

ASX PRELIMINARY FINAL REPORT

Computershare Limited

ABN 71 005 485 825

30 JUNE 2023

Lodged with the ASX under Listing Rule 4.3A

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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 2023
(Previous corresponding period year ended 30 June 2022)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$000
Revenue from continuing operations <i>(Appendix 4E item 2.1)</i>	up	24.8%	to	3,200,845
Profit/(loss) after tax attributable to members <i>(Appendix 4E item 2.2)</i>	up	95.4%	to	444,744
Net profit/(loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i>	up	95.4%	to	444,744

Dividends <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Final dividend	AU 40 cents	AU 0 cents
Interim dividend	AU 30 cents	AU 0 cents

Record date for determining entitlements to the final dividend *(Appendix 4E item 2.5)* 23 August 2023

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

Total revenue from continuing operations for the year ended 30 June 2023 was \$3,200.8 million (2022: \$2,565.1 million), an increase of 24.8% (\$635.8 million) over the corresponding period. This was predominantly driven by a full year's contribution from the acquisition of the Computershare Corporate Trust (CCT) business, which completed on 1 November 2021 and increased margin income as a result of higher global interest rates and renegotiated banking arrangements.

CCT contributed total revenues of \$847.4 million, an increase of \$511.4 million versus the prior corresponding period. Included in these revenues, margin income totalled \$372.4 million, an increase of \$316.9 million relative to FY22. This was due to the rise seen in US interest rates over the course of FY23 as well as renegotiated terms with our primary CCT banking partner. CCT fee revenues were \$194.5 million higher, also reflecting a full year of ownership.

Excluding the impact of the CCT business, revenues were up \$124.4 million. Margin income increased by \$271.4 million primarily driven by increases in global interest rates from FY22 Q4 onwards. Other operating revenues declined \$147million reflecting lower levels of event and transaction related activity, in large part a direct consequence of the higher levels of interest rates and associated market uncertainty, as well as the sale of the Kurtzman Carson Consultants (KCC) business in May 2023.

Key business unit movements outside of CCT were as follows:

- Issuer Services revenues grew by \$110.8 million. Margin income improved by \$150.0 million and fee revenues in Governance Services increased by \$5.6 million. These were partially offset by lower event-based activity for Corporate Actions and Stakeholder Relationship Management and reduced transactional volumes in Registry, with overall fee and transaction income down by \$39.1 million as a result.
- Employee Share Plans increased by \$18.6 million, including margin income of \$24.8 million. Fee revenues decreased by \$6.2 million primarily due to adverse foreign exchange movements (a weaker British pound). In constant currency, fee revenue was favourable driven by strong core fee growth and trading activity, particularly in EMEA and the US.
- Business Services revenues increased by \$36.9 million. Legacy Corporate Trust revenues were higher by \$34.5 million, predominantly represented by greater levels of margin income. During its 10 months of ownership by the Group, KCC contributed revenues of \$96.2 million, made up of fee revenue of \$71.4 million and Margin Income of \$24.8 million. Fee revenue was lower by \$13.9 million due to lower volumes of Class Actions and Bankruptcy activity during the period of ownership prior to its disposal on 1 May 2023 whilst margin income was greater by \$16.3 million. Overall, KCC revenues were \$2.4 million higher in FY23 relative to the prior corresponding period.
- Mortgage Services revenues fell by \$20.7 million. This was due to lower transaction fee income in the US where higher mortgage interest rates impacted origination, refinancing and recovery related activity whilst our servicing portfolio continued to swing towards capital light sub-servicing. Margin

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

YEAR ENDED 30 JUNE 2023

(Previous corresponding period year ended 30 June 2022)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

income increased by \$49.3 million reflecting higher rates. In the UK, revenues were lower by \$12.7 million primarily due book run-off and adverse foreign exchange movements.

A weaker Australian dollar, British pound and Canadian dollar relative to the corresponding period decreased the translated 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 grew by \$217.1 million over the corresponding period to \$444.7 million, an increase of 95.4%.

As outlined above, operating revenue was higher than the corresponding period due to a full year of ownership of the CCT business and increased margin income due to rising interest rates and renegotiated banking arrangements. Excluding these items, there was a decline in fee revenues in Issuer Services and Mortgage Services largely due to market conditions impacting transaction and event-based activity. Outside normal trading revenues, the Group benefitted from higher interest income due to rising interest rates.

Other income decreased predominantly due to the recognition of a gain on disposal of Milestone Group Pty Ltd in FY22 of \$16.4 million. In comparison, this was \$4.1 million in FY23 due to revaluation of contingent consideration receivable. Other income was also impacted by a reduction in MSR gains on sale of \$15.5 million.

Total expenses increased by \$297.6 million in the year. Of this, \$221.5 million reflects a full 12 months of CCT ownership relative to 8 months in the prior corresponding period and also includes integration and acquisition related expenses, which have been accounted for as management adjustments (refer to notes 3 and 4). Otherwise, expenses were \$76.1 million higher than the prior period driven by general inflation, impacting both personnel and vendor related costs, financing costs from increased interest rates and costs associated with the implementation of new systems in both the Finance and People functions and a cost-out programme in US Mortgage Services. Impairment charges of \$25.2 million were also incurred for UK Mortgage Services and Voucher Services.

The KCC business was disposed as of 1 May 2023, resulting in an after tax loss on disposal of \$6.4 million. A before tax loss of \$13.6 million was offset by a tax benefit of \$7.2 million. The write-off of deferred tax balances, associated with the sale of KCC, directly impacted tax expense.

The Group's effective tax rate at 28% increased from FY22 (26.4%). FY23 includes \$7.6 million of Canadian withholding tax on internal dividends, which was not creditable.

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, determined or recommended since the end of the preceding financial year:

Ordinary shares

A final dividend in respect of the year ended 30 June 2022 was declared by the directors of the Company on 9 August 2022, to be paid on 12 September 2022. This was an ordinary unfranked dividend of AU 30 cents per share, amounting to AUD 181,098,242 (\$122,484,506).

An interim dividend was determined on 22 February 2023 and paid on 21 March 2023. This was an ordinary unfranked dividend of AU 30 cents per share, amounting to AUD 181,118,801 (\$121,051,006).

A final dividend in respect of the year ended 30 June 2023 was determined by the directors of the Company to be paid on 18 September 2023. This is an ordinary unfranked dividend of AU 40 cents per share, amounting to AUD 241,491,734, based on shares on issue as at 15 August 2023. The dividend was not determined to be paid until 15 August 2023 and accordingly no provision has been recognised as at 30 June 2023.

**COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$000	2022* \$000
Revenue from continuing operations			
Sales revenue		3,166,729	2,562,059
Dividends received		4,770	500
Interest received		29,346	2,494
Total revenue from continuing operations		3,200,845	2,565,053
Other income		21,691	51,435
Expenses			
Direct services		2,030,767	1,874,932
Technology costs		384,318	324,683
Corporate services		56,216	47,930
Finance costs		133,839	60,045
Total expenses		2,605,140	2,307,590
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	11	295	545
Profit before related income tax expense		617,691	309,443
Income tax expense/(credit)	5	172,973	81,663
Profit for the year		444,718	227,780
Other comprehensive income that may be reclassified to profit or loss			
Cash flow hedges and cost of hedging		(239,526)	(70,011)
Exchange differences on translation of foreign operations		(35,921)	(62,075)
Income tax relating to components of other comprehensive income		73,852	(15,121)
Total other comprehensive income for the year, net of tax		(201,595)	(147,207)
Total comprehensive income for the year		243,123	80,573
Profit for the year attributable to:			
Members of Computershare Limited		444,744	227,659
Non-controlling interests		(26)	121
		444,718	227,780
Total comprehensive income for the year attributable to:			
Members of Computershare Limited		243,511	80,814
Non-controlling interests		(388)	(241)
		243,123	80,573
Basic earnings per share (cents per share)	3	73.67 cents	37.71 cents
Diluted earnings per share (cents per share)	3	73.50 cents	37.62 cents

* The 30 June 2022 amount of income tax relating to components of other comprehensive income has been restated, please refer to Statement of Changes in Equity for further information.

The above preliminary 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 2023

	Note	30 June 2023 \$000	30 June 2022* \$000
CURRENT ASSETS			
Cash and cash equivalents		1,141,695	1,000,817
Other financial assets		98,973	84,122
Receivables		519,415	481,181
Loan servicing advances		318,727	296,118
Financial assets at fair value through profit or loss		10,226	8,188
Inventories		6,310	5,263
Current tax assets		9,303	7,130
Prepayments		59,332	43,470
Assets classified as held for sale	8	-	78,763
Other current assets		9,464	2,853
Total current assets		2,173,445	2,007,905
NON-CURRENT ASSETS			
Receivables		93,296	171
Investments accounted for using the equity method		8,344	8,380
Financial assets at fair value through profit or loss		54,115	61,807
Property, plant and equipment		140,266	134,207
Right-of-use assets		145,699	170,721
Deferred tax assets		238,575	137,752
Intangibles		3,291,996	3,536,727
Other non-current assets		649	630
Total non-current assets		3,972,940	4,050,395
Total assets		6,146,385	6,058,300
CURRENT LIABILITIES			
Payables		544,242	543,669
Borrowings		593,864	559,331
Lease liabilities		35,934	40,703
Current tax liabilities		37,025	24,663
Financial liabilities at fair value through profit or loss		6,558	5,135
Provisions		43,616	37,601
Deferred consideration		1,084	651
Mortgage servicing related liabilities		30,042	34,460
Liabilities classified as held for sale	8	-	23,897
Total current liabilities		1,292,365	1,270,110
NON-CURRENT LIABILITIES			
Payables		19,130	38,899
Borrowings		1,764,003	1,843,020
Lease liabilities		140,213	162,145
Financial liabilities at fair value through profit or loss		469,748	230,831
Deferred tax liabilities		227,469	232,033
Provisions		23,377	23,147
Deferred consideration		-	975
Mortgage servicing related liabilities		69,098	97,734
Total non-current liabilities		2,713,038	2,628,784
Total liabilities		4,005,403	3,898,894
Net assets		2,140,982	2,159,406
EQUITY			
Contributed equity	9	519,299	519,299
Reserves		(357,335)	(138,090)
Retained earnings	15	1,977,976	1,776,767
Total parent entity interest		2,139,940	2,157,976
Non-controlling interests		1,042	1,430
Total equity		2,140,982	2,159,406

* The 30 June 2022 deferred tax asset and reserves balances have been restated, please refer to Statement of Changes in Equity for further information.

The above preliminary 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 2023**

Attributable to members of Computershare Limited						
Note	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000	Non- controlling Interests \$000	Total Equity \$000
Total equity at 1 July 2022	519,299	(138,090)	1,776,767	2,157,976	1,430	2,159,406
Profit for the year	-	-	444,744	444,744	(26)	444,718
Cash flow hedges and cost of hedging	-	(239,526)	-	(239,526)	-	(239,526)
Exchange differences on translation of foreign operations	-	(35,559)	-	(35,559)	(362)	(35,921)
Income tax (expense)/credits	-	73,852	-	73,852	-	73,852
Total comprehensive income for the year	-	(201,233)	444,744	243,511	(388)	243,123
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	14	-	(243,535)	(243,535)	-	(243,535)
Cash purchase of shares on market	-	(49,433)	-	(49,433)	-	(49,433)
Share based remuneration	-	31,421	-	31,421	-	31,421
Balance at 30 June 2023	519,299	(357,335)	1,977,976	2,139,940	1,042	2,140,982

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 2021*	519,299	6,337	1,755,361	2,280,997	1,938	2,282,935
Profit for the year	-	-	227,659	227,659	121	227,780
Cash flow hedges and cost of hedging	-	(70,011)	-	(70,011)	-	(70,011)
Exchange differences on translation of foreign operations	-	(61,713)	-	(61,713)	(362)	(62,075)
Income tax (expense)/credits**	-	(15,121)	-	(15,121)	-	(15,121)
Total comprehensive income for the year	-	(146,845)	227,659	80,814	(241)	80,573
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	14	-	(206,253)	(206,253)	(267)	(206,520)
Cash purchase of shares on market	-	(23,698)	-	(23,698)	-	(23,698)
Share based remuneration	-	26,116	-	26,116	-	26,116
Balance at 30 June 2022	519,299	(138,090)	1,776,767	2,157,976	1,430	2,159,406

* The July 2021 opening equity balance was restated to reflect a correction of an immaterial error impacting prior periods which included the recognition of an additional share-based payment expense of \$13.4 million in retained earnings and share-based payment reserve, as well as associated tax benefit of \$3.3 million in retained earnings.

** The 30 June 2022 deferred tax asset and the tax impact related to foreign currency translation reserve (FCTR) balance have been restated by \$38.4 million to reflect updated assumptions relevant to the comparative period, resulting in a reduction to the income tax relating to components of other comprehensive income.

The above preliminary 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 2023**

	Note	2023	2022
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,177,472	2,586,419
Payments to suppliers and employees		(2,263,313)	(1,993,642)
Loan servicing advances (net)		(22,611)	56,147
Dividends received from associates, joint ventures and equity securities		4,770	657
Interest paid and other finance costs		(143,654)	(81,323)
Interest received		29,346	2,494
Income taxes paid		(181,012)	(76,217)
Net operating cash flows	6	600,998	494,535
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of controlled entities and businesses (net of cash acquired)		(9,628)	(730,590)
Proceeds from sale of controlled entities (net of cash disposed)		42,344	-
Proceeds from/(payments for) intangible assets including MSRs		(70,708)	(65,670)
Proceeds from sale of associate		-	15,850
Proceeds from/(payments for) investments		4,221	(22,927)
Payments for property, plant and equipment		(41,891)	(42,803)
Net investing cash flows		(75,662)	(846,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for purchase of ordinary shares – share-based awards		(49,497)	(23,698)
Proceeds from borrowings		714,134	1,426,761
Repayment of borrowings		(783,012)	(513,203)
Loan servicing borrowings (net)		(5,062)	(28,157)
Dividends paid - ordinary shares (net of dividend reinvestment plan)		(213,809)	(188,686)
Purchase of ordinary shares - dividend reinvestment plan		(29,727)	(17,567)
Dividends paid to non-controlling interests in controlled entities		-	(267)
Lease principal payments		(43,699)	(50,261)
Net financing cash flows		(410,672)	604,922
Net increase/(decrease) in cash and cash equivalents held		114,664	253,317
Cash and cash equivalents at the beginning of the financial year		1,030,765	816,810
Exchange rate variations on foreign cash balances		(3,734)	(39,362)
Cash and cash equivalents at the end of the year ¹		1,141,695	1,030,765

¹ Cash and cash equivalents at 30 June 2023 includes nil cash (30 June 2022: \$29.9 million) presented in the assets classified as held for sale line item in the consolidated statement of financial position.

The above preliminary 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 preliminary 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.

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

Refer to the Market Announcement and Management Presentation dated 15 August 2023 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.

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

Year ended 30 June 2023	Basic EPS	Diluted EPS	Management Basic EPS	Management Diluted EPS
Earnings per share (cents per share)	73.67 cents	73.50 cents	108.01 cents	107.76 cents
Reconciliation of earnings	\$000	\$000	\$000	\$000
Profit for the year	444,718	444,718	444,718	444,718
Non-controlling interest (profit)/loss	26	26	26	26
Add back management adjustment items (see below)	-	-	207,320	207,320
Net profit attributable to the members of Computershare Limited	444,744	444,744	652,064	652,064
Weighted average number of ordinary shares used as denominator in calculating earnings per share	603,729,336	605,099,739	603,729,336	605,099,739
Year ended 30 June 2022	Basic EPS	Diluted EPS	Management Basic EPS	Management Diluted EPS
Earnings per share (cents per share)	37.71 cents	37.62 cents	57.95 cents	57.81 cents
Reconciliation of earnings	\$000	\$000	\$000	\$000
Profit for the year	227,780	227,780	227,780	227,780
Non-controlling interest (profit)/loss	(121)	(121)	(121)	(121)
Add back management adjustment items (see below)	-	-	122,212	122,212
Net profit attributable to the members of Computershare Limited	227,659	227,659	349,871	349,871
Weighted average number of ordinary shares used as denominator in calculating earnings per share	603,729,336	605,218,571	603,729,336	605,218,571

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

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

	2023	2022
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	603,729,336	603,729,336
Adjustments for calculation of diluted earnings per share:		
Share appreciation rights	549,955	590,415
Performance rights	820,448	898,820
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	605,099,739	605,218,571

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

Management Adjustment Items

	Gross	Tax	Net of tax
	\$000	\$000	\$000
Amortisation			
Amortisation of intangible assets	(96,205)	25,535	(70,670)
Acquisitions and disposals			
Acquisition related integration expenses	(106,383)	27,802	(78,582)
Acquisition and disposal related expenses	(6,679)	1,765	(4,913)
Loss on disposal of KCC	(13,643)	7,228	(6,415)
Gain on other disposals	1,742	(254)	1,489
Contingent consideration remeasurement	4,074	(1,222)	2,852
Other			
Major restructuring costs	(39,742)	10,466	(29,276)
Marked to market adjustments - derivatives	1,001	(307)	694
Impairment of assets	(25,164)	2,666	(22,499)
Total management adjustment items	(280,999)	73,679	(207,320)

Management adjustment items net of tax for the year ended 30 June 2023 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 2023 was \$70.7 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

- Acquisition-related integration expenses are associated mainly with the integration of the Corporate Trust business (\$57.8 million) and the ongoing integration of Equatex including a rollout of the acquired software (\$20.8 million).
- Disposal of the KCC business resulted in a net loss of (\$6.4 million).
- Disposals of the smaller CMC Funding, Inc. entity in the US (\$1.4 million) and the true-up of prior-year disposal of Private Capital Solutions business in Canada (\$0.1 million) gave rise to a gain after tax of \$1.5 million.
- A true-up of contingent consideration receivable for last year's disposal of Milestone Group Pty Ltd resulted in an after-tax gain of \$2.9 million.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

Other

- Costs of \$29.3 million were incurred in respect of major restructuring programmes spanning several years such as the US and UK mortgage services cost-out programmes and continued property rationalisation, as well as the implementation of new operating systems in both the Finance and People functions.
- 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 gain of \$0.7 million.
- An impairment charge of \$12.6 million after tax was incurred to write off intangible assets, right-of-use assets and PPE related to UK mortgage services, as they were not supported by the expected future cashflows of the businesses. Similarly, the remaining goodwill balance associated with Computershare's Voucher Services business was fully written off in the reporting period resulting in a charge of \$9.9 million, as the remaining forecast cash flows continued to run off.

For the year ended 30 June 2022 management adjustment items were as follows:

	Gross \$000	Tax \$000	Net of tax \$000
Amortisation			
Amortisation of intangible assets	(84,872)	21,491	(63,381)
Acquisitions and disposals			
Acquisition related expenses	(61,522)	14,689	(46,833)
Acquisition and disposal related expenses	(16,310)	4,110	(12,200)
Gain on disposal	18,516	(4,586)	13,930
Other			
Major restructuring costs	(16,966)	3,830	(13,136)
Marked to market adjustments – derivatives	621	(144)	477
Voucher Services impairment	(1,069)	-	(1,069)
Total management adjustment items	(161,602)	39,390	(122,212)

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

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 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) Computershare Corporate Trust
- g) Technology Services

Issuer Services comprise register maintenance, corporate actions, stakeholder relationship management and corporate governance and related services. Mortgage Services & Property Rental Services comprise mortgage servicing and related activities, together with tenancy deposit 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 comprises the provision of bankruptcy and class actions administration services (the now disposed KCC business) and the legacy corporate trust operations in Canada and the US. Communication Services and Utilities operations comprise document composition and printing, intelligent mailing, inbound process automation, scanning and electronic delivery. Computershare Corporate Trust comprises trust and agency services in connection with the administration of debt securities in the US. 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 management adjusted earnings before interest and tax (management adjusted EBIT).

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

OPERATING SEGMENTS

	Issuer Services	Employee Share Plans & Voucher Services	Communi- cation Services & Utilities	Mortgage Services & Property Rental Services	Business Services ¹	Computer share Corporate Trust	Technology Services	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
30 June 2023								
Total segment revenue and other income	1,119,447	356,701	318,963	549,032	207,458	869,164	254,149	3,674,914
Intersegment revenue	(29,214)	(4,961)	(152,105)	(200)	(1,312)	(21,286)	(253,885)	(462,963)
External revenue and other income	1,090,233	351,740	166,858	548,832	206,146	847,878	264	3,211,951
Revenue by geography:								
Asia	75,670	43,166	-	-	-	-	(5)	118,831
Australia & New Zealand	118,388	13,061	73,866	-	-	-	19	205,334
Canada	104,959	17,942	9,666	-	94,070	-	218	226,855
Continental Europe	58,491	6,880	25,181	-	-	-	-	90,552
UK, Channel Islands, Ireland & Africa	132,253	212,124	9,330	145,262	3,850	-	32	502,851
United States	600,472	58,567	48,815	403,570	108,226	847,878	-	2,067,528
	1,090,233	351,740	166,858	548,832	206,146	847,878	264	3,211,951
Management adjusted EBIT	373,186	102,507	20,394	23,924	89,445	441,620	(7,098)	1,043,978
30 June 2022								
Total segment revenue and other income	1,009,403	341,846	349,339	587,217	170,578	335,951	238,538	3,032,872
Intersegment revenue	(29,902)	(1,814)	(168,784)	-	(1,295)	-	(238,519)	(440,314)
External revenue and other income	979,501	340,032	180,555	587,217	169,283	335,951	19	2,592,558
Revenue by geography:								
Asia	74,660	42,233	-	-	-	-	-	116,893
Australia & New Zealand	122,793	13,696	83,450	-	-	-	19	219,958
Canada	86,407	21,044	14,645	-	70,748	-	-	192,844
Continental Europe	54,312	9,094	32,216	-	-	-	-	95,622
UK, Channel Islands, Ireland & Africa	111,184	199,775	8,620	161,143	9,580	-	-	490,302
United States	530,145	54,190	41,624	426,074	88,955	335,951	-	1,476,939
	979,501	340,032	180,555	587,217	169,283	335,951	19	2,592,558
Management Adjusted EBIT	263,654	84,478	29,314	25,168	39,483	86,161	4,216	532,474

¹ The Business Services segment ceased on 1 July 2023, as the KCC business was disposed on 1 May 2023, and the legacy corporate trust operations in Canada and the US have moved into the "Computershare Corporate Trust" segment.

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:

	2023	2022
	\$000	\$000
Total operating segment revenue and other income	3,674,914	3,032,872
Intersegment eliminations	(462,963)	(440,314)
Other income	(19,834)	(32,797)
Corporate revenue and external dividends	8,728	5,292
Total revenue from continuing operations	3,200,845	2,565,053

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:

	2023	2022
	\$000	\$000
Management adjusted EBIT - operating segments	1,043,978	532,474
Management adjusted EBIT - corporate	(11,449)	(1,384)
Management adjusted EBIT	1,032,529	531,090
Management adjustment items (before related income tax effect):		
Amortisation of acquisition related intangible assets	(96,205)	(84,872)
Acquisition related integration expenses	(106,383)	(61,522)
Acquisition and disposal related expenses	(6,679)	(16,310)
Major restructuring costs	(39,742)	(16,966)
Gain on disposals	1,742	18,516
Contingent consideration remeasurement	4,074	-
Marked to market adjustments - derivatives	1,001	621
Impairment of assets	(25,164)	(1,069)
Disposal of KCC business (note 10)	(13,643)	-
Total management adjustment items (note 3)	(280,999)	(161,602)
Finance costs	(133,839)	(60,045)
Profit before income tax from continuing operations	617,691	309,443

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

5. RECONCILIATION OF INCOME TAX EXPENSE

Numerical reconciliation of income tax expense to prima facie tax payable

	2023	2022
	\$000	\$000
Profit before income tax expense	617,691	309,443

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%	185,307	92,833
Variation in tax rates of foreign controlled entities	(23,808)	(15,702)

Tax effect of permanent differences:

Withholding tax not creditable	7,617	2,192
Non-deductible asset impairments	3,440	321
Disposal of KCC business	(3,328)	-
Capital gain on internal reorganisation	2,581	-
US State Franchise tax	1,487	1,144
Prior year tax (over)/under provided	(1,486)	394
Effect of changes in tax rates and laws	455	(1,410)
Disposal of investment in Milestone Group Pty Ltd	-	(898)
Net other	708	2,789
Income tax expense/(credit)	172,973	81,663

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

	2023 \$000	2022 \$000
Net profit after income tax	444,718	227,780
Adjustments for:		
Depreciation and amortisation	280,012	274,020
Net (gain)/loss from disposal of associate ²	(4,074)	(16,427)
Net (gain)/loss from disposal of controlled entities	11,958	-
Net (gain)/loss on asset disposals and revaluation of assets	(10,730)	(27,940)
Net (gain)/loss on lease modifications and terminations	-	3,169
Share of net (profit)/loss of associates and joint ventures accounted for using equity method	(295)	(545)
Amortisation of USD senior note fair value adjustment to interest expense	(14,972)	(18,770)
Employee benefits - share-based expense	32,916	24,479
Impairment of assets	25,164	1,069
Fair value adjustments	(1,001)	(621)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(74,004)	(66,942)
(Increase)/decrease in inventories	(1,067)	(29)
(Increase)/decrease in loan servicing advances	(22,611)	56,147
(Increase)/decrease in other current assets	(9,550)	(7,865)
Increase/(decrease) in payables and provisions	(47,427)	41,563
Increase/(decrease) in tax balances	(8,039)	5,447
Net cash and cash equivalents from operating activities	600,998	494,535

(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 2022	559,331	1,843,020	40,703	162,145	4,718	2,609,917
Cash flows	4,017	(30,953)	(43,699)	-	(47,004)	(117,639)
Non-cash changes:						
Additions	-	-	4,272	12,614	-	16,886
Fair value adjustments	(3,518)	(40,990)	-	-	40,589	(3,919)
Transfers and other	27,442	(29,508)	33,426	(33,426)	-	(2,066)
Liabilities classified as held for sale ³	-	-	2,570	3,214	-	5,784
Disposal of KCC	-	-	(1,700)	(4,015)	-	(5,715)
Currency translation difference	6,592	22,434	362	(319)	(819)	28,250
Balance at 30 June 2023	593,864	1,764,003	35,934	140,213	(2,516)	2,531,498

² Relates to remeasurement of contingent consideration on disposal of Milestone Group Pty Ltd.

³ Refer to Note 8.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

7. BUSINESS COMBINATIONS

The Group continues to seek acquisition and other growth opportunities where value can be added and returns enhanced for the shareholders. The following business was acquired by the consolidated entity at the date stated and its operating results have been included in the Group's results from the acquisition date.

On 1 June 2023, Computershare acquired the business and assets of SunDoc Filings, a US-based provider of comprehensive, nationwide document filing and retrieval services to professional services firms, escrow and small businesses. The total consideration was \$9.9 million. Where goodwill is marked as provisional, identification and valuation of net assets acquired will be completed within a 12-month measurement period in accordance with the Group's accounting policy.

Details of the acquisition are as follows:

	\$000
Consideration	9,941
Total purchase consideration	9,941
Less fair value of identifiable net assets acquired	(298)
Provisional goodwill on consolidation	9,643

Acquisition accounting for the CCT and Worldwide Incorporators Ltd business combinations has been finalised in the current reporting period. The acquisition accounting for the CCT acquisition did not change from what was reported in the 30 June 2022 Annual Report. Intangible assets of \$0.7 million were recognised and adjusted out of goodwill for the Worldwide Incorporators Ltd acquisition.

In the prior year, the Group disclosed the acquisition of the aircraft leasing business of Wells Fargo as a business combination in the Computershare Corporate Trust segment. After further analysis, it has been concluded that this purchase should be treated as an acquisition of assets, and not a business combination. The change did not have any impact on the balance sheet and profit and loss for FY23 and was not material.

8. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Due to delays and uncertainties associated with the disposal process, it was determined that the sale of the UK mortgage services business was no longer highly probable to occur within 12 months. Therefore, despite the continued sale efforts, this business was no longer classified as held for sale as at 31 December 2022. There have been no major developments since December and the business is not classified as held for sale as at 30 June 2023.

As the non-current assets of UK Mortgage Services were subject to impairment testing in the reporting period, an impairment charge of \$14.9 million was recorded, writing down the intangible assets, right-of-use assets and property, plant and equipment associated with this business to nil.

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

There have been no share buy-backs or issue of ordinary shares during the year ended 30 June 2023.

Movement in contributed equity

	Number of shares	\$000
Balance at 1 July 2022	603,729,336	519,299
Balance at 30 June 2023	603,729,336	519,299

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

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

Disposed	Date control lost
KCC business:	
KCC Class Action Services LLC	1 May 2023
Kurtzman Carson Consultants Inc.	1 May 2023
Gilardi & Co., LLC	1 May 2023
Data Point Analysis Group, LLC	1 May 2023
Kurtzman Carson Consultants, LLC	1 May 2023
Gilco LLC	1 May 2023
Rosenthal & Company, LLC	1 May 2023
Administar Services Group LLC	1 May 2023
RicePoint Administration Inc.	1 May 2023
Settlement Recovery Group LLC	1 May 2023
Other	
CMC Funding Inc.	3 May 2023

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

Name	Place of incorporation	Principal activity	Ownership interest		Consolidated carrying amount	
			June 2023 %	June 2022 %	June 2023 \$000	June 2022 \$000
Joint Ventures						
Computershare Pan Africa Holdings Ltd	Mauritius	Investor Services	60	60	-	-
Associates						
Expandi Ltd	United Kingdom	Investor Services	25	25	6,757	6,709
Reach LawTech Pty Ltd	Australia	Investor Services	46.5	46.5	-	-
The Reach Agency Holdings Pty Ltd	Australia	Investor Services	46.5	46.5	1,587	1,671
					8,344	8,380

The share of net profit/loss of associates and joint ventures accounted for using the equity method for the year ended 30 June 2023 is a \$0.3 million gain (2022: \$0.5 million gain).

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

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

On 1 May 2023, the Group disposed of the KCC business, which was based in North America and formed part of the Business Services segment. Under the terms of the sale, Computershare received a base consideration of \$94.1 million with additional contingent consideration receivable.

Details of the disposal are as follows:

	\$000
Cash Consideration	44,118
Deferred Consideration	50,000
Contingent Consideration	46,063
Less:	
Carrying amount of net assets disposed	(149,042)
Transaction costs	(4,782)
Gain/(loss) on disposal before income tax	(13,643)
Income tax (expense)/benefit	7,228
Gain/(loss) on disposal after income tax	(6,415)

Contingent consideration includes \$37.8 million, which represents the present value of the Group's estimate of the probability-weighted discounted cash inflows that will be received, subject to targets within the sale contract being achieved by the acquirer over the 4 calendar years to 31 December 2026. As at 30 June 2023, there have been no changes in the estimate of the probable cash inflow. Future changes in such estimates, including unwinding of the discount, will be reassessed at the end of each reporting period and recorded in profit or loss.

The remaining contingent consideration of \$8.3 million relates to other receivables, which are recognised based on the Group's estimate of the probability-weighted discounted cash inflows over the next 2 years.

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

Details of dividends determined to be paid or paid during or subsequent to the year ended 30 June 2023 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend (AUD)	Franked amount per security	Conduit Foreign Income amount per security
17 August 2022	12 September 2022	Final	AUD 30 cents	181,098,242	AUD 0.0 cents	AUD 30.0 cents
22 February 2023	21 March 2023	Interim	AUD 30 cents	181,118,801	AUD 0.0 cents	AUD 30.0 cents
23 August 2023	18 September 2023	Final	AUD 40 cents	241,491,734*	AUD 0.0 cents	AUD 40.0 cents

* Based on 603,729,336 shares on issue as at 15 August 2023.

14. 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.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

The DRP will apply to the final dividend determined on 15 August 2023 in respect of the FY23 financial year. Applications or notices received after 5.00pm (Melbourne time) on 24 August 2023 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 28 August 2023 to 8 September 2023 (inclusive). No discount will apply to the DRP price.

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

	2023	2022
	\$000	\$000
Retained earnings		
Retained earnings at the beginning of the financial year	1,776,767	1,755,361*
Ordinary dividends provided for or paid	(243,535)	(206,253)
Net profit/(loss) attributable to members of Computershare Limited	444,744	227,659
Retained earnings at the end of the financial year	1,977,976	1,776,767

* The July 2021 opening equity balance was restated to reflect a correction of an immaterial error impacting prior periods which included the recognition of an additional share-based payment expense of \$13.4 million in retained earnings and share-based payment reserve, as well as associated tax benefit of \$3.3 million in retained earnings.

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

	2023	2022
Net tangible asset backing per ordinary share	(2.30)	(2.51)

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

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

Refer to the Market Announcement and Management Presentation.

20. 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.

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

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