

ASX PRELIMINARY FINAL REPORT

Computershare Limited

ABN 71 005 485 825

30 JUNE 2021

Lodged with the ASX under Listing Rule 4.3A

Contents

| | |
|---|---|
| Results for announcement to the market <i>Appendix 4E item 2</i> | 2 |
| Preliminary consolidated statement of comprehensive income <i>Appendix 4E item 3</i> | 4 |
| Preliminary consolidated statement of financial position <i>Appendix 4E item 4</i> | 5 |
| Preliminary consolidated statement of changes in equity <i>Appendix 4E item 6</i> | 6 |
| Preliminary consolidated statement of cash flows <i>Appendix 4E item 5</i> | 7 |
| Supplementary Appendix 4E information <i>Appendix 4E item 6 to 13</i> | 8 |

This report covers the consolidated entity consisting of Computershare Limited and its controlled entities. The financial statements are presented in United States dollars (unless otherwise stated).

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
YEAR ENDED 30 JUNE 2021
(Previous corresponding period year ended 30 June 2020)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

\$000

| | | | | |
|--|------|-------|----|-----------|
| Revenue from continuing operations <i>(Appendix 4E item 2.1)</i> | up | 0.3% | to | 2,283,161 |
| Profit/(loss) after tax attributable to members <i>(Appendix 4E item 2.2)</i> | down | 18.8% | to | 188,974 |
| Net profit/(loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i> | down | 18.8% | to | 188,974 |

Dividends

(Appendix 4E item 2.4)

| | Amount per security | Franked amount per security |
|------------------|---------------------|-----------------------------|
| Final dividend | AU 23 cents | AU 13.8 cents |
| Interim dividend | AU 23 cents | AU 23 cents |

Record date for determining entitlements to the final dividend *(Appendix 4E item 2.5)* 18 August 2021

Explanation of revenue *(Appendix 4E item 2.6)*

Total revenue for the year increased to \$2,283.2 million (2020: \$2,277.3 million). Underlying operating revenues increased \$144.8 million over the corresponding period mainly due to strong activity in Issuer Services, Employee Share Plans and Bankruptcy however, as expected, this was offset by a decline in margin income of \$92.4 million reflecting an annualised impact of the global interest rate cuts in early 2020, as central banks around the world responded to the global pandemic. In addition, the UKAR fixed fee reduced by \$46.5 million in line with expectations.

Key business unit movements, excluding margin income, were as follows:

- Issuer Services revenues increased, reflecting higher registry maintenance fees, greater corporate action activity and some large stakeholder relationship management events. In addition, FY21 includes an annualised contribution from our governance services acquisitions.
- Business Services revenues were down driven by a decline in the number of case wins in class actions partly offset by increased contribution from bankruptcy from a strong first-half performance in the year.
- Mortgage Services revenues decreased due to a reduction in the UKAR fixed fee, book run-off and lower client project activity in the UK. In the US, revenues were negatively impacted by the nationwide foreclosure moratorium and accelerated levels of run-off due to lower mortgage rates.
- Employee Share Plans revenues increased reflecting higher transactional volumes in EMEA and Hong Kong.

A stronger British pound and Australian dollar relative to the prior period increased the equivalent USD revenue contribution from those regions.

Explanation of profit/(loss) from ordinary activities after tax *(Appendix 4E item 2.6)*

Net statutory profit after tax attributable to members was \$189.0 million, a decrease of 18.8% over the corresponding period. Revenue growth in corporate actions, stakeholder relationship management and employee share plans was negated by the decline in margin income due to lower global interest rates and the reduction in the UKAR fixed fee. The Group also benefitted from the sale of its shareholding in Euroclear Holding SA/NV and net gains arising from various mortgage servicing rights (MSR) transactions.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
YEAR ENDED 30 JUNE 2021
(Previous corresponding period year ended 30 June 2020)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Overall costs were higher, principally due to an increase in acquisition integration expenses associated with Equatex, the UK mortgage services restructuring programme and costs relating to the upcoming Wells Fargo acquisition. In US mortgage services, increased amortisation expense reflected a change in the amortisation period for interest rate sensitive MSRs from 9 to 8 years together with the effects of owning a larger MSR portfolio. Other direct costs increased as a result of higher cost of sales in line with revenue, a significant doubtful receivable in class actions and regulatory costs associated with Brexit transition. In addition, FY21 includes the annualised impact of expenses from our governance services acquisitions. This has been offset by lower computer and travel costs and ongoing benefits from the cost-out programme in UK mortgage services.

The Group's effective tax rate was higher than the prior period primarily due to the impact of one-off tax benefits in FY20 not repeated, which more than offset lower US Base Erosion and Anti-abuse Tax (BEAT) and favourable profit mix with proportionately more profits arising in countries with lower tax rates.

Explanation of net profit/(loss) *(Appendix 4E item 2.6)*

Please refer above.

Explanation of dividends *(Appendix 4E item 2.6)*

The following dividends have been paid, declared or recommended since the end of the preceding financial year:

Ordinary shares

A final dividend in respect of the year ended 30 June 2020 was declared on 11 August 2020 and paid on 14 September 2020. This was an ordinary dividend of AU 23 cents per share, franked to 30%, amounting to AUD 124,378,861 (\$92,378,204).

An interim dividend was declared on 9 February 2021 and paid on 18 March 2021. This was a fully franked ordinary dividend of AU 23 cents per share, amounting to AUD 124,370,429 (\$92,371,942).

A final dividend in respect of the year ended 30 June 2021 was declared by the directors of the Company on 10 August 2021, to be paid on 13 September 2021. This is an ordinary dividend of AU 23 cents per share, franked to 60%. As the dividend was not declared until 10 August 2021, a provision was not recognised as at 30 June 2021.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$000 | 2020 \$000 |
|---|------|--------------------|------------------|
| Revenue from continuing operations | | | |
| Sales revenue | | 2,281,131 | 2,271,512 |
| Dividends received | | 1,249 | 2,142 |
| Interest received | | 781 | 3,627 |
| Total revenue from continuing operations | | 2,283,161 | 2,277,281 |
| Other income | | 50,893 | 3,905 |
| Expenses | | | |
| Direct services | | 1,675,327 | 1,540,471 |
| Technology costs | | 295,462 | 313,731 |
| Corporate services | | 38,655 | 36,535 |
| Finance costs | | 54,867 | 66,325 |
| Total expenses | | 2,064,311 | 1,957,062 |
| Share of net profit/(loss) of associates and joint ventures accounted for using the equity method | 10 | 389 | 239 |
| Profit before related income tax expense | | 270,132 | 324,363 |
| Income tax expense/(credit) | 5 | 80,933 | 91,632 |
| Profit for the year | | 189,199 | 232,731 |
| Other comprehensive income that may be reclassified to profit or loss | | | |
| Cash flow hedges | | (7,651) | 12,023 |
| Exchange differences on translation of foreign operations | | 68,114 | (21,185) |
| Income tax relating to components of other comprehensive income | | (512) | 116 |
| Total other comprehensive income for the year, net of tax | | 59,951 | (9,046) |
| Total comprehensive income for the year | | 249,150 | 223,685 |
| Profit for the year attributable to: | | | |
| Members of Computershare Limited | | 188,974 | 232,657 |
| Non-controlling interests | | 225 | 74 |
| | | 189,199 | 232,731 |
| Total comprehensive income for the year attributable to: | | | |
| Members of Computershare Limited | | 248,366 | 224,246 |
| Non-controlling interests | | 784 | (561) |
| | | 249,150 | 223,685 |
| Basic earnings per share (cents per share) | 3 | 33.77 cents | 42.55 cents |
| Diluted earnings per share (cents per share) | 3 | 33.76 cents | 42.55 cents |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | Note | 2021 \$000 | 2020 \$000 |
|--|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 816,810 | 597,313 |
| Other financial assets | | 76,187 | 59,943 |
| Receivables | | 419,890 | 426,465 |
| Loan servicing advances | | 335,697 | 267,016 |
| Financial assets at fair value through profit or loss | | 8,540 | 17,979 |
| Inventories | | 5,452 | 5,113 |
| Current tax assets | | 10,588 | 17,979 |
| Prepayments | | 37,625 | 36,757 |
| Assets classified as held for sale | 10 | 2,888 | - |
| Other current assets | | 5,033 | 3,426 |
| Total current assets | | 1,718,710 | 1,431,991 |
| NON-CURRENT ASSETS | | | |
| Receivables | | 194 | 2,184 |
| Investments accounted for using the equity method | 10 | 9,097 | 10,670 |
| Financial assets at fair value through profit or loss | | 34,210 | 39,713 |
| Property, plant and equipment | | 102,671 | 110,094 |
| Right-of-use assets | | 206,601 | 180,032 |
| Deferred tax assets | | 149,129 | 161,153 |
| Intangibles | | 3,029,051 | 3,052,826 |
| Other non-current assets | | 2,222 | 1,088 |
| Total non-current assets | | 3,533,175 | 3,557,760 |
| Total assets | | 5,251,885 | 4,989,751 |
| CURRENT LIABILITIES | | | |
| Payables | | 491,760 | 494,737 |
| Borrowings | | 322,376 | 287,410 |
| Lease liabilities | | 50,605 | 43,159 |
| Current tax liabilities | | 28,153 | 73,170 |
| Financial liabilities at fair value through profit or loss | | 218 | 3,456 |
| Provisions | | 58,645 | 70,863 |
| Deferred consideration | | 9,452 | 8,045 |
| Mortgage servicing related liabilities | | 34,459 | 43,766 |
| Total current liabilities | | 995,668 | 1,024,606 |
| NON-CURRENT LIABILITIES | | | |
| Payables | | 3,061 | 1,052 |
| Borrowings | | 1,387,610 | 1,742,410 |
| Lease liabilities | | 193,488 | 158,910 |
| Financial liabilities at fair value through profit or loss | | 1,314 | - |
| Deferred tax liabilities | | 234,219 | 227,342 |
| Provisions | | 24,529 | 25,188 |
| Deferred consideration | | 1,264 | 9,536 |
| Mortgage servicing related liabilities | | 131,135 | 210,388 |
| Total non-current liabilities | | 1,976,620 | 2,374,826 |
| Total liabilities | | 2,972,288 | 3,399,432 |
| Net assets | | 2,279,597 | 1,590,319 |
| EQUITY | | | |
| Contributed equity | 8 | 519,299 | - |
| Reserves | | (7,052) | (172,496) |
| Retained earnings | 14 | 1,765,412 | 1,761,188 |
| Total parent entity interest | | 2,277,659 | 1,588,692 |
| Non-controlling interests | | 1,938 | 1,627 |
| Total equity | | 2,279,597 | 1,590,319 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR
THE YEAR ENDED 30 JUNE 2021

| | | Attributable to members of Computershare Limited | | | | Non- | |
|---|------|--|-------------------|-------------------------------|------------------|---|-----------------------|
| | Note | Contributed Equity \$000 | Reserves \$000 | Retained Earnings \$000 | Total \$000 | controlling Interests \$000 | Total Equity \$000 |
| Total equity at 1 July 2020 | | - | (172,496) | 1,761,188 | 1,588,692 | 1,627 | 1,590,319 |
| Profit for the year | | - | - | 188,974 | 188,974 | 225 | 189,199 |
| Cash flow hedges | | - | (7,651) | - | (7,651) | - | (7,651) |
| Exchange differences on translation of foreign operations | | - | 67,555 | - | 67,555 | 559 | 68,114 |
| Income tax (expense)/credits | | - | (512) | - | (512) | - | (512) |
| Total comprehensive income for the year | | - | 59,392 | 188,974 | 248,366 | 784 | 249,150 |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Dividends provided for or paid | | - | - | (184,750) | (184,750) | (473) | (185,223) |
| Dividend reinvestment plan issues | 8 | 12,411 | - | - | 12,411 | - | 12,411 |
| Rights issue, net of transaction costs and tax | 8 | 608,446 | - | - | 608,446 | - | 608,446 |
| Transfer from share buy-back reserve | 8 | (101,558) | 101,558 | - | - | - | - |
| Cash purchase of shares on market | | - | (16,271) | - | (16,271) | - | (16,271) |
| Share based remuneration | | - | 20,765 | - | 20,765 | - | 20,765 |
| Balance at 30 June 2021 | | 519,299 | (7,052) | 1,765,412 | 2,277,659 | 1,938 | 2,279,597 |
| Attributable to members of Computershare Limited | | | | | | | |
| | | Contributed Equity \$000 | Reserves \$000 | Retained Earnings \$000 | Total \$000 | Non- controlling Interests \$000 | Total Equity \$000 |
| Total equity at 1 July 2019 | | - | (134,551) | 1,706,427 | 1,571,876 | 2,195 | 1,574,071 |
| Change in accounting policy | | - | - | (10,493) | (10,493) | - | (10,493) |
| Restated total equity at the beginning of the financial year | | - | (134,551) | 1,695,934 | 1,561,383 | 2,195 | 1,563,578 |
| Profit for the year | | - | - | 232,657 | 232,657 | 74 | 232,731 |
| Cash flow hedges | | - | 12,023 | - | 12,023 | - | 12,023 |
| Exchange differences on translation of foreign operations | | - | (20,550) | - | (20,550) | (635) | (21,185) |
| Income tax (expense)/credits | | - | 116 | - | 116 | - | 116 |
| Total comprehensive income for the year | | - | (8,411) | 232,657 | 224,246 | (561) | 223,685 |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Dividends provided for or paid | | - | - | (167,403) | (167,403) | (7) | (167,410) |
| Share buy-back | | - | (22,098) | - | (22,098) | - | (22,098) |
| Cash purchase of shares on market | | - | (25,797) | - | (25,797) | - | (25,797) |
| Share based remuneration | | - | 18,361 | - | 18,361 | - | 18,361 |
| Balance at 30 June 2020 | | - | (172,496) | 1,761,188 | 1,588,692 | 1,627 | 1,590,319 |

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

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$000 | 2020 \$000 |
|---|------|------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 2,424,285 | 2,449,925 |
| Payments to suppliers and employees | | (1,880,709) | (1,761,805) |
| Loan servicing advances (net) | | (68,681) | 14,442 |
| Dividends received from associates, joint ventures and equity securities | | 1,550 | 2,496 |
| Interest paid and other finance costs | | (77,664) | (56,577) |
| Interest received | | 781 | 3,627 |
| Income taxes paid | | (92,926) | (43,303) |
| Net operating cash flows | 6 | 306,636 | 608,805 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for purchase of controlled entities and businesses (net of cash acquired) | | (21,829) | (159,075) |
| Proceeds from/(payments for) intangible assets including MSRs | | (124,987) | (187,540) |
| Proceeds from/(payments for) investments | | 15,875 | 6,795 |
| Payments for property, plant and equipment | | (16,294) | (24,043) |
| Net investing cash flows | | (147,235) | (363,863) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares, net of transaction costs | | 607,820 | - |
| Payments for purchase of ordinary shares - share based awards | | (16,271) | (25,797) |
| Proceeds from borrowings | | 286,772 | 786,985 |
| Repayment of borrowings | | (672,395) | (680,747) |
| Loan servicing borrowings (net) | | 41,202 | (43,736) |
| Dividends paid - ordinary shares (net of dividend reinvestment plan) | | (170,929) | (159,210) |
| Purchase of ordinary shares – dividend reinvestment plan | | (1,410) | (8,193) |
| Dividends paid to non-controlling interests in controlled entities | | (473) | (7) |
| Payments for on-market share buy-back | | - | (22,098) |
| Lease principal payments | | (48,476) | (44,094) |
| Net financing cash flows | | 25,840 | (196,897) |
| Net increase/(decrease) in cash and cash equivalents held | | 185,241 | 48,045 |
| Cash and cash equivalents at the beginning of the financial year | | 597,313 | 561,346 |
| Exchange rate variations on foreign cash balances | | 34,256 | (12,078) |
| Cash and cash equivalents at the end of the year | | 816,810 | 597,313 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by Computershare Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange Listing Rules.

The financial report, comprising the financial statements and notes of Computershare Limited and its controlled entities is prepared in accordance with Australian Accounting Standards. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Where necessary, comparative figures have been adjusted to comply with the changes in presentation in the current period.

The principal accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year with the exception of those discussed below.

2. MATERIAL FACTORS AFFECTING THE ECONOMIC ENTITY FOR THE CURRENT PERIOD

Refer to the Market Announcement and Management Presentation dated 10 August 2021 for discussion of the nature and amount of material items affecting revenue, expenses, assets, liabilities, equity or cash flows, where their disclosure is relevant in explaining the financial performance or position of the entity for the period.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

3. EARNINGS PER SHARE *(Appendix 4E item 14.1)*

| Year ended 30 June 2021 | Basic EPS | Diluted EPS | Management Basic EPS | Management Diluted EPS |
|--|--------------------|--------------------|----------------------|------------------------|
| Earnings per share (cents per share) | 33.77 cents | 33.76 cents | 50.71 cents | 50.69 cents |
| Reconciliation of earnings | \$000 | \$000 | \$000 | \$000 |
| Profit for the year | 189,199 | 189,199 | 189,199 | 189,199 |
| Non-controlling interest (profit)/loss | (225) | (225) | (225) | (225) |
| Add back management adjustment items (see below) | - | - | 94,762 | 94,762 |
| Net profit attributable to the members of Computershare Limited | 188,974 | 188,974 | 283,736 | 283,736 |
| Weighted average number of ordinary shares used as denominator in calculating earnings per share | 559,519,258 | 559,747,063 | 559,519,258 | 559,747,063 |

| Year ended 30 June 2020 | Basic EPS | Diluted EPS | Management Basic EPS | Management Diluted EPS |
|--|--------------------|--------------------|----------------------|------------------------|
| Earnings per share (cents per share) ¹ | 42.55 cents | 42.55 cents | 55.57 cents | 55.57 cents |
| Reconciliation of earnings | \$000 | \$000 | \$000 | \$000 |
| Profit for the year | 232,731 | 232,731 | 232,731 | 232,731 |
| Non-controlling interest (profit)/loss | (74) | (74) | (74) | (74) |
| Add back management adjustment items (see below) | - | - | 71,185 | 71,185 |
| Net profit attributable to the members of Computershare Limited | 232,657 | 232,657 | 303,842 | 303,842 |
| Weighted average number of ordinary shares used as denominator in calculating earnings per share | 546,780,636 | 546,780,636 | 546,780,636 | 546,780,636 |

¹ Earnings per share is restated by adjusting the weighted average number of ordinary shares in order to incorporate the bonus element in the 2021 rights issue, as per AASB 133.

Reconciliation of weighted average number of shares used as the denominator:

| | 2021 Number | 2020 Number |
|--|----------------|----------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | 559,519,258 | 546,780,636 |
| Adjustments for calculation of diluted earnings per share: | | |
| Share appreciation rights | 91,168 | - |
| Performance rights | 136,637 | - |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | 559,747,063 | 546,780,636 |

No employee share appreciation rights or performance rights have been issued since year-end.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

| | Gross \$000 | Tax effect \$000 | Net of tax \$000 |
|---|------------------|---------------------|---------------------|
| Amortisation | | | |
| Amortisation of acquisition related intangible assets | (57,119) | 14,398 | (42,721) |
| Acquisitions and disposals | | | |
| Acquisition related expenses | (41,196) | 7,578 | (33,618) |
| Gain on disposal | 11,241 | (2,136) | 9,105 |
| Other | | | |
| Major restructuring costs | (36,113) | 6,958 | (29,155) |
| Reversal of provision | 4,428 | (1,188) | 3,240 |
| Marked to market adjustments – derivatives | (2,304) | 691 | (1,613) |
| Total management adjustment items | (121,063) | 26,301 | (94,762) |

Management Adjustment Items

Management adjustment items net of tax for the year ended 30 June 2021 were as follows:

Amortisation

- Customer relationships and most of other intangible assets that are recognised on business combinations or major asset acquisitions are amortised over their useful life in the statutory results but excluded from management earnings. The amortisation of these intangibles in the year ended 30 June 2021 was \$42.7 million. Amortisation of mortgage servicing rights, certain acquired software as well as intangibles purchased outside of business combinations is included as a charge against management earnings.

Acquisitions and disposals

- \$22.9 million of expenses were incurred for the ongoing integration of Equatex including rollout of the acquired software. Acquisition related expenses were incurred for the acquisition of Wells Fargo of \$9.0 million, including a \$5.6 million foreign exchange loss on derivatives used to fix the amount of USD needed to fund the acquisition from the AUD equity issue. Additionally, costs in the sum of \$1.7 million were incurred for redundancies associated with delivering synergies from other recent acquisitions, Corporate Creations and Verbatim.
- Disposal of the Group's shareholding in Euroclear Holding SA/NV resulted in a gain of \$9.1 million.

Other

- Costs of \$29.2 million were incurred in the current reporting period in respect of major restructuring programmes spanning several years. \$22.1 million of these costs related to UK mortgage services including the costs associated with workforce reductions and a property rationalisation programme. \$2.5m was related to the Global Operations transformation and \$2.8m was incurred on other property rationalisation across the Group.
- A \$3.2 million gain arose from a reversal of a provisional tax liability associated with a previously identified business issue that has now been resolved.
- Revaluation of derivatives that have not received hedge designation or the ineffective portion of derivatives in hedge relationships is taken to profit or loss in the statutory results. The impact in the current reporting period was a loss of \$1.6 million.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

For the year ended 30 June 2020 management adjustment items were as follows:

| | Gross \$'000 | Tax effect \$'000 | Net of tax \$'000 |
|--|------------------|----------------------|----------------------|
| Amortisation | | | |
| Amortisation of intangible assets | (57,856) | 15,259 | (42,597) |
| Acquisitions and disposals | | | |
| Acquisition related expenses | (21,011) | 5,355 | (15,656) |
| Benefit of tax losses not previously recognised on Equatex acquisition | - | 7,666 | 7,666 |
| One-off tax expense on Equatex IP restructure | - | 1,054 | 1,054 |
| Acquisition accounting adjustments | 1,410 | (371) | 1,039 |
| Other | | | |
| Major restructuring costs | (25,972) | 6,033 | (19,939) |
| Marked to market adjustments – derivatives | (3,932) | 1,180 | (2,752) |
| Total management adjustment items | (107,361) | 36,176 | (71,185) |

4. SEGMENT INFORMATION *(Appendix 4E item 14.4)*

In accordance with AASB 8 *Operating Segments*, the Group has identified its operating segments to be the following six global business lines:

- a) Issuer Services
- b) Mortgage Services & Property Rental Services
- c) Employee Share Plans & Voucher Services
- d) Business Services
- e) Communication Services & Utilities
- f) Technology Services

Issuer Services comprise register maintenance, corporate actions, stakeholder relationship management, corporate governance and related services. Mortgage Services & Property Rental Services comprise mortgage servicing and related activities, together with tenancy bond protection services in the UK. Employee Share Plans & Voucher Services comprise the provision of administration and related services for employee share and option plans, together with Childcare Voucher administration in the UK. Business Services comprise the provision of bankruptcy, class actions and corporate trust administration services. Communication Services and Utilities operations comprise document composition and printing, intelligent mailing, inbound process automation, scanning and electronic delivery. Technology Services comprise the provision of software specialising in share registry and financial services.

There is a corporate function which includes entities whose main purpose is to hold intercompany investments and conduct financing activities. It is not considered an operating segment and includes activities that are not allocated to other operating segments.

The operating segments presented reflect the manner in which the Group is internally managed and the financial information reported to the chief operating decision maker (CEO). The Group has determined the operating segments based on the reports reviewed by the CEO that are used to make strategic decisions and assess performance. The key segment performance measure is based on earnings before interest and tax (management adjusted EBIT).

The Group's key segment performance measure has changed during the reporting period from earnings before interest, tax, amortisation and depreciation (management adjusted EBITDA) to management adjusted EBIT. The Group has determined that management adjusted EBIT provides a better measure of performance, as there are significant levels of depreciation and amortisation in certain business lines included in management earnings.

Comparative segment information has been restated to reflect the new key segment performance measure. Consequently, the segment information disclosed is not entirely comparable to the information disclosed in the prior reporting period.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

OPERATING SEGMENTS

| | Issuer Services \$000 | Employee Share Plans & Voucher Services \$000 | Communica- tion Services & Utilities \$000 | Mortgage Services & Property Rental Services \$000 | Business Services \$000 | Technology Services \$000 | Total \$000 |
|--|-----------------------------|--|--|---|-------------------------------|---------------------------------|------------------|
| June 2021 | | | | | | | |
| Total segment revenue and other income | 1,026,870 | 335,428 | 341,289 | 608,965 | 211,480 | 225,337 | 2,749,369 |
| Intersegment revenue | (27,566) | (2,410) | (171,597) | - | (1,313) | (225,301) | (428,187) |
| External revenue and other income | 999,304 | 333,018 | 169,692 | 608,965 | 210,167 | 36 | 2,321,182 |

Revenue by geography:

| | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|-----------|------------------|
| Asia | 116,527 | 44,806 | - | - | - | - | 161,333 |
| Australia & New Zealand | 117,155 | 13,260 | 82,951 | - | - | 26 | 213,392 |
| Canada | 80,465 | 19,430 | 8,714 | - | 71,568 | 10 | 180,187 |
| Continental Europe | 58,767 | 10,688 | 31,405 | - | - | - | 100,860 |
| UK, Channel Islands, Ireland & Africa | 104,612 | 188,047 | 7,742 | 158,835 | 9,272 | - | 468,508 |
| United States | 521,778 | 56,787 | 38,880 | 450,130 | 129,327 | - | 1,196,902 |
| | 999,304 | 333,018 | 169,692 | 608,965 | 210,167 | 36 | 2,321,182 |

Management adjusted EBIT

| | | | | | | |
|----------------|---------------|---------------|---------------|---------------|--------------|----------------|
| 276,159 | 82,051 | 26,035 | 10,001 | 51,078 | 1,465 | 446,789 |
|----------------|---------------|---------------|---------------|---------------|--------------|----------------|

June 2020

| | | | | | | | |
|--|----------|---------|-----------|---------|---------|-----------|-----------|
| Total segment revenue and other income | 918,562 | 306,346 | 331,286 | 665,149 | 244,863 | 236,890 | 2,703,096 |
| Intersegment revenue | (23,813) | (1,742) | (162,465) | - | (1,246) | (236,054) | (425,320) |
| External revenue and other income | 894,749 | 304,604 | 168,821 | 665,149 | 243,617 | 836 | 2,277,776 |

Revenue by geography:

| | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|------------|------------------|
| Asia | 79,928 | 32,612 | - | - | - | - | 112,540 |
| Australia & New Zealand | 99,657 | 12,321 | 81,838 | - | - | 858 | 194,674 |
| Canada | 74,557 | 18,752 | 7,776 | - | 84,623 | 33 | 185,741 |
| Continental Europe | 44,745 | 8,830 | 33,843 | - | - | - | 87,418 |
| UK, Channel Islands, Ireland & Africa | 102,625 | 175,619 | 6,669 | 226,413 | 14,209 | (55) | 525,480 |
| United States | 493,237 | 56,470 | 38,695 | 438,736 | 144,785 | - | 1,171,923 |
| | 894,749 | 304,604 | 168,821 | 665,149 | 243,617 | 836 | 2,277,776 |

Management adjusted EBIT

| | | | | | | |
|---------|--------|--------|--------|--------|-------|---------|
| 258,506 | 62,095 | 27,411 | 70,425 | 87,296 | 1,721 | 507,454 |
|---------|--------|--------|--------|--------|-------|---------|

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

Segment revenue

The revenue reported to the CEO is measured in a manner consistent with that of the statement of comprehensive income. Sales between segments are included in the total segment revenue, whereas sales within a segment have been eliminated from segment revenue. Sales between segments are at normal commercial rates and are eliminated on consolidation.

Segment revenue reconciles to total revenue from continuing operations as follows:

| | 2021 | 2020 |
|---|------------------|-----------|
| | \$000 | \$000 |
| Total operating segment revenue and other income | 2,749,369 | 2,703,096 |
| Intersegment eliminations | (428,187) | (425,320) |
| Other income | (39,652) | (3,905) |
| Corporate revenue | 1,631 | 3,410 |
| Total revenue from continuing operations | 2,283,161 | 2,277,281 |

Management adjusted EBIT

Management adjusted results are used, along with other measures, to assess operating business performance. The Group believes that exclusion of certain items permits a better analysis of the Group's performance on a comparative basis and provides a better measure of underlying operating performance.

A reconciliation of management adjusted EBIT to operating profit before income tax is provided as follows:

| | 2021 | 2020 |
|---|----------------|-----------|
| | \$000 | \$000 |
| Management adjusted EBIT - operating segments | 446,789 | 507,454 |
| Management adjusted EBIT - corporate | (727) | (9,405) |
| Management adjusted EBIT | 446,062 | 498,049 |
| Management adjustment items (before related income tax effect): | | |
| Amortisation of intangible assets | (57,119) | (57,856) |
| Acquisition related expenses | (41,196) | (21,011) |
| Major restructuring costs | (36,113) | (25,972) |
| Gain on disposal | 11,241 | - |
| Reversal of provision | 4,428 | - |
| Marked to market adjustments - derivatives | (2,304) | (3,932) |
| Acquisition accounting adjustments | - | 1,410 |
| Total management adjustment items (note 3) | (121,063) | (107,361) |
| Finance costs | (54,867) | (66,325) |
| Profit before income tax from continuing operations | 270,132 | 324,363 |

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

5. RECONCILIATION OF INCOME TAX EXPENSE

| | 2021 \$000 | 2020 \$000 |
|--|----------------|---------------|
| Profit before income tax expense | 270,132 | 324,363 |
| The tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows: | | |
| Prima facie income tax expense thereon at 30% | 81,040 | 97,309 |
| Variation in tax rates of foreign controlled entities | (4,357) | 25 |
| Tax effect of permanent differences: | | |
| Non-deductible expenses related to Wells Fargo acquisition | 1,823 | - |
| Prior year tax (over)/under provided | (1,479) | (2,131) |
| Withholding tax not creditable | 1,353 | 6,266 |
| Non-deductible lease related provisions | 805 | - |
| Effect of changes in tax rates and laws | (38) | (1,213) |
| Benefit of tax losses not previously recognised on Equatex acquisition | - | (7,666) |
| One-off tax expense on Equatex IP restructure | - | (1,054) |
| Net other | 1,786 | 96 |
| Income tax expense /(credit) | 80,933 | 91,632 |

Australian thin capitalisation

The ATO has previously challenged the inclusion of the Australian Group's intangible assets in the thin capitalisation calculation used to determine the amount of tax-deductible interest expense in Australia. The matter has now been resolved and Computershare has been advised that no further action will be taken on the matter. Accordingly, the Group has concluded that there is no longer a contingent liability related to this matter at 30 June 2021 (30 June 2020: contingent liability \$20.4 million).

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

6. CASH FLOW INFORMATION

Reconciliation of net profit after tax to cash flows from operating activities

| | 2021 \$000 | 2020 \$000 |
|---|----------------|----------------|
| Net profit after income tax | 189,199 | 232,731 |
| Adjustments for: | | |
| Depreciation and amortisation | 239,290 | 206,168 |
| Net (gain)/loss on asset disposals and revaluation of assets | (40,987) | - |
| Net (gain)/loss on lease modifications and terminations | 13,761 | - |
| Share of net (profit)/loss of associates and joint ventures accounted for using equity method | (389) | (239) |
| Amortisation of USD senior note fair value adjustment to interest expense | (20,960) | - |
| Employee benefits - share based expense | 20,618 | 18,833 |
| Fair value adjustments | 2,304 | 3,932 |
| Changes in assets and liabilities: | | |
| (Increase)/decrease in receivables | 35,359 | 45,403 |
| (Increase)/decrease in inventories | (141) | (519) |
| (Increase)/decrease in loan servicing advances | (68,681) | 14,442 |
| (Increase)/decrease in other current assets | 3,518 | 33,452 |
| Increase/(decrease) in payables and provisions | (54,262) | 6,273 |
| Increase/(decrease) in tax balances | (11,993) | 48,329 |
| Net cash and cash equivalents from operating activities | 306,636 | 608,805 |

(b) Reconciliation of liabilities arising from financing activities

| | Current borrowings \$000 | Non- current borrowings \$000 | Current lease liabilities \$000 | Non- current lease liabilities \$000 | Cross currency swap \$000 | Total \$000 |
|---------------------------------------|--------------------------------|--|--|--|------------------------------------|------------------|
| Opening balance at 1 July 2020 | 287,410 | 1,742,410 | 43,159 | 158,910 | 3,148 | 2,235,037 |
| Cash flows | (68,135) | (273,103) | (48,476) | - | (3,183) | (392,897) |
| Non-cash changes: | | | | | | |
| Additions | - | - | 2,006 | 74,914 | - | 76,920 |
| Fair value adjustments | - | (19,871) | - | - | 188 | (19,683) |
| Transfers and other | 101,958 | (103,694) | 51,366 | (51,366) | - | (1,736) |
| Currency translation difference | 1,143 | 41,868 | 2,550 | 11,030 | 51 | 56,642 |
| Balance at 30 June 2021 | 322,376 | 1,387,610 | 50,605 | 193,488 | 204 | 1,954,283 |

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

7. BUSINESS COMBINATIONS

a) On 1 July 2020, Computershare acquired 100% of Verbatim LLC (Verbatim), a global corporate secretarial managed services provider located in the United States. Total consideration was \$9.2 million. The acquisition enhances Computershare's suite of integrated governance solutions.

This business combination did not materially contribute to the total revenue of the Group.

Details of the acquisition are as follows:

| | \$000 |
|---|--------------|
| Cash consideration | 7,985 |
| Contingent consideration | 1,250 |
| Total purchase consideration | 9,235 |
| Less fair value of identifiable assets acquired | (5,235) |
| Goodwill on consolidation | 4,000 |

The goodwill recognised is not deductible for tax purposes.

Assets and liabilities arising from this acquisition are as follows:

| | Fair value \$000 |
|---------------------------|-----------------------------|
| Intangible assets | 6,650 |
| Receivables | 2,519 |
| Cash and cash equivalents | 611 |
| Payables | (2,840) |
| Deferred tax liabilities | (1,623) |
| Current tax liabilities | (82) |
| Net assets | 5,235 |

Purchase consideration:

| | |
|---|----------------|
| Inflow/(outflow) of cash to acquire the entities, net of cash acquired: | \$000 |
| Cash balance acquired | 611 |
| Less cash paid | (7,985) |
| Net inflow/(outflow) of cash | (7,374) |

b) On 24 March 2021, the Group entered into an agreement to acquire the assets of Wells Fargo Corporate Trust Services ("CTS"), a leading US based provider of trust and agency services to government and corporate clients. The acquisition is a highly strategic fit with Computershare's existing Canadian and US corporate trust operations and is expected to increase scale and market share in the US corporate trust market.

The agreed cash consideration of \$750 million to be paid on completion will be funded through a combination of debt and cash proceeds from the rights issue (note 8). The acquisition is subject to customary closing conditions, which are expected to conclude by the end of calendar year 2021. All required regulatory approvals have been received.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

8. CONTRIBUTED EQUITY *(Appendix 4E item 14.2)*

Movement in contributed equity

| | Number of shares | \$000 |
|---|--------------------|----------------|
| Balance at 1 July 2020 | 540,879,593 | - |
| Rights Issue | 61,625,813 | 620,190 |
| Dividend reinvestment plan issues | 1,223,930 | 12,411 |
| Transfer to share buy-back reserve | - | (101,558) |
| | 603,729,336 | 531,043 |
| Less: transaction costs arising on share issues | - | (12,370) |
| Deferred tax credit recognised directly in equity | - | 626 |
| Balance at 30 June 2021 | 603,729,336 | 519,299 |

Rights issue

On 24 March 2021, Computershare announced a fully underwritten pro rata accelerated renounceable entitlement offer under which eligible shareholders were entitled to subscribe for 1 share for every 8.8 shares held, at a price of AUD\$13.55 per share (a 9.6% discount to the closing price on 23 March 2021). The proceeds from the rights issue, which completed on 29 April 2021, will be used to partially fund the CTS acquisition (note 7b).

9. CONTROLLED ENTITIES ACQUIRED OR DISPOSED OF *(Appendix 4E item 10)*

Acquired

Verbatim LLC.

Date control gained

1 July 2020

Disposed

During the year 62 dormant entities were dissolved, which included 53 Corporate Creations entities acquired as part of the acquisition in February 2020, in order to streamline operations and the legal entity structure.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

10. ASSOCIATES AND JOINT VENTURE ENTITIES *(Appendix 4E item 11)*

| Name | Place of incorporation | Principal activity | Ownership interest | | Consolidated carrying amount | |
|---------------------------------------|------------------------|---------------------|--------------------|-----------|------------------------------|-----------|
| | | | June 2021 | June 2020 | June 2021 | June 2020 |
| | | | % | % | \$000 | \$000 |
| Joint Ventures | | | | | | |
| Computershare Pan Africa Holdings Ltd | Mauritius | Investor Services | 60 | 60 | - | - |
| Asset Checker Ltd | United Kingdom | Investor Services | 50 | 50 | - | - |
| Associates | | | | | | |
| Expandi Ltd | United Kingdom | Investor Services | 25 | 25 | 7,414 | 6,145 |
| Milestone Group Pty Ltd ¹ | Australia | Technology Services | 20 | 20 | - | 3,148 |
| CVEX Group, Inc ² | United States | Investor Services | - | 22.2 | - | - |
| The Reach Agency Holdings Pty Ltd | Australia | Investor Services | 46.5 | 46.5 | 1,683 | 1,377 |
| Mergit s.r.l. | Italy | Technology Services | 30 | 30 | - | - |
| | | | | | 9,097 | 10,670 |

¹ At 30 June 2021, Milestone Group Pty Ltd was classified as an asset held for sale.

² On 30 April 2021, Computershare's ownership interest in CVEX Group, Inc decreased to 16%. Consequently, from this date CVEX Group, Inc. is no longer considered an associate of the consolidated entity.

The share of net profit/loss of associates and joint ventures accounted for using the equity method for the year ended 30 June 2021 is a \$0.4 million gain (2020: \$0.2 million gain).

Milestone Group Pty Ltd (Milestone)

On 7 July 2021, Computershare agreed to sell its 20% interest in Milestone. Completion is subject to regulatory approval and is expected to occur in the half year ending 31 December 2021. Consequently, Milestone is classified as held for sale as at 30 June 2021. Computershare's share of proceeds from the disposal will be \$19.1m based on the agreed sale price. This amount excludes contingent consideration receivable within three years from disposal should certain revenue growth conditions be met.

11. OTHER SIGNIFICANT INFORMATION *(Appendix 4E item 12)*

Refer to the Market Announcement and Management Presentation.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

12. ADDITIONAL DIVIDEND INFORMATION *(Appendix 4E item 7)*

Details of dividends declared or paid during or subsequent to the year ended 30 June 2021 are as follows:

| Record date | Payment date | Type | Amount per security | Total dividend | Franked amount per security | Conduit Foreign Income amount per security |
|------------------|-------------------|---------|---------------------|------------------|-----------------------------|--|
| 19 August 2020 | 14 September 2020 | Final | AU 23 cents | AUD 124,378,861 | AU 6.9 cents | AU 16.1 cents |
| 17 February 2021 | 18 March 2021 | Interim | AU 23 cents | AUD 124,370,429 | AU 23 cents | AU 0.0 cents |
| 18 August 2021 | 13 September 2021 | Final | AU 23 cents | AUD 138,857,747* | AU 13.8 cents | AU 9.2 cents |

* Based on 603,729,336 shares on issue as at 10 August 2021

13. DIVIDEND REINVESTMENT PLANS *(Appendix 4E item 8)*

Computershare operates a Dividend Reinvestment Plan (DRP) which provides eligible shareholders with the opportunity to elect to take all or part of dividends in the form of shares in accordance with the DRP plan rules. Shares are provided under the plan free of brokerage and other transaction costs and will rank equally with all other ordinary shares on issue.

The DRP will apply to the final dividend declared on 10 August 2021 in respect of the FY21 financial year. Applications or notices received after 5.00pm (Melbourne time) on 19 August 2021 will not be effective for payment of this final dividend but will be effective for future dividend payments.

The DRP price for the final dividend will be equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all shares sold through a normal trade on the ASX automated trading system during the DRP pricing period for this dividend, being 23 August 2021 to 3 September 2021 (inclusive). No discount will apply to the DRP price.

14. RETAINED EARNINGS *(Appendix 4E item 6)*

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| Retained earnings | | |
| Retained earnings at the beginning of the financial year | 1,761,188 | 1,706,427 |
| Ordinary dividends provided for or paid | (184,750) | (167,403) |
| Net profit/(loss) attributable to members of Computershare Limited | 188,974 | 232,657 |
| Change in accounting standards | - | (10,493) |
| Retained earnings at the end of the financial year | 1,765,412 | 1,761,188 |

15. NTA BACKING *(Appendix 4E item 9)*

| | 2021 | 2020 |
|---|--------|--------|
| Net tangible asset backing per ordinary share | (1.49) | (3.00) |

16. COMMENTARY ON RESULTS *(Appendix 4E item 14)*

Refer to the Market Announcement and Management Presentation.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

17. SIGNIFICANT FEATURES OF OPERATING PERFORMANCE *(Appendix 4E item 14.3)*

Refer to the Market Announcement and Management Presentation.

18. TRENDS IN PERFORMANCE *(Appendix 4E item 14.5)*

Refer to the Market Announcement and Management Presentation.

19. OTHER FACTORS THAT AFFECTED RESULTS IN THE PERIOD OR WHICH ARE LIKELY TO AFFECT RESULTS IN THE FUTURE *(Appendix 4E item 14.6)*

Refer to the Market Announcement and Management Presentation.

20. AUDIT STATUS *(Appendix 4E item 15)*

This report is based on accounts which are in the process of being audited.