liabilities										
Payables	862.4	702.0	-	-	-	-	(4.3)	(3.4)	3.5	2.8
Borrowings	3,236.1	3,243.2	4.4	7.6	(32.6)	(32.8)	-	-	-	-
Lease liabilities	288.9	276.0	-	-	-	-	-	-	-	-
Progressive jackpot liabilities	22.0	28.8	0.2	0.3	(0.2)	(0.3)	-	-	-	-
Total increase/(decrease)			1.7	5.1	(8.4)	(16.2)	4.1	4.5	(3.4)	(3.6)

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 $12.5m (2020:$25.3m) increase in the fair value of swap contracts held at year end. A 1% decrease would cause a $12.7m (2020: $25.9m) decrease in the fair value of swaps held at year-end.

Notes to the financial statements

Capital and financial structure (continued)

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Non-derivatives										
Trade payables	150.7	121.2	-	-	-	-	150.7	121.2	150.7	121.2
Accrued expenses	687.8	525.5	23.9	55.3	-	-	711.7	580.8	711.7	580.8
Borrowings	7.0	7.0	3,229.1	3,236.2	-	-	3,236.1	3,243.2	3,236.1	3,243.2
Borrowings - interest payments	82.0	85.2	157.0	256.0	-	-	239.0	341.2	-	-
Lease liabilities	51.2	47.0	158.7	132.2	146.8	166.2	356.7	345.4	288.9	276.0
Progressive jackpot liabilities	19.9	26.3	1.1	1.5	1.0	1.0	22.0	28.8	22.0	28.8
Total non-derivatives	998.6	812.2	3,569.8	3,681.2	147.8	167.2	4,716.2	4,660.6	4,409.4	4,250.0
Derivatives										
Net settled (interest rate swaps)	1.7	2.0	31.6	61.7	-	-	33.3	63.7	33.3	63.7
Gross settled (forward foreign exchange contracts)										
- (inflow)	(205.8)	(15.7)	-	-	-	-	(205.8)	(15.7)	(205.8)	(15.7)
- outflow	208.0	15.3	-	-	-	-	208.0	15.3	208.0	15.3
Total outflow/(inflow)	2.2	(0.4)	-	-	-	-	2.2	(0.4)	2.2	(0.4)
Total derivatives	3.9	1.6	31.6	61.7	-	-	35.5	63.3	35.5	63.3

(c) Foreign currency risk

The carrying amounts of the Group's current and non-current receivables are denominated in the following currencies:	2021 $'m	Restated 2020 $'m
US dollars	608.4	527.4
Australian dollars	171.6	150.5
Other[1]	77.3	71.1
Total carrying amount	857.3	749.0

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

US dollars	665.8	537.2
Australian dollars	142.5	121.3
Other[1]	54.1	43.5
Total carrying amount	862.4	702.0

(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:

	2021 $'m	2020 $'m
Trade receivables with guarantees	11.5	13.6
Trade receivables without guarantees	648.7	589.4
Total trade receivables	660.2	603.0

Notes to the financial statements

Capital and financial structure (continued)

3-6 Capital and financial risk management (continued)

(e) Forward exchange contracts

The Group enters into derivatives in the form of forward exchange contracts to hedge foreign currency denominated receivables and also to manage the purchase of foreign currency denominated inventory and capital items. The following table provides information as at 30 September 2021 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] 1 to 7 year(s) $'m	Net fair value gain/(loss)[2] $'m
AUD/EUR	0.6261	12.6	-	(0.1)
AUD/USD	0.7309	188.8	-	(1.9)
AUD/ZAR	11.8854	1.6	-	(0.2)
AUD/NZD	1.0465	2.8	-	-
Total		205.8	-	(2.2)

(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	
	2021	2020	2021	2020	2021	2020	2021	2020
Assets								
Convertible bond	-	-	3.5	2.1	-	-	3.5	2.1
Derivatives used for hedging	-	-	-	0.4	-	-	-	0.4
Total assets at the end of the year	-	-	3.5	2.5	-	-	3.5	2.5
Liabilities								
Interest rate swap contracts	-	-	33.3	63.7	-	-	33.3	63.7
Derivatives used for hedging	-	-	2.2	-	-	-	2.2	-
Contingent consideration	-	-	-	-	20.4	-	20.4	-
Total liabilities at the end of the year	-	-	35.5	63.7	20.4	-	55.9	63.7

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

There were no transfers between levels in the fair value hierarchy and no changes to the valuation techniques applied since 30 September 2020. 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.

Net debt	2021 $'m	2020 $'m
Cash and cash equivalents	2,431.6	1,675.7
Current borrowings	(7.0)	(7.0)
Non-current borrowings	(3,229.1)	(3,236.2)
Net debt	(804.5)	(1,567.5)
Net debt - opening balance	(1,567.5)	(2,223.7)
Net increase in cash per cash flow statement	760.7	1,132.6
Debt repayments	6.7	217.7
Proceeds from borrowings	-	(869.3)
Amortisation of borrowing costs	(8.5)	(6.4)
Foreign exchange movements	4.1	181.6
Net debt - end of year	(804.5)	(1,567.5)

Notes to the financial statements

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

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

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

4-2 Business combinations

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

Based on provisional accounting, the acquisition price for Futureplay was $87.0m and Playsoft $15.7m. Goodwill of $62.3m for Futureplay and $13.3m for Playsoft was recognised. The acquisition price for Futureplay includes fixed consideration of $66.1m and an earn-out estimate of $20.4m.

These acquisitions did not have a significant impact on the results for the year ended 30 September 2021.

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

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. During the year ended 30 September 2021, 4 Executives (2020: 4 Executives) were designated as key management personnel.

	2021 $	2020 $
Short-term employee benefits	11,906,041	6,108,715
Post-employment benefits	98,527	105,090
Long-term benefits	53,726	35,969
Share-based payments	15,315,139	6,984,382
Key management personnel compensation	27,373,433	13,234,156

Detailed remuneration disclosures are provided in the remuneration report.

5-2 Share-based payments

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

Plan	Description	Share rights outstanding at the end of the year
Performance Share Plan ("PSP")	A long-term employee share scheme that provides for eligible employees to be offered conditional entitlements to fully paid ordinary shares in the parent entity ('Performance Share Rights'). Performance Share Rights issued under the PSP are identical in all respects other than performance conditions and periods.	1,367,693 (2020: 1,312,437)
Key Employee Equity Program	Certain eligible employees are offered incentives of share rights that are based on individual performance, subject to continued employment for two years. These rights are subject to the respective employees remaining with the Group until October 2021.	673,795 (2020: 1,059,153)
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 until October 2021, October 2022, and October 2023.	1,246,908 (2020: Nil)
Deferred Short-Term Incentive Plan	Upon the vesting of short-term incentives, Executives receive the incentives as 50% cash, with 50% deferred as Performance Share Rights.	36,405 (2020: 107,798)
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.	1,430,457 (2020: 669,770)

Notes to the financial statements

Employee benefits (continued)

5-2 Share-based payments (continued)

(a) Share-based payments expense

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

	2021 $'m	2020 $'m
Performance Share Plan	9.9	9.5
Key Employee Equity Program	10.2	15.7
Aristocrat Equity Scheme Offer	20.3	-
Deferred Short-Term Incentive Plan	0.7	1.9
Special grants	25.1	7.3
Total share-based payments expense	66.2	34.4

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.

The market value of shares issued to employees for no cash consideration under the General Employee Share Plan is recognised as an employee benefits expense with a corresponding increase in reserves.

(b) Performance Share Plan ('PSP')

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 2021 and 30 September 2020 are as follows:

Timing of grant of rights	Performance period start date	Performance period expiry date	Performance condition	Accounting valuation date	Accounting valuation ($)
2021 financial year	1 October 2020	30 September 2023	TSR	16 April 2021	25.78
			EPSG		35.69
			Individual performance		35.69
2020 financial year	1 October 2019	30 September 2022	TSR	29 January 2020	23.88
			EPSG		34.19
			Individual performance		34.19
			TSR	20 February 2020	26.56
			EPSG		36.17
			Individual performance		36.17

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 2021 and year ended 30 September 2020 included:

Input	Consideration		
Share rights granted	Zero consideration and have a three year life.		
	2021	2020	
Grant date	16 April 2021	29 January 2020	20 February 2020
Share price at grant date	$37.12	$35.74	$37.69
Price volatility of Company's shares	40.1%	25.4%	25.5%
Dividend yield	1.5%	1.6%	1.5%
Risk-free interest rate	0.3%	0.7%	0.7%

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.

Notes to the financial statements
Employee benefits (continued)

5-2 Share-based payments (continued)

Performance Share Rights are detailed in the tables below:

Consolidated - 2021

Grant date	Performance period expiry date	Rights at start of year Number	New rights issues Number	Rights vested Number	Rights lapsed Number	Rights at end of year Number
27 April 2018	30 September 2020	324,993	-	(223,414)	(101,579)	-
22 March 2019	30 September 2021	333,346	-	-	(34,803)	298,543
29 January 2020	30 September 2022	508,785	-	-	(53,007)	455,778
20 February 2020		145,313	-	-	-	145,313
16 April 2021	30 September 2023	-	468,059	-	-	468,059
		1,312,437	**468,059**	**(223,414)**	**(189,389)**	**1,367,693**

Consolidated - 2020

Grant date	Performance period expiry date	Rights at start of year Number	New rights issues Number	Rights vested Number	Rights lapsed Number	Rights at end of year Number
28 March 2017	30 September 2019	216,672	-	(216,672)	-	-
27 April 2018	30 September 2020	415,180	-	-	(90,187)	324,993
22 March 2019	30 September 2021	441,250	-	-	(107,904)	333,346
29 January 2020	30 September 2022	-	603,849	-	(95,064)	508,785
20 February 2020		-	145,313	-	-	145,313
		1,073,102	**749,162**	**(216,672)**	**(293,155)**	**1,312,437**

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

	2021 $'m	2020 $'m
(a) Commitments		
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities:		
Property, plant and equipment	6.1	0.9

(b) Contingent liabilities

The Group and parent entity may have contingent liabilities at 30 September 2021 in respect of the following matters:

(i) a contingent liability may exist in relation to certain guarantees and indemnities given in the ordinary course of business by the Group;

(ii) controlled entities within the Group are and become parties to various legal actions in the ordinary course of business and from time to time. The Directors consider that any liabilities arising from this type of legal action are unlikely to have a material adverse effect on the Group;

(iii) controlled entities within the Group may become parties to various legal actions concerning intellectual property claims. Intellectual property claims can include challenges to the Group's patents on various products or processes and/or assertions of infringement of third party patents.

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

(iv) Aristocrat Leisure Limited, Aristocrat International Pty Ltd, Aristocrat Technologies Australia Pty Ltd, Aristocrat (Holdings) Pty Limited, Aristocrat (Asia) Pty Limited, Aristocrat (Macau) Pty Limited, Aristocrat Technologies Holdings Pty Limited, System 7000 Pty Limited and Aristocrat Technical Services Pty Limited are parties to a deed of cross guarantee which has been lodged with and approved by the Australian Securities & Investments Commission as discussed in Note 6-6.

Notes to the financial statements

Other disclosures (continued)

6-2 Events occurring after reporting date

In October 2021 the Group announced the proposed acquisition of Playtech plc by way of a scheme of arrangement for an equity value of $3.9 billion and estimated enterprise value of $5.0 billion. An equity raising of $1.3 billion was also announced to assist in funding the proposed acquisition, which has been successfully completed with 31,079,144 new shares issued. Playtech plc is a leading global gambling software and content supplier registered in the Isle of Man. The proposed acquisition is subject to conditions, including regulatory approvals and Playtech plc obtaining shareholder approval.

Other than the above, 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:

	2021	2020
Audit or review of financial reports	$	$
Australia	1,327,507	1,607,806
Overseas	2,268,492	2,473,131
Total remuneration for audit/review services	3,595,999	4,080,937
Tax and advisory services		
Australia	-	111,437
Overseas	146,450	945,040
Total remuneration for advisory services	146,450	1,056,477

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:

	2021	2020
	$'m	$'m
Balance sheet		
Current assets	42.0	78.1
Total assets	12,224.3	12,356.9
Current liabilities	36.4	173.0
Total liabilities	36.4	173.0
Net assets	12,187.9	12,183.9
Shareholders' equity		
Contributed equity	715.1	715.1
Reserves	284.9	218.7
Retained profits	11,187.9	11,250.1
Total equity	12,187.9	12,183.9
Profit for the year after tax	97.4	206.0
Total comprehensive income after tax	97.4	206.0

(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
- 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:

	2021 $'m	Restated 2020 $'m
Revenue	359.5	255.1
Other income from related parties	447.6	145.6
Other income from non-related parties	1.3	2.8
Cost of revenue and other expenses	(214.2)	(139.3)
Employee benefits expense	(188.0)	(151.2)
Finance costs	(9.5)	(12.7)
Depreciation and amortisation expense	(34.6)	(32.5)
Profit before income tax	362.1	67.8
Income tax expense	(101.6)	(39.9)
Profit for the year	260.5	27.9
Other comprehensive income		
Changes in fair value of interest rate hedge	0.2	1.3
Other comprehensive income net of tax	0.2	1.3
Total comprehensive income for the year	260.7	29.2

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

Retained earnings at the beginning of the financial year	814.0	1,025.1
Adjustment through opening retained earnings for change in accounting policy	-	(21.9)
Profit for the year	260.5	27.9
Dividends paid	(159.4)	(217.1)
Retained earnings at the end of the financial year	915.1	814.0

6-6 Deed of cross guarantee (continued)

Set out below is the balance sheet of the Closed Group:	2021 $'m	Restated 2020 $'m
Current assets		
Cash and cash equivalents	72.9	101.0
Trade and other receivables	99.3	79.3
Inventories	43.0	33.2
Other financial assets	-	0.4
Total current assets	215.2	213.9
Non-current assets		
Trade and other receivables	256.0	189.5
Investments	1,378.3	1,375.8
Property, plant and equipment	22.6	26.0
Right-of-use assets	24.8	9.7
Deferred tax assets	77.6	57.9
Intangible assets	51.3	55.6
Total non-current assets	1,810.6	1,714.5
Total assets	2,025.8	1,928.4
Current liabilities		
Trade and other payables	199.1	142.1
Lease liabilities	11.1	7.4
Current tax liabilities	116.5	171.0
Provisions	15.3	13.7
Deferred revenue and other liabilities	18.5	8.4
Total current liabilities	360.5	342.6
Non-current liabilities		
Borrowings	281.0	280.7
Lease liabilities	28.0	4.7
Provisions	8.3	8.0
Deferred revenue and other liabilities	7.2	5.9
Total non-current liabilities	324.5	299.3
Total liabilities	685.0	641.9
Net assets	1,340.8	1,286.5
Equity		
Contributed equity	715.1	715.1
Reserves	(289.4)	(242.6)
Retained earnings	915.1	814.0
Total equity	1,340.8	1,286.5

Notes to the financial statements

Other disclosures (continued)

6-7 Basis of preparation

Corporate information

Aristocrat Leisure Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of Aristocrat Leisure Limited and its subsidiaries (together referred to as the Group). A description of the nature of the Group's operations and its principal activities is included in the Directors' Report and the Operating and Financial Review. The financial report was authorised for issue in accordance with a resolution of Directors on 18 November 2021.

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. Refer below for changes in relation to cloud computing software. Comparative information is reclassified where appropriate to enhance comparability. The financial statements have been prepared on a going concern basis.

Significant assumptions relating to the impact of COVID-19

The Group continues to navigate volatility in the global operating environment as a result of COVID-19. Most of the Group's Gaming customers have been operating throughout the year and the Digital businesses remain largely unaffected by COVID-19. The magnitude and length of time of the disruption to the Group requires continual assessment, and as a result, there continues to be estimation uncertainty when preparing the financial statements. Based on the best information available at this time the Directors consider the most significant assumptions that underpin forecast estimations, over management's five year projection period, when preparing the financial statements are:

- a rebound in consumer confidence in key gaming markets with the easing on lockdown restrictions;
- continued elevated demand for digital entertainment options; and
- that the recovery stage for the business from COVID-19 is not impacted by further significant closures of customer venues.

The key judgements and estimates that could be impacted if actual outcomes are different to these forecasts are:

- The recoverability of receivables;
- The saleability of inventories;
- Considerations of impairment of intangible assets; and
- The recoverability of deferred tax assets.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of Aristocrat Leisure Limited (the Company) and its subsidiaries as at 30 September 2021.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised gains have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has a trust to administer the Group's employee share scheme. This trust is consolidated as it is controlled by the Group.

6-7 Basis of preparation (continued)

Foreign currency

The consolidated financial statements are presented in Australian dollars. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The results and financial position of foreign operations are translated into Australian dollars at the reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date
Reserves	Historical date

Foreign exchange gains and losses resulting from translation are recognised in the statement of profit or loss, except for qualifying cash flow hedges which are deferred to equity.

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to the profit or loss on disposal of the foreign operation.

New accounting standards and interpretations

The Group adopted all relevant new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board which are effective for annual reporting periods beginning on or after 1 October 2020. The impact of these new standards and interpretations is set out below:

IFRIC agenda decision relating to Software-as-a-Service (SaaS) arrangements

In April 2021, the IFRS Interpretations Committee (IFRIC) issued an agenda decision on configuration and customisation costs in a cloud computing arrangement. The decision clarifies the accounting treatment for SaaS arrangements, including whether configuration and customisation costs relating to cloud computing arrangements is able to be recognised as an intangible asset, and if not over what time period the costs are expensed. SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Where costs incurred are for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems and meets the recognition criteria, it is capitalised as an intangible asset.

Financial impact of changes in accounting policy

During the year ended 30 September 2021, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements with cloud providers. The change has been applied retrospectively and impacted the comparatives of the Group as follows:

- a decrease in retained earnings as at 1 October 2019 of $24.8m
- a decrease in intangible assets as at 30 September 2020 of $56.2m
- an increase in other receivables as at 30 September 2020 of $22.5m ($4.2m as current, and $18.3m as non-current)
- an increase in deferred tax assets as at 30 September 2020 of $8.9m
- a decrease in amortisation expenses for the year ended 30 September 2020 of $10.5m, with an offsetting increase in other operating expenses
- a decrease in operating cashflow by $4.3m, with an offsetting reduction in the outflow from investing activities.

Where relevant, comparative information has been restated throughout the financial statements.

Directors' declaration

for the year ended 30 September 2021

In the Directors' opinion:

(a) the financial statements and notes set out on pages 2 to 37 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 2021 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
18 November 2021

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 2021 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 2021
- the statement of profit or loss and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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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 $46.8 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group comprises entities located globally with the most financially significant operations being located in the United States of America (USA), Australia and Israel. Accordingly, we structured our audit as follows:
  - The group audit was led by our team from PwC Australia (group audit team). The group audit team completed audit procedures in respect of the special purpose financial information of operations in Australia used to prepare consolidated financial statements.
  - Under instruction from and on behalf of the group audit team, component auditors in the USA and Israel performed audits of the respective special purpose financial information of businesses operating from those locations used to prepare the consolidated financial statements.
- The group audit team decided on the level of involvement needed in the work performed by the component auditors, to be satisfied that sufficient appropriate evidence had been obtained for the purpose of our opinion. Review of the work undertaken by the component teams and regular dialogue between the teams up to the reporting date, augmented the reporting provided by the component auditor. 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 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. Under the relevant legislation in certain territories some tax interpretations remain open to challenge for an extended period. 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 analyses conducted by the Group to support significant judgements made in respect of the ultimate amounts expected to be paid to tax authorities and determination of recognised and unrecognised deferred taxes; ● together with PwC Tax experts: ○ considering significant judgements made by the Group in the application of tax laws in significant jurisdictions ○ considering potential global tax risks within the Group; and ○ reading correspondence between tax authorities in significant territories and the Group's relevant tax advisors; ● assessing the appropriateness of assumptions included in the Group's models to support the treatment of deferred taxes and 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 statement of financial position; and • judgement applied by the Group in completing and concluding on the impairment assessment.	We focused our efforts on developing an understanding and testing the overall calculation and methodology of the Group's impairment assessment, including identification of the cash generating units (CGUs) of the Group for the purposes of impairment testing, and the attribution of assets, revenues and costs to those components. In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others: • assessing the reasonableness of cash flow forecasts included in the models with reference to historical earnings, Board and/or management approved budgets and forecasts; • testing the mathematical calculations within the models; • assessing the appropriateness of the discount rates and terminal value growth rates, with the assistance of PwC valuation experts; • considering the sensitivity of the models by varying key assumptions, such as terminal growth rates and discount rates, within a reasonably possible range; and • evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.

Revenue from contracts with customers
(Refer to note 1-2)
 	
The recognition of revenue from contracts with customers was a key audit matter given the:
• financial significance of revenue to the statement of profit or loss and other comprehensive income; and
• complexity of some contractual arrangements and diversity of revenue streams.
	In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others:
	• consideration and assessment of the Group's accounting policy in line with the requirements of the applicable Australian Accounting Standard, *AASB 15 Revenue from Contracts with Customers*;
	• testing, for a sample of customer contracts, whether revenue had been recorded at the correct amount and in the correct financial period, in accordance with the Group's revenue recognition policy. This included assessing whether:
	  • evidence of an underlying arrangement with the customer existed
	  • appropriate performance obligations and consideration had been identified
	  • amounts allocated to the performance obligations were made with reference to their standalone selling prices, where relevant; and
	  • the timing of revenue recognition had been appropriately considered and recognised at the appropriate time
	• 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 2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report and Operating and Financial Review. We expect the remaining other information to be made available to us after the date of this auditor's report. Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 34 to 59 of the directors' report for the year ended 30 September 2021.

In our opinion, the remuneration report of Aristocrat Leisure Limited for the year ended 30 September 2021 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

PricewaterhouseCoopers

Mark Dow
Partner

Sydney
18 November 2021