

# 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**

<b>Revenue</b> from continuing operations <i>(Appendix 4E item 2.1)</i>	up	0.3%	to	2,283,161
<b>Profit/(loss)</b> after tax attributable to members <i>(Appendix 4E item 2.2)</i>	down	18.8%	to	188,974
<b>Net profit/(loss)</b> 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
<b>Revenue from continuing operations</b>			
Sales revenue		2,281,131	2,271,512
Dividends received		1,249	2,142
Interest received		781	3,627
<b>Total revenue from continuing operations</b>		<b>2,283,161</b>	2,277,281
Other income		50,893	3,905
<b>Expenses</b>			
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
<b>Total expenses</b>		<b>2,064,311</b>	1,957,062
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	10	389	239
<b>Profit before related income tax expense</b>		<b>270,132</b>	324,363
Income tax expense/(credit)	5	80,933	91,632
<b>Profit for the year</b>		<b>189,199</b>	232,731
<b>Other comprehensive income that may be reclassified to profit or loss</b>			
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
<b>Total other comprehensive income for the year, net of tax</b>		<b>59,951</b>	(9,046)
<b>Total comprehensive income for the year</b>		<b>249,150</b>	223,685
<b>Profit for the year attributable to:</b>			
Members of Computershare Limited		188,974	232,657
Non-controlling interests		225	74
		<b>189,199</b>	232,731
<b>Total comprehensive income for the year attributable to:</b>			
Members of Computershare Limited		248,366	224,246
Non-controlling interests		784	(561)
		<b>249,150</b>	223,685
<b>Basic earnings per share (cents per share)</b>	3	<b>33.77 cents</b>	42.55 cents
<b>Diluted earnings per share (cents per share)</b>	3	<b>33.76 cents</b>	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
<b>CURRENT ASSETS</b>			
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
<b>Total current assets</b>		<b>1,718,710</b>	<b>1,431,991</b>
<b>NON-CURRENT ASSETS</b>			
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
<b>Total non-current assets</b>		<b>3,533,175</b>	<b>3,557,760</b>
<b>Total assets</b>		<b>5,251,885</b>	<b>4,989,751</b>
<b>CURRENT LIABILITIES</b>			
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
<b>Total current liabilities</b>		<b>995,668</b>	<b>1,024,606</b>
<b>NON-CURRENT LIABILITIES</b>			
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
<b>Total non-current liabilities</b>		<b>1,976,620</b>	<b>2,374,826</b>
<b>Total liabilities</b>		<b>2,972,288</b>	<b>3,399,432</b>
<b>Net assets</b>		<b>2,279,597</b>	<b>1,590,319</b>
<b>EQUITY</b>			
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
<b>Total equity</b>		<b>2,279,597</b>	<b>1,590,319</b>

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						
Note	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000	Non- controlling Interests \$000	Total Equity \$000
<b>Total equity at 1 July 2020</b>	-	(172,496)	1,761,188	1,588,692	1,627	1,590,319
<b>Profit for the year</b>	-	-	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)
<b>Total comprehensive income for the year</b>	-	59,392	188,974	248,366	784	249,150
<b>Transactions with owners in their capacity as owners:</b>						
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
<b>Balance at 30 June 2021</b>	<b>519,299</b>	<b>(7,052)</b>	<b>1,765,412</b>	<b>2,277,659</b>	<b>1,938</b>	<b>2,279,597</b>
Attributable to members of Computershare Limited						
Note	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000	Non- controlling Interests \$000	Total Equity \$000
<b>Total equity at 1 July 2019</b>	-	(134,551)	1,706,427	1,571,876	2,195	1,574,071
Change in accounting policy	-	-	(10,493)	(10,493)	-	(10,493)
<b>Restated total equity at the beginning of the financial year</b>	-	(134,551)	1,695,934	1,561,383	2,195	1,563,578
<b>Profit for the year</b>	-	-	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
<b>Transactions with owners in their capacity as owners:</b>						
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
<b>Balance at 30 June 2020</b>	-	(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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		<b>2,424,285</b>	2,449,925
Payments to suppliers and employees		<b>(1,880,709)</b>	(1,761,805)
Loan servicing advances (net)		<b>(68,681)</b>	14,442
Dividends received from associates, joint ventures and equity securities		<b>1,550</b>	2,496
Interest paid and other finance costs		<b>(77,664)</b>	(56,577)
Interest received		<b>781</b>	3,627
Income taxes paid		<b>(92,926)</b>	(43,303)
<b>Net operating cash flows</b>	6	<b>306,636</b>	608,805
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of controlled entities and businesses (net of cash acquired)		<b>(21,829)</b>	(159,075)
Proceeds from/(payments for) intangible assets including MSRs		<b>(124,987)</b>	(187,540)
Proceeds from/(payments for) investments		<b>15,875</b>	6,795
Payments for property, plant and equipment		<b>(16,294)</b>	(24,043)
<b>Net investing cash flows</b>		<b>(147,235)</b>	(363,863)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares, net of transaction costs		<b>607,820</b>	-
Payments for purchase of ordinary shares - share based awards		<b>(16,271)</b>	(25,797)
Proceeds from borrowings		<b>286,772</b>	786,985
Repayment of borrowings		<b>(672,395)</b>	(680,747)
Loan servicing borrowings (net)		<b>41,202</b>	(43,736)
Dividends paid - ordinary shares (net of dividend reinvestment plan)		<b>(170,929)</b>	(159,210)
Purchase of ordinary shares – dividend reinvestment plan		<b>(1,410)</b>	(8,193)
Dividends paid to non-controlling interests in controlled entities		<b>(473)</b>	(7)
Payments for on-market share buy-back		-	(22,098)
Lease principal payments		<b>(48,476)</b>	(44,094)
<b>Net financing cash flows</b>		<b>25,840</b>	(196,897)
Net increase/(decrease) in cash and cash equivalents held		<b>185,241</b>	48,045
Cash and cash equivalents at the beginning of the financial year		<b>597,313</b>	561,346
Exchange rate variations on foreign cash balances		<b>34,256</b>	(12,078)
<b>Cash and cash equivalents at the end of the year</b>		<b>816,810</b>	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
<b>Earnings per share (cents per share)</b>	<b>33.77 cents</b>	<b>33.76 cents</b>	<b>50.71 cents</b>	<b>50.69 cents</b>
<b>Reconciliation of earnings</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
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
<b>Net profit attributable to the members of Computershare Limited</b>	<b>188,974</b>	<b>188,974</b>	<b>283,736</b>	<b>283,736</b>
Weighted average number of ordinary shares used as denominator in calculating earnings per share	<b>559,519,258</b>	<b>559,747,063</b>	<b>559,519,258</b>	<b>559,747,063</b>
	Basic EPS	Diluted EPS	Management Basic EPS	Management Diluted EPS
Year ended 30 June 2020				
Earnings per share (cents per share) <sup>1</sup>	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

<sup>1</sup> 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
<b>Amortisation</b>			
Amortisation of acquisition related intangible assets	(57,119)	14,398	(42,721)
<b>Acquisitions and disposals</b>			
Acquisition related expenses	(41,196)	7,578	(33,618)
Gain on disposal	11,241	(2,136)	9,105
<b>Other</b>			
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)
<b>Total management adjustment items</b>	<b>(121,063)</b>	<b>26,301</b>	<b>(94,762)</b>

### 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
<b>Amortisation</b>			
Amortisation of intangible assets	(57,856)	15,259	(42,597)
<b>Acquisitions and disposals</b>			
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
<b>Other</b>			
Major restructuring costs	(25,972)	6,033	(19,939)
Marked to market adjustments – derivatives	(3,932)	1,180	(2,752)
<b>Total management adjustment items</b>	<b>(107,361)</b>	<b>36,176</b>	<b>(71,185)</b>

### 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
<b>June 2021</b>							
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)
<b>External revenue and other income</b>	<b>999,304</b>	<b>333,018</b>	<b>169,692</b>	<b>608,965</b>	<b>210,167</b>	<b>36</b>	<b>2,321,182</b>
<b>Revenue by geography:</b>							
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
	<b>999,304</b>	<b>333,018</b>	<b>169,692</b>	<b>608,965</b>	<b>210,167</b>	<b>36</b>	<b>2,321,182</b>
<b>Management adjusted EBIT</b>	<b>276,159</b>	<b>82,051</b>	<b>26,035</b>	<b>10,001</b>	<b>51,078</b>	<b>1,465</b>	<b>446,789</b>
<b>June 2020</b>							
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
<b>Revenue by geography:</b>							
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
	<b>894,749</b>	<b>304,604</b>	<b>168,821</b>	<b>665,149</b>	<b>243,617</b>	<b>836</b>	<b>2,277,776</b>
<b>Management adjusted EBIT</b>	<b>258,506</b>	<b>62,095</b>	<b>27,411</b>	<b>70,425</b>	<b>87,296</b>	<b>1,721</b>	<b>507,454</b>

## 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:

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

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

# COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

## SUPPLEMENTARY APPENDIX 4E INFORMATION

### 5. RECONCILIATION OF INCOME TAX EXPENSE

	2021 \$000	2020 \$000
<b>Profit before income tax expense</b>	<b>270,132</b>	324,363
The tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
<b>Prima facie income tax expense thereon at 30%</b>	<b>81,040</b>	97,309
Variation in tax rates of foreign controlled entities	<b>(4,357)</b>	25
<b>Tax effect of permanent differences:</b>		
Non-deductible expenses related to Wells Fargo acquisition	<b>1,823</b>	-
Prior year tax (over)/under provided	<b>(1,479)</b>	(2,131)
Withholding tax not creditable	<b>1,353</b>	6,266
Non-deductible lease related provisions	<b>805</b>	-
Effect of changes in tax rates and laws	<b>(38)</b>	(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	<b>1,786</b>	96
Income tax expense /(credit)	<b>80,933</b>	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
<b>Net cash and cash equivalents from operating activities</b>	<b>306,636</b>	<b>608,805</b>

#### (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
<b>Opening balance at 1 July 2020</b>	<b>287,410</b>	<b>1,742,410</b>	<b>43,159</b>	<b>158,910</b>	<b>3,148</b>	<b>2,235,037</b>
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
<b>Balance at 30 June 2021</b>	<b>322,376</b>	<b>1,387,610</b>	<b>50,605</b>	<b>193,488</b>	<b>204</b>	<b>1,954,283</b>

## 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:

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

The goodwill recognised is not deductible for tax purposes.

Assets and liabilities arising from this acquisition are as follows:

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

#### **Purchase consideration:**

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

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)
	<b>603,729,336</b>	<b>531,043</b>
Less: transaction costs arising on share issues	-	(12,370)
Deferred tax credit recognised directly in equity	-	626
<b>Balance at 30 June 2021</b>	<b>603,729,336</b>	<b>519,299</b>

#### *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 \$000	June 2020 \$000
<b>Joint Ventures</b>						
Computershare Pan Africa Holdings Ltd	Mauritius	Investor Services	60	60	-	-
Asset Checker Ltd	United Kingdom	Investor Services	50	50	-	-
<b>Associates</b>						
Expandi Ltd	United Kingdom	Investor Services	25	25	7,414	6,145
Milestone Group Pty Ltd <sup>1</sup>	Australia	Technology Services	20	20	-	3,148
CVEX Group, Inc <sup>2</sup>	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	-	-
					<b>9,097</b>	<b>10,670</b>

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

<sup>2</sup> 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
<b>Retained earnings</b>		
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	<u>1,765,412</u>	<u>1,761,188</u>

### 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.