Israel - Tax Guide

SuperShare Israel Sub-Plan

1. Introduction

The following is a summary of the tax treatment of an award made to you by Aristocrat Leisure Limited under the SuperShare Israel Sub-Plan (the "Plan"). This summary assumes that you have been resident in Israel during the lifecycle of the award.

The tax treatment as explained herein is intended as a guide only. It is limited to a general description of the national tax laws, and is not intended to address city, regional, or other local tax laws that may be applicable to you. It may not apply to your particular tax or financial situation, and we are not in a position to assure you of any particular tax result. Therefore, we recommend that you consult with your own independent tax advisor regularly to determine the consequences of taking or not taking any action concerning your shares, and to determine how the tax or other laws in Israel apply to your specific situation. This information was last reviewed in January, 2025.

This summary assumes that you have been resident in Israel during the lifecycle of the award. Under Israeli tax law (‘Section 102’), awards under the Plan (i.e., rights to acquire Matching Shares) may be made under three different ‘tax routes’: (1) the qualified trustee capital gains track; (2) the qualified trustee ordinary income track and (3) the non-trustee green track ruling. Broadly, under the qualified trustee capital gains and qualified trustee ordinary income tracks, the Israeli tax authorities mandate that all awards must be granted to a trustee.

Aristocrat has determined to award rights to acquire Matching Shares under the qualified trustee capital gains track and has sought (and obtained) approval of the Plan (including the Israeli Sub-Plan) from the Israeli tax authorities. This taxation summary has been prepared on the basis that you executed a consent letter to the Tax Ruling in accordance with the Plan and that rights to acquire Matching Shares awarded under the Plan are taxed under the qualified trustee capital gains track.

2. Overview

Award[1]	• An award is a promise to receive Aristocrat Leisure Limited shares in the future. • You are **not subject to taxation on equity** at this point.

Vesting	• You are **not subject to taxation on equity** at this point.

Sale	• The date you sell Aristocrat Leisure Limited shares. • You will **be subject to tax** at this point. • Taxable income is calculated based on the fair market value (FMV) of the shares. • **Aristocrat Leisure Limited will withhold social tax** at this point. • **Aristocrat Leisure Limited is responsible for reporting the income.** • You are also **responsible for calculating the tax and reporting this income.** • This event may also generate additional income known as Capital Gain (CG), or a loss. • Generally speaking, Capital Gain is the growth in value from the initial taxing point to sale. • If there is a **Capital Gain** on the sale of shares, tax is due in the tax year of sale. • You are responsible for calculating the tax and reporting this capital gain.

3. Tax Treatment

2	**Award**	**Vesting**	**Sale**
Income tax / Capital gains tax	No	No	Income tax payable at rates up to 50% (for the deferred portion) Capital gains tax payable at a flat rate of 25%.
Employee social tax	No	No	Yes **National Insurance Contributions:** Rate up to 7% capped at earnings of ILS 49,030 of income per month. **Health Insurance Contributions:** Rate up to 5.17% capped at earnings of ILS 49,030 of income per month.
Employer's social tax	No	No	Yes **National Insurance Contribution:** Rate up to 7.6% capped at earnings of ILS 49,030 of income per month.
Income tax withholding	No	No	Yes
Employee social tax withholding	No	No	Yes
Employee tax reporting	No	No	Yes
Employer tax reporting	No	No	Yes

Income Tax - The rates set out in this guide are marginal rates. In the event that you are required to pay income tax on the value of your award, the amount of income tax you pay will depend on your marginal tax rate. Generally, the more you earn, the higher your marginal income tax rate.

4. Will I pay tax when I am granted an award under the Plan?

You will not have to pay any tax at the time conditional rights to receive Aristocrat Leisure Limited shares ("rights to acquire Matching Shares") are granted to the Trustee on your behalf.

Note: You should not be subject to tax in respect of any Purchased Shares you receive under the Plan (on the basis that the price paid for each Purchased Share you acquire is no less than the closing price of an Aristocrat share on the date of purchase).

5. Will I pay tax when I receive my Matching Shares?

You will not have to pay any tax at the time the rights to acquire Matching Shares vest under the Plan and Matching Shares are transferred.

In order to qualify for the favourable tax treatment under the trustee capital gains tax track, you will not be able to sell or transfer the shares held by the Trustee on your behalf for at least 24 months (“Holding Period”).

Note: You will also not have to pay tax at the expiry of the Holding Period but rather when you choose to sell the shares – refer to 8. below.

6. How will any benefits under the Plan be reported?

You will need to report:

- Any income tax and social security due on sale of the shares to the tax authorities in the annual tax return, due by April 30.
- Any capital gains tax due on the sale of shares to the tax authorities in the annual tax return, due by April 30.
  If no Israeli tax was withheld upon the sale of shares, you may be required to submit a tax filing on gains from foreign securities. The filing must be submitted to the ITA by July 30 and January 31 of each year, as applicable, for any amounts realized in the six months preceding the reporting deadlines. There is no specific form for the bi-annual filing.
  In addition, if your annual income or the gain from the sale of shares or the combination of both exceeds a threshold (currently ISL 723,000), you will be required to file a tax return with the ITA by April 30 of the year following the year during which the income was realized. The annual tax return may be submitted by the ITA electronic system or via hard copy.

7. Will I have to pay any tax on any dividends paid on the shares?

A dividend is a right to participate in the company's profits, at the discretion of the board of directors.

Any dividends you receive will be taxed at a rate of 25%.

Tax on dividends is 30% for a shareholder who owns more than 10% of the company.

Regardless of the level of shareholding, a 3% surtax may apply to all income in excess of ILS 721,560. In addition, an additional surtax of 2% may apply to income from capital sources (which includes income types such as dividends, interest income and capital gains but does not include employment income) in excess of ILS 721,560.

The employee may be required to submit a tax filing on gains from foreign securities in order to report the dividend payment. The tax report must be filed with the ITA by July 30 and January 31 of each year, as applicable, for any amounts realized in the six months preceding the reporting deadlines. There is no specific form for the bi-annual filing. In addition, if the employee's annual income or dividend income or the combination of both exceeds a threshold (currently ILS 723,000), the employee will be required to file a tax return with the ITA by April 30 of the year following the year during which the income was realized. The annual tax return may be submitted by the ITA electronic system or via hard copy. It may be possible to obtain an extension of the tax filing deadline.

8. Will I pay any tax when I sell my shares?

You will be subject to tax at the time your shares (allocated upon the conversion of your rights to acquire Matching Shares) are sold.

On the basis your award is made under the qualified capital gains trustee track and the Holding period is satisfied, there are two taxable components at the time of sale, namely:

1. the fair market value of the underlying shares at the time the rights to acquire Matching Shares were awarded will be subject to tax as ordinary income at your marginal tax rate (up to 50%). Employee National Insurance Contributions and Health Insurance Contributions may also apply on the amount recognized as ordinary income (if the monthly earnings ceiling is not met with other earnings).
2. you will be subject to capital gains tax (at a flat rate of 25%) on any additional gain (i.e., the amount by which the sale proceeds exceed the fair market value of the underlying shares at the time the rights to acquire Matching Shares were awarded). As noted above, a 3% surtax may also apply to all income in excess of the relevant income threshold.

Under the qualified capital gains trustee track, the fair market value is calculated as the 30-day average price of an Aristocrat share prior to the award date of your rights to acquire Matching Shares.

At the time of the sale of the shares, your employer will withhold on the income gain and capital gain portions and pay the tax to the Israeli tax authorities.

Note: You may also realise a capital gain on disposal of your Purchased Shares (if the sale proceeds exceed the fair market value of your Purchased Shares at the time of purchase).

9. Additional Information

Tax treatment for qualified trustee capital gains track

To qualify for favorable tax treatment under this track, a minimum restricted holding period of 24 months must be applied from the date of grant for RSUs.

The tax treatment for publicly traded companies (including companies listed within 90 days of grant) is as follows:

- taxation is deferred until the time of sale;
- the fair market value of the shares at grant is taxed as ordinary income at the employee’s marginal tax rate, including social taxes;
- the positive difference (if any) between the sale proceeds (plus any transactional expenses incurred in connection with the sale) and the amount taxed as ordinary income will be taxed at a flat capital gains tax rate (currently 25%).

For awards granted under the qualified trustee capital gains track, the fair market value of shares is calculated as the 30-day average price prior to the grant date. With respect to companies listed within 90 days of grant, the fair market value of publicly traded shares is calculated as the 30-day average closing price after the listing date.

For awards granted under the qualified trustee capital gains track, the fair market value of shares is calculated as the 30-day average price prior to the grant date. With respect to companies listed within 90 days of grant, the fair market value of publicly traded shares is calculated as the 30-day average closing price after the listing date.

If the shares are sold or transferred from the trustee to you before the end of the holding period, you will not qualify for the treatment of the capital gain track; therefore, you will be subject to ordinary income tax on the entire sale proceeds, as well as social taxes.

At the time of the sale of the shares, the trustee or the employer company will withhold on both the income gain and capital gain portions, as applicable.

A 3% surtax may apply to all income in excess of ISL 721,560. With respect to the capital gain component, a 2% additional surtax may apply on the capital gain portion if you have income from capital sources (which includes types of income such as dividends, interest income and capital gains but does not include employment income) in excess of ILS 721,560.

10. Sample tax calculation

The following is an example of the tax implications upon vesting of shares and subsequent sale of shares under the Plan. This example assumes:

- You were in Israel the whole time from grant to vest of the SuperShare Israel Sub-Plan award.
- An income tax rate of 50%.
- Capital Gains Tax of 25%.
- This example does not take into account any annual Capital Gains Tax (CGT) exemptions which may be available.
- This illustration does not take into account any capped social tax amount.
- Tax calculation is based on the currency in which the shares are traded and any subsequent currency conversion has not been applied.

Tax implications

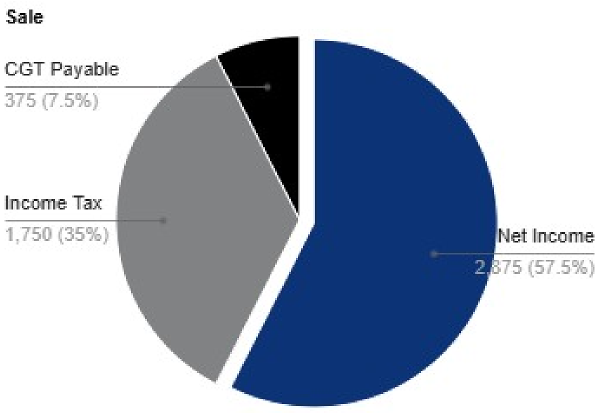
Award[3]	No taxes due.

Vesting[4]

No taxes due.

Sale[5]

Number of Matching Shares Awarded	100
Fair Market Value (FMV) of the Matching Shares on Award	AUD 35
Taxable Income (100 x AUD 35)	**AUD 3,500**
<u>Income Tax Withheld (AUD 3,500 x 50%)</u>	**<u>AUD 1,750</u>**
Number of shares Sold	100
Fair Market Value (FMV) of the shares on Sale	AUD 50
Sale Proceeds (100 x AUD 50)	AUD 5,000
Less: Acquisition Costs	
Amount Previously Taxed	**AUD 3,500**
Capital Gain	AUD 1,500
<u>Tax Payable (AUD 1,500 x 25%)</u>	**<u>AUD 375</u>**
Net Income (AUD 5,000 - AUD 375)	**AUD 4,625**



** Please note the above is for information purposes only. Transaction fees may also apply and are not included.*

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