



This financial report covers the consolidated entity consisting of Computershare Limited and its controlled entities.

The financial report is presented in United States dollars (USD), unless otherwise stated.

Computershare Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Computershare Limited  
Yarra Falls  
452 Johnston Street, Abbotsford  
Victoria 3067 Australia

The financial report was authorised for issue by the directors on 21 September 2020. The company has the power to amend and reissue the financial report.

A separate notice of meeting including a proxy form is enclosed with this financial report.

2020

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# FINANCIAL HIGHLIGHTS

	June 2020	June 2019	% Change
<b>Statutory results</b>			
Total revenue	2,277.3 million	2,346.0 million	-2.9%
Net profit after non-controlling interests (NCI)	232.7 million	415.7 million	-44.0%
Statutory earnings per share	42.97 cents	76.57 cents	-43.9%
<b>Management adjusted results</b>			
Management EBITDA	646.4 million	674.9 million	-4.2%
Management net profit after NCI	303.8 million	381.4 million	-20.3%
Management earnings per share	56.12 cents	70.24 cents	-20.1%
Management earnings per share (in constant currency)	56.34 cents	70.24 cents	-19.8%
<b>Balance sheet</b>			
Total assets	4,989.8 million	4,685.0 million	6.5%
Total shareholders' equity	1,590.3 million	1,574.1 million	1.0%
<b>Performance indicators</b>			
Free cash flow (excluding SLS advances)	505.9 million	312.9 million	61.7%
Net debt to management EBITDA (excluding non-recourse debt)*	1.93 times	1.84 times	Up 0.09 times
Return on equity*	19.50%	26.40%	Down 690bps
Staff numbers	12,646	12,701	

For a reconciliation between statutory and management adjusted results, refer to note 4 in the notes to the financial statements.

\* These financial indicators are based on management adjusted results. Management adjusted results are used, along with other measures, to assess operating business performance. The Group believes that the exclusion of certain items permits better analysis of the Group's performance on a comparative basis and provides a better measure of underlying operating performance. Management adjusted results are quoted in constant currency (CC) unless otherwise stated. Constant currency equals FY20 results translated to USD at FY19 average exchange rates.

## FINANCIAL CALENDAR

### 2020

<b>19 August</b>	Record date for final dividend
<b>14 September</b>	Final dividend paid
<b>11 November</b>	The Annual General Meeting of Computershare Limited ABN 71 005 485 825
<b>Location:</b>	Online - refer to Notice of Meeting for details
<b>Time:</b>	9.00am

### 2021

<b>10 February</b>	Announcement of financial results for the half-year ending 31 December 2020
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# CHAIRMAN'S\* REPORT



**Simon Jones**  
Chairman

## YEAR IN REVIEW

It goes without saying that 2020 has been an extraordinary year.

I feel a great sense of pride in what Computershare has achieved this year, particularly in the second half of FY20. Like every other global company, we've faced substantial challenges as business operations and supply chains were disrupted and normal work routines and social structures were interrupted. Every one of our people has felt some strain and stress. But we've demonstrated, conclusively, that Computershare remains strong and stable and capable of delivering for our stakeholders - our employees, our shareholders, our clients and our communities.

We've respected our shareholders, by being fully transparent as the impact of Covid-19 on our businesses became clearer. We updated our guidance in March and again in April, as deeper than expected rate cuts bit hard into our margin income, and market volatility reduced transactional volumes. We could have simply withdrawn our guidance, but instead, we increased disclosure and told the market exactly what we were seeing - and then we came in right on the number. We also made it a priority to maintain our dividend.

Despite the disruption to our normal office operations, we've continued to deliver high levels of service to our customers, with most of our staff working remotely. We have never dropped our sharp focus on execution and getting the job done.

Of course, none of this would be possible without the expert and dedicated contributions of our 12,600 global employees. Since the potential impact of the Covid-19 pandemic became clear, our priority has been to look after our people, to protect their health and wellbeing, while enabling them to work productively and to continue to pursue their professional goals and development.

Last year we rolled out our global ways of working, 'Being Purple' - this year those values were exemplified by the way our people pitched in to support each other in the most challenging of circumstances and found innovative solutions to support our clients' changing needs.

Despite the impact of Covid-19 on our earnings, and our Management earnings per share (EPS) being down 19.8%, across the year our headline revenue was down by only 1.9%, and Management EBITDA was down by 3.7%. Although activity levels across the group were subdued in the fourth quarter, the business performed in line with the revised expectations and we saw continuing improvement after the macro volatility months of March and April. There are many other positives and reasons for an optimistic outlook, which Stuart will expand upon in his CEO Report.

**Despite the impact of Covid-19 on our earnings, and our Management earnings per share (EPS) being down 19.8%, across the year:**

**HEADLINE REVENUE WAS  
DOWN BY ONLY 1.9%**

**MANAGEMENT EBITDA WAS  
DOWN BY ONLY 3.7%**

\* All references to Management Results in the Chairman's Report are in constant currency unless otherwise stated.

### OUTLOOK

With interest rates projected to remain depressed over the year ahead, we expect our FY21 results will continue to be affected by reduced margin income. Fundamentally, that's a reflection of where we are in the global economic cycle. However, our core businesses remain robust and well-positioned. Excluding margin income, our EBIT is expected to be up in the year ahead, and we expect to see transactional revenue pick up as confidence returns to markets. We also have good counter-cyclical prospects in Business Services. Overall, we remain focused on the things we can control - building stronger businesses with diversified revenue pools and greater exposure to structural growth trends over the longer term.

### ACKNOWLEDGMENTS

On behalf of my fellow directors, I'd like to thank you for your ongoing support as a shareholder. The past 12 months have seen large swings in market sentiment, but our company remains stable, strong and well-positioned to continue our growth trajectory. Our efforts to diversify, invest in scale and grow complementary and counter-cyclical businesses will continue to bear fruit in the years ahead.

I'd also like to thank our incoming Chief Financial Officer, Nick Oldfield, and his global Finance team, for the work they have done in preparing these results, and more broadly, in safeguarding the financial health and stability of the Group. Their responsibilities are demanding at the best of times, and no doubt have been even more so recently given the way working routines have been upended. Of course, those same thanks are due to every one of our global employees - the way they have kept delivering amid widespread uncertainty and upheaval is truly remarkable.

Finally, I would like to especially thank Stuart Irving, our CEO and President, for the exemplary leadership he's provided throughout the year. I know that his commitment to protecting our company - our people, our businesses and our shareholders - has meant many long hours for him. His dedication is appreciated, as is the great contribution he continues to make to Computershare's performance and our distinctive culture.

I would also like to acknowledge my fellow board members for their invaluable support - they bring a real diversity of experience, insight and expertise to the Group.



Simon Jones  
Chairman



# CEO'S REPORT\*



Stuart Irving  
CEO

## DEMONSTRATING OUR RESILIENCE IN THE FACE OF MARKET DISRUPTION

Not surprisingly, this year needs to be understood in two parts - pre- and post-Covid-19. Prior to March, we were tracking comfortably to the guidance we gave in August and reaffirmed in February. At this point, we were tracking 8% ahead of our budgeted 2H earnings targets, enough of a buffer to offset the earlier than expected cuts to interest rates we had seen.

In March, all of this changed - the world economy, and our markets in particular, abruptly entered a period of heightened uncertainty and volatility. Central banks injected emergency liquidity into financial markets and cut interest rates. This upheaval had an immediate effect on our business operations. Those rate cuts saw our margin income decline sharply, ending the year down 18.3%.

Another major impact was reduced transaction activity in our markets: fewer corporate actions (outside of HK and AU), deferred meetings and events, lower levels of trades by shareholders and employees, and regulatory relief measures in mortgage markets (such as foreclosure freezes) which also reduced our fee income. Understandably, many of our clients' priorities changed overnight, and some major revenue opportunities we had in the pipeline ended up being cancelled or postponed. We will recapture some of the deferred revenue in the year ahead. In combination, the impact of Covid-19 disruption on our business operations took 10.2% off our management earnings per share for FY20.

In addition to this, in the light of Covid-19, we made some one-off management decisions in the last quarter, which cut our earnings result by a further 4.6%. These decisions were taken to look after our shareholders and our staff. We repatriated cash out of Canada to enhance our liquidity, incurring withholding taxes, so we could maintain our year-end dividend. And we looked to protect our most vulnerable employees, setting aside provisions for a hardship fund for their benefit. We've also allowed our employees to accrue leave, rather than mandating furloughs, so they have personal financial buffers if there are further waves of Covid-19 that come in the months ahead.

In combination, this has resulted in our full-year Management EPS being down 19.8% on FY19, instead of the 5% decline we had previously forecast. We have been open and transparent throughout - this is the result we provided in our April guidance, issued as soon as we took stock of unfolding events in our markets.

We have maintained our final dividend at 23 cents, without impairing our liquidity or capacity to make investments. The Group generated \$506 million of free cash flow - about 55% of which has gone to fund strategic acquisitions and build further scale in our US mortgage books. One third has been returned to our shareholders as dividends - something we believe is the right thing to do, especially in a historically low interest rate environment.

## RESILIENT OPERATING PERFORMANCE



Revenue  
**\$2.3b**  
DOWN 1.9%



Management EBITDA<sup>1</sup>  
**\$650m**  
DOWN 3.7%

## MARGIN INCOME HEADWINDS



Margin Income  
**\$201m**  
DOWN 18.3%



Management EPS  
**56.3CPS**  
DOWN 19.8%

## BALANCE SHEET STRENGTH



Net Debt/EBITDA<sup>2</sup>  
**1.93x**  
UP 0.09x



Final Dividend Per Share  
**23.0CPS**  
MAINTAINED

<sup>1</sup> Includes impact of IFRS16

<sup>2</sup> Excluding non-recourse SLS Advance debt.

\* All References to Management Results in the CEO's Report are in constant currency unless otherwise stated.

Our balance sheet remains conservative, with a leverage rate of 1.93x, below the midpoint of our target range. Net debt was essentially unchanged, with a \$500 million facility refinanced and pushed out from 2021 to 2024.

We could have chosen to impose widespread staff furloughs or layoffs. Instead, we provided support and flexibility. We've encouraged our employees to choose how to best combine their professional lives with other responsibilities, like providing care or home schooling. We see this as part of our social obligation to our employees and the wider communities around us. I believe we will see tangible returns on this investment in our people in the years ahead.

As a silver lining, our goals of reducing our carbon footprint by travelling less and videoconferencing more took a great leap forward in the second half of the year, albeit by necessity. We've learnt a lot about what is possible with remote working, while also acknowledging that it doesn't suit all people and all roles.

We did see some encouraging signs of recovery in our markets during May and June, and since, which gives us some cause for optimism about the year ahead, assuming economies continue to stabilise on the same trajectory.

## OUR COVID-19 RESPONSE - PROTECTING OUR PEOPLE, STANDING BY OUR CLIENTS

When the rapid spread of Covid-19 became apparent, we took immediate action and, by mid-February, we had assembled a dedicated global pandemic task force. I thank that team for their single-minded concentration in handling a blizzard of facts and figures from every country.

Our immediate and highest priority was to protect the health and wellbeing of our 12,600 employees. I'd like to acknowledge the roles played by the divisions that support our core businesses, including our People, Communications and Technology teams. These teams were instrumental in planning and executing changes to our operations, and then providing important guidance and reassurance to our employees during a frightening time. Their efforts enabled thousands of our employees to move to full-time work from home, in some cases virtually overnight, maintaining our capacity to serve our clients and customers.

Having already invested in secure virtual networks and supporting technologies, we were able to ramp up capacity rapidly, allowing over 90% of our workforce to work off-site without interrupting our service to our clients or compromising their data. For those with essential on-site roles, we put in place strict hygiene and distancing protocols, along with stringent cleaning processes, to reduce risk as much as possible.

Our support for our employees is ongoing, as already noted above. We have placed a priority on our communications, providing regular updates, advice and reassurance to help people adjust to new circumstances, and encouraged them to reach out for extra help. We've given our managers guidance and tools to support their teams, and we've extended and promoted the provision of mental health support. Our people are our advantage, so it makes perfect sense to put them first.

At the same time, we also took stock of the pressing needs of our clients and customers, many of whom were facing new challenges of their own.

We've supported our corporate clients by rolling out a range of rapidly developed and innovative products to help them meet their governance obligations. We've long been an advocate for opening company meetings to a more diverse audience through technology - it turned out that our leadership in this area couldn't have been more timely. This year we conducted numerous online seminars, and promoted, planned and coordinated over 1,000 virtual Annual General Meetings around the world.

We also facilitated critical market activities, assisting our clients with capital raisings, delivering these complex and often high-risk transactions via expert teams working remotely.

In the US and UK, we scaled up our Mortgage Services operations, to help homeowners by quickly and efficiently processing their mortgage payment holiday requests. This was enabled by our rapid development and deployment of changes to our customer service systems, a technology proficiency we have placed increasing emphasis on in recent years.

## EXECUTING ON OUR GLOBAL BUSINESS STRATEGIES

As much as 2020 has been about change and adapting to 'the new normal', we remain focused on executing our own long-term growth strategies. At Computershare, we seek to build stronger businesses with scale and more exposure to positive structural growth trends. As we move through and out of Covid-19, some of our businesses will see more opportunities, others fewer. Some adjustments will need to be made accordingly. But we continue to look beyond the short term, to remain focused on our strengths: long-term planning, disciplined execution, making strategic investments to achieve organic growth while driving efficiencies and cost-out programs. It's an approach that serves us well.

All of this comes down to people. We are well organised, and our people are highly skilled, competent, loyal and reliable. That's coming through strongly in client feedback as well as in these results. We have been rock-solid when our clients needed us the most, and they won't quickly forget this.



This year you'll see a change in our full-year reporting (which we flagged last year) to provide segment reporting over our five business lines, plus our technology function. As we've explained before, our move from a regional model to a global business structure was needed to fire the next phase of growth for the Group. That structure is now well established, with complementary products and services grouped together, bringing with it an increased focus on new opportunities, innovative product development and a better, more coherent customer experience. It also allows us to align and resource our supporting functions more effectively - People, Technology, Operations, Finance, Sales and Marketing, and so on.

You can read an overview of our four largest business lines on pages 13 to 16, while the complete financials are available in the Directors' Report and accompanying financial statements.

## OUTLOOK FOR FY2021

As I've already suggested, there are good reasons to be optimistic about the year ahead, although that always has to be qualified by uncertainty about the timing and rate of recovery in our markets. We will continue to update guidance throughout the year, if and when there are material changes that affect our outlook.

We expect margin income to remain depressed, which will adversely impact our full-year earnings. Otherwise, all of our core businesses remain resilient and well-positioned. We expect to retain our clients and continue to win new ones. We will, increasingly, be able to leverage these relationships to cross-sell complementary products and services. In short, we will continue to focus on what we can control. When the cycle turns back up, we will be able to take full advantage.

We are already seeing positive indicators for a rebound in our cyclical businesses, with a good pipeline of opportunities awaiting the right conditions. In FY21, we will see immediate returns on our investment in corporate governance services.

In Employee Share Plans, we've established an enviable track record in migrating clients, with a leading platform to drive sales in a growing market and we are planning to commence this roll out in Asia Pacific during FY21.

In Mortgage Services, our UK team completed the migration of all borrower accounts on to our proprietary servicing platform. This was a sterling performance given the final stages of that project coincided with the first wave of Covid-19 outbreaks in that region.

In Business Services, we expect further work to come across our desk in bankruptcy claims administration, and we will continue to look for ways to expand our Corporate Trust division, one of the highest quality businesses we have in Computershare.

In Communication Services, we're refreshing our digital toolkit to drive margin growth and further sales. There is plenty of work to be getting on with.

My heartfelt thanks go out to every one of my fellow employees whose efforts have made these results possible under extraordinary circumstances. Time and time again, I've been struck by the selfless ethos of our people, going above and beyond to look after our company, our customers and their fellow workers. I also note, with sadness, the passing in May of one of our employees in US Communication Services, Hoa Van Luong, due to Covid-19 related illness. With 39 years of service to our company, and a valued colleague and friend to many, he will be greatly missed - our thoughts and sympathy go out to his family.

To Simon Jones and the rest of the Board, I have very much appreciated your support and counsel during a highly unusual year in our company's history.

I'd also like to acknowledge our shareholders for their ongoing interest and engagement as we continue to build a strong platform for Computershare's long-term growth and profitability.



Stuart Irving  
CEO

**This year you'll see a change in our full-year reporting to provide segment reporting over our five business lines, plus our technology function.**

**ISSUER SERVICES**

**MORTGAGE SERVICES**

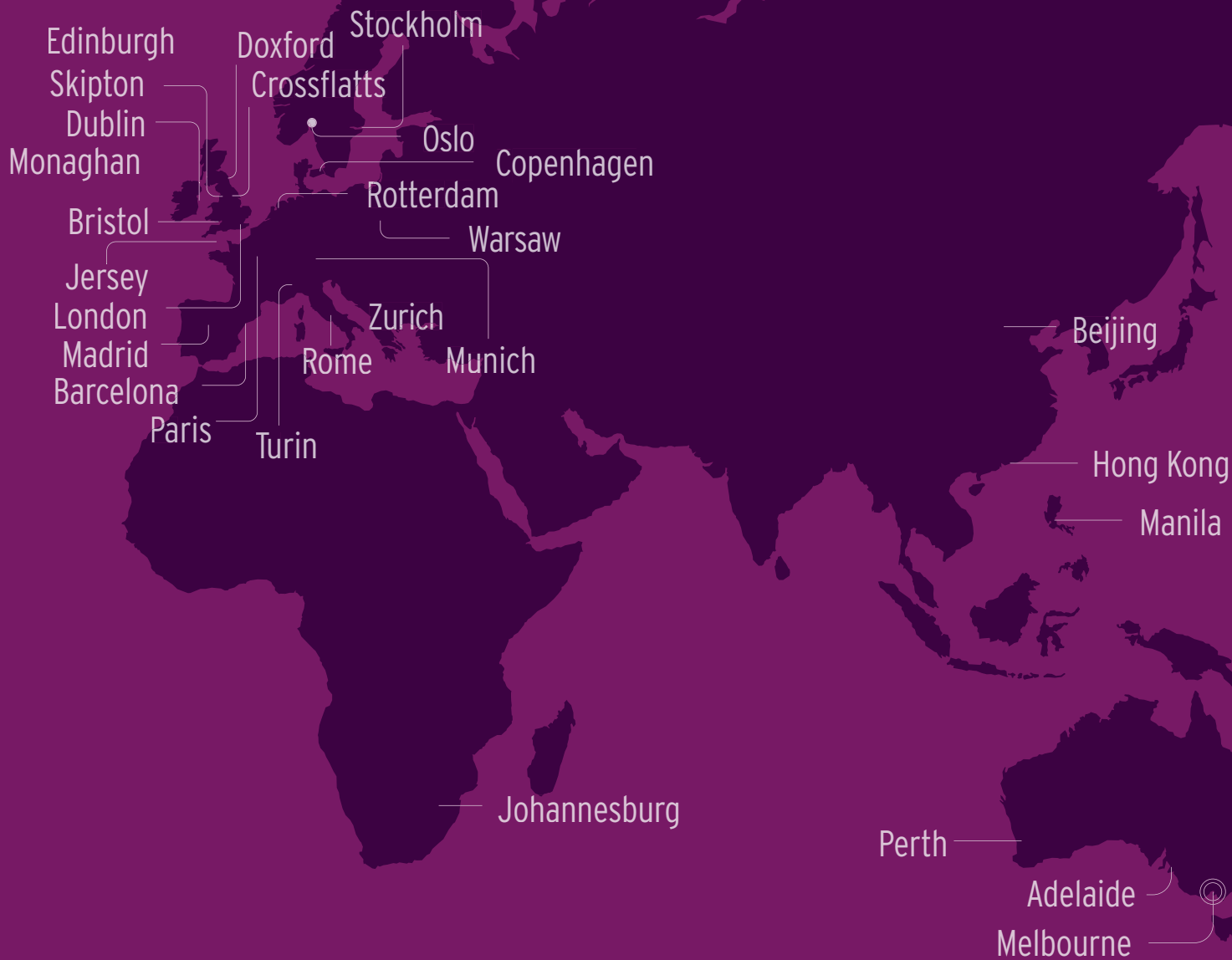
**EMPLOYEE SHARE PLANS**

**BUSINESS SERVICES**

**COMMUNICATION SERVICES**

**CORPORATE AND TECHNOLOGY**

# COMPUTERSHARE AT A GLANCE



## STAFF NUMBERS IN EACH BUSINESS LINE

Issuer  
Services

4,234

Employee  
Share Plans

1,086

Mortgage  
Services

3,306



**Business Services**

**514**

**Communication Services**

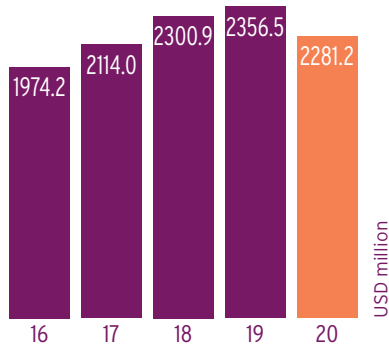
**869**

**Corporate and Technology**

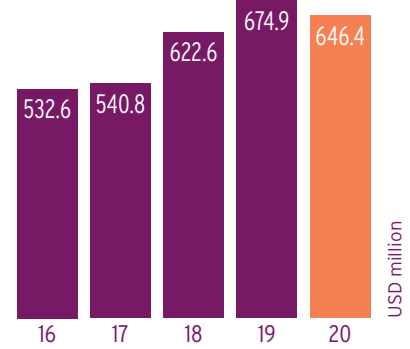
**2,637**

# KEY FINANCIAL METRICS

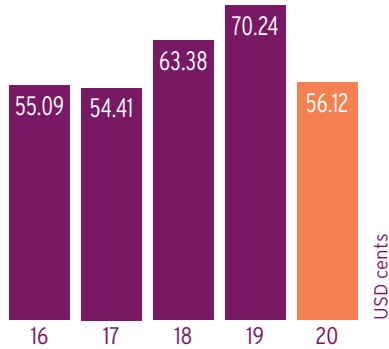
Management revenue



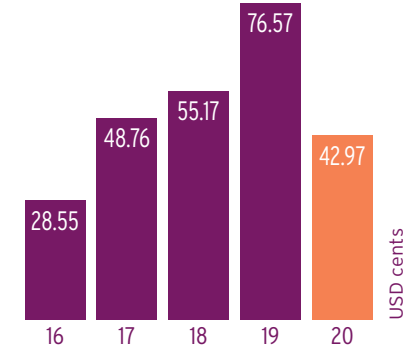
Management EBITDA



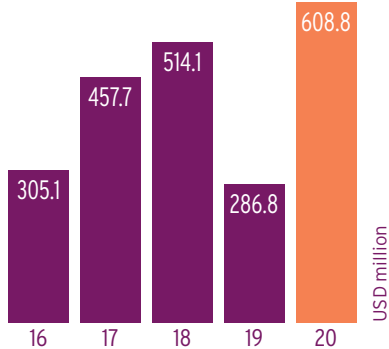
Management EPS



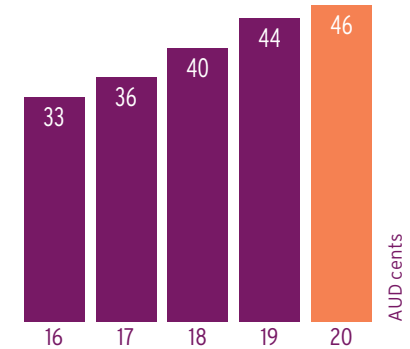
Statutory EPS



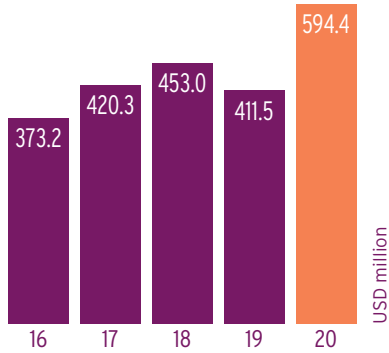
Cash flow from operations



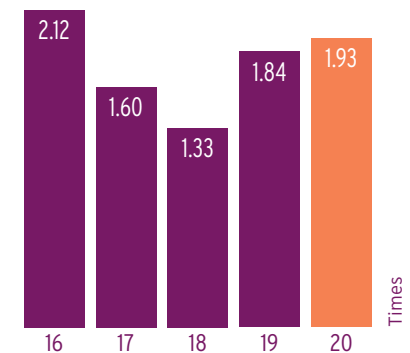
Dividend per share



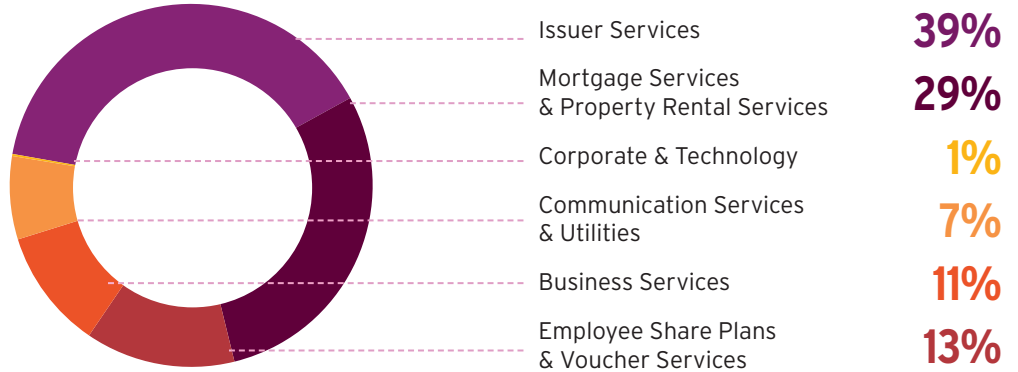
Net Operating Cash Flow excluding SLS advances



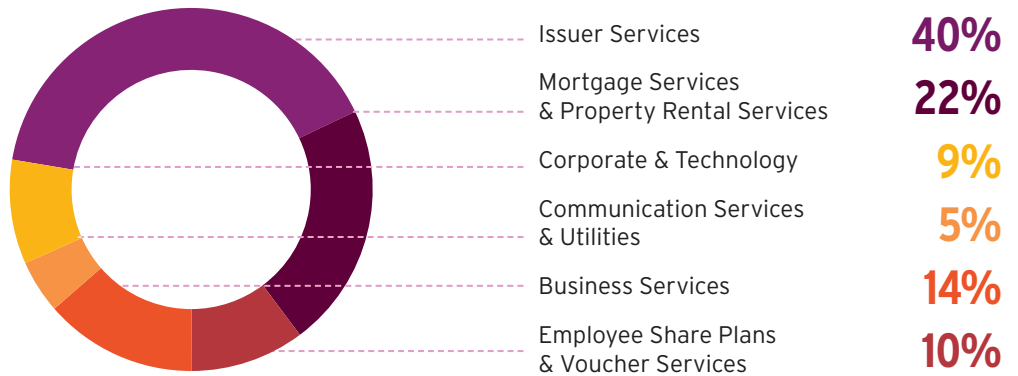
Net Debt to EBITDA ratio excluding non-recourse SLS Advance debt



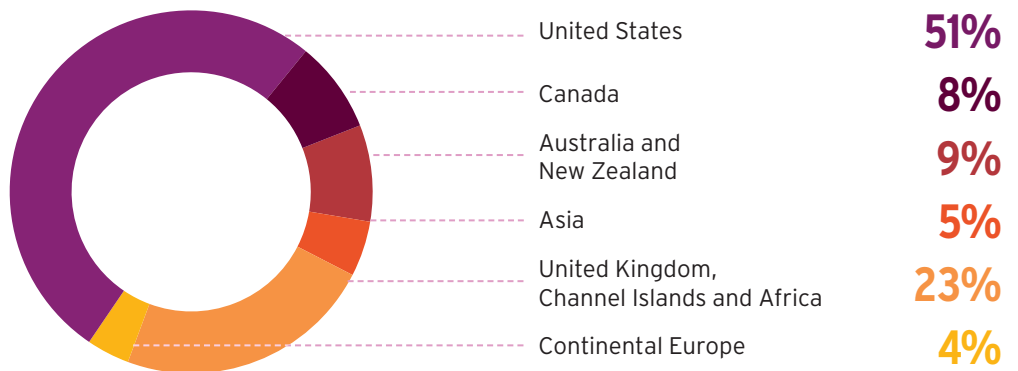
## REVENUE BY PRODUCT



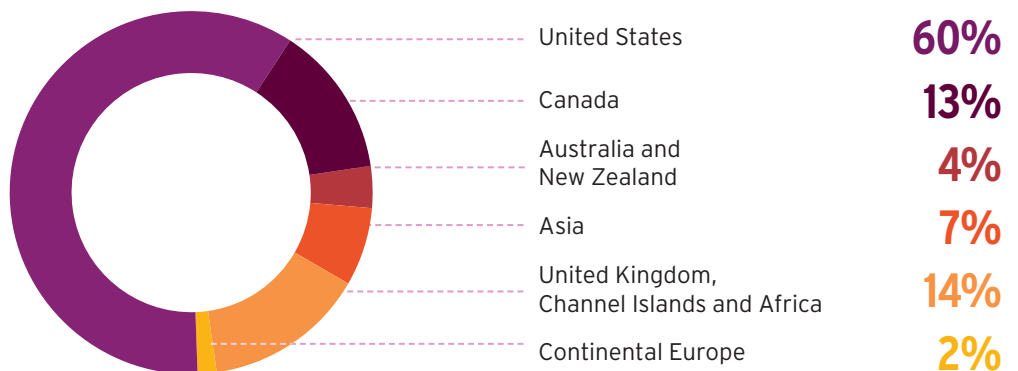
## EBITDA BY PRODUCT



## REVENUE BY REGION



## EBITDA BY REGION



# ISSUER SERVICES



## RESILIENT REGISTER MAINTENANCE WITH LOWER EVENT-BASED REVENUES

**Naz Sarkar,**  
Global Head  
Issuer Services

Issuer Services is our largest business, with a leading presence in every region. At its core are our Register Maintenance and Corporate Actions businesses, which offer clients deep expertise in international markets to guide them through regulatory requirements and highly complex transactions. We are leveraging our core skills into new, complementary and large adjacencies - registered agent, entity management and private markets. The technologies and services we provide ease the burden of governance, reporting and compliance for company officers. We acquired Corporate Creations in February 2020 and Verbatim in July 2020 to extend our scale and capability in these new markets. While this year results were impacted by lower margin income and reduced transaction fees, Issuer Services has the potential for significantly increased revenue earnings, and we look forward to some catch-up in events-based revenues over time.

## FINANCIAL RESULTS

Revenue breakdown	FY20 CC	FY19 Actual	CC Variance
Register Maintenance	\$673.3	\$700.8	-3.9%
Corporate Actions	\$136.1	\$157.9	-13.8%
Stakeholder Relationship Management	\$59.2	\$67.3	-12.0%
Issuer Services - Other	\$38.5	\$25.9	+48.6%
<b>Total revenue</b>	<b>\$907.2</b>	<b>\$951.9</b>	<b>-4.7%</b>
Mgmt EBITDA	\$263.0	\$313.6	-16.1%
Mgmt EBITDA margin	29.0%	32.9%	-3.9%
Mgmt EBIT ex Margin Income	\$181.7	\$198.2	-8.3%
Mgmt EBIT ex Margin Income margin	21.8%	23.6%	-1.7%

### KEY ACHIEVEMENTS

#### ACQUISITIONS



**CORPORATE CREATIONS**  
Part of the Computershare Group

**VERBATIM**  
GLOBAL COMPLIANCE  
Part of the Computershare Group

## KEY PRIORITIES FOR FY21



Continue momentum  
with client wins



Expand and cross-sell  
registered agent services



Build out entity  
management capability

Constant currency (CC) equals FY20 results translated to USD at FY19 average exchange rates.



# EMPLOYEE SHARE PLANS



**Francis Catterall,**  
Global Head  
Employee Share Plans

## EQUATEX CONTINUES TO DELIVER, UPGRADE TO THE ENHANCED SOLUTION PROGRESSING WELL

Employee Share Plans leverages both local and global expertise and full-service capabilities to support the complex share plan requirements of our clients and their employees. In FY20, our clients realised many benefits from the phased upgrade to our EquatePlus platform which supported the anticipated positive impact of the Equatex acquisition. We have continued to upgrade more clients to EquatePlus, and the market response to our enhanced offering in Europe has been encouraging, yielding positive competitive outcomes. Asia Pacific will be the next focus for the roll-out of our enhanced solution.

## FINANCIAL RESULTS

Revenue breakdown	FY20 CC	FY19 Actual	CC Variance
Fee revenue	\$138.8	\$130.4	+6.4%
Transactional revenue	\$130.1	\$128.2	+1.5%
Margin income	\$11.5	\$15.7	-26.8%
Other revenue	\$12.6	\$14.7	-14.3%
<b>Total revenue</b>	<b>\$293.1</b>	<b>\$289.0</b>	<b>+1.4%</b>
Mgmt EBITDA <sup>1</sup>	\$56.1	\$67.5	-16.9% <sup>1</sup>
Mgmt EBITDA margin	19.1%	23.3%	-4.2%
Mgmt EBIT ex Margin Income	\$41.1	\$49.1	-16.3%
Mgmt EBIT ex Margin Income margin	14.6%	18.0%	-3.4%

### KEY ACHIEVEMENTS

▲ 7%

FY20 growth pcp in net competitive wins

96%

Satisfaction level for EquatePlus clients post-upgrade



Enhanced tax mobility and financial reporting solutions

## KEY PRIORITIES FOR FY21



Continue to win new clients



EquatePlus roll out



Innovation

<sup>1</sup> FY19 only includes eight months of Equatex, integration costs impacting EBITDA

# MORTGAGE SERVICES



## US ASSET SERVICING STRATEGY ON TRACK, UK LOAN MIGRATION COMPLETE

**Nick Oldfield,**  
Chief Financial Officer and  
Global Head of Mortgage Services

Computershare offers a comprehensive range of services across the mortgage services value chain in the UK and US. Our UK Mortgage business has completed the migration of all UKAR assets onto our core platform, despite the schedule for the final set of clients coinciding with the peak of Covid-19 disruption. The migration team did a sterling job of executing the project without a full presence in the office. To coincide with the reduced fixed fee revenue in the UK business, we have also continued to progress our cost-out program to resize the operations appropriately, given the headwinds in the UK mortgage origination market that are expected to persist for some time.

In the US, we have continued to build scale, with our mortgage book (Unpaid Principal Balances) up 16.4%. We've increased our investments in mortgage servicing rights (MSRs) while acknowledging that current market value is less than book value, due to prevailing economic settings.

## FINANCIAL RESULTS

Revenue breakdown	FY20 CC	FY19 Actual	CC Variance
US Mortgage Services	\$438.7	\$360.7	+21.6%
UK Mortgage Services	\$202.1	\$255.2	-20.8%
<b>Total revenue</b>	<b>\$640.9</b>	<b>\$615.9</b>	<b>+4.1%</b>
Mgmt EBITDA <sup>1</sup>	\$127.1	\$134.5	-5.5%
Mgmt EBITDA margin	19.8%	21.8%	-2.0%
Mgmt EBIT ex Margin Income	\$33.4	\$58.6	-43.0%
Mgmt EBIT ex Margin Income margin	5.4%	10.0%	-4.6%

Note: FY20 UK Mortgages EBIT loss of (\$7.8m), US Mortgages EBIT ex Margin Income margin 9.9%, increased by 320 bps

### KEY ACHIEVEMENTS

**+11.2%**

Increase in capital light  
sub servicing UPB

**▲ 320bps**

Growth in underlying  
US EBIT margin  
ex Margin Income



\$16.6m cost savings  
delivered on UK cost  
base of \$122.5m

## KEY PRIORITIES FOR FY21



Growth in US capital  
light revenues



Improvement in US  
operating margins



Delivery of UK  
cost-out program

<sup>1</sup> UK Mortgage Services EBITDA loss making (\$6.6m)

# BUSINESS SERVICES



**Stuart Swartz,**  
Global Head  
Business Services

## ACTIVITY GROWING IN COUNTER-CYCLICAL REVENUE

Business Services is focused primarily on corporate services where the client requires trustee, custodial, fiduciary or agency services. It's also a great example of the benefits of incorporating counter-cyclical revenue drivers. By May 2020, we had already been appointed to more bankruptcy cases than for the entire 2019 calendar year. In Class Actions, we're seeing somewhat reduced activity, and we expect a lag in earnings due to protracted schedules for court proceedings. Corporate Trust has benefited from increased rates of issuance of covered bonds by Canadian banks, offsetting lower rates.

## FINANCIAL RESULTS

Revenue breakdown	FY20 CC	FY19 Actual	CC Variance
<b>Corporate Trust</b>	<b>\$92.1</b>	<b>\$85.7</b>	<b>+7.5%</b>
<b>Bankruptcy</b>	<b>\$51.6</b>	<b>\$42.9</b>	<b>+20.3%</b>
<b>Class Actions</b>	<b>\$101.2</b>	<b>\$121.1</b>	<b>-16.4%</b>
<b>Karvy</b>	<b>-</b>	<b>\$17.0</b>	<b>-100.0%</b>
<b>Total revenue</b>	<b>\$244.9</b>	<b>\$266.7</b>	<b>-8.2%</b>
Mgmt EBITDA	\$89.1	\$92.6	-3.8%
Mgmt EBITDA margin	36.4%	34.7%	+1.7%
Mgmt EBIT ex Margin Income	\$31.6	\$31.8	-0.6%
Mgmt EBIT ex Margin Income margin	16.8%	15.4%	+1.4%

### KEY ACHIEVEMENTS

**18%**

FY20 growth in  
US Corporate  
Trust mandates

**2X**

Trustee & Fiduciary  
Services balances doubled

**#2**

Market Share position  
retained in FY20

## KEY PRIORITIES FOR FY21



Geographic expansion in  
Corporate Trust services



Innovation in products  
and services



Bankruptcy Market  
Share growth

# CORPORATE RESPONSIBILITY

# SUSTAINABILITY

We have sustainability and environmental programs in place around the globe to further reduce our already low impact on the natural world, underpinned by our corporate responsibility policy and annual sustainability objectives. For more information, visit [www.computershare.com/cr](http://www.computershare.com/cr)

FY20 has provided unique opportunities to accelerate our drive to reduce the environmental footprint of our business activities on behalf of clients.

## MOVING MEETINGS ONLINE IN ISSUER SERVICES

During the 2019 meeting season, Computershare supported 20 clients with hybrid or virtual meetings, and we anticipated a steady increase in clients deploying digital meetings alongside those held in person.

At the start of the pandemic, this expectation changed dramatically, and we took our pre-existing virtual AGM service offering and rapidly scaled it to meet the needs of hundreds of corporate clients across multiple jurisdictions.

In the first six months of 2020, we facilitated around 1,000 online meetings, each having a significantly lower carbon footprint than a physical meeting. We expect the adoption of online meetings to continue to grow in the coming months.

## DIGITAL 'PAYMENT HOLIDAYS' IN OUR LOAN SERVICES BUSINESS

In response to the US and UK authorities introducing 'mortgage payment holidays' or 'forbearance', we launched an online tool to allow our customers to apply for and extend payment holidays, avoiding the need for paper-based processes. Around 44% of the payment holidays we granted in the UK are being managed digitally, and 80% in the US. Also, in the US, we have delivered interactive, personalised videos educating borrowers on their forbearance options and enhanced online self-service options including SMS, IVR and web, reducing the use of traditional paper application forms.

In the UK, we have continued to expand our digital capability and refocus our efforts on future growth through the successful migration of all mortgages to our iConnect online solution, which improves our operational efficiency and reduces complexity.

## PROMOTING FULLY ELECTRONIC PARTICIPATION IN EMPLOYEE SHARE PLANS

Over the past financial year, we've made significant progress in the transition of our EMEA employee plans clients to the EquatePlus platform. By design, this upgrade brings with it significant improvements from a sustainability perspective. Prior to the transition, our EMEA business generated approximately 300,000 participant communications per year which flowed through to a paper-based postal mailing. Post upgrade to EquatePlus, which is scheduled for completion during FY21, this volume of paper-based communication will be reduced by 90%. This includes the elimination of inbound paper-based requests for enrolments and dealing activity, except for those situations in which the participant or client has specific personal needs.

As our upgrade program progresses to other regions over the coming years, we anticipate making similar reductions in printed material, making our Employee Share Plans business increasingly environmentally friendly.

## REPLACING PRINT AND MAIL WITH DIGITAL COMMUNICATIONS

Our Communication Services business continues to evolve and deliver engaging multi-channel digital communications, including email, SMS and secure electronic document retrieval to our clients, resulting in a 6.8% reduction in physical mail packs printed when compared to last year.

Although digital communication was already high on everyone's agenda, Covid-19 has challenged clients, Computershare and regulators to push digital channels even more. We anticipate the true environmental impact of this to be seen in the coming financial year - for instance, we expect to see production of supporting printed matter (like heavy Annual Reports, Prospectuses, etc.) to reduce between 20% - 40% as content moves increasingly online.

## ENABLING SELF-SERVICE THROUGH OUR VIDEO CHANNEL

The Computershare YouTube channel, started in 2011, provides hundreds of 'how-to' videos aimed at making it easy for people to manage their accounts electronically, whether updating a home address, obtaining information for a tax return or understanding the vesting process. In the past year, it has had 110,000 views.

Our state-of-the-art video conferencing facilities give clients the option to collaborate without the need to travel. We have installed 30 video conferencing units in meeting rooms across most of our large global sites, including Melbourne, Zurich, Canton, Denver, Louisville, Bristol and Edinburgh. We have also rolled out Microsoft Teams to our employees, allowing them to collaborate and meet face-to-face while enduring lockdown in their part of the world.

# REDUCTION TARGETS

We have sustainability targets in place for our key locations around the world to ensure we maintain a focus on managing and reducing our environmental impact wherever possible.

## FY20 targets - complete

### New Zealand Electricity: target achieved

We met and maintained our reduction target for this location.

**FY15 figure:** 324 kWh per FTE

**FY20 target:** 258 kWh per FTE

**FY20 actual:** 106 kWh per FTE

**Canton** This office relocated during the target period.

**Hong Kong** This office relocated during the target period.

New sustainability targets for Canton and Hong Kong will be set after stable baselines are in place at these new locations.

## FY22 targets - two years to go - 63% on target

### Crossflatts Electricity: On target

What we've done Undertaken LED lighting replacement and replacement of over-door heaters to efficient alternatives.

### Gas: Working to target

Made improvements to heating circulation to increase efficiency.

### Skipton Electricity: On target

What we've done Reduced IT server equipment which has been co-located offsite.

### Gas: On target

Better utilised the capacity of our electric chillers for air conditioning, with support from the gas-powered chiller units.

### Halifax Electricity: On target

What we've done We have met and maintained our target at this location since 2017. This office underwent a significant refurbishment in 2017 including new LED lighting and efficient controls, as well as a new heating and cooling system.

### Munich Electricity: Working to target

What we've done At the start of the target period, we undertook an extensive replacement program of our on-site IT infrastructure to reduce energy consumption.

### Doxford Electricity: Working to target

What we've done Consumption increased due to increased operating hours at this location (up 28%) but has been consistently reduced through management.

### Gas: On target

Installed new, energy efficient boilers.

## FY2023 targets - three years to go - 36% on target

### Yarra Falls Electricity: On target

What we've done Reduced our lighting and air conditioning footprint to better reflect this location's headcount. Lighting has been upgraded to LED where this wasn't already done.

### Gas: Working to target

Reduced heating in underused areas and reviewed heating controls to minimise use during out-of-hours periods.

### Water: Working to target

Continued to upgrade to efficient plumbing and sensors and undertaken employee awareness campaigns.

### Waste: New target

This target is being reset to reflect improved reporting data now available at this location.

### Bristol Electricity: On target

What we've done Upgraded most of our lighting to LED and are continuing to do this where it hasn't been done already.

### Gas: Working to target

Undertaken a review of our heating and air conditioning controls to improve efficiency.

### Water: Working to target

Installed water sensors in the bathrooms to reduce water usage.

### Waste: Working to target

Continued to raise awareness of recycling and waste reduction among employees through communications campaigns.

### East Beaver Creek Electricity: Working to target

What we've done Upgraded lighting to LED, consolidated our printers and decommissioned obsolete on-site server equipment.

### Gas: On target

### Water: On target

### Waste: Working to target

Continued to raise awareness of recycling and waste reduction among employees through communications campaigns.

Please note that a period of working remotely will have an impact on our figures in the coming financial year.

# PROGRESS ON OBJECTIVES

## TREE PLANTING PROGRAM

During FY20 we maintained our global tree planting program and committed to planting 2,557 trees around the world, with the aim of covering 10% of the carbon emitted as a result of our business air travel during the previous financial year. Since 2016 we've planted 7,860 trees as part of the initiative.

In February 2020 we suspended all non-essential business travel due to the pandemic. However, we'll continue to work with our partners to plant further trees in FY21 to cover business air travel during the first half of FY20.

## GREEN OFFICE CHALLENGE

Last year, as part of our two-year commitment to cut single-use plastic from across our business, we focused our annual Green Office Challenge on ideas to reduce the use of plastic in our offices. Six proposals submitted by employees received funding to help make a difference, including providing reusable cups for hot drinks, replacing single-use cutlery with silverware and removing single-use condiment sachets in cafeterias. This year's Green Office Challenge was postponed due to disruption caused by the global pandemic. Planning for Green Office Challenge FY21 is underway, focusing on ways we can improve our environmental footprint while working remotely.

## GREEN IT

We continue to promote recycling of all devices that are retired from service, with a significant number of laptops and desktops recycled as part of our migration to Windows 10.

Computershare's data centres are under continued investment, with end of life equipment replaced with more efficient technology and computer processes, ultimately reducing infrastructure footprint and power consumption. A total of 20,717 kg of equipment was recycled across the North American region in the past year, saving a combined 65,751 kWh of electricity and 80,795 kg of CO<sub>2</sub> per annum over the life of the device.

Advancements in technology have helped to improve our employee experience while our people work from home. In FY20, we accelerated a large program of work to improve virtual collaboration using Microsoft Teams. Over 7,900 active users now participate in 1,300 virtual team meetings, 1,300 calls and 135,000 chat messages each workday. These investments will continue to reduce our travel footprint when normal business operations resume.



# COMMUNITY

Globally, Computershare is dedicated to supporting initiatives that help alleviate poverty through our community giving program, Change A Life. With a focus on sustainability, it provides an opportunity for our employees to help build physical, long-term solutions for the communities they voted to support. We invest 80% of donations in global projects, and the remaining 20% is provided to local projects via established charities, chosen by employees in each locality. Computershare matches all employee payroll donations to Change A Life and provides every staff member a day of paid volunteer leave each year to support the charity of their choice.

**AUD 655,000**

Total donated to our projects in FY20

**AUD 10.2 MILLION**

Total donated since launch

## WORLD YOUTH INTERNATIONAL

Our employees chose World Youth International (WYI) to be our global Change A Life partner in 2017, and we made a five-year commitment to the WYI School in Gokarna, Nepal. Change A Life is funding a range of improvements to the school, including upgrades to classrooms and other facilities, extending the school program into Year 11 and 12, and supporting improvements to the quality of education provided. WYI is an Australian-based charity committed to enhancing quality of life, strengthening communities and reducing poverty through sustainable development projects.

### In FY20 the WYI School:

Educated 507 students

Achieved exam results that were some of the best in the school's history and well above the national standard average

Received the 'Best Contribution to Education' and 'The Best Principal' awards for the region

Provided advanced level and multimedia training for teachers

Ran regular competitions for students, including debating, dancing, quizzes, chess, handwriting and poems

Organised sports weeks, arranging various inter-house sports activities such as football, basketball, cricket, Kabaddi and athletics

Launched extra activities for all students, including life skills training, women's empowerment programs, police partnerships and English and science clubs

Celebrated 20 years of operation

Due to Covid-19, the school went into lockdown in April and is due to reopen in September. Students who could access internet were able to access government-assisted online education.

## TREK NEPAL

In 2018 and again in 2019, Computershare funded an employee trek with participants chosen from regular contributors to Change A Life. Trek teams were drawn from our UK and Europe region in 2018, and in 2019 from our Asia Pacific region. Unfortunately, due to Covid-19, our 2020 trek for North American staff has been cancelled.

The treks followed the Ghorepani Poon Hill trail in the Annapurna region and concluded with a visit to the WYI school. In 2019 our employees raised over AUD 195,000 which went towards the completion and fit-out of a student boarding home on campus.





## Come-Share Education SRI LANKA

Come-Share assists Sri Lankan students from low-income families to complete their high school education and undertake other post-secondary education and training to further their employment prospects.

Through the donations of our staff, we have supported:

**39** | students undertaking English and IT training

**12** | students in ordinary level (O-level) courses

**25** | students in university, professional and vocational training

**57** | students in advanced level (A-level) courses

**60** | computers provided to students

### LOCAL CHARITIES

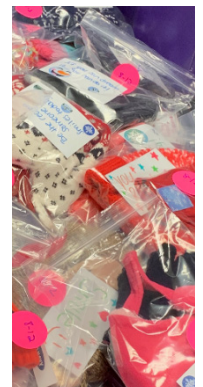
**WE ALLOCATE 20% OF CHANGE A LIFE FUNDS TO LOCAL PROJECTS VOTED FOR BY EMPLOYEES**



83 staff from Hong Kong and China donated HK\$40,700 to a lucky-draw fundraising event to support their local charity the Hans Andersen Club. Volunteers also prepared handmade gifts and visited elderly residents who live alone on Lamma Island, an outlying island in Hong Kong.



In Autumn, our office in Boston prepared 1,500 hat and glove packs for children in association with their local charity Cradles to Crayons. They also wrote 1,500 cards with positive messages, one to go into each pack. During the holiday season, the Boston team organised a giving tree with ornaments - each ornament had an outfit specification (size, item type, favourite colour). In total, 88 outfits were purchased and donated.



Our New Zealand office organised their annual collection of non-perishable goods and unwrapped Christmas presents, which were donated to the Auckland City Mission Christmas Appeal. A group of seven staff volunteered at Eden Park to assist the Mission in handing out food parcels and gifts for children.



**Construction began in 2019**

**85% complete at July 2020**

**Foundations built to earthquake standards**

**Will be home to 25 female and 25 male students**

The construction of the boarding home began in 2019 is now 85% complete. The foundations are built to earthquake standards, making it one of the sturdiest buildings in the region and a safe house for students in the event of an earthquake. The dorms will be home to 25 female and 25 male students, allowing them to live on campus and avoid traveling long distances to school each day over roads which can become dangerous or impassable during the monsoon storm season. Boarding fees will ensure the self-sufficiency of the boarding home for years to come, providing benefits to future students of the World Youth International school. Completion of construction is due for the end of 2020 and fit-out is scheduled to be completed by April 2021.



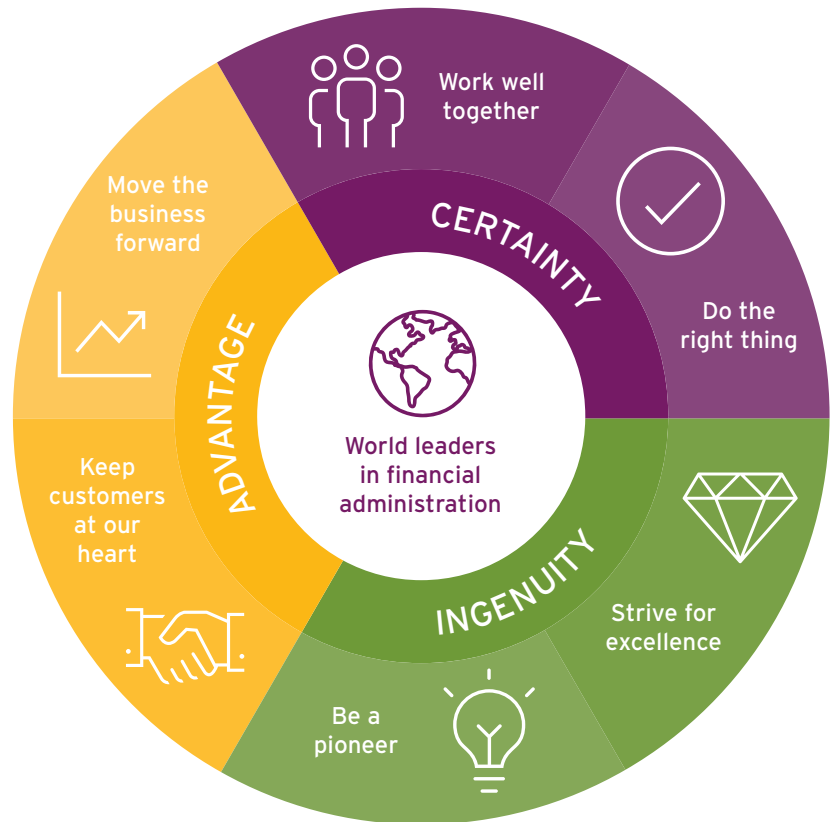
# PEOPLE

## VALUES

Our long-standing brand values of Certainty, Ingenuity and Advantage represent what we as a company bring to our clients every day. In FY20, we extended our core values by introducing our 'Being Purple' ways of working; a set of positive behavioural signposts for our people. 'Being Purple' also helps us to define the people we want to bring into Computershare, and the conduct, behaviours and professional attributes we want to promote and reward.

Detailed guidelines are provided to each member of staff, including our board of directors, so that our people know what is expected of them. They reflect what actions can be taken to deliver on these ways of working at every level - from employee to senior leader. We also provide guidance on 'what it's not' so that our people understand the behaviours we won't accept.

Our Being Purple ways of working also reflect the requirements of our well-established policies on diversity and inclusion, human rights, anti-bribery, corruption and whistleblowing.



### CERTAINTY

Working well together means working collaboratively, valuing differences and building partnerships to support business outcomes. We expect our people to show respect to people regardless of their background, show support through tough times and good, and communicate openly, honestly, clearly and regularly.

We also expect our people to 'do the right thing'. Each employee is personally responsible and needs to act with integrity. Our staff need to follow through on commitments and promises, take responsibility and ownership of their actions and ensure risks are managed while complying with our policies.

### INGENUITY

Taking pride in delivering high-quality outcomes and outstanding results is how we strive for excellence. We expect our employees to meet deadlines and targets, use resources effectively and maintain a high standard in their work, even when workloads come under pressure.

We also ask our staff to challenge the status quo in order to do things differently and better. This enables us to be pioneers - curious and keen to learn new things. Our staff are encouraged to think creatively, seek feedback and ask questions.

### ADVANTAGE

Our employees build long-lasting relationships and deliver products and services that meet customers' needs as part of keeping customers at our heart. Following this way of working seeks to build on relationships through proactive communication.

We also ask our staff to continually move the business forward by maintaining high performance in the face of change, to keep us ahead in our industry. This means staying up to date with our global priorities, adapting and responding quickly to changing circumstances and staying calm under pressure.



# COMPUTERSHARE DAY

On 29 May we celebrated our fourth annual Computershare Day, marking 26 years since Computershare was listed on the Australian Securities Exchange. This year employees around the world took part in the festivities from home, as part of our Computershare Talent Challenge. People sent in videos and pictures, and we awarded prizes for the best entry in each category which included magic tricks, singing or playing music, dancing, arts and crafts, baking and costumes.

We presented our Purple Person awards digitally this year, recognising 25 employees for making outstanding contributions to Computershare, and for exemplifying our values.

<b>OUR PURPLE PEOPLE FOR 2020</b>	<b>Antonio Domingo</b> Issuer Services Australia	<b>Audrey Selemela</b> Issuer Services South Africa	<b>Chris Johal</b> Loan Services UK
	<b>Claire Vowles</b> Shared Services UK	<b>Dolyana Ng</b> Shared Services Australia	<b>Doris Grave</b> Issuer Services Australia
	<b>Inna Baranbaeva</b> Employee Share Plans UK	<b>James Farmer</b> Loan Services US	<b>Jeff Quilter</b> Loan Services UK
	<b>Jen Usher</b> Shared Services UK	<b>Jenny Lannoy</b> Technology Services Australia	<b>Lara McDermott</b> Business Services US
	<b>Leigh Thomson</b> Employee Share Plans Australia	<b>Lynne Hartley</b> Loan Services UK	<b>Mary Hammer</b> Business Services Canada
<b>May Kong</b> Issuer Services Hong Kong	<b>Michelle Cantwell</b> Issuer Services Ireland	<b>Marcetta Rhodes-Gaines</b> Loan Services US	<b>Nicole LeMay</b> Shared Services US
<b>Petra Gollong</b> Issuer Services Philippines	<b>Raylynn Friend</b> Technology Services US	<b>Robert Spadaro</b> Communication Services US	<b>Trish Lamont</b> Technology Services UK



# GROUP OPERATING OVERVIEW

## PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were the operation of the following areas:

- Issuer Services comprise register maintenance, corporate actions, stakeholder relationship management, corporate governance and related services.
- Mortgage Services and Property Rental Services comprise mortgage servicing and related activities, together with tenancy bond protection services in the UK.
- Employee Share Plans and 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.

## REVIEW OF OPERATIONS

### Overview

Revenue for the Group fell 1.9% to \$2,311.8m in constant currency terms. Underlying organic revenue growth, after adjusting for margin income (-\$45.1m), acquisitions and disposals (+\$25.1m) and the UKAR fixed fee (-\$40.9m), was 0.8%.

Margin Income declined \$45.1m as a result of the global interest rate cuts throughout FY20 driven by the Covid-19 pandemic.

Issuer Services revenue excluding margin income was down 1.4% in constant currency terms. The decline was largely due to lower shareholder activity in the US and lower transactional activity for stakeholder relationship management. This has been partly offset by an increase in corporate actions activity and, encouragingly, growth in our new revenue streams which include four months of Corporate Creations. Issuer Services EBITDA excluding margin income was down 8.7% to \$183.7m.

Mortgage Services and Property Rental Services revenue excluding margin income grew 5.1% in constant currency terms. This was due to continued growth in the US, with growth in the servicing portfolio, higher co-issue volumes and ancillary fees all contributing, in addition to the annualised impact of the LenderLive acquisition. The expansion in the US is partly offset by the reduction in the UKAR fixed fee (-\$40.9m) and book run-off in the UK. However, on a positive note, we successfully migrated the last of the remaining UKAR loans onto our UK servicing platform. This project was completed in May 2020. Overall, Mortgage Services and Property Rental Services EBITDA excluding margin income was down 5.0% to \$87.5m.

Employee Share Plans and Voucher Services revenue excluding margin income was up 1.6%. Employee Share Plans includes an annualised contribution from Equatex (an additional four months in FY20 vs. FY19), partly offset by lower transactional activity given the volatility in equity market conditions over the final quarter of FY20. Voucher Services revenues also declined due to reduced parent numbers, reflecting the ongoing run-off of this business area. EBITDA excluding margin income was down 15.1% to \$54.7m.

Business Services revenue excluding margin income was down 8.9%. Excluding the Karvy revenue contribution of \$17.0m in FY19, revenue was modestly down 0.7%. This reflects lower Class Actions volumes partly offset by increased activity in the Bankruptcy business and underlying growth in Corporate Trust. EBITDA excluding margin income was down 0.3%. Karvy EBITDA contribution in FY19 was \$7.1m.

Revenue for the Communication Services and Utilities business was down 1.1% and EBITDA was down 16.4% at \$31.7m in constant currency.

## Revenue

Business stream	Comparison in constant currency			FY2020 Actual \$ million
	FY2020 @ CC \$ million	FY2019 Actual \$ million	CC Variance	
Issuer services	907.2	951.9	-4.7%	894.7
Mortgage Services & Property Rental Services	671.5	646.1	+3.9%	665.1
Employee Share Plans & Voucher Services	308.0	307.7	+0.1%	304.6
Business Services	244.9	266.7	-8.2%	243.6
Communication Services & Utilities	175.8	177.8	-1.1%	168.8
Corporate & Technology	4.5	6.3	-28.6%	4.2
Total management revenue	2,311.8	2,356.5	-1.9%	2,281.2

Total management revenue excludes management adjustment items further described in note 4 of the financial statements

Regions	FY2020 @CC \$ million	FY2019 Actual \$ million	CC Variance	FY2020 Actual \$ million
ANZ	209.8	220.4	-4.8%	196.4
Asia	112.0	119.1	-6.0%	112.5
UCIA	547.3	580.3	-5.7%	527.0
CEU	83.0	104.4	-20.5%	87.5
US	1,172.0	1,137.2	+3.1%	1,172.0
Canada	187.8	195.2	-3.8%	185.8
Total management revenue	2,311.8	2,356.5	-1.9%	2,281.2

## Operating costs

Operating expenses were down 1.1% on FY19 to \$1,662.1m in constant currency terms. This includes a reclassification of costs under AASB16 of \$48.4m as depreciation and interest expense, and the net impact of acquisitions and disposals of \$23.0m. Normalising for these two items, operating expenses were up 0.4%. The increase is predominantly driven by investment in US Mortgage Services, Bankruptcy and Employee Share Plans to drive growth, along with some wage inflation, whilst we also incurred increased and largely one-off professional fees and accounting adjustments. The Group's cost out program continues to deliver benefits with \$50.2m achieved in FY20 and \$130.3m cumulative gross benefits achieved to date.

## Earnings per share

	2020 Cents	2019 cents
Statutory basic earnings per share	42.97	76.57
Statutory diluted earnings per share	42.97	76.42
Management basic earnings per share	56.12	70.24
Management diluted earnings per share	56.12	70.10

The management basic and diluted earnings per share amounts have been calculated excluding the impact of management adjustment items (refer to note 4 in this financial report). All EPS numbers above have been translated at actual FX rates (not constant currency).

# BUSINESS STRATEGIES AND PROSPECTS

## OUTLOOK

In August 2020, we provided earnings guidance for FY21. Overall, we expect Management EPS to be down by around 11% on a constant currency basis. We anticipate EBIT excluding margin income across our operating businesses to improve around 10% (again on a constant currency basis), reflecting the ongoing delivery of our various growth and cost-out initiatives. However this underlying growth is expected to be more than offset by a reduction in margin income. The steep fall-off in margin income we saw in 2H20 will continue across FY21, due to a combination of lower balances and very low interest rates, as existing term deposits run off. Overall, we are assuming margin income to come in at around \$100m – about half of the FY20 figure.

Turning to the individual business lines, in Issuer Services, we will have full-year contributions from our Governance Services acquisitions, Corporate Creations and Verbatim Global Compliance. Organic growth in this business will be spurred by our Front Office programs, new client wins and expansion in Registered Agent.

In US Mortgages, we expect to see lower average lifespans of assets under management. Whilst we will continue to amortise non-performing portfolios over nine years, we will now be amortising performing portfolios over eight years (down from nine). Against that, we do expect to see further expansion of capital-light subservicing and fee income from non-performing mortgages, as forbearance periods and foreclosure moratoriums expire and special servicing opportunities start to open up.

In UK Mortgages, the loss of UKAR fixed fee income will be offset by reduced costs, as well as continued progress in our wider cost-out programs. UK mortgage origination activity is expected to remain subdued.

In Employee Share Plans, we will continue to benefit from increased scale and synergies, and anticipate more competitive client wins as we continue to roll out our industry-leading EquatePlus platform into new regions.

In Business Services, we expect continued growth in Corporate Trust and counter-cyclical opportunities (bankruptcy and Chapter 11) that will be offset by lower levels of class actions as cases are deferred or extended.

This outlook assessment, and other references to our FY21 outlook in this document, are subject to the forward-looking statements disclaimer and a number of other assumptions provided in our FY20 results announcement disclosed to the Australian Securities Exchange (Slide 95).

## RISKS

The Board is ultimately responsible for setting the risk appetite for the Group and otherwise reviewing and approving Computershare's risk management framework and policies and assessing their effectiveness in mitigating the risks present in our business. The Board delegates some of this responsibility to the Risk and Audit Committee. The Risk and Audit Committee is well qualified with deep expertise in strategic, operating and financial risk management. It receives quarterly reports on the key and emerging risks in the Group and meets with management to discuss and challenge its view on Group or relevant business line risk positions as appropriate.

Computershare has a clear approach to the oversight and management of risk, based on the 'three lines of defence' model. This model provides a simple framework for the implementation and oversight of risk management in which management, as the first line of defence, has responsibility for risk management and control activities.

The risk function, as part of the second line of defence, is responsible for setting and implementing the risk framework and supporting tools and methodologies, as well as providing oversight of risk management activities and advisory support to management.

The internal audit function, as the third line of defence, provides an independent and objective assurance function with the responsibility of confirming that the framework, policies, and controls designed to manage key risks are being executed effectively by management. Internal audit carries out regular, systematic monitoring of control activities and reports its findings to the senior managers of each business unit as well as to the Risk and Audit Committee.

## RISK SUMMARY

The following outlines areas of material risk that could impact our ability to achieve our strategic objectives and future financial prospects including, where applicable, our exposure to economic, environmental or social sustainability risks and how we seek to mitigate or manage them.

### Strategic and regulatory risk

Our businesses operate in highly regulated markets around the world, and our success can be impacted by changes to the regulatory environment and the structure of these markets. As an organisation we pay very close attention to regulatory developments globally and play an active role in consulting with regulators on changes that could impact our business.

Many of our key businesses are also subject to direct regulatory oversight. We are required to maintain the appropriate regulatory approvals and licenses to operate and, in some cases, adhere to certain financial covenants (such as capital adequacy). Computershare has robust compliance management and monitoring programs in place to support these regulatory obligations.



Our business is also at risk of disruption from new technologies and alternative service providers. This means we must constantly be looking for ways to improve our services by investing in new technologies and processes. We have a dedicated innovation team which is responsible for rapidly assessing the viability of new business ideas and initiatives in an agile yet systematic manner using proven innovation techniques.

Our future prospects also depend on finding and executing on opportunities to grow and diversify our business. There is inherent risk in any acquisition, including risk of financial loss or missed earnings potential from inappropriate acquisition decisions, as well as integration risk in its implementation. Computershare has a strong track record of acquiring and integrating businesses successfully, in particular registry and employee share plan administration businesses. We have a deliberately focused acquisition strategy with rigorous approval processes, and we also undertake subsequent reviews of our acquisitions and their performance.

Computershare also operates across a diverse set of countries and tax jurisdictions. The tax environments in these jurisdictions can be complex and subject to change, and these changes cannot be accurately predicted. Computershare operates a global finance function to manage tax risk within the Group's risk appetite and engages external tax advice as appropriate.

## **Financial risk**

Our financial performance each year is underpinned by significant annuity revenue. However, there is also a material proportion of revenue that is derived from transactional activity that is dependent on factors outside our control, which can be challenging to predict. Changes to market activity generally, foreign exchange and interest rates have the ability to impact adversely on our financial performance. Computershare generates significant revenues from the transaction processing fees we earn from our services (including the interest income earned by investing client funds). These revenue sources are substantially dependent on customer trading volumes, market prices and liquidity of securities markets. Sudden sharp or gradual but sustained declines in market values of securities can result in reduced investor communication activity, including reduced mutual funds communication volumes, reduced mergers and acquisitions activity, and reduced proxy activity; reduced trading activity; and illiquid markets.

Margin income is a key contributor to earnings. Changes in investment restrictions, interest rates and the level of balances that we hold on behalf of clients can have a material impact on the Group's earnings. For example, the swift and forceful response of central banks in early March 2020 to the then-emerging Covid-19 pandemic, with interest rates being reduced to historic lows, resulted in an immediate and significant impact on the margin income that Computershare generates from holding client balances.

We have strong relationships with the global financial institutions that hold our client balances. We have robust policies and other protections to manage interest rate risk and other risks associated with placing those funds (including counterparty risk), and we also make significant investments in processes and technology to identify, allocate, reconcile and oversee client monies.

In addition, in the course of its business, Computershare's mortgage servicing business purchases Mortgage Servicing Rights (MSR) in order to service a group or portfolio of mortgages. Interest rate volatility creates risk related to the ability to generate revenue over the expected useful life of the MSR assets.

The market for Computershare's products and services is rapidly evolving and highly competitive. We compete with a number of firms that provide similar products and services to our own. In addition, we compete with our clients' in-house capabilities to perform functions that they might otherwise outsource to us. We continually strive to remain the leading provider of services in all our business lines globally and invest significantly in new technology and services to maintain our market-leading position.

## **Operational risk**

Computershare maintains the capability to provide critical services to our clients during times of business disruption, through strict business continuity planning, crisis management and disaster recovery processes. This capability covers the various risks Computershare may face that may disrupt our critical services from cyber threat to natural disasters.

When the rapid spread of Covid-19 became apparent, we invoked our business continuity plans, which resulted in around 90% of our staff remotely. Computershare's response was managed through a dedicated crisis-management taskforce with board oversight and reporting.

Computershare deals with a high volume of daily transactions that can be exposed to data loss and security breaches. The nature of cyber-crime is constantly evolving, and information systems are vulnerable to cyber-attacks. Security breaches may involve unauthorised access to Computershare systems and databases, damage to Computershare's systems and the exposure and/or theft of confidential client data. This presents a range of challenges, from ensuring the security and integrity of that data as well as the continuity of our service in the face of internal and external factors. We manage these risks through extensive business resiliency planning and testing, as well as rigorous internal controls around the ability to access and modify client data. We also make significant investments in technology and services to protect data at rest, in motion and at endpoint, including a specialist information security team whose responsibilities include ensuring we have appropriate and effective systems in place to protect our and our clients' data from unauthorised access. Our dedicated financial crime team is also responsible for analysing information and transactions to mitigate the risk of fraud (both internal and external), and these resources are focused on areas of highest potential exposure.

Computershare also undertakes high volumes of transactional processes, some of which are complex. There is a risk that failure to process these transactions correctly could result in liabilities being incurred to third parties. We invest significantly in technology to automate processes where possible. We also have policies, processes and corresponding controls to assist in mitigating this risk, which are routinely tested. The Group also maintains appropriate insurance.

# CORPORATE GOVERNANCE STATEMENT

## COMPUTERSHARE'S APPROACH TO CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance by overseeing a sound and effective governance framework for the management and conduct of Computershare's business. This corporate governance statement sets out a description of Computershare's main corporate governance practices. Computershare's governance arrangements complied with each of the recommendations set by the ASX Corporate Governance Council throughout the reporting period.

In this statement 'Group' is used to refer to Computershare Limited and its controlled entities, and references to 'Group management' refer to the Group's Chief Executive Officer and the executives reporting directly to the Chief Executive Officer.

This Corporate Governance Statement has been approved by the Board and is current as at 21 September 2020.

## 1. BOARD RESPONSIBILITIES

The Board is responsible for the corporate governance of the Group and is governed by the principles set out in the Board Charter. A copy of the charter is available from <http://www.computershare.com/governance>.

The principal role of the Board is to ensure the long-term prosperity of the Group and, in doing so, to determine the Group's strategic direction. The Board also sets broad corporate governance principles, which govern the Group's business operations and accountability, and ensures that those principles are effectively implemented by Group management.

The Board's other reserved powers and duties can be divided into five distinct areas of responsibility, an overview of which is provided below:

- › Strategic planning for the Group - involves commenting on, and providing final approval of, the Group's corporate strategy and related performance objectives, as developed by Group management, as well as monitoring Group management's implementation of, and performance with respect to, that agreed corporate strategy.
- › Financial and risk management - includes approving the Group's budgets and other performance indicators and monitoring progress against them, as well as approving and monitoring financial and other reporting, internal and external audit plans, setting the Group's risk appetite and approving enterprise risk management plans and monitoring the progress of major capital expenditure, acquisitions and divestitures within the scope of Board approved delegations.
- › Corporate governance - incorporates overseeing Computershare's corporate governance framework, including approving Computershare's statement of values and code of conduct as well as changes made to key supporting Group policies and overseeing Computershare's reporting to shareholders and its compliance with its continuous disclosure obligations.
- › Overseeing Group management - involves the appointment and, if required, removal of the Chief Executive Officer and the monitoring of his or her ongoing performance, as well as, if applicable, the appointment and if required, removal of Group management personnel, including the Chief Financial Officer and Company Secretary.
- › Remuneration - comprises the approval of Computershare's overall remuneration framework and determining the remuneration of non-executive directors within the limits approved by shareholders.

The Board has delegated the responsibility for day-to-day management and administration of Computershare to the Chief Executive Officer. Ultimately, Group management is responsible for managing the Group in accordance with the corporate strategy, plans and policies approved by the Board, and is required to provide appropriate information to the Board to ensure it can effectively discharge its duties.

## 2. BOARD COMPOSITION AND DIRECTOR APPOINTMENT

Computershare's Constitution states that the Board must have a minimum of three and a maximum of ten directors. Re-appointment is not automatic; if retiring directors would like to continue to hold office, they must submit themselves for re-election by Computershare's shareholders at the Annual General Meeting. No director (other than the Chief Executive Officer) may be in office for longer than three years without facing re-election.

In addition to ensuring that the Board has the mix of skills, knowledge and experience commonly required across boards of major ASX listed companies, the Board is also focused on ensuring that its composition aligns with the Group's strategic objectives and that it has the necessary skills and expertise to provide oversight of those areas of the Group's business where there is the greatest scope to increase shareholder value in the future.

As a global organisation, it is also of great importance to the Board that it has an appropriate balance of directors who are based in Australia, as well as directors who are based in or who have experience of regions where there are significant group operations.

The Board also considers its size should be conducive to effective discussion and efficient decision making. The Board regularly reassesses its composition to ensure that it continues to meet these requirements.

To assist in this process, the Board has developed a Board skills matrix which sets out the skills and experiences that the Board has or is looking to achieve. The current skills and experience of the Board, assessed against the matrix, is as follows:

<b>Leadership and governance</b>	<b>Total out of eight Directors</b>
Strategy	7
Innovation and entrepreneurship	5
CEO level experience	5
Other non-executive director experience	7
Corporate governance	8
<b>Business experience</b>	
M&A and capital markets experience	8
International business experience	7
Working in regulated industries	7
Outsourced business services	6
Business development/access to networks	6
<b>Financial and risk</b>	
Accounting and finance	5
Banking and treasury	4
Audit, risk management and compliance	7
<b>Other</b>	
Technology	5
HR/remuneration	6
<b>Geographic experience</b>	
North America	5
UK and Europe	7
Asia	4
Australia	7

There were no changes to the composition of the Board during the reporting period.

All of Computershare's non-executive directors have signed formal letters of appointment setting out the key terms and conditions relating to their appointment as a director. Senior managers at Computershare also sign employment agreements, except in certain overseas jurisdictions due to local employment practices.

Proposed appointees to the Board are subject to appropriate background checks. The format of these checks is dependent on the residence of the proposed director but would typically include police and bankruptcy checks and searches of relevant public records and filings. This is in addition to confirmation of the proposed director's experience and character as appropriate.

Any director appointed by the Board will be required to stand for election at the next AGM, at which time the Company will provide in the notice of meeting all material information known to the Company that is relevant for shareholders to decide on whether to appoint the director.

On appointment, all new directors undertake an induction process. They receive copies of all key governance documents as well as briefings from senior management on material matters relating to the Computershare Group including strategic considerations, financial performance, major markets and business lines and operational and technological capability. As the Board holds meetings in all the major markets in which the Group operates, new directors are, along with the rest of the Board, given the opportunity to meet with management and visit operational facilities during those meetings.

Computershare does not have a formal program of professional development for its directors. Directors receive briefings on material developments, including structural developments and market changes, which relate to the Group's operations. Directors may also request that the Company provide them with specific development opportunities which they may consider necessary to improve their skills and knowledge.

## THE DIRECTORS

As at the date of this Annual Report, the Board composition (with details of the professional background of each director) is as follows:



### SIMON JONES

M.A. (Oxon), A.C.A.

**Position:** Chairman

**Age:** 64

**Independent:** Yes

**Years of service:** 15

#### Term of office

Simon Jones was appointed to the Board in November 2005 as a non-executive director. Simon was appointed as Computershare's Chairman in November 2015 and was last re-elected by shareholders in 2019.

#### Skills and experience

Simon is a chartered accountant with extensive experience in investment advisory, valuations, mergers and acquisitions, public offerings, audit and venture capital. Simon was previously a Managing Director of N.M. Rothschild and Sons (Australia) and Head of Audit and Business Advisory (Australia & New Zealand) and Corporate Finance (Melbourne) at Arthur Andersen.

#### Other directorships and offices

Director of Canterbury Partners  
Chairman of the Advisory Board of MAB Corporation Pty Ltd

#### Board Committee membership

Chairman of the Nomination Committee  
Member of the Risk and Audit Committee  
Member of the Human Resources and Remuneration Committee



### STUART IRVING

**Position:** Chief Executive Officer

**Age:** 49

**Independent:** No

**Years of service:** 6

#### Term of office

Stuart Irving was appointed Chief Executive Officer and President of Computershare on 1 July 2014. He joined Computershare in 1998.

#### Skills and experience

Stuart held a number of roles at The Royal Bank of Scotland before joining Computershare as IT Development Manager in the UK.

Stuart subsequently worked in South Africa, Canada and the US before becoming Chief Information Officer for North America in 2005 and then the Computershare Group's Chief Information Officer in 2008.

#### Board Committee membership

Member of the Nomination Committee



### CHRISTOPHER MORRIS

**Position:** Non-Executive Director

**Age:** 72

**Independent:** No

**Years of service:** 42

#### Term of office

Chris Morris and an associate established Computershare in 1978. Chris was appointed Chief Executive Officer in 1990 and oversaw the listing of Computershare on the ASX in 1994.

He became the Group's Executive Chairman in November 2006 and relinquished his executive responsibilities in September 2010, and subsequently stood down as Chairman in November 2015.

Chris was last re-elected in 2018.

#### Skills and experience

Chris has worked across the global securities industry for more than 30 years. His knowledge, long-term strategic vision and passion for the industry have been instrumental in transforming Computershare from an Australian business into a successful global public company.

#### Other directorships and offices

Non-Executive Chairman of Smart Parking Limited (appointed in 2009)  
Non-Executive Chairman of DTI Limited (resigned 2018)

#### Board Committee memberships

Member of the Nomination Committee



### TIFFANY FULLER

B.Com, GAICD, ACA

**Position:** Non-Executive Director

**Age:** 50

**Independent:** Yes

**Years of service:** 6

#### Term of office

Tiffany Fuller was appointed to the Board on 1 October 2014 as a non-executive director. Tiffany was last re-elected in 2019.

#### Skills and experience

Tiffany is an experienced public company non-executive director with broad experience in chartered accounting, corporate finance, investment banking, funds management and management consulting in Australia and globally.

Tiffany's skills include finance and accounting, strategy, M&A, risk and governance. Her career includes roles at Arthur Andersen and Rothschild and

spans multiple industry sectors, including financial services, technology, retail, resources and telecommunications.

#### Other directorships and offices

Non-Executive Director of Washington H. Soul Pattinson & Company Limited (appointed in 2017)

Non-Executive Director of Smart Parking Limited (appointed in 2011)

Non-Executive Director of Costa Group Holdings Limited (resigned 2018)

#### Board Committee membership

Chair of the Risk and Audit Committee  
Member of the Nomination Committee

### JOSEPH VELLI

BA, MBA

**Position:** Non-Executive Director

**Age:** 61

**Independent:** Yes

**Years of service:** 6

#### Term of office

Joseph Velli was appointed to the Board on 1 October 2014 as a non-executive director. Joseph was last re-elected in November 2017.

#### Skills and experience

Joseph is a retired financial services and technology executive with extensive securities servicing, M&A and public board experience. For most of his career, Joseph served as Senior Executive Vice President of The Bank of New York and as a member of the Bank's Senior Policy Committee.

During his 22-year tenure with the Bank, Joseph's responsibilities included heading Global Issuer Services, Global Custody and related Investor Services, Global Liquidity Services, Pension and 401k Services, Consumer and Retail Banking, Correspondent Clearing and Securities Services. Most recently Joseph served as the Chairman and Chief Executive Officer of Convergenx Group.

#### Other directorships and offices

Non-Executive Director of Paychex, Inc.

Non-Executive Director of Cognizant Technology Solutions Corporation

#### Board Committee membership

Chairman of the Human Resources and Remuneration Committee  
Member of the Nomination Committee

### ABI CLELAND

B.Com, BA, MBA.

**Position:** Non-Executive Director

**Age:** 47

**Independent:** Yes

**Years of service:** 2

#### Term of office

Abi Cleland was appointed to the Board as a non-executive director on 14 February 2018 and was re-elected by shareholders in November 2018.

#### Skills and experience

Abi Cleland has extensive global experience in strategy, M&A, digital and business growth. She has held senior executive roles in the industrial, retail, agriculture and financial services sectors at companies including ANZ, Amcor, Incitec Pivot, Caltex after starting her career at BHP. Between 2012 and 2017, Abi set up and ran an advisory and management business, Absolute Partners which focused on strategy, M&A and building businesses leveraging disruptive changes.

#### Other directorships and offices

Non-Executive Director of Orora Limited (appointed in 2014)

Non-Executive Director of Sydney Airport Limited (appointed in 2018)

Non-Executive Director of Coles Group Limited (appointed in 2018)

Non-Executive Director of BWX Limited (resigned in 2017)

Non-Executive Director of Swimming Australia

#### Board committee membership

Member of the Human Resources and Remuneration Committee  
Member of the Nomination Committee





### LISA GAY

BA, LLB

**Position:** Non-Executive Director

**Age:** 58

**Independent:** Yes

**Years of service:** 2

#### Term of office

Lisa Gay was appointed to the Board as a non-executive director on 14 February 2018 and was re-elected by shareholders in November 2018.

#### Skills and experience

Lisa Gay is a highly regarded business leader with extensive financial services experience in funds management, investment banking, and stockbroking. She was formerly Chair of the Australian Securities and Investment Commission's Markets Disciplinary Panel and Deputy Chair of the Indigenous Land Corporation. From 1990-2010 Lisa was general counsel and managing director of Goldman Sachs Group Australia.

#### Other directorships and offices

Non-executive Director of Victoria Funds Management Corporation

Non-executive Director of Koda Capital  
Member of the Council of Trustees of the National Gallery of Victoria

#### Board committee membership

Member of the Risk and Audit Committee  
Member of the Nomination Committee  
Member of the Human Resources and Remuneration Committee

### PAUL REYNOLDS

BA, PhD

**Position:** Non-Executive Director

**Age:** 63

**Independent:** Yes

**Years of service:** 2

#### Term of office

Paul Reynolds was appointed to the Board as a non-executive director on 5 October 2018 and was re-elected by shareholders in November 2018.

#### Skills and experience

Paul Reynolds has gained extensive leadership skills from his previous experience in CEO and Chairman positions with complex, large-scale infrastructure enterprises. He was a member of the board at British Telecom from 2001-2007 and CEO of one of its largest businesses, BT Wholesale, where he led the global technology divisions and many of its biggest transformation programs. From 2007-2012, Paul was CEO of Telecom New Zealand, during the world's first structural separation into independent retail and network companies. Paul is based in the UK.

#### Other directorships and offices

Non-Executive Chairman of 9 Spokes Limited (appointed in 2014)  
Non-Executive Director of Talk Talk Telecom Group Plc

#### Board committee membership

Member of the Risk and Audit Committee  
Member of the Nomination Committee

### 3. BOARD INDEPENDENCE

The Board has considered each of the eight directors in office as at the date of this Annual Report and has determined that a majority (six out of eight) are independent, and were so throughout the reporting period. The two directors who are not considered to be independent are Chris Morris, due to his substantial shareholding in the Company, and Stuart Irving, as the current Group Chief Executive Officer.

To determine the independence of a director, the Board must consider several different factors, including those set out below:

- › whether the director acts (or has recently acted) in an executive capacity for the Company
- › the materiality of the director's shareholding in the Company (if any)
- › the existence of any other material relationship between the director and a member of the Group (for example, where the director is or has been an officer of a significant adviser, supplier or customer)
- › the ability of the director to exercise his or her judgement independently

In relation to the Chairman, Simon Jones, the Board notes that he was first appointed as a non-executive director in November 2005 and subsequently as Chairman in November 2015. The Board has considered and is satisfied that Mr Jones's tenure as a director does not have any impact on his capacity to bring an independent judgement to bear on issues before the Board or to act in the best interests of the Company and its shareholders generally. The Board also notes that Joseph Velli is a director of Cognizant Technology Solutions Corporation, a company which supplies IT and business outsource services to the Group. The Board has considered and is satisfied that Mr Velli's position as a director of Cognizant Technology Solutions Corporation does not have any impact on his capacity to bring an independent judgement to bear on issues before the Board. The Board has appropriate procedures in place to manage circumstances where a matter relating to Cognizant Technology Solutions Corporation might be under consideration by the Board.

### 4. BOARD MEETINGS AND REPORTS

The Board's standard annual meeting schedule includes four in-person meetings each year, as well as a series of scheduled update meetings. The Board will also meet as required to discuss, and if appropriate, approve specific strategic initiatives contemplated by the group. When the Board meets in person, those meeting will generally take place over three days and provide the Board with the opportunity to meet senior management relevant to the agenda for the meeting. At its meetings, the Board discuss the Group's results, prospects and short and long-term strategy, as well as other matters, including operational performance, and legal, governance and compliance issues.

The Committees of the Board also meet regularly to fulfil their duties, as discussed further below.

Due to the Covid-19 pandemic, the Board met more frequently in FY2020 than is typical and, in particular, was meeting initially weekly and subsequently fortnightly during the initial phase of the pandemic as the Group initiated its business continuity plans. Also, given restrictions on travel, the Board replaced the in-person meeting that was scheduled in June 2020 with a virtual Board meeting and associated Committee meetings held by video conference. This form of Board meeting has continued into FY21 and is anticipated to be required for the foreseeable future.

Group management provides monthly reports to the Board detailing current financial information concerning the Group. Management also provides additional information on matters of interest to the Board, including operational performance, major initiatives and the Group's risk profile, as appropriate. The Board received additional reporting during the initial stages of the Covid-19 pandemic, which provided the Board with strong oversight of business continuity and remote working arrangements, trading updates across business lines, enhanced cash and liquidity reporting as well as how key risks within the group were being managed.

### 5. BOARD COMMITTEES

To assist in discharging its responsibilities, the Board has established four committees.

#### Risk and Audit Committee

The principal function of the Risk and Audit Committee is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, internal audit function and external audit requirements. The Committee also reviews material legal matters and receives updates on reports made under the Group's Whistleblower program.

The Risk and Audit Committee is chaired by Non-Executive Director Tiffany Fuller. The Committee currently has three other members, Simon Jones, Lisa Gay and Paul Reynolds. Each member of this Committee is considered by the Board to be independent.

The Board regards these members as having the required financial expertise and an appropriate understanding of the markets in which the Group operates. The Chief Executive Officer, the Chief Financial Officer, the Group Head of Internal Audit, the Group Risk Officer and the Company's external auditors are invited to meetings of the Risk and Audit Committee at the Committee's discretion.

The Risk and Audit Committee is governed by a Board-approved charter. A copy of this Risk and Audit Committee Charter is available from <http://www.computershare.com/governance>.



## CORPORATE GOVERNANCE STATEMENT

### Nomination Committee

The main functions of the Nomination Committee are to review the competence, expertise, performance, constitution and succession of the Board, as well as the performance of individual directors.

The Nomination Committee generally meets on each occasion that the Board meets in person. All current directors are members of the Nomination Committee, and it is chaired by Simon Jones in his capacity as Chairman of the Board.

The Nomination Committee's policy for the appointment of directors is to select candidates whose skills, expertise, qualifications, networks and knowledge of the markets in which Computershare operates (and other markets into which it may expand) complement those of existing Board members, so that the Board as a whole has the requisite skills, diversity and experience to fulfil its duties.

The Nomination Committee is governed by a Board-approved charter. A copy of this Nomination Committee Charter is available from <http://www.computershare.com/governance>.

### Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee's principal functions are to advise the Board on matters relating to human resources, talent management and diversity, as well as the remuneration of the Group's key management personnel.

In relation to remuneration related matters, the Committee considers, reviews and makes recommendations to the Board about the following matters:

- > the Chief Executive Officer's remuneration policy recommendations
- > remuneration and contract terms for the Chief Executive Officer and the Group's key executives
- > terms and conditions of long-term incentive plans, short-term incentive plans, share rights plans, performance targets and bonus payments for the Chief Executive Officer and the Group's key executives
- > terms and conditions of any employee incentive plans
- > the recommendations of the Chief Executive Officer on offers to executives under any long-term incentive plan established by the Company from time to time
- > remuneration of non-executive directors within the limits approved by shareholders
- > content of the remuneration report to be included in the Company's Annual Report

In relation to human resources and related matters, the Committee considers, reviews and makes recommendations to the Board about the following matters:

- > succession planning for senior management and development frameworks for key talent
- > the effectiveness of the Group's diversity policies and initiatives
- > monitoring surveys conducted by the company in relation to the culture of the organisation; assessing performance against measurable objectives for achieving diversity on an annual basis, including the relative proportion of women at all levels; and Computershare's compliance with external reporting requirements

The Committee is chaired by Joseph Velli. The Committee has three other members, Simon Jones, Lisa Gay and Abi Cleland. Pursuant to its Charter, the Committee must always be comprised of a majority of independent directors.

The Committee has access to Group management and, where necessary, may consult independent experts to discharge its responsibilities effectively.

The Human Resources and Remuneration Committee is governed by a Board-approved charter. A copy of this Remuneration Committee Charter is available from <http://www.computershare.com/governance>.

For details of directors' attendance at Committee meetings, see the Directors' Report, which starts on page 40 of this Annual Report.

## 6. EQUITY PARTICIPATION BY NON-EXECUTIVE DIRECTORS

The Board encourages non-executive directors to own shares in the Company; however, the Company has not awarded shares to non-executive directors. As at the date of this report, all non-executive directors hold a relevant interest in shares in the Company.

## 7. REMUNERATION

For information relating to the Group's remuneration practices, and details relating to the directors' remuneration and that of the Group's key management personnel during the year ended 30 June 2020, see the Remuneration Report, which starts on page 43 of this Annual Report, and is incorporated into this corporate governance statement by reference.

In addition to the disclosures contained in the Remuneration Report, it should be noted that the Board is keen to encourage equity holdings in the Company by employees with a view to aligning staff and shareholder interests. Many employees have participated (and continue to participate) in the various equity plans offered by the Company, and the directors believe that, historically, this has contributed significantly to the Group's success.

## 8. ANNUAL REVIEW OF BOARD AND GROUP MANAGEMENT PERFORMANCE

The Board's performance is regularly reviewed by the directors of the Company as a whole. These reviews are undertaken in an open manner each time the Board meets in person. There is a standing agenda item at each in-person Board meeting for directors to be given an opportunity to discuss any concerns they may have with the Board's and its Committees' performance, as well as any steps that can be taken to maintain their effectiveness.

Directors also completed questionnaires relating to Board and Committee performance during the reporting period and the Board and relevant Committee then reviewed and discussed the responses. The directors believe that this process works well for its size and composition.

The process for evaluating the performance of individual directors is an informal one. The Chairman is responsible for engaging directly with directors on any individual performance concerns. Directors can raise concerns they might have with an individual director's performance directly with the Chairman.

The Board annually reviews the Chief Executive Officer's performance while the Chief Executive Officer annually reviews the performance of the other members of Group management against their KPIs for the year. This review process results in each member of Group management receiving a proposed numerical rating which determines their short-term incentive outcomes for the year. The proposed rating given to each member of Group management is then reviewed by the Human Resources and Remuneration Committee.

## 9. IDENTIFYING AND MANAGING BUSINESS RISKS

The Business Strategies and Prospects section of this Annual Report contains a summary of Computershare's approach to managing risk within the organisation.

In respect of the reporting period, the Board received a report from the Chief Executive Officer and the Chief Financial Officer that confirms, among other things, the following:

- › The 'Declaration to the Board of Directors of Computershare Limited', a copy of which is included in this Annual Report (see page 122) as required by section 295A of the Corporations Act 2001, is founded on a sound risk management and internal control system that is operating effectively in all material respects in relation to financial reporting risks
- › The Group's material business risks have been managed effectively

The Risk and Audit Committee reviewed and assessed the Group's risk management practices throughout the year and also undertook a formal review of the Group's risk management framework during the reporting period and was satisfied that it remained sound.

## 10. DIVERSITY AND INCLUSION

This summary outlines our progress during FY20 and covers our focus areas for FY21.

### Progress during FY20

We continue to make progress on our Diversity and Inclusion (D&I) initiatives, taking these steps forward during the year:

- › Appointed a Global D&I Manager to drive the execution of our D&I strategy
- › Revised, published and promoted our D&I policy to all global staff
- › Worked to embed our Being Purple ways of working, with a focus on promoting 'Working well together' in training programs and communications
- › Organised and promoted activities linked to D&I calendar events such as Black History Month and International Women's Day
- › Held a range of diversity, inclusion and wellness events and initiatives, and published regular communications covering a variety of topics, such as hearing loss, flexible working and mental health
- › Held our second Women4Women conference, this time virtually, for North American employees
- › Rolled out new technology and flexible work practices to support our employees' ability to work from home and to balance their professional and personal responsibilities
- › Fostered awareness, understanding and support for mental wellbeing by developing a mental health toolkit, hosting mental health webinars and posting a wide variety of articles and resources

During FY20, significant global events brought workplace changes that impacted our D&I activities, notably the large-scale move to working remotely. This has further widened our potential recruitment pools, increasing the opportunity to recruit from more diverse backgrounds.

At the same time, our commitment to the development of a diverse and inclusive culture where all staff are given an equal opportunity to succeed remains. Our D&I strategy already provides a clear pathway for ongoing improvements to our processes, practices and systems relative to inclusivity and equality - we will drive this forward with a renewed focus in the coming year.

Computershare's Change A Life charity donated to the Equal Justice Initiative, which works to improve fair treatment under the law for communities marginalised by poverty and discouraged by inequality.

## CORPORATE GOVERNANCE STATEMENT

Despite interruptions to some of our projects due to impacts from Covid-19, we have continued to make progress on our local D&I initiatives, some of which are noted below.

### In the US

Over the past year we have:

- > Undertaken more work in support of our Affirmative Action Program compliance
- > Incorporated the testimonials of armed service veteran employees in our recruitment activities
- > Leveraged our Women4Women network (see below) to promote roles and facilitate the development of cooperative and mentor networks
- > Partnered with state and national associates who work to help people with disabilities gain employment and integrate into our workforce
- > Represented our company at career events
- > Developed advertising focused on attracting talent from minority groups

Our 2020 Women4Women Summit shifted to a virtual event due to Covid-19. We have continued to run the agenda by hosting a monthly webinar for designated attendees and W4W network members.

### In the UK

We became a Disability Confident employer, a certification showing we fulfil criteria for supporting those with disabilities and other health conditions through our employee lifecycle. Disability Confident is a government scheme in the UK designed to encourage employers to recruit and retain disabled people and those with chronic health conditions. This scheme is designed to create a movement for change, encouraging employers to think differently about disability, halve the disability employment gap and provide employers with the skills and tools they need to retain disabled staff.

### Internship programs

We've run paid internship (or local equivalent) programs in South Africa, US, Germany, HK and UK.

These programs invite students and those with disabilities to the organisation to help them gain work experience and knowledge of our business environment, as well as exposure to career opportunities in their field.

### Feedback on Measurable Objectives

Objective	Measurement
1. Champion realignment: Realign our previously regional champion system to a global structure. We aim to do this by the end of December 2019. This will go hand in hand with appointing a D&I Manager early in 2020.	D&I Manager appointed, albeit later than intended due to the onset of Covid-19. Champion structure yet to be fully realigned.
2. Strategy: Drive the execution of our three-year D&I strategy through our global business lines, with the realigned champions group and dedicated D&I Manager.	We continue to make progress with communication and awareness of D&I in the workplace and are at the early stages of embedding D&I principles into our operations and processes. We are 30% along our three-year D&I strategy.
3. Training: Further extend the D&I training available via our Learning Management System and Performance Management toolkit, with the aim of continuing to raise awareness and improvements in key outcomes in line with our D&I strategy.	In FY20: Total of 15,855 'hits' on D&I related learning assets: E-learning = 13,460 Videos = 1,473 Webinars = 471 Online resources and toolkits = 451  We have recently implemented a new digital learning platform globally, meaning 100% of our global workforce have access to digital learning content in FY20. This provides access to another 414 learning assets related to D&I.
4. Communication: Continue to deliver regular, quality D&I related communications across all staff.	We launched a new global series of regular diversity, inclusion and wellness events, including regular communications on a variety of topics. We ran communications campaigns for hearing loss, Black History Month and International Women's Day.  Communications published: 25 Readership stats: 1,003 unique readers
5. Reporting: Continue to develop the D&I reporting available across all data categories in line with the global People data strategy.	Appointed a Global Management Information (MI) Manager in the People team. Created automated global People-related reporting. Made headway into D&I data capture strategy. Required reporting on gender and other demographics delivered accurately and on time.

## Gender diversity statistics for FY20

The table below includes data on global gender statistics at a global level as at 30 June 2020. Observations include:

- > Representation on the Computershare Board is currently 37.5% female, 62.5% male
- > The number of women as a percentage of overall staff has not changed year on year, and remains at 54%
- > The percentage of females in executive ranks has not changed year on year, and remains at 28%
- > Across our countries and business lines, the general trend has been towards an increase in females in managerial positions

	F	M	F%	M%	Total	Change to Female %
Board (inc. CEO)	3	5	38%	63%	8	-
Direct reports of CEO	3	13	19%	81%	16	+
Company Executive	34	85	29%	71%	119	-
Senior Manager	193	306	39%	61%	499	+
Manager	912	1,016	47%	53%	1,928	+
Other	5,410	4,249	56%	44%	9,659	=
Total	6,555	5,674	54%	46%	12,229	=

Data valid as at 30 June 2020.

Company Executive means a person reporting to a direct report of the CEO. Senior Manager means a person reporting to a Company Executive.

## FY21 focus areas and objectives

Objective	Measurement
1. Strategy: D&I Manager will drive the execution of the existing D&I strategy through our global business lines, with D&I champions who will be aligned to regions and business lines.	To be measured using completion statistics from our roadmap of action plans.  To measure the effectiveness of the strategy, we will use statistics from diversity-related programs and our People Management system as well as through surveys, performance reviews, exit interviews, employee referrals and open discussion forums.
2. Training: Further extend the D&I training available via our Learning Management System and Performance Management toolkit, with the aim of continuing to raise awareness and improvements in key outcomes in line with our D&I strategy.	To be measured using statistics from our Learning Management System records.
3. Communication: Continue to deliver regular, quality D&I related communications across all staff.	To be measured using reporting from our internal communications reporting system, along with feedback from our employee survey.
4. Engagement: Generate more employee involvement in D&I related activities such as awareness weeks, focus groups and global virtual events.	To be measured by the number of participants involved in planning D&I events and attendees at D&I related events; statistics that track the increase or decrease in the number of participants; ratings from responses in the Employee Opinion Survey that relate to D&I.
5. Reporting: Continue to develop the D&I reporting available across all data categories in line with the global People data strategy.	Delivery of global, accurate D&I data points to support strategy work.
6. Board: The composition of the Computershare board should not have less than 30% of its directors of each gender.	To be measured using gender diversity statistics compiled for the Annual Report.

Our D&I Policy is available from <http://www.computershare.com/governance>.

## 11. WORKPLACE GENDER EQUALITY REPORT

In each country in which Computershare operates, the company complies with legislated diversity reporting requirements. In Australia, Computershare met its reporting requirements under the Federal Government's Workplace Gender Equality Act 2012, including submitting an annual public report on 17 July 2020.

A copy of this report is available from <http://www.computershare.com/governance>. Any comments regarding this report can be submitted via email to the following address: [wgea.comments@computershare.com.au](mailto:wgea.comments@computershare.com.au).

### 12. SECURITIES TRADING POLICY

The Company has a Securities Trading Policy in place which sets out the restrictions that apply to the Group's directors, officers and employees trading in Computershare securities.

The policy explains the insider trading laws as they relate to trading in Computershare securities and the securities of Computershare's clients. It also sets out the penalties that apply to insider trading offences under the Corporations Act 2001 and makes clear that Computershare adopts a zero-tolerance approach to breaches of insider trading laws.

The policy imposes additional restrictions on dealings in Computershare securities by Computershare directors and certain specified executives (designated persons). These designated persons may deal in Computershare securities during the four-week period after the Company releases its half-year and full-year financial results, and after the date on which its Annual General Meeting is held, subject always to the laws on insider trading.

In addition, these designated persons may only deal in Computershare securities outside those specified four-week trading windows with an express prior clearance by a nominated director. During certain prohibited periods, being the period between 15 December and the Company's release of its half-year results, and the period between 15 June and the Company's release of its full-year results, and such other periods as may be determined by the Board from time to time, clearance to deal can only be given in exceptional circumstances.

Under the policy, designated persons are also prohibited from entering into an arrangement pursuant to which they seek to hedge the economic risk associated with an unvested incentive award made to them by Computershare.

The list of designated persons is set out in the Schedule to the Securities Trading Policy. It is reviewed and updated as appropriate, having regard to any changes in the structure of or the creation of new roles within Group management. An up-to-date copy of the Board-approved Securities Trading Policy is available from <http://www.computershare.com/governance>

### 13. CORPORATE REPORTING

The Chief Executive Officer and the Chief Financial Officer have made a Declaration to the Board of Directors in respect of the year ended 30 June 2020, as detailed on page 122 of this Annual Report. The Chief Executive Officer and the Chief Financial Officer also provided an equivalent statement to the Directors in respect of the Company's half-year report for the period ended 31 December 2019.

### 14. CONFLICT OF INTEREST AND INDEPENDENT ADVICE

If a director has an actual or potential conflict of interest in a matter under consideration by the Board or a Committee of the Board, that director must promptly disclose that conflict of interest and abstain from deliberations on the matter. In that circumstance, the director is not permitted to exercise any influence over other Board members or Committee members on that issue, nor receive relevant Board or Committee papers.

The Company permits any director or Committee of the Board to obtain external advice about transactions or matters of concern at the Company's cost. Directors seeking independent advice must obtain the approval of the Chairman, who is required to act reasonably in deciding whether the request is appropriate.

### 15. ETHICAL STANDARDS

Computershare recognises the need for directors and employees to perform to the highest standards of behaviour and business ethics. The Board has adopted a Code of Conduct that sets out the principles and standards with which all officers and employees are expected to comply as they perform their respective functions. The Code recognises the legal and other obligations that the Company has to legitimate stakeholders, and requires that directors, officers and employees maintain the highest standards of propriety and act in accordance with the law.

A copy of the Group's Board-approved Code of Conduct is available from the corporate governance section of <http://www.computershare.com/governance>

### 16. SHAREHOLDER COMMUNICATIONS AND INVESTOR RELATIONS

Computershare has an investor relations program in place with the aim of facilitating effective communication between Computershare and its investors. A key feature of this program is to ensure that shareholders are notified of, or are otherwise able to access, information necessary to assess Computershare's performance. Information is communicated to shareholders through the following means:

- > The Annual Report, which is distributed to all shareholders who elect to receive it. An overview of the previous financial year is also included in the Notice of AGM that all shareholders receive.
- > The AGM and any other shareholder meetings called from time to time to obtain shareholder approval as required. Since 2017, the Company has conducted its AGM as a hybrid meeting which provides an opportunity for shareholders to attend the meeting via an online platform. Attending the meeting online enabled shareholders to view the AGM live and to also ask questions and cast direct votes at the appropriate times whilst the meeting was in progress.



- > The Company's website, which contains information regarding the Company and the Group and its corporate governance framework. The Investor Relations section of the website also includes information released to the ASX, a copy of investor and analyst briefing documentation, press releases and webcasts.
- > By email to those shareholders who have supplied their email address for the purpose of receiving communications from the Company electronically. Computershare actively encourages shareholders to provide an email address to facilitate more timely and effective communication with them and runs campaigns from time to time to encourage greater email adoption.

Computershare also encourages shareholders to participate in the Company's AGM. Due to the Covid-19 pandemic, Computershare intends that its 2020 AGM will be held as a virtual online-only meeting. This will enable shareholders, no matter where they are located, to participate in the AGM. Shareholders who are unable to attend and vote during the meeting are encouraged to vote electronically in advance via Computershare's service known as InvestorVote, where they can view an electronic version of the voting form and accompanying materials and submit their votes. Computershare also encourages shareholders who are unable to attend the AGM to communicate any issues or questions by writing to the Company.

## 17. COMMITMENT TO AN INFORMED MARKET RELATING TO COMPUTERSHARE SECURITIES

The Board has a Market Disclosure Policy to ensure the fair and timely disclosure of price-sensitive information to the investment community as required by applicable law.

In order to effectively manage its continuous disclosure obligations, the Chief Executive Officer has established a Disclosure Committee which is responsible for the following matters:

- > Considering what information needs to be released to the market by Computershare, although routine administrative announcements may be made by the Company Secretary without consulting the Disclosure Committee.
- > Ensuring announcements relating to significant matters are referred to the Board for consideration and approval, namely announcements relating to the Company's half and full-year financial reports, financial projections and future financial performance as well as changes to the Group's policy or strategy.
- > Approving the disclosure of information to the market for matters not referred to the Board.
- > Implementing adequate systems for ensuring timely disclosure of material information to the market, including where such information needs to be released urgently.

The Disclosure Committee consists of the Chief Executive Officer, the Chief Financial Officer, the Head of Investor Relations, and the Group General Counsel and Company Secretary. Where the urgency of an issue, which under the policy is to be referred to the Board, prevents its consideration by the full Board, an announcement relating to that issue may be approved for release to the market by all available directors in conjunction with the Disclosure Committee.

Announcements that do not require the approval of the Board can be approved for release by the Chief Executive Officer having regard to the advice of the Disclosure Committee (as appropriate).

Further, in circumstances where it is considered appropriate to request a trading halt (for example, where Computershare is required to disclose information to the market, but for whatever reason is unable to do so promptly and without delay) the Chief Executive Officer, or if the Chief Executive Officer is unavailable, the Chairman, the Chair of the Risk and Audit Committee or the Chief Financial Officer is authorised to request a trading halt on behalf of the Company. The full Board is to be consulted as far as is practicable on any request for a trading halt.

A copy of the Board-approved Market Disclosure Policy is available from the corporate governance section of <http://www.computershare.com/governance>

## 18. EXTERNAL AUDITORS

The Company's policy is to appoint external auditors who demonstrate professional ability and independence. The auditor's performance is reviewed annually.

PricewaterhouseCoopers were appointed as the external auditors in May 2002. Audit services have been put out to tender since their initial appointment.

PricewaterhouseCoopers normally rotates audit engagement partners on listed companies every five years. It is also PricewaterhouseCoopers' policy to provide an annual declaration of independence, a copy of which can be found on page 59 of this Annual Report. The external auditor is required to attend the Company's Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation of the content of the audit report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the Directors' Report (see page 58 of this Annual Report).

### 19. INTERNAL AUDITORS

Computershare has a dedicated Group Internal Audit function. The function is led by the Group Head of Internal Audit who has a reporting line to the Chair of the Risk and Audit Committee. Group Internal Audit is authorised to audit all areas of the Computershare Group without the need for prior approval. In carrying out its responsibilities, it has full and unrestricted access to all records, property, functions, IT systems and staff in the Group.

Each financial year, the function develops an annual audit plan which is approved by the Risk and Audit Committee. The function's key responsibilities are to review and appraise the adequacy, design and effectiveness of the Group's system of internal controls and evaluate and improve the effectiveness of risk management, control and governance processes and to identify control gaps.

On completion of audit assignments, Internal Audit will issue written reports which are distributed to management and communicated to the Risk and Audit Committee. Where the report identifies specific findings and recommendations, the report will include an action plan from management to implement appropriate corrective action within specific timeframes which are actively monitored. All internal audits are conducted in accordance with the Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing.

### 20. WHISTLEBLOWING

The Board has approved a Whistleblower Policy that specifically outlines procedures for dealing with allegations of improper conduct made by directors, officers or employees of the Company or parties external to Computershare. Concerns can be raised anonymously in a number of ways, including through an externally managed hotline and web portal, or by directly contacting designated regional Whistleblower officers. Any reported concerns are assessed and handled by these regional Whistleblower officers. The Group Whistleblower Officer also provides quarterly reports to the Group Risk and Audit Committee on any concerns reported over the period and more serious matters may be escalated to the Committee within a reporting period where appropriate.

All Computershare employees have received training about the Company's Whistleblower Policy, including how to detect and report improper conduct. A copy of the Whistleblower Policy is available from <http://www.computershare.com/whistleblowing>

### 21. CORPORATE RESPONSIBILITY

For details relating to the Company's corporate responsibility initiatives, see pages 17 to 20 of this Annual Report.

A copy of the Board-approved Corporate Responsibility Policy is also available from the corporate governance section of <http://www.computershare.com/governance>

### 22. HEALTH AND SAFETY

Computershare aims to provide and maintain a safe and healthy work environment. Computershare acts to meet this commitment by implementing work practices and procedures throughout the Group that comply with the relevant regulations governing workplaces in each country in which the Group operates. Employees are expected to take all practical measures to ensure a safe and healthy working environment, in keeping with their defined responsibilities and applicable laws.

The maintenance of a safe and healthy working environment for staff globally was identified as the key priority for the group at the outset of the Covid-19 pandemic. Remote working measures were deployed for more than 90% of our staff and, where roles could not be performed remotely, strict Covid-19 safety protocols were implemented across all work-sites in accordance with local requirements.

### 23. COMPANY SECRETARY

The Company Secretary during the reporting period was Dominic Horsley. Under Computershare's Constitution, the appointment and removal of the Company Secretary is a matter for the Board.

Among other matters, the Company Secretary advises the Board on governance procedures and supports their effectiveness by monitoring Board policy and procedures, coordinating the completion and dispatch of Board meeting agendas and papers, and assisting with the induction of new Directors. The Company Secretary is accountable to the Board, through the Chairman, for these responsibilities.

Dominic Horsley joined the Company in June 2006, having previously practised law at one of Asia Pacific's leading law firms and worked as a Corporate Counsel with a major listed Australian software and services supplier. Dominic completed a Bachelor of Arts (Hons) in Economics at the University of Cambridge and completed his legal studies at the College of Law in London. Dominic is also the Group General Counsel of Computershare and is a Fellow of the Governance Institute of Australia.

All directors have access to the advice and services of the Company Secretary.

# DIRECTORS' REPORT

The Board of Directors of Computershare Limited has pleasure in submitting its report for the financial year ended 30 June 2020.

## DIRECTORS

The names of the directors of the Company in office during the whole year and up to the date of this report, unless otherwise indicated, are:

### Non-executive

Simon David Jones (Chairman)  
Abigail Pip Cleland  
Tiffany Lee Fuller  
Lisa Mary Gay  
Christopher John Morris  
Paul Joseph Reynolds  
Joseph Mark Velli

### Executive

Stuart James Irving (President and Chief Executive Officer)

## PRINCIPAL ACTIVITIES

The principal activities of the Group are outlined in the Group Operating Review set out on pages 23 to 24 and form part of this report.

## CONSOLIDATED PROFIT

The profit of the consolidated entity for the financial year was \$232.7 million after income tax. Net profit attributable to members of the parent entity was \$232.7 million, which represents a decrease of 44.0% on the previous year's result of \$415.7 million. Profit of the consolidated entity for the financial year after management adjustment items was \$303.8 million after income tax and non-controlling interests. This represents a decrease of 20.3% on the 2019 result of \$381.4 million.

### Net profit after management adjustment items is determined as follows:

	2020 \$000	2019 \$000
Net profit attributable to members of the parent entity	232,657	415,732
Management adjustment items (net of tax):		
<b>Amortisation</b>		
Amortisation of intangible assets	42,597	40,074
<b>Acquisitions and disposals</b>		
Acquisition related expenses	15,656	13,575
Benefits of tax losses not previously recognised on Equatex acquisition	(7,666)	-
One-off tax expense on Equatex IP restructure	(1,054)	5,801
Acquisition accounting adjustments	(1,039)	713
Gain on disposal of Karvy	-	(106,442)
<b>Other</b>		
Major restructuring costs	19,939	14,791
Marked to market adjustments - derivatives	2,752	(3,053)
Impairment charge - investments in associates	-	13,511
Restatement of deferred tax balances due to US tax law changes	-	(12,819)
Put option liability re-measurement	-	(1,672)
True-up of US tax reform impact on foreign subsidiary profits	-	1,153
Net profit after management adjustment items	303,842	381,364

## Management adjustment items

Management results are used, along with other measures, to assess operating business performance. The Group believes that exclusion of certain items permits better analysis of the Group's performance on a comparative basis and provides a better measure of underlying operating performance. Description of management adjustment items can be found in note 4 of the financial statements.

The non-IFRS financial information contained within this Directors' report has not been audited in accordance with the Australian Auditing Standards.

## DIVIDENDS

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

### Ordinary shares

A final dividend in respect of the year ended 30 June 2019 was declared on 14 August 2019 and paid on 16 September 2019. This was an ordinary dividend of AU 23 cents per share, franked to 30%, amounting to AUD 124,864,490 (\$83,864,241).

An interim dividend was declared on 12 February 2020 and paid on 19 March 2020. This was an ordinary dividend of AU 23 cents per share, franked to 30%, amounting to AUD 124,380,452 (\$83,539,141).

A final dividend in respect of the year ended 30 June 2020 was declared by the directors of the Company on 11 August 2020 and paid on 14 September 2020. This was an ordinary dividend of AU 23 cents per share, franked to 30%. As the dividend was not declared until 11 August 2020, a provision was not recognised as at 30 June 2020.

## REVIEW OF OPERATIONS

The review of operations is outlined in the Group Operating Review set out on pages 23 to 24 and forms part of this report.

## SIGNIFICANT EVENTS AND SIGNIFICANT CHANGES IN ACTIVITIES

A discussion of significant events and significant changes in activities, if applicable, is included in the Group Operating Review set out on pages 23 to 24 and forms part of this report.

In the opinion of the directors, there were no other significant changes in the affairs of the consolidated entity during the financial year under review that are not otherwise disclosed in this report or the consolidated accounts.

## SIGNIFICANT EVENTS AFTER YEAR END

No other matters or circumstances have arisen since the end of the financial year which is not otherwise dealt with in this report or in the consolidated financial statements that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

## LIKELY DEVELOPMENTS AND FUTURE RESULTS

A discussion of business strategies and prospects is set out on pages 25 to 26 and forms part of this report.

## ENVIRONMENTAL REGULATIONS

The Computershare Group is not subject to significant environmental regulation.

## INFORMATION ON DIRECTORS

The qualifications, experience and responsibilities of directors together with details of all directorships of other listed companies held by a director in the three years to 30 June 2020 and any contracts to which the director is a party to under which they are entitled to a benefit are outlined in the Corporate Governance Statement and form part of this report.

### Directors' interests

At the date of this report, the direct and indirect interests of the directors in the securities of the Company are:

Name	Number of ordinary shares	Number of performance rights
SJ Irving	250,193	320,150
AP Cleland	12,334	-
TL Fuller	14,500	-
LM Gay	19,700	-
SD Jones	46,619	-
CJ Morris	31,045,300	-
PJ Reynolds	8,000	-
JM Velli	17,000	-

## Meetings of directors

The number of meetings of the Board of Directors (and of Board Committees) and the number of meetings attended by each of the directors during the financial year were:

	Directors' Meetings		Risk and Audit Committee Meetings		Nomination Committee Meetings		Human Resources and Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
SJ Irving	<b>22</b>	22	-	-	<b>4</b>	4	-	-
AP Cleland	<b>21</b>	22	-	-	<b>4</b>	4	<b>6</b>	6
TL Fuller	<b>21</b>	22	<b>8</b>	8	<b>4</b>	4	-	-
LM Gay	<b>21</b>	22	<b>8</b>	8	<b>4</b>	4	-	-
SD Jones	<b>22</b>	22	<b>8</b>	8	<b>4</b>	4	<b>6</b>	6
CJ Morris	<b>20</b>	22	-	-	<b>4</b>	4	-	-
PJ Reynolds	<b>22</b>	22	<b>7</b>	8	<b>4</b>	4	-	-
JM Velli	<b>20</b>	22	-	-	<b>4</b>	4	<b>6</b>	6

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the financial year.

The Board forms sub-committees to consider specific transaction opportunities as appropriate.

## INFORMATION ON COMPANY SECRETARY

The qualifications, experience and responsibilities of the Company Secretary are outlined in the Corporate Governance Statement and form part of this report.

## INDEMNIFICATION OF OFFICERS

During the period, the Group paid an insurance premium to insure directors and executive officers of the Group and its controlled entities against certain liabilities. Disclosure of the amount of insurance premium payable and a summary of the nature of liabilities covered by the insurance contract is prohibited by the insurance policy.



## REMUNERATION REPORT

### CHAIRMEN'S LETTER

Dear Shareholders

On behalf of the Board, we present Computershare's remuneration report for the financial year ended 30 June 2020. Our aim in preparing this report is to enable you to understand the links between remuneration, company strategy and Computershare's performance; and the framework we have in place to provide effective governance over remuneration at Computershare.

#### RESPONSE TO PANDEMIC

As we've already observed, the last four months of FY2020 made it an extraordinary year. Coming into March, our earnings were slightly ahead of internal assumptions for the second half, and we had confidence in meeting guidance. Our published initiatives were on track and execution was running to plan, including the Equatex integration, the Loan Services asset migration program in the UK and growth in the US Loan and Issuer Services businesses.

The global Covid-19 outbreak had a sudden and profound impact on global trading conditions; central banks cut interest rates which impacted our margin income earnings, and local restrictions affected our business operations. This had a material effect on our earnings, which could not have been foreseen or mitigated after the fact.

The Board commends our management team for their decisive response to these events. Firstly, they took immediate action to safeguard the health and safety of our employees. A global pandemic taskforce was assembled, working around the clock to put measures in place to implement Covid-19 protocols in our offices and move over 90% of our workforce to remote working. That they were able to achieve this without impacting our service delivery is remarkable.

Secondly, our businesses stepped up to provide our clients and customers with critical support, introducing innovative solutions quickly and effectively. We facilitated over 1,000 virtual AGMs across the globe, swiftly processed mortgage payment holiday requests and facilitated significantly increased numbers of capital raisings in Australia and Hong Kong.

Thirdly, we took steps to shore up the financial health of our business, including extending the duration of some debt and repatriating funds to help with liquidity. We took steps to protect staff, so our response did not involve material numbers of redundancies, the receipt of JobKeeper payments or similar government subsidies. While a small employee group was furloughed in the UK, this was largely driven by employee choice (for instance, due to childcare responsibilities). Any government assistance was passed in full to the affected employees directly.

In short, the entire organisation rose to an extraordinary challenge, working exceptionally hard to mitigate the impact of the pandemic on our customers and clients, and on their fellow employees. Our management team delivered in the midst of unprecedented circumstances. The Company provided updated guidance several times, then management focused on meeting that guidance. Their resilient performance has enabled us to maintain our full year dividend, has kept our balance sheet sound without the need to raise additional capital, and did not shift any of the burden onto our workforce. Instead, they continued to invest in our people, providing greater flexibility and support and making provisions for hardship relief and mental health care. Our culture stood out again.

Despite ongoing uncertainty, our management team has renewed their priorities for the year ahead, continuing our long-term work of building scale and greater exposure to structural growth trends. While there are short-term opportunities to be realised, their main focus continues to be on leveraging our core strengths: making strategic investments, disciplined execution, and achieving ever greater efficiencies.

#### OUTCOMES FOR FY2020

The challenging economic environment in the latter stages of FY2020 and its impact on Computershare's financial performance translated into materially reduced outcomes on executive pay.

In relation to the Group's STI plan, the management EPS result for the year was below threshold and EBITDA against budget was above threshold but below target across most business lines, which speaks to the resilience in the underlying business and the solid achievements delivered in the first eight months of the year. Overall, STI payments in FY2020 were paid out on average at 43% of maximum and at around 57% of the level of payments in FY2019.

The business also decided to make a special support payment to the bottom two quartiles of employees who would be especially vulnerable to the economic challenges this year.

The FY2018 LTI grant was tested, and the outcome was that the management EPS did not meet hurdle. The relative Total Shareholder Return (rTSR) across the performance period was just below the median, and as a result, the FY2018 LTI grant did not vest for executives. Despite the FY2018 LTI grant tracking well above the relevant performance hurdles throughout the first 32 of the 36 months of the performance period, the Board did not exercise its discretion to allow any of the FY2018 LTI awards to vest.

On reflection, and noting the approximate 20% reduction in the Computershare share price from \$16.79 at the start of FY2020 to \$13.25 at the end of FY2020, the Board is satisfied that executive remuneration outcomes in FY2020 are aligned with the overall shareholder experience.

The CEO's expat arrangement ended 31 March 2020 as per his employment agreement.

FY20 CEO STI

**DOWN 46%**

on FY19



DECREASE

**-\$737,907**

CEO LTI (FY18)

**NO AWARD**



DECREASE

**100%**

## ARRANGEMENTS FOR FY2021

The swift and forceful response of central banks to the emerging pandemic in early March 2020, with interest rates being reduced to historic lows, resulted in an immediate and significant impact on the margin income that Computershare generates from holding client balances. This impact will flow through into FY2021 and beyond with a full year of interest rate reductions and hedges rolling off. Yield curves across major currencies indicate the longer-term outlook for interest rates will remain subdued.

While the market has had the opportunity to factor this interest outlook into its assessment of Computershare's prospects, its impact on Computershare's variable incentive plans is significant and ongoing. The FY2018 LTI grant has not vested, and the retention and incentive value in the current FY2019 and FY2020 LTI grants has been materially eroded as the component subject to the EPS hurdle has been rendered ineffective. An FY2021 LTI grant under the same terms would be similarly challenged. The implication is, no matter how much the underlying business is improved by executives across the next few years to the benefit of shareholders, that negative EPS growth of FY2020 and the anticipated drop in margin income in FY2021 and potentially into FY2022 means executives would not be appropriately rewarded for delivery of future shareholder value.

The main aim of our executive remuneration strategy and structure is to ensure that executives are rewarded when they deliver positive outcomes to our shareholders. In considering remuneration changes, the Committee ensures all executive pay decisions are based on the following four principles:

- › Fairness - ongoing plan design must motivate and stretch the executives to focus on the right outcomes for the business and to reward what the executives can influence. In particular, because the impact of interest rates on Computershare's financial performance is largely outside management's control, the Board's view is that this presents a challenge to the current structure and design of the Group's incentive plans.
- › Alignment - incentive plan design and outcome should align to shareholder experience and company recovery in a meaningful way while also being mindful of the general employee experience. Plan measures should drive sustained, long-term, organisational growth and success.
- › Simplicity - where possible, plan design should be simple to explain and to execute. It should strike the right balance between fixed and at-risk pay.
- › Risk management - Board discretion or plan amendments must be applied on a robust basis, ensuring no windfall occurs to participants. Due consideration is given to business and operational risk, and the Group's values and culture, through plan design such as clawback and malus.

The changes proposed for FY2021 are summarised in section 2.4 of the remuneration report and based on the principles noted above. We look forward to continuing conversations with our stakeholders and welcome your feedback to ensure this report meets the standards and expectations you have of our unique organisation.

## HUMAN RESOURCES AND REMUNERATION COMMITTEE (HRRC)

The role of the HRRC continues to evolve, with a broad remit reflecting the breadth of our focus across the entire employee life cycle at Computershare. The Committee takes an active view of the following:

- › Remuneration - Board and executive remuneration strategy and structure, with a focus on strengthening the link between Company and individual performance.
- › Performance - establishing, monitoring and assessing executive KPIs that encourage strong, ethical performance and drive business outcomes while adding shareholder value.
- › Talent and Succession - ensuring succession plans are in place for executives and a ready pool of talent is considered internally and externally.
- › Inclusion & Diversity - ensuring all executive and board appointments are underpinned and guided by our diversity and inclusion framework and ensuring all employee processes such as recruitment, remuneration, retention, promotion, recognition and termination are within that.
- › Alignment with Strategy and Operating Model - ensuring the people strategy supports our business objectives, drives sustainable value creation and fosters ethical stewardship to deliver long-term shareholder value.
- › Culture - our Being Purple framework is demonstrated throughout the company and underpins all decisions made. It guides us to 'do the right thing' - both in the way we deliver for our clients and customers and in the way we conduct ourselves in the workplace.

The Board is committed to an executive remuneration framework that is focused on driving a performance culture and linking pay to the achievement of Computershare's long-term strategy and business objectives, which in turn drive long-term shareholder value.

With regards



SD Jones  
Chairman



JM Velli  
Chairman - HRRC

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This report is prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) (Corporations Act) for Computershare for the year ended 30 June 2020. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act, apart from where it is indicated that the information is unaudited.

### 1. REMUNERATION SNAPSHOT

#### 1.1 KEY MANAGEMENT PERSONNEL (KMP)

Computershare's KMP are assessed each year and comprise the Directors of the company and select senior executives who have the authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly. Each KMP held their position for all of FY2020 unless otherwise stated.

On 1 July 2019, Computershare moved to a global operating model which led to changes in the organisation structure to align to our long-term strategy. This had a consequential impact on the composition of our executive KMP who are listed below.

Non-executive director	Executive KMP	
Abigail P Cleland	Stuart J Irving	President and Chief Executive Officer
Tiffany L Fuller	Nick Oldfield <sup>1</sup>	Chief Financial Officer
Lisa M Gay	Mark B Davis <sup>2</sup>	Chief Financial Officer
Simon D Jones	Mark L McDougall	Global Chief Information Officer
Chris J Morris	Naz Sarkar	Global Head of Issuer Services
Paul J Reynolds		
Joesepp M Velli		

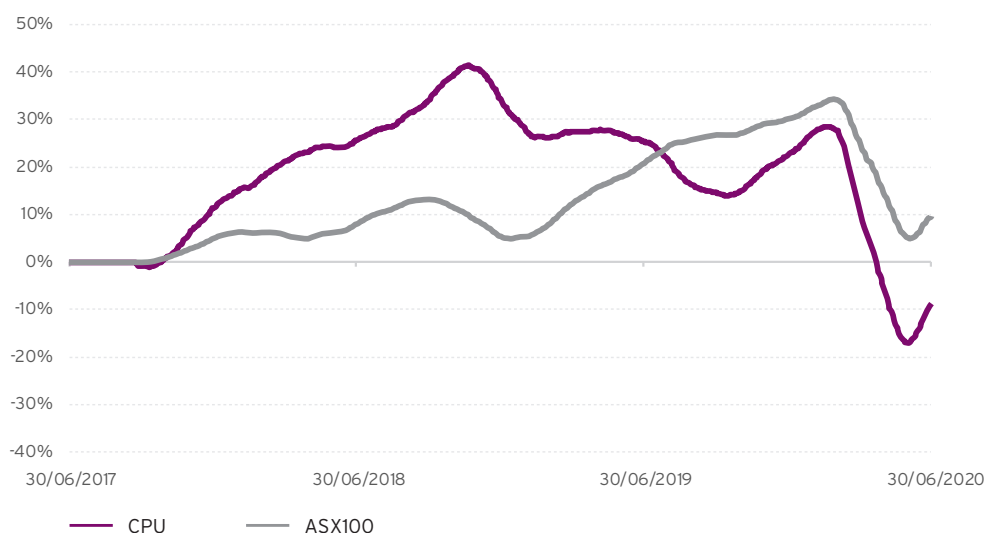
1 N Oldfield was appointed as CFO on 3 December 2019.

2 MB Davis resigned effective 31 December 2019.

#### 1.2 CPU PERFORMANCE AND KMP OUTCOMES IN FY2020

##### FY20 PERFORMANCE AND REMUNERATION OUTCOMES

###### Computershare vs S&P ASX100 index TSR



TOTAL SHAREHOLDER RETURN (TSR) FY18-FY20

**43<sup>RD</sup>**  
PERCENTILE



FY20 EPS GROWTH\*

**-19.8%**



AVERAGE EPS GROWTH FY18-FY20\*

**2.4%**



\* EPS growth on constant currency basis

	Performance conditions	Remuneration strategy and link to performance
Fixed	Designed to be competitive in the market where the executive is located	The CEO's expat arrangement and tax equalisation benefit ended as intended on 31 March 2020. To administer the CEO's pay from UK effective 1 April 2020, a 36-month average was used in converting his pay from Australian to UK currency to smooth the volatility in foreign exchange rates resulting from Brexit and Covid-19. Since the CEO did not receive any increase to his pay in FY2020, any changes to his remuneration in this report appear solely as a function of the currency exchange that occurred in April.
STI	Reflects performance across the year and is designed to reward management for achieving financial targets, delivering on strategic objectives and managing the business in a prudent and sustainable manner	Despite Covid-19 impact to earnings, the underlying business remained robust with positive recurring revenues. Management mitigated the Covid-19 impact where possible, with positive performance against the majority of strategic and other non-financial objectives over the year. For executive KMP, STI outcomes varied between 36% and 55% of maximum entitlement. See pages 50 to 51 for detailed STI outcomes for the CEO.
LTI	Aligns executive rewards with long-term sustainable value creation for shareholders	Computershare TSR across the three-year performance period ending 30 June 2020 was below the threshold of median ASX 100. Despite strong growth in the two years preceding, the impact of Covid-19 in FY2020 resulted in the three-year average growth in earnings per share (constant currency) being less than the threshold of 5%. Therefore, the FY2018 LTI did not meet threshold performance with nil vesting in FY2020. See page 51 for detailed LTI outcomes.

### 1.3 KMP REALISED PAY IN FY2020

The table below details actual pay and benefits for KMPs who were employed as at 30 June 2020. This table aims to assist shareholders in understanding the cash and other benefits actually received by KMPs from the various components of their remuneration during FY2020.

As a general principle, Australian Accounting Standards require the value of share-based payments to be calculated at the time of grant and accrued over the performance period and restriction period. The Corporations Act and Australian Accounting Standards also require that pay and benefits be disclosed for the period that a person is a KMP. This may not reflect what executive KMPs actually received or became entitled to during FY2020 (especially if they became KMP part way through the year). The figures in this table have not been prepared in accordance with Australian Accounting Standards. They provide additional voluntary disclosures.

The treatment of the remuneration elements in this disclosure are as follows:

- > Fixed remuneration earned between 1 July 2019 and 30 June 2020. This includes superannuation.
- > STI payable as cash and equity under the FY2020 STI plan (which is paid in FY2021 after audited results), and the FY2018 LTI that has been earned as a result of performance in previous financial years but was subject to a restriction period that ended 30 June 2020.
- > Benefits received between 1 July 2019 and 30 June 2020.

The below table also does not include expatriate costs and associated tax equalisation payments. Whilst these are clearly disclosed in the statutory remuneration table, the Board does not believe that they represent actual remuneration to the relevant executive and have therefore been excluded.

KMP	FY2020 fixed (base + benefits)	FY2020 actual package details			FY2020 actual vs target		FY2020 vs FY2019 actual	
		FY2020 actual total STI	FY2018 LTI vesting in FY20	FY2020 actual total remuneration (base + STI+ LTI)	FY2020 actual vs max STI	FY2020 actual vs max total remuneration (base + max STI + LTI)	FY2020 vs FY2019 actual STI received	FY2019 vs FY2020 actual total remuneration (base + STI + FY17LTI)
SJ Irving <sup>1</sup>	1,277,501	863,573	-	2,141,074	55%	45%	54%	48%
N Oldfield <sup>2</sup>	828,661	240,618	-	1,069,279	39%	50%	64%	67%
N Sarkar	635,464	171,856	-	807,320	36%	49%	52%	55%
ML McDougall	449,085	132,847	-	581,932	39%	50%	69%	66%

<sup>1</sup> For SJ Irving, the maximum STI award is set at 150% of target where as the maximum award for other KMPs is 175% of target.

<sup>2</sup> N Oldfield was appointed as CFO on 3 December 2019. Realised pay in FY2020 is referable to the full year.

### 1.4 CHANGES IN FY2020

Mark Davis resigned effective 31 December 2019 and Nick Oldfield was appointed as CFO on 3 December 2019. No changes to Nick Oldfield's remuneration package were made at the time of appointment. In FY2021, it is anticipated that his package will be adjusted to reflect his appointment to the CFO role and the design of his STI to mirror that of the CEO's.

Following the implementation of a new global structure effective 1 July 2019, the composition of executive KMP roles was reviewed. The executive roles identified as KMP comprise the Group CEO, CFO and CIO, each of whom is an individual responsible for managing and directing the global Computershare Group, as well as the Global Head of Issuer Services, who is the person responsible for directing the activities of the most dominant operating segment in terms of contribution to Group revenue and results.

## 2. REMUNERATION STRATEGY

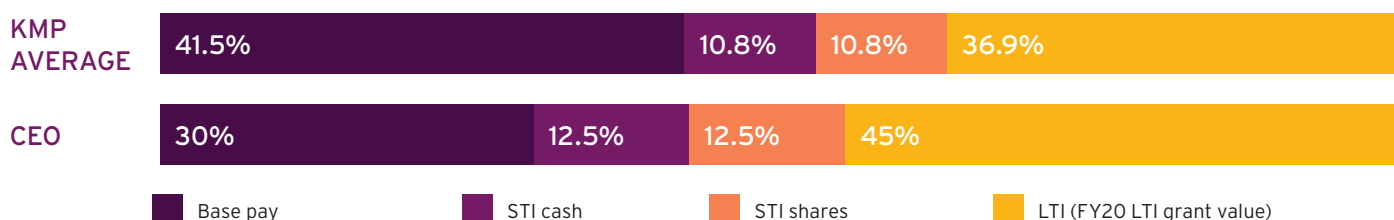
### 2.1 REMUNERATION FRAMEWORK

Given Computershare is a global company with a global workforce, our remuneration practices need to be globally competitive and flexible to attract, motivate and retain a talented workforce, and to drive success in our growth markets.

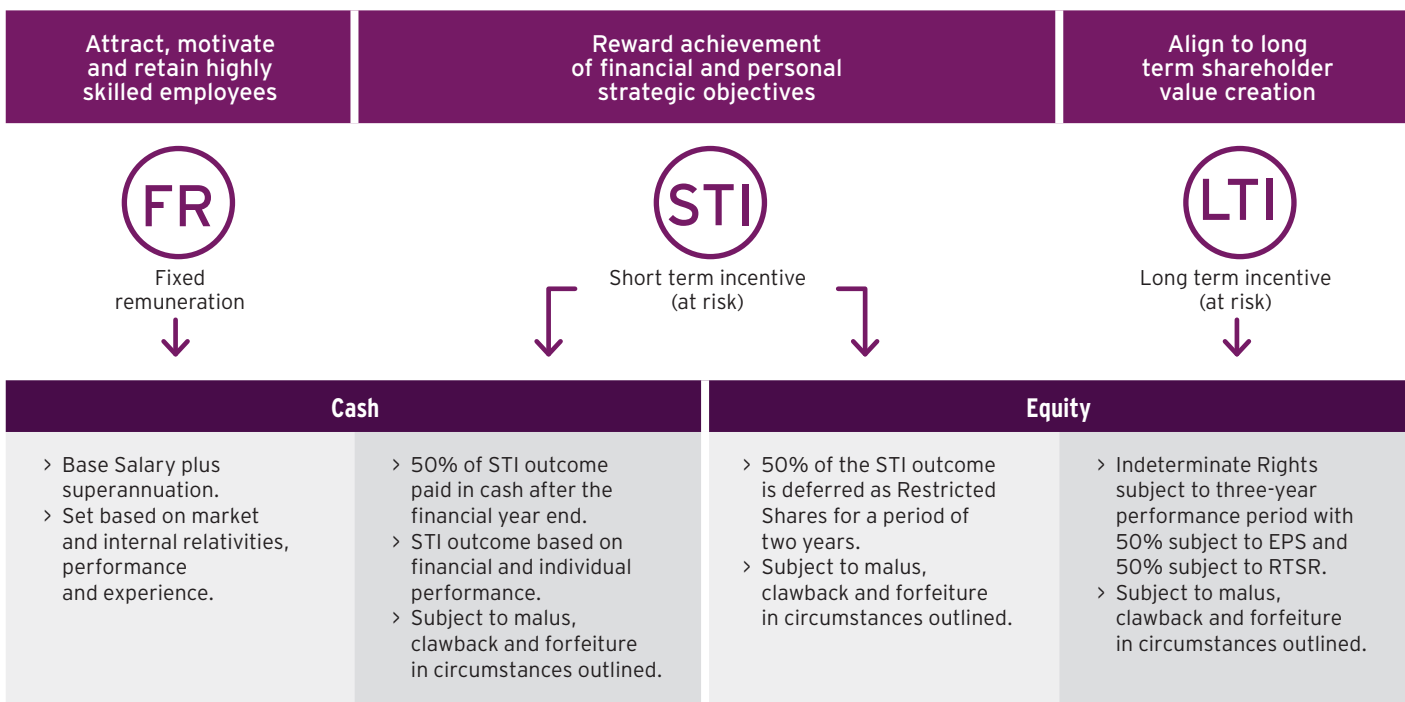
The Board and the Human Resources and Remuneration Committee review the framework on an ongoing basis to ensure it remains aligned to business objectives. No significant changes were made to the key elements of the framework in FY2020.

### 2.2 KMP TARGET REMUNERATION MIX

The graph below shows the target remuneration mix for KMPs.



### 2.3 REMUNERATION STRUCTURE





## 2.4 KEY FEATURES OF THE LONG-TERM INCENTIVE PLAN

The FY2020 LTI plan was offered in the form of performance rights granted well before the Covid-19 pandemic gripped the world. The design of the FY2020 LTI plan was carried over from the previous year. While the key features of the plan are shown below, as noted before, the plan design and structure does not support the altered circumstances in which Computershare will operate over the next few years.

<b>Who participates?</b>	The CEO and CFO and other senior executives who are identified as being particularly important to the longer-term future of Computershare.																									
<b>What type of awards are granted?</b>	The FY2020 LTI award comprises a grant of performance rights over Computershare shares that vest subject to testing against applicable performance hurdles.																									
<b>How is the size of any award calculated?</b>	In FY2020, the CEO received an LTI award equal to 45% of his total remuneration package. For other KMPs, the value of their LTI award was in a range of 35% to 40% of their total remuneration package.																									
<b>How is the number of rights to be awarded calculated?</b>	The actual number of performance rights that an eligible executive receives is calculated on a 'face-value' basis by dividing that executive's LTI award entitlement by Computershare's share price. The share price used is the volume-weighted average share price over the five trading days after the full-year results announcement for FY2019.																									
<b>What is the performance period?</b>	The FY2020 LTI plan will be tested over the period 1 July 2019 to 30 June 2022.																									
<b>What are the performance hurdles?</b>	<table border="1"> <thead> <tr> <th colspan="2">Earnings per share</th> </tr> <tr> <th>Average growth in management adjusted EPS in constant currency over the performance period</th> <th>Performance rights subject to EPS hurdle that vest (%)</th> </tr> </thead> <tbody> <tr> <td>12% or greater</td> <td>100%</td> </tr> <tr> <td>Between 5% and 12%</td> <td>Progressive pro rata vesting between 50% to 100% (ie on a straight-line basis)</td> </tr> <tr> <td>5%</td> <td>50%</td> </tr> <tr> <td>Less than 5%</td> <td>0%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2">Total Shareholder Return</th> </tr> <tr> <th>Relative TSR ranking against peer group (comprising the ASX 100)</th> <th>Performance rights subject to TSR hurdle that vest (%)</th> </tr> </thead> <tbody> <tr> <td>At or above the 75th percentile</td> <td>100%</td> </tr> <tr> <td>Between the 50th to 75th percentile</td> <td>Progressive pro rata vesting between 50% to 100% (ie on a straight-line basis)</td> </tr> <tr> <td>Equal to the 50th percentile</td> <td>50%</td> </tr> <tr> <td>Below the 50th percentile</td> <td>0%</td> </tr> </tbody> </table>		Earnings per share		Average growth in management adjusted EPS in constant currency over the performance period	Performance rights subject to EPS hurdle that vest (%)	12% or greater	100%	Between 5% and 12%	Progressive pro rata vesting between 50% to 100% (ie on a straight-line basis)	5%	50%	Less than 5%	0%	Total Shareholder Return		Relative TSR ranking against peer group (comprising the ASX 100)	Performance rights subject to TSR hurdle that vest (%)	At or above the 75th percentile	100%	Between the 50th to 75th percentile	Progressive pro rata vesting between 50% to 100% (ie on a straight-line basis)	Equal to the 50th percentile	50%	Below the 50th percentile	0%
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<b>Other key features</b>	<p>The Board has the discretion to determine award outcomes for executives in certain circumstances such as cessation of employment or a change of control, and also to cash settle awards on vesting if local regulations or practices make it appropriate to do so.</p> <p>The LTI plan also includes a clawback mechanism that may be triggered in certain circumstances, which include fraud, dishonesty or material misstatement of financial statements.</p>																									

As at the date of this report, there are 1.3 million performance rights outstanding under the LTI plan. These include 0.7 million performance rights that were granted to eligible executives in the financial year 2020 and which remain on issue. These rights are due to vest in September 2022 (subject to performance against hurdles).

The Board has considered the appropriateness of the FY2020 and FY2019 LTI plans currently in operation in terms of the incentive and retentive value to executives. Since management's focus over the next few years should be on recovery and growth, the Board believes that Share Appreciation Rights (SARs) are the most shareholder aligned instrument on a transitional basis. This decision is in specific response to the uncertain climate, and it is currently envisaged that SARs will only be in effect for the FY2021 LTI grant and for a proposed one-off SARs grant for the FY2019/FY2020 LTI plans.

A share-settled SAR entitles the holder to a payment, in shares, of the amount by which the underlying share price has increased since the right was granted (ie strike price) at the end of the performance (vesting) period. If SARs vest, shares are allocated to the participant with nothing payable by the participant.

## DIRECTORS' REPORT

- FY2021 LTI plan** - In order to remain flexible to changing conditions a transitional LTI plan will be put in place for FY2021 only, giving the Board time to conduct an in-depth review of the LTI plan design based on the prevailing conditions from FY2022 onwards. This transitional FY2021 LTI grant will be consistent with prior years by granting half in the form of rights that are tested against relative TSR ranking against the ASX100 over a three-year period. However, the other half will take the form of a grant of SARs (which will only have value if Computershare's share price appreciates). There will be appropriate safeguards put in place to ensure windfall outcomes to executives are avoided.
- SARs grant for FY2019/FY2020 LTI plans** - The FY2019 and FY2020 LTI grants will remain in operation and while the relative TSR components of those grants still have an opportunity to vest, the components subject to the EPS hurdle are highly unlikely to do so. Therefore, to provide executives with the appropriate incentive to enhance shareholder value over the next two years, a one-off grant is proposed to be made in the form of SARs, that will vest in two tranches at the end of FY2021 and FY2022. There will be appropriate safeguards put in place to ensure windfall outcomes to executives are avoided, including by the imposition of hard caps on vesting outcomes. Full details of these will be set out in the notice of annual general meeting circulated to shareholders.

### 2.5 OTHER REMUNERATION

Like all our employees, KMP can participate in the Group's general employee share plans. An overview of these plans is disclosed in note 40 of the financial statements.

## 3. KMP REMUNERATION OUTCOMES

### 3.1 RELATIONSHIP BETWEEN REMUNERATION AND GROUP'S PERFORMANCE

One of the key principles of Computershare's remuneration strategy is to ensure that there is a clear and transparent link between the remuneration outcomes for executives and Group performance and its consequent impact on shareholder interests. The following table highlights some of the key financial results for Computershare over the period from the financial year 2016 to the financial year 2020 with the corresponding average STI outcomes for executive key management personnel over the same period.

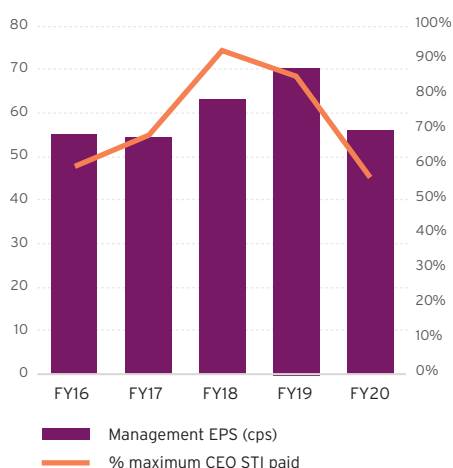
	2016	2017	2018	2019	2020
Management EBITDA (USD million)	532.6	540.8	622.6	674.9	646.4
Statutory EPS (US cents)	28.55	48.76	55.17	76.57	42.97
Management EPS (US cents)	55.09	54.41	63.38	70.24	56.12
Management EPS (US cents) - constant currency <sup>1</sup>	52.78	54.52	61.95	69.98	56.12
Total Dividend (AU cents per share)	33	36	40	44	46
Share price as at 30 June (AUD)	9.17	14.14	18.43	16.21	13.25
Average STI received as % of maximum opportunity for executive KMP (%)	48.0	56.8	77.4	71.1	47.3

<sup>1</sup> Translated at FY2020 average exchange rates.

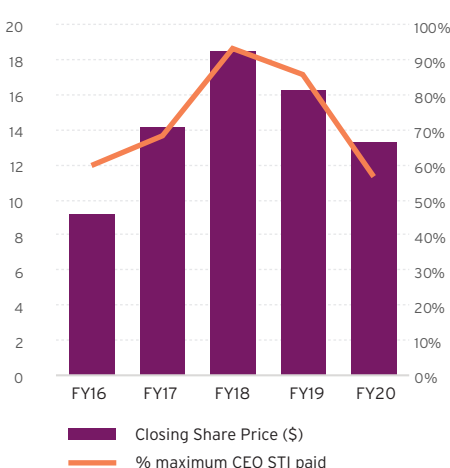
Computershare's incentive plans measure performance against a range of financial and non-financial performance. Therefore, the pay for performance relationship is based against those measures as a whole and may not fully align with some of the metrics shown below. However, it is evident, as demonstrated below, that there is strong overall alignment between Computershare's incentive plan outcomes to financial performance.

### CEO STI PAYOUT CORRELATION TO COMPUTERSHARE PERFORMANCE

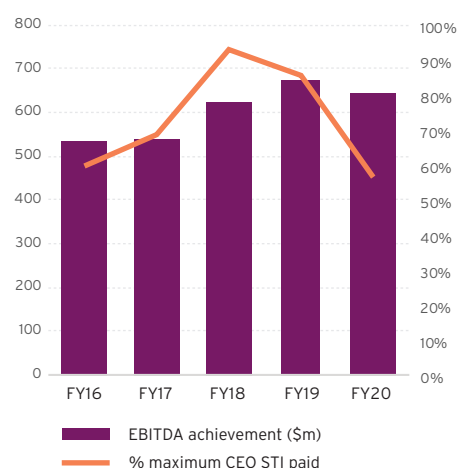
#### Earnings per Share



#### Share price



#### Management Adjusted EBITDA



### 3.2 FY2020 STI OUTCOMES

In FY2020, the Board's assessment of the CEO's performance against his STI objectives was as follows:

Financial objectives	
<p>Group management EBITDA performance against budget in constant currency</p> <ul style="list-style-type: none"> <li>&gt; Budget EBITDA - \$698m vs Actual (\$646m)</li> <li>&gt; Impacted heavily by Covid-19 in the last quarter</li> </ul>	Below target
<p>Growth in management EPS</p> <ul style="list-style-type: none"> <li>&gt; FY20 management EPS was down 20% in constant currency</li> <li>&gt; Was tracking to only down 5% until Covid-19 impacted margin income in the last quarter</li> </ul>	No entitlement
Strategic objectives	
<p>Performance of US CLS against plan at PBT and ROIC levels</p> <ul style="list-style-type: none"> <li>&gt; Profit before tax - actual exceeded budget by 6%</li> <li>&gt; ROIC - affected by Covid-19 in the last quarter but at February 2020, tracking to 19%</li> </ul>	Above target
<p>Achievement of CLS UK Budget with focus on cost out or revenue growth</p> <ul style="list-style-type: none"> <li>&gt; EBITDA loss in line with budget</li> <li>&gt; Budgeted cost out materially on track</li> <li>&gt; Asset migration achieved during Covid-19</li> <li>&gt; Softening market environment impacted revenue number negatively</li> </ul>	On target
<p>Registry maintenance growth</p> <ul style="list-style-type: none"> <li>&gt; Absent Covid-19 impact, small underlying growth in this business</li> <li>&gt; Excluding margin income, improvement in margins in registry maintenance</li> </ul>	Above target
<p>Development of a holistic 5-year plan across the business</p> <ul style="list-style-type: none"> <li>&gt; All five-year divisional plans approved but require re-work post Covid-19</li> <li>&gt; Clear improvement in strategic focus and innovation</li> </ul>	Above target
<p>Achievement of targeted cost out programs</p> <ul style="list-style-type: none"> <li>&gt; Cost out programs progressing in line with projections</li> <li>&gt; Stage 3 savings projections increased this year</li> </ul>	Above target
Non-financial objectives	
<p>Customer satisfaction</p> <ul style="list-style-type: none"> <li>&gt; Continued market-leading survey results in all jurisdictions for Issuer Services</li> <li>&gt; Positive customer reaction to EquatePlus platform</li> <li>&gt; Achievement of SLA's and levels of customer satisfaction despite disruption of Covid-19</li> <li>&gt; Very strong NPS scores in major markets</li> </ul>	Above target
<p>People and culture</p> <ul style="list-style-type: none"> <li>&gt; Staff survey results lower than prior years but still high response rate and overall positive position</li> <li>&gt; Diversity - progress in line with objectives made but notably 18 out of 25 'Purple People' were women (an increase of three over the previous year)</li> <li>&gt; Significant progress in embedding 'Being Purple' ways of working throughout process and practice</li> </ul>	On target

Non-financial objectives	
<p>Capital and risk management</p> <ul style="list-style-type: none"> <li>&gt; Balance sheet remains strong post funding acquisitions and MSR growth</li> <li>&gt; Net debt to EBITDA ratios are at the mid-point of the target range</li> <li>&gt; Accelerated re-financing of \$450m of debt due in April 2021 during Covid-19</li> <li>&gt; Maintained dividend levels during Covid-19</li> <li>&gt; Crystallisation of in-money hedges</li> <li>&gt; Improved effectiveness of both risk and internal audit</li> <li>&gt; Positive response to market communications during Covid-19</li> </ul>	Above target
<p>Innovation</p> <ul style="list-style-type: none"> <li>&gt; Development of governance services business including enhancement of GEMS</li> <li>&gt; Development of registered agent business</li> <li>&gt; Continued enhancement to Equatex platform</li> </ul>	Above target
<b>Percentage of maximum achieved</b>	55.3% of maximum

The table below shows the STI paid or payable to each Computershare executive who is identified as key management personnel for entitlements referable to performance in the financial year ended 30 June 2020. The table sets out the actual amounts awarded as STI and how they relate to the maximum entitlement for each executive.

Executive	STI awarded (USD)	STI as percentage of maximum
SJ Irving	863,573	55%
MB Davis <sup>1</sup>	220,513	66%
ML McDougall	132,847	39%
N Oldfield <sup>2</sup>	240,618	39%
N Sarkar	171,856	36%

1 For MB Davis his awarded STI represents an amount paid as a bonus in respect of the period up to 31 December 2019, being the date when his employment at Computershare ended.

2 N Oldfield was appointed as CFO on 3 December 2019. His awarded STI is referable to the full year. As no changes were made to his remuneration package at the time of appointment, his maximum STI award was set at 175% of target for FY2020.

For the CEO and CFO, the maximum STI award is set at 150% of target whereas the maximum award for other executives is 175% of target.

### 3.3 FY2020 LTI OUTCOMES

LTI awards that were granted in FY2018 were tested against the performance hurdles over the period 1 July 2017 to 30 June 2020. At the time of mid-year guidance in March 2020, LTI was set to vest at 64% reflecting 32 months of strong performance. The outcomes noted here reflect the impact the last four months had on a 36-month performance period.

For performance rights subject to the TSR performance hurdle, Computershare achieved negative TSR of -8.89% across the period and a relative TSR ranking against the peer group of 43<sup>rd</sup> percentile, which is below the threshold of 50<sup>th</sup> percentile of ASX100. Accordingly, the LTI awards subject to the TSR performance test did not vest.

For performance rights subject to the EPS performance hurdle, average annual growth in management EPS on a constant currency basis over the performance period was 2.4% and accordingly, the LTI awards subject to the EPS performance test did not vest.

#### 4. NON-EXECUTIVE DIRECTORS

Computershare's total non-executive directors' fee pool has a limit of AU \$2.0 million. This limit was approved by shareholders in November 2014.

Fees payable to non-executive directors in FY2020 are set out in the table below (in AUD).

	<b>Chairman's Fee</b>	<b>NED</b>	<b>Chair Risk and Audit Committee</b>	<b>Chair HR and Remuneration Committee</b>	<b>Member Risk and Audit Committee</b>	<b>Member HR and Remuneration Committee</b>
FY2020	335,000	160,000	75,000	25,000	25,000	10,000

These fees are inclusive of statutory superannuation where applicable. JM Velli and PJ Reynolds receive their director fees in their local currency. The exchange rate is set by reference to when they were first appointed as a director of Computershare. No bonuses, either short or long term, are paid to non-executive directors. They are not provided with retirement benefits.

#### 5. KMP CONTRACTUAL ARRANGEMENTS

On appointment to the Board, all non-executive directors sign a formal appointment letter which includes details of their director fees. Non-executive directors do not have notice periods and are not entitled to receive termination payments.

Except for the Group CEO, no director may be in office for longer than three years without facing re-election. Please refer to Section 2 of the Corporate Governance Statement for further information on the Company's re-election process.

Neither the Group CEO nor other executive key management personnel are employed under fixed-term arrangements with Computershare. Their notice periods are based on contractual provisions and local laws (eg for the Group CEO and CFO and for those executives based in Australia this is 30 days' notice).

On termination of employment, key management personnel are entitled to statutory entitlements in their respective jurisdictions of employment. The Deferred Short-Term Incentive (DSTI) plan provides for full vesting on redundancy or termination by the Group other than for cause. Under the LTI plan, subject to Board discretion otherwise, performance rights for 'good leavers' will not vest on cessation of employment but instead, a pro rata proportion will be eligible to be retained by the executive and will be subject to vesting at the end of the original performance period based on satisfaction of the applicable performance measures. Otherwise, subject in some instances to local requirements in the jurisdictions where the Group operates, none of these executives would receive special termination payments should they cease employment for any reason.

#### 6. STATUTORY REMUNERATION DISCLOSURES

Details of the nature and amount of each element of the total remuneration for each director and member of key management personnel for the year ended 30 June 2020 are set out in the table below. Where remuneration was paid in anything other than USD, it has been translated at the average exchange rate for the financial year (for example the FY2020 USD/AUD average rate was 0.67164, the FY2019 USD/AUD average rate was 0.71774).

6.1 REMUNERATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

Financial Year	Short-term		Long-term	Post employment benefits	Share-based payments expense		Other		Total		
	Salaries and fees	Cash profit share and bonuses			Other <sup>1</sup>	Super-annuation/pension	Performance rights/options <sup>2</sup>	Expatriate costs <sup>3</sup>		Tax equalisation on expatriate benefits <sup>4</sup>	Other <sup>5</sup>
	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Directors</b>											
SJ Irving <sup>3,4,6</sup>	<b>2020</b>	<b>1,266,921</b>	<b>431,787</b>	<b>20,911</b>	<b>10,580</b>	<b>595,058</b>	<b>346,275</b>	<b>614,090</b>	<b>684,427</b>	<b>-</b>	<b>3,970,049</b>
	2019	1,213,136	855,695	97,048	14,736	307,109	979,867	909,662	1,085,425	10,939	5,473,617
AP Cleland <sup>6</sup>	<b>2020</b>	<b>110,409</b>	<b>-</b>	<b>-</b>	<b>4,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,057</b>
	2019	108,152	-	-	10,274	-	-	-	-	-	118,426
TL Fuller <sup>6</sup>	<b>2020</b>	<b>145,251</b>	<b>-</b>	<b>-</b>	<b>13,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,890</b>
	2019	152,396	-	-	14,478	-	-	-	-	-	166,874
LM Gay <sup>6</sup>	<b>2020</b>	<b>114,346</b>	<b>-</b>	<b>-</b>	<b>10,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,209</b>
	2019	119,623	-	-	11,364	-	-	-	-	-	130,987
SD Jones <sup>6</sup>	<b>2020</b>	<b>236,204</b>	<b>-</b>	<b>-</b>	<b>14,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,310</b>
	2019	247,238	-	-	14,736	-	-	-	-	-	261,974
CJ Morris <sup>6</sup>	<b>2020</b>	<b>107,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,463</b>
	2019	113,043	-	-	-	-	-	-	-	-	113,043
P Reynolds <sup>6</sup>	<b>2020</b>	<b>128,291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,291</b>
	2019	90,309	-	-	-	-	-	-	-	-	90,309
JM Velli	<b>2020</b>	<b>169,143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,143</b>
	2019	166,857	-	-	-	-	-	-	-	-	166,857
<b>Other key management personnel</b>											
MB Davis <sup>6,7</sup>	<b>2020</b>	<b>269,497</b>	<b>220,513</b>	<b>4,379</b>	<b>10,580</b>	<b>541,192</b>	<b>(153,937)</b>	<b>-</b>	<b>-</b>	<b>1,976</b>	<b>894,200</b>
	2019	596,940	308,772	13,716	14,736	212,442	515,074	-	-	2,150	1,663,830
ML McDougall <sup>6</sup>	<b>2020</b>	<b>434,979</b>	<b>84,752</b>	<b>19,409</b>	<b>14,106</b>	<b>119,389</b>	<b>55,509</b>	<b>-</b>	<b>-</b>	<b>1,965</b>	<b>730,109</b>
	2019	402,211	86,843	9,555	14,736	88,591	221,709	-	-	2,150	825,795
N Oldfield <sup>8</sup>	<b>2020</b>	<b>452,694</b>	<b>153,506</b>	<b>-</b>	<b>30,900</b>	<b>155,618</b>	<b>2,242</b>	<b>-</b>	<b>-</b>	<b>1,596</b>	<b>796,556</b>
N Sarkar <sup>3,4,6</sup>	<b>2020</b>	<b>635,464</b>	<b>103,771</b>	<b>-</b>	<b>-</b>	<b>187,519</b>	<b>74,405</b>	<b>353,035</b>	<b>64,322</b>	<b>2,270</b>	<b>1,420,786</b>
	2019	628,256	149,922	-	-	133,570	339,781	169,144	192,081	2,333	1,615,087

1 Other long-term remuneration comprises long service leave accruals and other long-term entitlements.

2 Performance rights expense has been included in the total remuneration on the basis that it is considered probable at the date of this financial report that the performance condition and service condition will be met. In future reporting periods, if the probability requirement regarding the EPS performance condition or the service condition is not met, a credit to remuneration will be included consistent with the accounting treatment. As part of the 2021 financial year budget process, it was no longer considered probable that the performance condition applicable to the performance rights granted on 4 December 2018 would be fully met. On this basis, the accounting expense (excluding the TSR component) related to prior years has been reversed.

3 Expatriate costs include payments made to key management personnel engaged on overseas assignments in accordance with Computershare's expatriate policy. For SJ Irving, the amount reflects expatriate benefits related to his and his family's relocation to the United Kingdom on an assignment ending March 2020. For N Sarkar, the amount reflects benefits related to his and his family's relocation to the United States on an assignment ending October 2021.

4 Tax equalisation arrangements operate so Computershare employees on an expatriate assignment pay the equivalent tax to what would have been paid had they not been on an assignment. This includes tax that the Company is required to pay in order to provide expatriate benefits.

5 Other includes other benefits provided to key management personnel and benefits related to Computershare's general employee share plan as detailed in note 40 of the financial statements.

6 Key management personnel are paid in their local currency. Foreign exchange rate movements can impact on the comparison between years in US dollar terms.

7 MB Davis resigned effective 31 December 2019.

8 N Oldfield was appointed as CFO on 3 December 2019.



## 6.2 SHORT-TERM SALARY AND FEES, CASH PROFIT SHARE AND BONUSES, LONG-TERM OTHER, POST-EMPLOYMENT BENEFITS

### Directors

AP Cleland, TL Fuller, LM Gay, SD Jones and CJ Morris are paid in Australian dollars. Director fees for JM Velli and PJ Reynolds are paid in local currency. SJ Irving's remuneration was converted from Australian dollars to GBP effective from 1 April 2020.

### Group CEO and other executive key management personnel

All executive key management personnel receive their salary and other cash payments in their local currency.

### Shares granted as remuneration under DSTI Plan

Set out below is a summary of shares granted under the DSTI plan and the maximum value of shares that are expected to vest in the future if the vesting conditions are met:

	Date granted	Number granted	Number vested during the year	Number outstanding end of the year	Financial year in which grant may vest	Value at grant date (if granted this year) \$	Maximum total value of grant yet to be expensed \$
SJ Irving	6/12/2017	21,630	(21,630)	-	FY2020	-	-
	4/12/2018	39,382	-	39,382	FY2021	-	45,473
	2/12/2019	78,797	-	78,797	FY2022	927,746	620,430
MB Davis <sup>1</sup>	1/10/2017	12,163	(12,163)	-	FY2020	-	-
	1/10/2018	24,714	(24,714)	-	FY2021	-	-
	1/10/2019	28,433	(28,433)	-	FY2022	325,982	-
ML McDougall	1/10/2017	5,919	(5,919)	-	FY2020	-	-
	1/10/2018	9,171	-	9,171	FY2021	-	11,151
	1/10/2019	11,052	-	11,052	FY2022	126,710	77,254
N Oldfield <sup>2</sup>	1/10/2018	19,930	-	19,930	FY2021	-	24,234
	1/10/2019	21,606	-	21,606	FY2022	247,711	151,026
N Sarkar	1/10/2017	8,123	(8,123)	-	FY2020	-	-
	1/10/2018	14,533	-	14,533	FY2021	-	17,671
	1/10/2019	17,384	-	17,384	FY2022	199,306	121,514

<sup>1</sup> Shares granted to MB Davis vested on 31 December 2019.

<sup>2</sup> Shares granted to N Oldfield were awarded prior to his appointment as CFO on 3 December 2019.

Fair values of shares at grant date are determined using the closing share price on grant date.

**Performance rights**

Performance rights granted under the LTI plan are for no consideration and carry no dividend or voting rights. Each performance right carries an entitlement to one fully paid ordinary share in Computershare Limited.

Set out below is a summary of performance rights granted under the LTI plans.

	Date granted	Number granted	Number vested during the year	Number lapsed during the year	Number outstanding end of the year	Financial year in which grant may vest	Value at grant date (if granted this year) \$	Maximum total value of grant yet to be expensed \$
SJ Irving	16/12/2016	170,170	(149,579)	(20,591)	-	FY2020	-	-
	5/12/2017	90,627	-	-	90,627	FY2021	-	-
	4/12/2018	129,707	-	-	129,707	FY2022	-	417,971
	2/12/2019	190,443	-	-	190,443	FY2023	1,551,605	1,034,403
MB Davis <sup>1</sup>	16/12/2016	115,115	(101,186)	(13,929)	-	FY2020	-	-
	5/12/2017	61,269	-	(10,211)	51,058	FY2021	-	-
	4/12/2018	44,848	-	(22,424)	22,424	FY2022	-	72,260
ML McDougall	16/12/2016	33,783	(29,695)	(4,088)	-	FY2020	-	-
	5/12/2017	33,916	-	-	33,916	FY2021	-	-
	4/12/2018	25,395	-	-	25,395	FY2022	-	81,833
	2/12/2019	39,103	-	-	39,103	FY2023	318,586	212,390
N Oldfield <sup>2</sup>	5/12/2017	31,250	-	-	31,250	FY2021	-	-
	4/12/2018	49,612	-	-	49,612	FY2022	-	159,871
	2/12/2019	69,420	-	-	69,420	FY2023	565,589	377,059
N Sarkar	16/12/2016	55,223	(48,541)	(6,682)	-	FY2020	-	-
	5/12/2017	44,853	-	-	44,853	FY2021	-	-
	4/12/2018	40,423	-	-	40,423	FY2022	-	130,260
	2/12/2019	53,504	-	-	53,504	FY2023	435,916	290,610

- 1 In accordance with the terms and conditions of the LTI plan, 10,211 of the performance rights granted to MB Davis in FY2018 lapsed following his ending of employment with Computershare. The remaining 51,058 of the performance rights have not lapsed and will be subject to testing against the relevant performance hurdles at the conclusion of the performance period on 30 June 2020. 22,424 of the performance rights granted in FY2019 lapsed following his ending of employment with Computershare. The remaining 22,424 of the performance rights have not lapsed and will be subject to testing against the relevant performance hurdles at the conclusion of the performance period on 30 June 2021.
- 2 Performance rights granted to N Oldfield were awarded prior to his appointment as CFO on 3 December 2019, and will be subject to testing against the relevant performance hurdles at the conclusion of the performance periods.

### Shareholdings of key management personnel

The number of ordinary shares in Computershare Limited held during the financial year by each director and the other named key management personnel, including details of shares granted as remuneration during the current financial year and ordinary shares provided as the result of the exercise of remuneration options during the current financial year, are included in the table below.

	Balance at beginning of the year	Vested under DSTI plan	On exercise of options/ performance rights	On market purchases/ (sales)	Vested Other share plans <sup>3</sup>	Other	Balance at end of the year	Value of options/ performance rights exercised
								\$
<b>Directors</b>								
SJ Irving	56,455	21,630	149,579	(95,650)	-	-	132,014	-
AP Cleland	11,767	-	-	358	-	-	12,125	-
TL Fuller	2,000	-	-	8,500	-	-	10,500	-
LM Gay	13,703	-	-	5,997	-	-	19,700	-
SD Jones	20,921	-	-	5,698	-	-	26,619	-
CJ Morris	32,231,000	-	-	(1,135,700)	-	-	31,095,300	-
PJ Reynolds	-	-	-	8,000	-	-	8,000	-
JM Velli	10,000	-	-	7,000	-	-	17,000	-
<b>Other key management personnel</b>								
MB Davis <sup>1</sup>	34,093	65,310	101,186	(144,249)	3,895	(60,235)	-	-
ML McDougall	-	5,919	29,695	(29,695)	1,321	-	7,240	-
N Oldfield <sup>2</sup>	-	-	-	1,976	234	43,393	45,603	-
N Sarkar	53,661	8,123	48,541	(56,664)	1,144	-	54,805	-

1 MB Davis resigned effective 31 December 2019. His shareholding balance is from the beginning of the year to the date he ceased being KMP. His final shareholding is disclosed in the Other column.

2 N Oldfield was appointed as CFO effective 3 December 2019. His shareholding balance is from the date of appointment to the end of the year.

3 Vested Other share plans include shares vested related to Computershare's general employee share plan as detailed in note 40.

**Proportions of fixed and performance related remuneration**

The percentage value of total remuneration relating to the current financial year received by key management personnel that consists of fixed and performance related remuneration is as follows:

	<b>% of fixed/ non-performance related remuneration</b>	<b>% of total remuneration received as cash bonus (CSTI)</b>	<b>% of remuneration received as equity bonus (DSTI)</b>	<b>% of total remuneration received as performance related rights/options*</b>
SJ Irving <sup>1</sup>	58.82%	9.78%	13.48%	17.92%
AP Cleland	100.00%	-	-	-
TL Fuller	100.00%	-	-	-
LM Gay	100.00%	-	-	-
SD Jones	100.00%	-	-	-
CJ Morris	100.00%	-	-	-
PJ Reynolds	100.00%	-	-	-
JM Velli	100.00%	-	-	-
MB Davis	25.74%	19.82%	48.63%	5.81%
ML McDougall	55.15%	9.93%	13.99%	20.93%
N Oldfield	50.48%	15.97%	16.19%	17.36%
N Sarkar <sup>2</sup>	66.10%	6.50%	11.75%	15.65%

\* Excludes the performance rights reversal in the year ended 30 June 2020.

1 The percentage of fixed/non-performance related remuneration disclosed is inclusive of expatriate benefits and associated tax equalisation. Excluding these amounts, the proportions of total remuneration are: Fixed/non-performance related - 41.66%; CSTI - 13.86%; DSTI - 19.09%; performance rights - 25.39%.

2 The percentage of fixed/non-performance related remuneration disclosed is inclusive of expatriate benefits and associated tax equalisation. Excluding these amounts, the proportions of total remuneration are: Fixed/non-performance related - 54.09%; CSTI - 8.80%; DSTI - 15.91%; performance rights - 21.20%.

**6.3 OTHER**

**Loans and other transactions with directors and executives**

Computershare made no loans to directors and executive directors or other key management personnel during the current financial year.

CJ Morris has an interest in Colonial Leisure Group Jersey Limited. Computershare provided secretarial services to the entity on ordinary commercial terms and conditions. Total value of services provided in the period to June 2020 was \$13,125.

As a matter of Board approved policy, the Group maintains a register of all transactions between directors and the consolidated entity. It is established practice for any director to excuse himself or herself from discussion and voting upon any transaction in which that director has an interest. The consolidated entity has a Board approved ethics policy governing many aspects of workplace conduct, including management and disclosure of conflicts of interest.

**Derivative instruments**

As per *Corporations Act 2001*, Section 206J, Computershare's policy forbids key management personnel to deal in derivatives designed as a hedge against exposure to invested shares and vested shares that are still subject to a disposal restriction in Computershare Limited.

**Shares under option**

Unissued ordinary shares in Computershare Limited under performance rights at the date of this report are as follows:

<b>Date granted</b>	<b>Financial year of expiry</b>	<b>Number under performance rights</b>
<b>Performance rights</b>		
04/12/2018	2022	520,104
02/12/2019	2023	735,321

## AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

### Auditor's independence declaration

A copy of the auditor's signed independence declaration as required under section 307C of the *Corporations Act 2001* is provided immediately after this report.

### Non-audit services

The Group may decide to employ its auditor, PricewaterhouseCoopers, on assignments in addition to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and internal guidelines. Further details regarding the Board's internal policy for engaging PricewaterhouseCoopers for non-audit services are set out in the Corporate Governance Statement.

The directors are satisfied that the provision of non-audit services by PricewaterhouseCoopers, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- > No services were provided by PricewaterhouseCoopers that are prohibited by policy (the policy lists services that cannot be undertaken).
- > None of the services provided undermine the general principles relating to auditor's independence, including reviewing or auditing the auditor's own work, acting in a management capacity or a decision making capacity for the Group, acting as an advocate for the Group or jointly sharing economic risks and rewards.

During the year the following amounts were incurred in relation to services provided by PricewaterhouseCoopers and its network firms.

	2020 \$000	2019 \$000
1. Audit services		
Audit and review of the financial statements and other audit work by PricewaterhouseCoopers Australia	1,021	973
Audit and review of the financial statements and other audit work by network firms of PricewaterhouseCoopers Australia	2,757	2,573
	3,778	3,546
2. Other services		
Other assurance services performed by PricewaterhouseCoopers Australia	321	372
Other assurance services performed by network firms of PricewaterhouseCoopers Australia	2,013	1,835
Taxation services provided by network firms of PricewaterhouseCoopers Australia	329	375
	2,663	2,582
<b>Total Auditor's Remuneration</b>	<b>6,441</b>	<b>6,128</b>

## ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class order to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of the directors.



SD Jones  
Chairman



SJ Irving  
Chief Executive Officer

21 September 2020

# AUDITOR'S INDEPENDENCE DECLARATION



## *Auditor's Independence Declaration*

As lead auditor for the audit of Computershare Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Computershare Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'A. Linschoten', written in a cursive style.

Anton Linschoten  
Partner  
PricewaterhouseCoopers

Melbourne  
21 September 2020

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
<b>Revenue from continuing operations</b>			
Sales revenue		2,271,512	2,341,247
Dividends received		2,142	1,333
Interest received		3,627	3,423
<b>Total revenue from continuing operations</b>	2	<b>2,277,281</b>	2,346,003
Other income	2	3,905	123,025
<b>Expenses</b>			
Direct services		1,540,471	1,544,961
Technology costs		313,731	294,445
Corporate services		36,535	33,575
Finance costs	3	66,325	66,689
<b>Total expenses</b>		<b>1,957,062</b>	1,939,670
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	31	239	(1,006)
<b>Profit before related income tax expense</b>		<b>324,363</b>	528,352
Income tax expense/(credit)	6	91,632	109,397
<b>Profit for the year</b>		<b>232,731</b>	418,955
<b>Other comprehensive income that may be reclassified to profit or loss</b>			
Cash flow hedges		12,023	7,967
Exchange differences on translation of foreign operations		(21,185)	6,793
Income tax relating to components of other comprehensive income	6	116	711
<b>Total other comprehensive income for the year, net of tax</b>		<b>(9,046)</b>	15,471
<b>Total comprehensive income for the year</b>		<b>223,685</b>	434,426
<b>Profit for the year attributable to:</b>			
Members of Computershare Limited		232,657	415,732
Non-controlling interests		74	3,223
		<b>232,731</b>	418,955
<b>Total comprehensive income for the year attributable to:</b>			
Members of Computershare Limited		224,246	431,716
Non-controlling interests		(561)	2,710
		<b>223,685</b>	434,426
<b>Basic earnings per share (cents per share)</b>	4	<b>42.97 cents</b>	76.57 cents
<b>Diluted earnings per share (cents per share)</b>	4	<b>42.97 cents</b>	76.42 cents

The above consolidated statement of comprehensive income is presented in United States dollars and should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$000	2019 \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	597,313	561,346
Bank deposits		-	6,335
Other financial assets	17	59,943	67,096
Receivables	15	426,465	483,301
Loan servicing advances	16	267,016	281,458
Financial assets at fair value through profit or loss	13	17,979	24,247
Inventories	18	5,113	4,654
Current tax assets		17,979	26,950
Prepayments		36,757	42,171
Other current assets	19	3,426	3,510
<b>Total current assets</b>		<b>1,431,991</b>	<b>1,501,068</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	15	2,184	2,639
Investments accounted for using the equity method	31	10,670	11,126
Financial assets at fair value through profit or loss	13	39,713	102,400
Property, plant and equipment	20	110,094	136,612
Right-of-use assets	21	180,032	-
Deferred tax assets	6	161,153	139,179
Intangibles	9	3,052,826	2,782,680
Other non-current assets	19	1,088	9,251
<b>Total non-current assets</b>		<b>3,557,760</b>	<b>3,183,887</b>
<b>Total assets</b>		<b>4,989,751</b>	<b>4,684,955</b>
<b>CURRENT LIABILITIES</b>			
Payables	22	494,737	489,915
Borrowings	14	287,410	72,594
Lease liabilities	21	43,159	1,931
Current tax liabilities		73,170	35,330
Financial liabilities at fair value through profit or loss	13	3,456	3,265
Provisions	23	70,863	45,170
Deferred consideration	24	8,045	15,487
Mortgage servicing related liabilities	25	43,766	35,024
Other liabilities		-	2,345
<b>Total current liabilities</b>		<b>1,024,606</b>	<b>701,061</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	22	1,052	6,632
Borrowings	14	1,742,410	1,955,980
Lease liabilities	21	158,910	5,804
Financial liabilities at fair value through profit or loss	13	-	744
Deferred tax liabilities	6	227,342	217,589
Provisions	23	25,188	22,902
Deferred consideration	24	9,536	16,310
Mortgage servicing related liabilities	25	210,388	178,596
Other liabilities		-	5,266
<b>Total non-current liabilities</b>		<b>2,374,826</b>	<b>2,409,823</b>
<b>Total liabilities</b>		<b>3,399,432</b>	<b>3,110,884</b>
<b>Net assets</b>		<b>1,590,319</b>	<b>1,574,071</b>
<b>EQUITY</b>			
Contributed equity	27	-	-
Reserves	28	(172,496)	(134,551)
Retained earnings	29	1,761,188	1,706,427
Total parent entity interest	26	1,588,692	1,571,876
Non-controlling interests	26	1,627	2,195
<b>Total equity</b>		<b>1,590,319</b>	<b>1,574,071</b>

The above consolidated statement of financial position is presented in United States dollars and should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Note	Attributable to members of Computershare Limited				Non-controlling Interests \$000	Total Equity \$000
		Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$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	1a	-	-	(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
<b>Total comprehensive income for the year</b>		-	(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	27	-	(22,098)	-	(22,098)	-	(22,098)
Cash purchase of shares on market	28	-	(25,797)	-	(25,797)	-	(25,797)
Share-based remuneration	28	-	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
<b>Total equity at 1 July 2018</b>		-	(148,098)	1,455,187	1,307,089	26,308	1,333,397
Change in accounting policy		-	(263)	(876)	(1,139)	-	(1,139)
<b>Restated total equity at the beginning of the financial year</b>		-	(148,361)	1,454,311	1,305,950	26,308	1,332,258
<b>Profit for the year</b>		-	-	415,732	415,732	3,223	418,955
Cash flow hedges		-	7,967	-	7,967	-	7,967
Exchange differences on translation of foreign operations		-	7,306	-	7,306	(513)	6,793
Income tax (expense)/credits		-	711	-	711	-	711
<b>Total comprehensive income for the year</b>		-	15,984	415,732	431,716	2,710	434,426
<b>Transactions with owners in their capacity as owners:</b>							
Dividends provided for or paid		-	-	(163,616)	(163,616)	(8,110)	(171,726)
Disposal of non-controlling interest		-	-	-	-	(18,713)	(18,713)
Cash purchase of shares on market		-	(21,671)	-	(21,671)	-	(21,671)
Share-based remuneration		-	19,497	-	19,497	-	19,497
<b>Balance at 30 June 2019</b>		-	(134,551)	1,706,427	1,571,876	2,195	1,574,071

The above consolidated statement of changes in equity is presented in United States dollars and should be read in conjunction with the accompanying notes.

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		2,449,925	2,373,626
Payments to suppliers and employees		(1,761,805)	(1,788,401)
Loan servicing advances (net)		14,442	(124,769)
Dividends received from associates, joint ventures and equity securities		2,496	1,470
Interest paid and other finance costs		(56,577)	(73,089)
Interest received		3,627	3,423
Income taxes paid		(43,303)	(105,502)
<b>Net operating cash flows</b>	7(b)	<b>608,805</b>	286,758
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of controlled entities and businesses (net of cash acquired)		(159,075)	(445,201)
Payments for intangible assets including MSRs		(187,540)	(101,822)
Proceeds from sale of property, plant and equipment		-	2,837
Proceeds from/(payments for) investments		6,795	(18,779)
Payments for property, plant and equipment		(24,043)	(55,626)
Proceeds from sale of subsidiaries and businesses (net of cash disposed)		-	75,727
<b>Net investing cash flows</b>		<b>(363,863)</b>	(542,864)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment for purchase of ordinary shares - share-based awards		(25,797)	(21,671)
Proceeds from borrowings		786,985	2,175,760
Repayment of borrowings		(680,747)	(1,792,144)
Loan servicing borrowings (net)		(43,736)	103,047
Dividends paid - ordinary shares (net of dividend reinvestment plan)		(159,210)	(155,468)
Purchase of ordinary shares - dividend reinvestment plan		(8,193)	(8,148)
Dividends paid to non-controlling interests in controlled entities		(7)	(8,110)
Payments for on-market share buy-back		(22,098)	-
Lease principal payments		(44,094)	(4,021)
<b>Net financing cash flows</b>		<b>(196,897)</b>	289,245
Net increase/(decrease) in cash and cash equivalents held		48,045	33,139
Cash and cash equivalents at the beginning of the financial year		561,346	534,669
Exchange rate variations on foreign cash balances		(12,078)	(6,462)
<b>Cash and cash equivalents at the end of the year</b>		<b>597,313</b>	561,346

The above consolidated cash flow statement is presented in United States dollars and should be read in conjunction with the accompanying notes.

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## 1. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report is for the consolidated entity consisting of Computershare Limited and its controlled entities, referred to collectively throughout these financial statements as the “consolidated entity”, “the Group” or “Computershare”.

### **Basis of preparation of full year financial report**

This general purpose financial report for the reporting period ended 30 June 2020 has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Computershare Limited is a for-profit entity for the purpose of preparing financial statements.

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.

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

### *Compliance with IFRS*

The financial statements of Computershare Limited and its controlled entities also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### *Changes to conceptual framework*

Changes to the Conceptual Framework for Financial Reporting have been issued by the International Accounting Standards Board. Amendments were made to apply new definition and recognition criteria for assets, liabilities, income and expenses in the framework, which will apply for years commencing on or after 1 January 2020. The changes could affect entities that use the Conceptual Framework to develop accounting policies for transactions, events or conditions that are not otherwise dealt with under existing IFRS Standards. The Group has not yet determined the impact of adopting the criteria in the new framework.

### *Historical cost convention*

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.

### **Principles of consolidation**

The consolidated financial statements include the assets and liabilities of the parent entity, Computershare Limited, and its controlled entities.

All intercompany balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are consolidated only from the date control commenced or up to the date control ceased.

Financial statements of foreign controlled entities, associates and joint ventures presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with Group policy and Australian Accounting Standards.

### *Controlled entities*

Controlled entities are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities by the Group.

### *Investments in associated entities*

Associates are all entities over which the Group has significant influence but not control or joint control. This generally accompanies a shareholding of between 20% and 50% of the voting rights. Interests in associates are accounted for using the equity method.

### *Investments in joint ventures*

Joint ventures are arrangements where Computershare has joint control with another party over that arrangement and each party has rights to the net assets of that arrangement. Joint control is the agreed sharing of control, which exists when decisions about relevant activities require unanimous consent of parties sharing control. Interests in joint ventures are accounted for using the equity method.

### *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the controlled entity. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the parent entity.



## Foreign currency

### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in US dollars as a significant portion of the Group's activity is denominated in US dollars.

### *Transactions and balances*

Foreign currency transactions are converted to US dollars at exchange rates approximating those in effect at the date of each transaction. Amounts payable and receivable in foreign currencies at balance date are converted to US dollars at the average of the buy and sell rates available on the close of business at balance date. Revaluation gains and losses are brought to account as they occur.

Exchange differences relating to monetary items are included in profit or loss, as exchange gains or losses, in the period when the exchange rates change, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

### *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- > Assets and liabilities for each presented statement of financial position are translated at the closing rate at the date of that statement
- > Income and expenses for each statement of comprehensive income are translated at average exchange rates
- > All resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and reflected in equity.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

## Key estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates and assumptions made in the current financial year are set out in the relevant notes:

Note	Key accounting estimates and judgements
2	Revenue and other income
6	Provision for income tax
6	Deferred tax assets relating to carry forward tax losses
8	Accounting for business combinations
10	Impairment

## Financial reporting impact of Covid-19

On 11 March 2020, the World Health Organisation declared the spread of novel coronavirus (Covid-19) a global pandemic. The impact of the pandemic globally on both public health and the economy has been unprecedented and its consequences continue to evolve. The Group has considered the impact in preparing its financial report for the year ended 30 June 2020.

The key accounting estimates and judgements areas of the Group have required additional consideration and analysis due to the ongoing impact of Covid-19. Given the uncertainty of the extent of the pandemic, changes to the estimates and assumptions that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Details about the key assumptions and considerations are outlined in the following notes:

- > Note 10 Impairment
- > Note 12 Financial risk management
- > Note 15 Receivables
- > Note 16 Loan servicing advances

### Rounding of amounts

The consolidated entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. In accordance with this instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

### New and amended accounting standards and interpretations adopted from 1 July 2019

The Group has adopted all standards and amendments to accounting standards which became applicable to the Group from 1 July 2019, including:

- > AASB 16 *Leases*;
- > AASB 2017-7 *Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures*;
- > AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*;
- > AASB 2018-2 *Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement*;
- > Interpretation 23 *Uncertainty over Income Tax Treatments* and AASB 2017-4 *Amendments to Australian Accounting Standards - Uncertainty over Income Tax Treatments*.

As a result of adopting AASB 16 the Group amended its accounting policies, disclosed in note 1a. The other amendments and interpretations listed above did not have any impact on the amounts recognised in current or prior periods and are not expected to significantly affect future periods.

## 1a) CHANGES IN ACCOUNTING POLICIES

### *AASB 16 Leases*

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

### *The Group's leasing activities*

The Group leases various properties, computer equipment, motor vehicles and other items of plant and equipment. Leases vary in contract term, with renewal at the option of the Group. The Group's leases mainly relate to property.

### *How leases are accounted for under AASB 16*

Until 30 June 2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and interest expense. Interest expense is recognised on the lease liability using the effective interest method. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- > fixed payments, less any lease incentives receivable
- > variable lease payments that depend on an index or rate
- > any amounts expected to be payable under residual value guarantees
- > the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- > payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- > the amount of the initial measurement of lease liability
- > any lease payments made at or before the commencement date less any lease incentives received
- > any initial direct costs, and
- > restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets largely comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of leases across the Group. In determining the lease term, management considers all the facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

### *Adjustments recognised on adoption of AASB 16*

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

Computershare has calculated incremental borrowing rates based on the risk-free rate relevant to the country and currency of the lease, considering the nature of the assets to which leases apply and matched to the lease term, plus an applicable margin based on country-specific credit rating assumptions.

The associated right-of-use assets were determined as follows:

- › Some of the Group's largest property leases were measured on a retrospective basis as if the new standard had always been applied.
- › All other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and lease inducements relating to that lease recognised as at 30 June 2019.

Where the Group calculated right-of-use assets on a retrospective basis, lease inducements were included in the calculation as if AASB 16 had always applied. As a result, the carrying value of associated lease inducements was reclassified to retained earnings on transition.

Identifying a lease within an arrangement requires exercise of judgement. An arrangement contains a lease where there is an identified asset and the customer has the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset.

When analysing global technology contracts, the Group considered office equipment, servers and other hardware, co-hosting sites, cables and routers included in network contracts and software. No leases have been identified for recognition other than server co-hosting sites, which have been included in the lease assets and liabilities recognised at 1 July 2019.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

In applying AASB 16 for the first time, the Group has applied the following practical expedients permitted by the standard:

- › use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- › use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- › accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- › exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

### *Deferred tax on right-of-use assets and lease liabilities*

Deferred tax is recognised in respect of temporary differences between the tax bases of right-of-use assets and lease liabilities and their carrying amounts in the consolidated financial statements. The Group considers the right-of-use asset and lease liability separately when calculating temporary differences and as a result deferred tax assets and liabilities are recognised at their gross amounts.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

For temporary differences on leases with retrospective asset calculations, the difference between the lower lease asset and the higher lease liability recognised on 1 July 2019 was booked to retained earnings.

### *Impact on the financial statements*

The Group has adopted AASB 16 using the modified retrospective approach on transition and accordingly has not restated comparative information. The reclassification and adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 July 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table shows the adjustments recognised in the opening balance sheet on 1 July 2019 for each individual line item:

<b>Balance sheet (extract)</b>	<b>30 June 2019 \$000</b>	<b>AASB 16 impact \$000</b>	<b>1 July 2019 Restated \$000</b>
<b>Current assets</b>			
Prepayments	42,171	(1,067)	<b>41,104</b>
<b>Non-current assets</b>			
Property, plant and equipment	136,612	(6,413)	<b>130,199</b>
Right-of-use assets	-	207,717	<b>207,717</b>
Deferred tax assets	139,179	40,640	<b>179,819</b>
<b>Impact of changes on total assets</b>		<b>240,877</b>	
<b>Current liabilities</b>			
Payables	489,915	(1,437)	<b>488,478</b>
Lease liabilities	1,931	41,249	<b>43,180</b>
Other liabilities	2,345	(2,345)	-
<b>Non-current liabilities</b>			
Lease liabilities	5,804	182,252	<b>188,056</b>
Deferred tax liabilities	217,589	36,917	<b>254,506</b>
Other liabilities	5,266	(5,266)	-
<b>Impact of changes on total liabilities</b>		<b>251,370</b>	
<b>Impact of changes on net assets</b>		<b>(10,493)</b>	
Retained earnings	1,706,427	(10,493)	<b>1,695,934</b>
<b>Impact of changes on total equity</b>		<b>(10,493)</b>	

A reconciliation of the total operating lease commitments as at 30 June 2019 (as disclosed in the 2019 financial report) to the opening lease liability, is as follows:

	<b>\$000</b>
Operating lease commitments as at 30 June 2019	227,912
Finance lease liabilities recognised at 30 June 2019	7,735
Impact of discounting	(35,339)
Different term applied to lease liability	32,233
Exemptions applied	(1,009)
Other	(296)
<b>Lease liability as at 1 July 2019</b>	<b>231,236</b>

The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.32%.

Under the previous accounting standard, operating lease expenses were included within management adjusted EBITDA. Under AASB 16, lease expenses are recognised in the income statement as depreciation of right-of-use assets and interest expense arising from lease liabilities.

Compared to the previous accounting standard, the Group's income statement and management adjusted EBITDA for the year ended 30 June 2020 were impacted by AASB 16 as follows:

	<b>\$000</b>
<b>Management adjusted EBITDA</b>	<b>47,931</b>
Depreciation and amortisation	(41,927)
Finance costs	(6,945)
<b>Profit before tax</b>	<b>(941)</b>
Income tax	228
<b>Profit for the year</b>	<b>(713)</b>

Net operating cash flows increased under AASB 16 as the element of cash paid under lease arrangements attributable to the repayment of principal (previously included in the operating cash flows) is included in financing cash flows.

## New and amended standards and interpretations issued but not yet effective

### AASB 2019-3 Interest Rate Benchmark Reform

Inter-bank offered rates (IBOR) refers to interest rate benchmarks that are used in a wide variety of financial instruments. Examples of IBOR include 'LIBOR' (the London Inter-bank Offered Rate), 'EURIBOR' (the Euro Inter-bank Offered Rate) and 'BBSW' (the Australian Bank Bill Swap Rate). The UK Financial Conduct Authority (the regulator of LIBOR, the most widely used interest rate benchmark) has confirmed that it will no longer compel or persuade panel banks to submit rates for the calculation of LIBOR beyond December 2021. Therefore, there can be no guarantee that LIBOR will be determined after 2021 on the same basis as at present, if at all. LIBOR and other benchmark interest rates are being replaced with alternative reference rates (ARRs), collectively known as IBOR reform.

AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform* amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interest rate benchmark reform.

The Group is currently assessing the potential impact of IBOR reform by reviewing contracts which reference IBOR and has commenced its transition plan in order to manage changes required to contracts impacted by IBOR reform within the specified time frame. The Group has a number of arrangements which reference IBOR benchmarks and extend beyond 2021, including borrowing facilities and deposit contracts. Based on our initial assessment, the impact of IBOR reform is not expected to be material to the Group.

At 30 June 2020, the Group does not have any derivative arrangements designated as hedges maturing beyond December 2021 which are expected to be impacted by IBOR reform.

## 2. REVENUE AND OTHER INCOME

	2020 \$000	2019 \$000
<b>Sales revenue</b>		
Revenue from contracts with customers	2,271,512	2,341,247
Dividends received	2,142	1,333
Interest received	3,627	3,423
<b>Total revenue from continuing operations</b>	<b>2,277,281</b>	<b>2,346,003</b>
<b>Other income</b>		
Other	3,126	8,830
Rent received	779	1,704
Gain on disposal of Karvy	-	106,456
Marked to market adjustments - derivatives	-	4,363
Put option liability re-measurement	-	1,672
<b>Total other income</b>	<b>3,905</b>	<b>123,025</b>

### Sales revenue

Revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. This involves following a five-step model of revenue recognition:

- > Identifying the contract with a customer
- > Identifying performance obligations under the contract
- > Determining the transaction price
- > Allocating the transaction price to performance obligations under the contract
- > Recognising revenue when Computershare satisfies its performance obligations

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *Integrated services*

Integrated services customer contracts for registry maintenance, employee plans management, trust management, loan services and some recurring contracts in communication services include an obligation to perform an unspecified number of tasks to provide an integrated service over the contract period, where Computershare is compensated over the contract term whether or not any specific activities are required to be performed. In these situations, the Group has a stand-ready obligation to perform any of the tasks constituting the integrated service whenever needed, which is considered one performance obligation.

Typically, the consideration that Computershare is entitled to for satisfying performance obligations can vary in line with underlying measures, such as the number of shareholders or participants in an employee share plan. For the purposes of recording revenue, the Group estimates the amount of variable consideration it is entitled to, only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognised will not occur.

In some instances, particularly for smaller clients, consideration may be fixed. This fixed consideration is recognised as revenue over the contract term by measuring progress towards complete satisfaction of the underlying performance obligation, which is generally on a straight-line basis. Revenue for provision of shareholder meetings (considered a separate performance obligation) is recognised at a point in time when the meeting service has been provided.

The Group sometimes provides services on an ad-hoc basis over the contract period, where those services do not form a part of a stand-ready obligation (eg, property valuations). Each of these individual tasks is classified as a separate performance obligation and the allocated fee is recognised once that performance obligation has been completed.

### *Corporate actions, stakeholder relationship management, class actions*

For corporate actions, stakeholder relationship management, class actions, bankruptcy administration and some communication services contracts, each customer contract is a separate performance obligation and revenue related to these contracts is typically variable. For contracts that qualify for over time revenue recognition, revenue is recognised in line with contractual charging arrangements for variable fees as they reflect the transfer of benefit to the customer.

### *Margin income*

Margin income is part of variable consideration related to customer contracts and is recognised when it becomes receivable.

### *Upfront fees*

Where work reflected by the upfront fees charged to clients is classified as a fulfilment activity, the associated revenue is recognised straight line over the relevant contract term. In those instances where the upfront fees represent a separate performance obligation, the associated revenue is recognised at a point in time when that performance obligation is satisfied.

### *Discounts and rebates*

Where a contract includes a variable amount, the consolidated entity determines the transaction price with regard to any variable consideration it is entitled to. The estimated consideration can sometimes vary due to discounts and rebates. Accumulated experience is used to estimate the highly probable amount of variable consideration to be recognised.

### **Interest and dividend income**

Interest income on deposits is recognised using the effective interest method. Dividends are recognised as revenue when the right to receive payment is established.

### **Key estimates and judgements**

As part of Computershare's appointment by UK Asset Resolution to undertake its mortgage servicing activities, it was agreed that a fixed fee would be payable to Computershare over four years for the provision of infrastructure to support core services under the contract. A single performance obligation has been identified in the contract between the Group and UK Asset Resolution which, under AASB 15 *Revenue from Contracts with Customers*, will be satisfied over a period of time. A portion of the fixed fee is recognised as revenue during the period with reference to the percentage of related costs that have been incurred to date.

The Group is required to reassess the related costs which may arise in the future and the resulting amount of revenue to be recognised on an annual basis. This reassessment may lead to fluctuations in the amount of the fixed fee recognised as revenue each year. Judgement is required in estimating the total amount of related costs which are expected to be incurred, the percentage of these costs incurred to date and the period over which these costs will be incurred. The remaining fixed fee yet to be recognised as revenue as of 30 June 2020 amounts to \$3.9 million.



### 3. EXPENSES

Profit before tax includes the following specific expenses:

	2020 \$000	2019 \$000
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	34,251	37,539
Depreciation of right-of-use assets	43,221	-
Total depreciation	77,472	37,539
Amortisation of intangible assets	166,706	134,283
Amortisation of mortgage servicing related liabilities	(38,010)	(31,210)
Total amortisation (net)	128,696	103,073
Total depreciation and amortisation	206,168	140,612
<b>Finance costs</b>		
Interest expense		
Borrowings and derivatives	52,232	58,949
Lease liabilities	7,366	607
Other	3,200	3,501
Loan facility fees and other borrowing expenses	3,527	3,632
Total finance costs	66,325	66,689
<b>Other operating expense items</b>		
Technology spending - research and development	99,181	72,344
Employee entitlements (excluding superannuation and other pension) expense	920,403	921,225
Superannuation and other pension expenses	45,125	44,325

Profit before tax includes the following individually significant expenses. Further information is included in note 4.

<b>Individually significant items</b>		
Acquisition and disposal related expenses	21,011	17,170
Impairment charge - investments in associates	-	13,953
Acquisition accounting adjustments	-	702

#### Depreciation and amortisation

Refer to notes 9, 20, 21 and 25 for further details on depreciation and amortisation.

#### Finance costs

Finance costs are recognised as an expense when they are incurred.

#### Technology spending - research and development

These are operating expenses incurred on research and development activities.

#### Employee entitlements

Employee entitlements include salaries and wages, leave entitlements, incentives and share-based payment awards. The Group's accounting policy for liabilities associated with employee benefits is set out in notes 22 and 23. The policy relating to share-based payments is set out in note 40.

#### Superannuation and other pension expenses

The Group makes contributions to various defined contribution superannuation and pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as expenses when they become payable.

## 4. EARNINGS PER SHARE

Year ended 30 June 2020	Basic EPS	Diluted EPS	Management Basic EPS	Management Diluted EPS
<b>Earnings per share (cents per share)</b>	<b>42.97 cents</b>	<b>42.97 cents</b>	<b>56.12 cents</b>	<b>56.12 cents</b>
<b>Reconciliation of earnings</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
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
<b>Net profit attributable to the members of Computershare Limited</b>	<b>232,657</b>	<b>232,657</b>	<b>303,842</b>	<b>303,842</b>
<b>Weighted average number of ordinary shares used as denominator in calculating earnings per share</b>	<b>541,420,844</b>	<b>541,420,844</b>	<b>541,420,844</b>	<b>541,420,844</b>
<b>Year ended 30 June 2019</b>	<b>Basic EPS</b>	<b>Diluted EPS</b>	<b>Management Basic EPS</b>	<b>Management Diluted EPS</b>
Earnings per share (cents per share)	76.57 cents	76.42 cents	70.24 cents	70.10 cents
<b>Reconciliation of earnings</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Profit for the year	418,955	418,955	418,955	418,955
Non-controlling interest (profit)/loss	(3,223)	(3,223)	(3,223)	(3,223)
Less management adjustment items (see below)	-	-	(34,368)	(34,368)
<b>Net profit attributable to the members of Computershare Limited</b>	<b>415,732</b>	<b>415,732</b>	<b>381,364</b>	<b>381,364</b>
<b>Weighted average number of ordinary shares used as denominator in calculating earnings per share</b>	<b>542,955,868</b>	<b>543,996,500</b>	<b>542,955,868</b>	<b>543,996,500</b>

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

	2020 Number	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	541,420,844	542,955,868
Adjustments for calculation of diluted earnings per share:		
Performance rights	-	1,040,632
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	541,420,844	543,996,500

The weighted average number of potential dilutive ordinary shares excludes 1,730,608 performance rights (2019: 744,431) as they are not dilutive for the year ended 30 June 2020. These performance rights could potentially dilute basic earnings per share in the future.

No employee performance rights have been issued since year end.

### Calculation of earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing profit attributable to members of Computershare Limited by the weighted average number of ordinary shares outstanding during the financial year.

#### Diluted earnings per share

Diluted earnings per share is determined by adjusting the weighted average number of shares used in the calculation of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, such as performance rights.

## Management basic earnings per share

Management basic earnings per share exclude certain items. Management adjusted results are used, along with other measures, to assess operating business performance. The Group believes that exclusion of certain items permits better analysis of the Group's performance on a comparative basis and provides a better measure of underlying operating performance. The net profit used in the management earnings per share calculation is adjusted for management adjustment items net of tax.

For the year ended 30 June 2020 management adjustment items include the following:

	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>

## Management adjustment Items

Management adjustment items net of tax for the year ended 30 June 2020 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 2020 was \$42.6 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 expenses of \$14.6 million were incurred related to the integration of Equatex and \$1.1 million related to the acquisition of Corporate Creations.
- > A deferred tax asset of \$7.7 million was recognised for tax losses not previously recognised on the Equatex acquisition.
- > A true-up of the one-off tax expense recognised as a result of the Equatex IP restructure in the prior financial year resulted in a tax benefit of \$1.1 million.
- > A gain of \$1.0 million resulted from an adjustment to prior period acquisition accounting.

### Other

- > Costs of \$19.9 million were incurred in respect of major restructuring programmes spanning several years and comprising specified significant cost-out initiatives and related workforce reductions. In the current reporting period, these costs related mainly to UK Mortgage Services, Global Issuer Services and Shared Services.
- > Derivatives that have not received hedge designation are marked to market at the reporting date and taken to profit and loss in the statutory results. The marked to market valuation resulted in a loss of \$2.8 million.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019 management adjustment items were as follows:

	Gross \$000	Tax effect \$000	Net of tax \$000
<b>Amortisation</b>			
Amortisation of intangible assets	(55,808)	15,734	(40,074)
<b>Acquisitions and disposals</b>			
Gain on disposal of Karvy	106,456	(14)	106,442
Acquisition related expenses	(17,170)	3,595	(13,575)
One-off tax expense on Equatex IP restructure	-	(5,801)	(5,801)
Acquisition accounting adjustments	(702)	(11)	(713)
<b>Other</b>			
Major restructuring costs	(19,891)	5,100	(14,791)
Impairment charge - investments in associates	(13,953)	442	(13,511)
Restatement of deferred tax balances due to significant US tax law changes	-	12,819	12,819
Marked to market adjustments - derivatives	4,363	(1,310)	3,053
Put option liability re-measurement	1,672	-	1,672
True-up of US tax reform impact on foreign subsidiary profits	-	(1,153)	(1,153)
<b>Total management adjustment items</b>	<b>4,967</b>	<b>29,401</b>	<b>34,368</b>

## 5. SEGMENT INFORMATION

As previously announced, effective 1 July 2019, Computershare has changed its management structure and reporting from a regional to a global business model aligned to its product offering. This is intended to intensify customer focus, identify opportunities for new business and operating efficiencies and enhance the development of new products. Consequently, the change to the organisational structure has resulted in a change to the composition of operating segments.

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

- Issuer Services
- Mortgage Services & Property Rental Services
- Employee Share Plans & Voucher Services
- Business Services
- Communication Services & Utilities
- 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, tax, depreciation and amortisation (management adjusted EBITDA). An additional measure of segment performance is management adjusted EBIT, which reflects management adjusted earnings before interest and tax. Management adjusted EBIT is of particular relevance to Mortgage Services & Property Rental Services as there are significant levels of amortisation included in management earnings for this business line.

Comparative segment information has been restated to reflect the Group's new operating segments, including revenue by geography. Consequently, the segment information disclosed by geography is not entirely comparable to the information disclosed by geographic segment for the prior year.

## OPERATING SEGMENTS

	Issuer Services \$000	Employee Share Plans & Voucher Services \$000	Communi- cation Services & Utilities \$000	Mortgage Services & Property Rental Services \$000	Business Services \$000	Technology Services \$000	Total \$000
<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)
<b>External revenue and other income</b>	<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>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
UCIA	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 EBITDA</b>	<b>260,481</b>	<b>65,707</b>	<b>30,798</b>	<b>141,202</b>	<b>88,181</b>	<b>19,367</b>	<b>605,736</b>
Management adjusted depreciation and amortisation	(1,975)	(3,612)	(3,387)	(70,777)	(885)	(17,646)	(98,282)
<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>

### June 2019

Total segment revenue and other income	979,705	310,318	352,273	646,101	269,315	238,040	2,795,752
Intersegment revenue	(27,855)	(2,570)	(174,488)	-	(2,625)	(237,122)	(444,660)
External revenue and other income	951,850	307,748	177,785	646,101	266,690	918	2,351,092
<b>Revenue by geography:</b>							
Asia	72,977	29,051	-	-	17,003	-	119,031
Australia & New Zealand	107,222	14,450	94,554	-	-	871	217,097
Canada	80,118	20,522	6,879	-	87,529	36	195,084
Continental Europe	52,913	21,025	29,739	-	-	4	103,681
UCIA	107,271	162,377	6,516	285,354	18,430	7	579,955
United States	531,349	60,323	40,097	360,747	143,728	-	1,136,244
	951,850	307,748	177,785	646,101	266,690	918	2,351,092
<b>Management adjusted EBITDA</b>	<b>313,581</b>	<b>80,280</b>	<b>37,915</b>	<b>150,234</b>	<b>92,633</b>	<b>16,425</b>	<b>691,068</b>
Management adjusted depreciation and amortisation	(3,008)	(2,503)	(3,282)	(47,717)	(869)	(18,435)	(75,814)
<b>Management adjusted EBIT</b>	<b>310,573</b>	<b>77,777</b>	<b>34,633</b>	<b>102,517</b>	<b>91,764</b>	<b>(2,010)</b>	<b>615,254</b>

### 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:

	2020 \$000	2019 \$000
<b>Total operating segment revenue and other income</b>	<b>2,703,096</b>	2,795,752
Intersegment eliminations	<b>(425,320)</b>	(444,660)
Corporate revenue and other income	<b>(495)</b>	(5,089)
<b>Total revenue from continuing operations</b>	<b>2,277,281</b>	2,346,003

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Management adjusted EBITDA and 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 EBITDA and EBIT to operating profit before income tax is provided as follows:

	Operating segments \$000	Corporate <sup>1</sup> \$000	Total \$000
<b>2020</b>			
<b>Management adjusted EBITDA<sup>2</sup></b>	<b>605,736</b>	<b>40,625</b>	<b>646,361</b>
Management adjusted depreciation and amortisation <sup>3</sup>	(98,282)	(50,030)	(148,312)
<b>Management adjusted EBIT</b>	<b>507,454</b>	<b>(9,405)</b>	<b>498,049</b>
Management adjustment items (before related income tax effect):			
Amortisation of intangible assets			(57,856)
Major restructuring costs			(25,972)
Acquisition related expenses			(21,011)
Marked to market adjustments - derivatives			(3,932)
Acquisition accounting adjustments			1,410
Total management adjustment items (note 4)			(107,361)
Finance costs <sup>3</sup>			(66,325)
<b>Profit before income tax from continuing operations</b>			<b>324,363</b>

1 In the 2019 reporting period, the corporate function incurred external operating lease expenses, which were booked and then recharged to the operating segments above EBITDA. In the current reporting period, these operating lease expenses in the corporate function have been replaced by lease-related depreciation and interest expenses under AASB 16. The corporate function continues to recharge these below EBITDA costs to the operating segments as an above EBITDA charge to ensure business performance measures include property costs. Hence, corporate EBITDA is inclusive of the intercompany recharge revenue without the offsetting external lease costs.

2 Management adjusted EBITDA in the current reporting period was impacted by adoption of AASB 16, which resulted in an increase of \$47.9 million (refer to note 1).

3 Excluding the impact of AASB 16, finance costs were \$59.4 million and management adjusted depreciation and amortisation was \$106.4 million (refer to note 1).

	Operating segments \$000	Corporate \$000	Total \$000
<b>2019</b>			
<b>Management adjusted EBITDA</b>	<b>691,068</b>	<b>(16,190)</b>	<b>674,878</b>
Management adjusted depreciation and amortisation	(75,814)	(8,990)	(84,804)
<b>Management adjusted EBIT</b>	<b>615,254</b>	<b>(25,180)</b>	<b>590,074</b>
Management adjustment items (before related income tax effect):			
Amortisation of intangible assets			(55,808)
Major restructuring costs			(19,891)
Acquisition related expenses			(17,170)
Marked to market adjustments - derivatives			4,363
Acquisition accounting adjustments			(702)
Gain on disposal of Karvy			106,456
Impairment charge - investments in associates			(13,953)
Put option liability re-measurement			1,672
Total management adjustment items (note 4)			4,967
Finance costs			(66,689)
<b>Profit before income tax from continuing operations</b>			<b>528,352</b>



## Geographical Information

	Geographical allocation of external revenue		Geographical allocation of non-current assets	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Australia	185,889	208,209	174,998	152,708
United Kingdom	388,408	457,824	225,199	206,974
United States	1,201,873	1,158,265	2,238,014	1,896,276
Canada	185,577	195,005	164,381	168,993
Switzerland	60,158	45,418	400,269	383,860
Other countries	255,376	281,282	154,033	133,497
Total	2,277,281	2,346,003	3,356,894	2,942,308

Revenues are allocated based on the countries in which the entities are located. The parent entity is domiciled in Australia. Revenue from external customers in countries other than Australia amounts to \$2,091.4 million (2019: \$2,137.8 million).

Non-current assets exclude financial instruments and deferred tax assets and are allocated to countries based on where the assets are located. Non-current assets held in countries other than Australia amount to \$3,181.9 million (2019: \$2,789.6 million).

## 6. INCOME TAX EXPENSE AND BALANCES

### Income tax expense

The income tax expense represents tax on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. This is also adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses. The income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

### (a) Income tax expense

	2020 \$000	2019 \$000
<b>Current tax expense</b>		
Current tax expense	98,026	94,328
Under/(over) provided in prior years	(2,131)	(4,120)
<b>Total current tax expense</b>	<b>95,895</b>	<b>90,208</b>
<b>Deferred tax expense/(benefit)</b>		
Decrease/(increase) in deferred tax assets	(7,031)	(11,387)
(Decrease)/increase in deferred tax liabilities	2,768	30,576
<b>Total deferred tax expense/(credit)</b>	<b>(4,263)</b>	<b>19,189</b>
<b>Total income tax expense</b>	<b>91,632</b>	<b>109,397</b>

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

<b>Profit before income tax expense</b>	<b>324,363</b>	<b>528,352</b>
<b>Prima facie income tax expense thereon at 30%</b>	<b>97,309</b>	<b>158,506</b>
Variation in tax rates of foreign controlled entities	25	(7,554)
<b>Tax effect of permanent differences:</b>		
Benefit of tax losses not previously recognised on Equatex acquisition	(7,666)	-
Withholding tax not creditable	6,266	-
Prior year tax (over)/under provided	(2,131)	(4,120)
One-off tax expense on Equatex IP restructure	(1,054)	5,801
Effect of changes in tax rates and laws	(1,213)	(14,284)
Gain on disposal of Karvy	-	(32,493)
Impairment of investment in SETL	-	2,339
True-up of US tax reform impact on foreign subsidiary profits	-	1,153
Net other	96	49
<b>Income tax expense</b>	<b>91,632</b>	<b>109,397</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (c) Amounts recognised directly in equity

	2020 \$000	2019 \$000
Deferred tax - share-based remuneration	253	887

### (d) Tax benefit/(expense) relating to items of other comprehensive income

Cash flow hedges	(3,564)	(2,390)
Net investment hedges	3,680	3,101
	116	711

### (e) Unrecognised tax losses

As at 30 June 2020, companies within the consolidated entity had estimated unrecognised tax losses of \$6.6 million (2019: \$15.4 million) available to offset against future years' taxable income. Tax losses of \$5.8 million will expire between 2022 and 2027.

### Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences calculated at the tax rates expected to apply when the differences reverse. Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent it is probable that future taxable amounts will be available to utilise them. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

### Deferred tax assets

	2020 \$000	2019 \$000
<b>The balance comprises temporary differences attributable to:</b>		
Tax losses	30,004	30,810
Financial instruments and foreign exchange	77,239	59,071
Mortgage servicing related liabilities	67,554	59,642
Lease liabilities	35,843	3,950
Intangible assets	27,276	29,642
Provisions	19,427	19,843
Other creditors and accruals	8,436	6,166
Employee benefits	6,163	7,228
Property, plant and equipment	3,927	3,853
Share-based remuneration	3,610	4,772
Loss allowance	3,330	2,456
Deferred revenue	2,509	3,734
Other	2,098	5,947
<b>Total deferred tax assets</b>	<b>287,416</b>	<b>237,114</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(126,263)	(97,935)
<b>Net deferred tax assets</b>	<b>161,153</b>	<b>139,179</b>
<b>Movements during the year</b>		
<b>Opening balance at 1 July</b>	<b>139,179</b>	<b>145,654</b>
Change in accounting policy (note 1a)	40,640	4,100
<b>Opening balance at 1 July (restated)</b>	<b>179,819</b>	<b>149,754</b>
Currency translation difference	(1,999)	(2,542)
Credited/(charged) to profit or loss	7,031	11,387
Credited/(charged) to equity	253	887
Credited/(charged) to other comprehensive income	3,680	3,101
Set-off of deferred tax liabilities	(28,328)	(37,534)
Arising from acquisitions/(disposals)	697	14,126
<b>Closing balance at 30 June</b>	<b>161,153</b>	<b>139,179</b>

The total deferred tax assets expected to be recovered after more than 12 months amounts to \$188.5 million (2019: \$144.3 million).

## Deferred tax liabilities

	2020 \$000	2019 \$000
<b>The balance comprises temporary differences attributable to:</b>		
Goodwill	198,449	187,256
Intangible assets	118,155	100,911
Right-of-use assets	29,976	-
Financial instruments and foreign exchange	3,065	20,640
Other	3,960	6,717
<b>Total deferred tax liabilities</b>	<b>353,605</b>	<b>315,524</b>
Set-off of deferred tax assets pursuant to set-off provisions	<b>(126,263)</b>	<b>(97,935)</b>
<b>Net deferred tax liabilities</b>	<b>227,342</b>	<b>217,589</b>
<b>Movements during the year:</b>		
Opening balance at 1 July	217,589	193,026
Change in accounting policy (note 1a)	36,917	2,569
<b>Opening balance at 1 July (restated)</b>	<b>254,506</b>	<b>195,595</b>
Currency translation difference	(107)	(424)
Charged/(credited) to profit or loss	2,768	30,576
Charged/(credited) to other comprehensive income	(2,194)	2,390
Set-off of deferred tax assets	(28,328)	(37,534)
Arising from acquisitions/(disposals)	697	26,986
<b>Closing balance at 30 June</b>	<b>227,342</b>	<b>217,589</b>

The total deferred tax liabilities expected to be settled after more than 12 months amount to \$352.6 million (2019: \$311.7 million).

### Key estimates and judgements

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome is different from the amounts that were initially recognised, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent that it is probable that future taxable profits will be available against which these assets can be utilised. The assumptions regarding future utilisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

#### *Contingent liability - 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. Computershare disagrees with the ATO's views and intends to vigorously defend its position. This process may take some years to resolve. As the Group does not expect to pay additional tax related to this matter, no provision was recognised as at 30 June 2020. If Computershare is unsuccessful in defending its position, the maximum potential primary tax liability excluding interest is estimated at \$20.4 million (2019: \$52.1 million).

## 7. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Cash and cash equivalents exclude broker client deposits reflected in the statement of financial position that are recorded as other current financial assets.

Cash and cash equivalents in the consolidated cash flow statement are reconciled to the consolidated statement of financial position as follows:

	2020 \$000	2019 \$000
Shown as cash and cash equivalents in the consolidated statement of financial position	597,313	561,346
Cash and cash equivalents in the consolidated cash flow statement	597,313	561,346

### (b) Reconciliation of net profit after income tax to net cash from operating activities

Net profit after income tax	232,731	418,955
Adjustments for:		
Depreciation and amortisation	206,168	140,612
Gain on disposal of Karvy	-	(106,456)
Net (gain)/loss on asset disposals and asset write-downs	-	817
Contingent consideration re-measurement	-	702
Share of net (profit)/loss of associates and joint ventures accounted for using equity method	(239)	1,006
Employee benefits - share-based expense	18,833	18,049
Hedge cost of business combination	-	7,138
Impairment charge	-	13,953
Fair value adjustments	3,932	(6,035)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	45,403	(52,636)
(Increase)/decrease in inventories	(519)	(832)
(Increase)/decrease in loan servicing advances	14,442	(124,769)
(Increase)/decrease in other current assets	33,452	1,899
Increase/(decrease) in payables and provisions	6,273	(29,540)
Increase/(decrease) in tax balances	48,329	3,895
<b>Net cash and cash equivalents from operating activities</b>	<b>608,805</b>	<b>286,758</b>

### (c) 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 2019</b>	<b>72,594</b>	<b>1,955,980</b>	<b>1,931</b>	<b>5,804</b>	<b>2,451</b>	<b>2,038,760</b>
Change in accounting policy (note 1a)	-	-	41,249	182,252	-	223,501
<b>Restated balance at the beginning of the financial year</b>	<b>72,594</b>	<b>1,955,980</b>	<b>43,180</b>	<b>188,056</b>	<b>2,451</b>	<b>2,262,261</b>
Cash flows	88,208	(13,797)	(44,094)	-	(11,909)	18,408
Non-cash changes:						
Acquisitions of entities and businesses	-	-	458	2,072	-	2,530
Additions	-	-	3,484	13,648	-	17,132
Fair value adjustments	-	50,763	-	-	12,112	62,875
Transfers and other	137,715	(241,738)	41,064	(41,064)	-	(104,023)
Currency translation difference	(11,107)	(8,798)	(933)	(3,802)	494	(24,146)
<b>Balance at 30 June 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>

### (d) Acquisitions and disposals of businesses

For details of businesses acquired during the year and related cash flows refer to note 8.

## 8. 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 controlled entities and businesses were acquired by the consolidated entity at the date stated and their operating results have been included in the Group's results from the acquisition date. 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.

- (a) On 28 February 2020, the Group acquired the assets and liabilities of Corporate Creations International along with 100% of Corporate Creations Intellectual Property LLC, Corporate Creations Management LLC, Corporate Creations Network Inc. [Florida] and its subsidiaries, Management Group Limited and Worldwide Nominee LLC (collectively Corporate Creations), a registered agent business headquartered in Florida, US. Total consideration was \$144.8 million. Corporate Creations provides registered agent and related filing services to over fourteen thousand small, medium and large US corporations. The acquisition enhances Computershare's registered agent product suite and capabilities and accelerates Computershare's growth in the US registered agent market.

This business combination did not materially contribute to the total revenue of the Group. If the acquisition had occurred on 1 July 2019, the total revenue contribution by the acquired entities would have been \$33.1 million.

Details of the acquisition are as follows:

	<b>\$000</b>
Cash consideration	144,817
Total consideration paid	144,817
Less fair value of identifiable assets acquired	(59,407)
<b>Provisional goodwill on consolidation</b>	<b>85,410</b>

The recognised goodwill is expected to be deductible for tax purposes.

Assets and liabilities arising from this acquisition are as follows:

	<b>Fair value \$000</b>
Intangible assets	62,880
Receivables	3,545
Right-of-use assets	2,530
Cash and cash equivalents	1,422
Deferred tax assets	697
Property, plant and equipment	129
Prepayments	13
Payables	(8,582)
Lease liabilities	(2,530)
Deferred tax liabilities	(697)
<b>Net assets</b>	<b>59,407</b>

### Purchase consideration:

	<b>\$000</b>
Inflow/(outflow) of cash to acquire the entities, net of cash acquired:	
Cash balance acquired	1,422
Less cash paid	(144,817)
<b>Net inflow/(outflow) of cash</b>	<b>(143,395)</b>

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a controlled entity comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the controlled entity.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Within 12 months of completing the acquisition, identifiable intangible assets are valued and separately recognised in the statement of financial position. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the controlled entity acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain on bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

### Finalisation of acquisition accounting

In accordance with the accounting policy, the acquisition accounting for the Equatex business combination was finalised in the current period, which resulted in an additional provision recognised of \$9.6 million. As the provision was determined during the 12-month measurement period, this adjustment has been made against goodwill. Accordingly, the goodwill recognised on acquisition has increased from \$244.4 million, as previously reported at 30 June 2019, to \$254.0 million.

### Key estimates and judgements

Acquisition accounting requires that management make estimates with regard to valuation of certain non-monetary assets and liabilities of the acquired entities. These estimates have particular impact in terms of valuation of intangible assets, contingent consideration liabilities and provisions. To the extent that these items are subject to determination during the initial 12 months after acquisition, the variation to estimated value will be adjusted through goodwill. To the extent that determination occurs after 12 months, any variation will impact profit or loss in the relevant period.

## 9. INTANGIBLE ASSETS

	Goodwill \$000	Customer contracts and relationships \$000	Mortgage Servicing Rights \$000	Other <sup>3</sup> \$000	Total \$000
<b>At 1 July 2019</b>					
Opening cost	1,768,025	688,864	763,296	98,266	3,318,451
Opening accumulated amortisation	-	(275,231)	(219,374)	(41,166)	(535,771)
<b>Opening net book amount</b>	<b>1,768,025</b>	<b>413,633</b>	<b>543,922</b>	<b>57,100</b>	<b>2,782,680</b>
Additions (net of adjustments and reclassifications) <sup>1</sup>	94,996	60,884	270,959	6,703	433,542
Amortisation charge <sup>2</sup>	-	(52,846)	(102,494)	(11,366)	(166,706)
Currency translation difference	(5,894)	709	-	579	(4,606)
Transfers and other	-	-	-	7,916	7,916
<b>Closing net book amount</b>	<b>1,857,127</b>	<b>422,380</b>	<b>712,387</b>	<b>60,932</b>	<b>3,052,826</b>
<b>At 30 June 2020</b>					
Cost	1,857,127	747,195	1,034,131	100,374	3,738,827
Accumulated amortisation	-	(324,815)	(321,744)	(39,442)	(686,001)
<b>Closing net book amount</b>	<b>1,857,127</b>	<b>422,380</b>	<b>712,387</b>	<b>60,932</b>	<b>3,052,826</b>
<b>At 1 July 2018</b>					
Opening cost	1,521,575	572,619	599,581	52,561	2,746,336
Opening accumulated amortisation	-	(241,786)	(144,832)	(32,092)	(418,710)
<b>Opening net book amount</b>	<b>1,521,575</b>	<b>330,833</b>	<b>454,749</b>	<b>20,469</b>	<b>2,327,626</b>
Additions (net of adjustments and reclassifications) <sup>1</sup>	250,473	129,674	163,715	45,318	589,180
Amortisation charge <sup>2</sup>	-	(50,058)	(74,542)	(9,683)	(134,283)
Currency translation difference	(4,023)	3,184	-	996	157
<b>Closing net book amount</b>	<b>1,768,025</b>	<b>413,633</b>	<b>543,922</b>	<b>57,100</b>	<b>2,782,680</b>
<b>At 30 June 2019</b>					
Cost	1,768,025	688,864	763,296	98,266	3,318,451
Accumulated amortisation	-	(275,231)	(219,374)	(41,166)	(535,771)
<b>Closing net book amount</b>	<b>1,768,025</b>	<b>413,633</b>	<b>543,922</b>	<b>57,100</b>	<b>2,782,680</b>

1 Additions comprise recognition of intangible assets resulting from business combinations and direct purchases as well as adjustments and reclassifications made on finalisation of acquisition accounting.

2 Amortisation charge is included within direct services expense in the statement of comprehensive income.

3 Other intangible assets include intellectual property, licences, software and brands.

4 The gross amount of mortgage servicing rights amortisation is partially offset in the statement of comprehensive income by the amortisation of the related mortgage servicing liabilities.



## Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets acquired. Goodwill is carried at cost less accumulated impairment losses and is tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired. On disposal or termination of a previously acquired business, any associated goodwill is included in the determination of profit or loss on disposal.

The acquired goodwill can be attributed to the expected future cash flows of the acquired businesses associated with the collective experience of management and staff and the synergies expected to be achieved as a result of full integration into the Computershare Group. Where acquisitions have been made during the period, the Group has 12 months from the acquisition date in which to finalise the accounting, including calculation of goodwill. Until finalisation of acquisition accounting within the 12-month period, provisional amounts are included in the consolidated results.

## Acquired intangible assets

Acquired intangible assets have a finite useful life and are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate value over their estimated useful lives, typically ranging from one to twenty years.

## Mortgage servicing rights

Mortgage servicing rights acquired as part of business combinations are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Mortgage servicing rights acquired as part of ongoing operations are carried at cost less accumulated amortisation and impairment losses. Amortisation for all servicing rights is calculated using the straight line method over their estimated useful lives of nine years.

Given interest rate decreases that occurred in the US during the reporting period, the Group has reviewed the useful life estimate of all servicing rights and concluded that the useful life of the interest-sensitive part of the total portfolio should be reduced to eight years. This change will be applied prospectively from 1 July 2020. Accordingly, from this date amortisation of servicing rights will be calculated based on estimated useful lives of between eight and nine years.

## Software and research and development costs

All research-related costs are expensed as incurred. Software development costs are capitalised where they meet the recognition criteria for capitalisation, and are subsequently amortised using the straight line method to allocate their value over their estimated useful lives, typically ranging from eight to fifteen years.

## Impairment of intangible assets with a finite useful life

Intangible assets with a finite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. As intangible assets do not generate independent cashflows, they are tested for impairment at the CGU level to which they belong.

# 10. IMPAIRMENT

## Impairment test for goodwill

Goodwill is tested for impairment at least once a year, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where required, impairment losses are recognised in profit or loss in the reporting period when the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Goodwill is allocated to cash generating units (CGUs), or groups of CGUs, expected to benefit from synergies of the business combination. Effective from 1 July 2019, the Group's management structure and reporting has changed from a regional model to a global business model aligned to its product offering. The reorganisation of the Group's reporting structure has given rise to a change in the composition of the CGUs to which goodwill is allocated. Accordingly, goodwill has been reallocated to the following groups of CGUs at this date.

	30 June 2020 \$000	1 July 2019 \$000
Class Actions and Bankruptcy	89,901	89,952
Communication Services and Utilities	115,230	116,674
Corporate Trust	72,529	75,257
Employee Share Plans	383,057	368,741
Issuer Services	1,021,978	941,586
Mortgage Services and Property Rental Services	163,341	164,377
Voucher Services	11,091	11,438
	<b>1,857,127</b>	<b>1,768,025</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As reported at 30 June 2019

	2019 \$000
Asia	62,722
Australia and New Zealand	149,583
Canada	116,610
Continental Europe	26,940
United Kingdom, Channel Islands, Ireland and Africa (UCIA)	334,195
United States	1,077,975
	1,768,025

When testing for impairment, the carrying amount of each group of CGUs is compared with its recoverable amount. The recoverable amount is determined based on a value-in-use calculation for each group of CGUs to which goodwill has been allocated. The value-in-use calculation uses the discounted cash flow methodology for each CGU typically based upon five years of cash flow projections plus a terminal value.

No impairment charge has been recognised for the financial year ended 30 June 2020.

### Key estimates and judgements

Key assumptions used in the value-in-use calculations are described below for each group of CGUs with allocated goodwill. The impact of the Covid-19 pandemic was included in estimates of the five-year cash flow projections. Given the evolving nature of Covid-19 and uncertainty around the extent of its duration and economic impact, changes to estimates and assumptions may arise in the future.

As there are a number of CGUs in most of the operating segments, presented below are weighted averages of the assumptions applied to individual CGUs.

Five-year post-tax cash flow projections are based on approved budgets covering a one-year period, with subsequent periods based on the Group's expectations of growth excluding the impact of possible future acquisitions, business improvement and restructuring. Cash flows also include margin income projections, which reflect expectations regarding future client balances and interest rates.

The earnings growth rates applied beyond the initial five-year period are as follows:

	2020		2020
Class Actions and Bankruptcy	2.0%	Class Actions and Bankruptcy	9.4%
Communication Services and Utilities	2.0%	Communication Services and Utilities	9.6%
Corporate Trust	2.0%	Corporate Trust	9.4%
Employee Share Plans	1.9%	Employee Share Plans	8.1%
Issuer Services	2.0%	Issuer Services	9.2%
Mortgage Services and Property Rental Services	2.0%	Mortgage Services and Property Rental Services	9.0%
Voucher Services	n/a	Voucher Services	20.4%
<i>As previously disclosed</i>	2019		2019
Asia	3.0%	Asia	9.0%
Australia and New Zealand	2.5%	Australia and New Zealand	12.1%
Canada	2.0%	Canada	10.1%
Continental Europe	1.7%	Continental Europe	9.3%
United Kingdom, Channel Islands, Ireland and Africa (UCIA)	2.6%	United Kingdom, Channel Islands, Ireland and Africa (UCIA)	8.7%
United States	2.5%	United States	9.7%

In performing the value-in-use calculations for each CGU, the Group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The discount rates used reflect the risks specific to each CGU.

The equivalent pre-tax discount rates are as follows:

### Impact of reasonably possible changes in key assumptions

As impairment testing is based on assumptions and judgements, the Group has considered sensitivity of the impairment test results to changes in key assumptions. Due to the uncertainty of Covid-19, the Group has further undertaken to stress test the assessments of value-in-use for year-end reporting requirements. For all operating segments, the recoverable amount exceeds the carrying amount when testing for reasonably possible changes in key assumptions.

## 11. HEDGE ACCOUNTING

The Group applies hedge accounting as follows:

	Fair value hedge	Cash flow hedge	Cash flow hedge	Hedge of net investment in foreign operations
<b>Nature of hedge</b>	The hedge of fair value risk of a financial liability.	The hedge of a highly probable forecast transaction.	The hedge of a highly probable forecast transaction.	The hedge of changes in the consolidated entity's foreign denominated net assets due to changes in foreign currency rates.
<b>Hedged risk</b>	Interest rate risk	Interest rate risk	Foreign exchange risk	Foreign exchange risk
<b>Hedged item</b>	Fixed interest rate US Private Placement issues.	Highly probable interest cash flows from which margin income is derived.	Highly probable cash flows associated with foreign currency denominated debt.	Foreign operations.
<b>Hedging instruments</b>	Interest rate swaps	Interest rate swaps	Cross currency swaps	Cross currency swaps, foreign currency denominated issued debt
<b>Designation and documentation</b>	At the inception of the transaction, the Group documents its risk management objective and strategy for the hedge, hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.			
<b>Hedge effectiveness method</b>	<p>Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.</p> <p>The assessment is based on:</p> <ul style="list-style-type: none"> <li>&gt; existence of an economic relationship between the hedged item and the hedging instrument</li> <li>&gt; the effect of credit risk not dominating the changes in value of either the hedged item or the hedging instrument</li> <li>&gt; the hedge ratio being reflective of the Group's risk management approach.</li> </ul>			
<b>Accounting treatment for the hedging instrument</b>	Fair value through the income statement.	Fair value through the cash flow hedge reserve and then recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk.	Fair value through the cash flow hedge reserve and then recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk.	Fair value through the foreign currency translation reserve and recognised in the income statement at the time at which there is a disposal of the hedged foreign operation.
<b>Accounting treatment for the hedged item</b>	Carrying value adjusted for changes in fair value attributable to the hedged risk; fair value through the income statement.	Accounted for under other accounting standards (revenue).	Accounted for under other accounting standards (foreign exchange).	Foreign exchange gains and losses are recognised in the Group's foreign currency translation reserve.
<b>Accounting treatment for hedge ineffectiveness</b>	Recognised in the income statement to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument.	Recognised in the income statement to the extent to which changes in fair value of the hedging instrument exceed, in absolute terms, the change in the fair value of the hedged item.	Recognised in the income statement to the extent to which changes in fair value of the hedging instrument exceed, in absolute terms, the change in the fair value of the hedged item.	Recognised in the income statement to the extent to which changes in fair value of the hedging instrument exceed, in absolute terms, the change in the fair value of the hedged item.
<b>Accounting treatment if the hedge relationship is discontinued</b>	Where the hedged item still exists, adjustments to the hedged item are amortised to the income statement on an effective interest rate basis.	<p>The gain or loss remains in the cash flow hedge reserve to the extent that the hedged cash flows are still expected to take place and subsequently recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk.</p> <p>Where the hedged cash flows are no longer expected to take place, the gain or loss in the cash flow hedge reserve is recognised immediately in the income statement.</p>	<p>The gain or loss remains in the cash flow hedge reserve to the extent that the hedged cash flows are still expected to take place and subsequently recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk.</p> <p>Where the hedged cash flows are no longer expected to take place, the gain or loss in the cash flow hedge reserve is recognised immediately in the income statement.</p>	The gain or loss remains recognised in the foreign currency translation reserve until such time as the foreign operation is partially disposed of or sold.
<b>Hedge ratio</b>	The hedge ratio is reflective of the Group's risk management objectives.			
	The notional of the interest rate swap is allocated to the hedged item on a one-for-one basis.	The notional of the interest rate swap is allocated to hedged item on a one-for-one basis.	The notional amount of the cross currency swap equals the notional amount of the hedged item.	Foreign currency borrowings and swaps are allocated to the net investments in foreign operations on a one-for-one basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Hedging instruments

The following table details the hedging instruments, nature of hedged risks, as well as the notional and the carrying amount of derivative financial instruments and, in the case of net investment hedges, the notional of foreign denominated debt issued, for each type of hedge relationship. The maturity profile for the hedging instruments' notional amounts is reported based on their contractual maturity. Designated cross-currency swaps for foreign exchange risk are included as a single notional amount per derivative.

2020	Hedging Instrument	Risk	Notional				Carrying amount	
			Less than 3 months \$000	3 to 12 months \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000	Total \$000
<b>Assets</b>								
Cash flow hedges	Interest rate swaps	Interest	50,000	40,000	20,588	-	110,588	1,114
Cash flow hedges	Cross currency swaps	Foreign exchange	-	100,000	-	-	100,000	130
Net investment hedges	Cross currency swaps	Foreign exchange	-	183,812	-	-	183,812	308
<b>Liabilities</b>								
Net investment hedges	Cross currency swaps	Foreign exchange	-	268,026	-	-	268,026	3,456
Net investment hedges	Borrowings	Foreign exchange	-	-	100,789	-	100,789	100,789
<b>2019</b>								
<b>Assets</b>								
Cash flow hedges	Interest rate swaps	Interest	163,690	-	390,000	-	553,690	7,849
Fair value hedges	Interest rate swaps	Interest	-	-	385,000	450,000	835,000	54,786
Net investment hedges	Cross currency swaps	Foreign exchange	-	193,323	-	-	193,323	814
<b>Liabilities</b>								
Cash flow hedges	Interest rate swaps	Interest	250,000	-	-	-	250,000	-
Net investment hedges	Cross currency swaps	Foreign exchange	-	255,938	-	-	255,938	3,265
Net investment hedges	Borrowings	Foreign exchange	-	-	45,964	-	45,964	45,964

### Hedging instrument executed rates

The following table shows the executed rates for the hedging instruments that have been designated in cash flow hedges and net investment hedges that are in place at balance date.

	Hedging instruments	Currency/ Currency pair	Hedged rate
Cash flow hedges	Interest rate swaps	AUD	0.95%
	Interest rate swaps	USD	2.45% - 2.52%
	Cross currency swaps	AUD/USD	0.6876
Net investment hedges	Cross currency swaps	EUR/AUD	0.6180
		CHF/AUD	0.6615
		CHF/USD	0.9500

### Hedge ineffectiveness

Hedge ineffectiveness, in the case of a fair value hedge, is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item, and in the case of cash flow and net investment hedge relationships, the extent to which the change in the hedging instrument exceeds that of the hedged item. Sources of hedge ineffectiveness primarily arise from changes in credit risk of the counterparties, breakdown in correlation or impact of the basis spread between short-term interest rates in the same currency changes in market premiums and differences in reset dates, risk and discount rates between the hedged item (possibly represented by a hypothetical derivative) and hedging instrument.

The following table reflects the hedge ineffectiveness during the period, as reported in direct services in the statement of comprehensive income:

	Hedging instruments	Risk	Gains/(losses) on hedging instruments \$000's	Gains/(losses) on hedged items attributable to the hedged risk \$000's	Hedge ineffectiveness recognised in the income statement \$000's
<b>2020</b>					
Cash flow hedges	Interest rate swaps	Interest	13,810	(13,837)	(27)
Cash flow hedges	Cross currency swaps	Foreign exchange	(1,145)	1,145	-
Fair value hedges	Interest rate swaps	Interest	47,083	(51,718)	(4,635)
Net investment hedges	Cross currency swaps	Foreign exchange	(12,112)	12,118	6
<b>2019</b>					
Cash flow hedges	Interest rate swaps	Interest	8,304	(8,304)	-
Fair value hedges	Interest rate swaps	Interest	50,838	(50,546)	292
Net investment hedges	Cross currency swaps	Foreign exchange	(10,595)	10,593	(2)

### Discontinuation of hedge accounting

On 11 June 2020 the Group disposed of \$835.0 million notional value of interest rate swaps designated as fair value hedges of USD Senior debt. As a result, hedge accounting was discontinued. The fair value adjustment of \$101.9 million at the date of disposal, is amortised to the income statement on an effective interest rate basis over the remaining term of the USD Senior notes.

On 11 June 2020 the Group disposed of \$300.0 million notional value of interest rate swaps designated as cash flow hedges of margin income. The cumulative fair value gain of \$18.8 million at the date of disposal was recognised in the cash flow hedge reserve and is reclassified to the income statement where margin income is recognised, over the period of the original swaps.

## 12. FINANCIAL RISK MANAGEMENT

### Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Group's overall financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board. The Board provides guidance for overall risk management, as well as policies covering specific areas such as currency risk management, interest rate risk management, counterparty risk management and the use of derivative financial instruments. Derivative financial instruments are used to manage specifically identified interest rate and foreign currency risks.

The Group Treasury function provides services to the business. It also monitors and manages the financial risks relating to the operations of the Group. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the regional treasury centres as permitted under policy and reports regularly to the Board.

### Capital risk management objectives

The primary objective of the Group's capital management is to ensure that it minimises the working capital funding requirements through effective controls in order to support its businesses and maximise shareholder value.

A key financial ratio for the Group is net financial indebtedness to management adjusted earnings before interest, tax, depreciation and amortisation (Management adjusted EBITDA). Net debt is calculated as borrowings less cash and cash equivalents.

	2020 \$000	2019 \$000
Borrowings <sup>1</sup>	2,029,820	2,036,309
Cash and cash equivalents	(597,313)	(561,346)
Net debt	1,432,507	1,474,963
Management adjusted EBITDA (note 5)	646,361	674,878
Net debt to Management adjusted EBITDA	2.22	2.19
Net debt to Management adjusted EBITDA (excluding mortgage servicing debt) <sup>2,3</sup>	1.93	1.84

1 June 2019 includes lease liabilities of \$7.7 million. Effective 1 July 2019, net debt excludes lease liabilities recognised under AASB 16. Lease liabilities are presented separately in the statement of financial position.

2 Excludes mortgage servicing debt of \$187.5 million (2019: \$233.5 million).

3 As a result of the adoption of AASB 16, lease expenses are recognised in the statement of comprehensive income as depreciation of right-of-use assets and interest expense. Excluding the impact of AASB 16 to the FY2020 calculation, net debt to management adjusted EBITDA (excluding mortgage servicing debt) was 2.08.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group manages its capital structure and makes adjustments to it in line with changes in economic conditions. To achieve its target capital structure, the Group may adjust the dividend payment to shareholders, conduct share buy-backs or issue new shares. No changes were made to the capital structure objectives or processes during the current financial year.

Computershare has a target neutral gearing level such that net debt to EBITDA is between 1.75x - 2.25x excluding the non-recourse SLS advance facility debt, with flexibility to temporarily go above this range to take advantage of compelling investment opportunities. Computershare will consider capital management initiatives to maintain leverage within this target band.

### Financial risk factors

The key financial risk factors that arise from the Group's activities are outlined below.

#### (a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The consolidated entity is exposed to interest rate risk through its primary financial assets and liabilities and as a result of maintaining agent and escrow agent bank accounts on behalf of clients. Given the nature of the client balances, neither the funds nor an offsetting liability are included in the Group's financial statements. Average client balances during the year approximated \$17.2 billion (2019: \$18.5 billion) and in relation to these balances, the consolidated entity has in place interest rate derivatives totalling \$0.1 billion notionally (2019: \$1.0 billion).

#### Hedging strategy

##### i) Fixed rate debt

Where fixed rate debt is issued, the Group may enter interest rate derivatives to manage the change in fair value of fixed rate debt obligations, arising from changes in variable interest rates. On 11 June 2020 the Group disposed of \$835.0 million notional value of interest rate swaps designated as fair value hedges of USD Senior notes. As a result, hedge accounting was discontinued. At 30 June 2020, no derivative financial instruments hedging the fair value of fixed rated debt obligations were outstanding.

##### ii) Margin income

Interest rate risk is managed in accordance with Board approved policy, which sets out minimum/maximum thresholds with respect to currency and maturities of margin income balances. Floating rate debt is considered a natural hedge against margin income balances and forms part of the hedge allocation required to meet policy guidelines. The Group also uses interest rate swaps designated as cash flow hedges to manage the variability of cash flows attributable to changes in interest rates associated with highly probable interest earned on client balances (margin income).

On 11 June 2020 the Group disposed of \$300.0 million notional value of interest rate swaps designated as cash flow hedges of margin income. At 30 June 2020, \$110.6 million notional value interest rate swaps were outstanding.

#### Interest rate sensitivity

The table below provides an indication of sensitivity of the Group's profit before tax and other components of equity to movements in interest rates with all other variables held constant.

	2020 \$000		2019 \$000	
Movement in basis points	+50	-50	+50	-50
<b>Sensitivity of profit before tax</b>				
AUD	955	(955)	1,006	(1,006)
USD	(399)	399	(792)	796
CAD	468	(468)	535	(535)
GBP	(1,136)	1,136	(1,464)	1,464
EUR	(306)	306	(309)	309
CHF	(1,588)	1,588	(1,655)	1,655
Other	261	(261)	227	(227)
Total	(1,745)	1,745	(2,452)	2,456
<b>Sensitivity of other components of equity</b>				
USD	(51)	51	(6,379)	6,519
AUD	(453)	464	-	-

The sensitivity of profit before tax is the effect of assumed reasonably possible changes in interest rates for one year, based on the on-balance sheet floating rate financial assets and liabilities as at 30 June 2020. Other components of equity change as a result of an increase/decrease in the fair value of cash flow hedges. The total sensitivity analysis is based on the assumption that there are parallel shifts in the yield curve.



The above sensitivity calculation includes the impact of changes in interest rates on the fair value of recognised derivatives but excludes the impact on interest income derived from certain client balances. Client balances have been excluded from the sensitivity analysis where they are not reflected in the Group's consolidated statement of financial position. Interest income is earned on these balances at various fixed and floating interest rates. In a rising interest rate environment, client balances that earn interest income will result in an increase to profit, while in a falling interest rate environment, client balances that earn interest income will result in a decrease to profit.

Total margin income generated on client balances for the year was \$199.4 million (2019: \$246.5 million), reflecting a yield of 1.16% (2019: 1.33%) on average client balances. The significant fall in interest rates across the globe during March and April 2020 in response to the economic impacts of Covid-19, negatively impacted margin income in the fourth quarter. If the Group was able to achieve an additional yield of 0.25% on the total average balances of \$17.2 billion held during the reporting period, the Group's profit before tax would have increased by \$43.0 million (-0.25%: \$43.0 million decrease).

### (b) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the relevant entity's functional currency.

Entities within the Group typically enter into external transactions and recognise external assets and liabilities that are denominated in their functional currency. Whilst a number of entities within the Group hold bank account balances in a currency which is not their local functional currency, these balances do not expose the Group to significant foreign exchange risk.

Foreign currency translation risk also arises from net investments in foreign operations held in Europe, Canada, South Africa and Asia Pacific. Accordingly, the Group's financial position can be affected significantly by movements in the relevant currency exchange rate when translating into the consolidated entity's presentation currency, the United States dollar.

#### *Hedging strategy*

The risk of changes in the net investments in foreign operations as a result of movements in foreign exchange rates is hedged through a combination of foreign denominated borrowings and cross-currency swaps, in currencies that match the currencies of the Group's foreign operations.

#### *Exchange rate sensitivity*

The following table illustrates the sensitivity of the Group's net assets (after hedging), with all other variables held constant, to movements in the United States dollar against foreign currencies as at 30 June 2020. The currencies with largest impact on the sensitivity analysis are Canadian dollar, Australian dollar and Great British pound.

	2020 \$000		2019 \$000	
Movement in exchange rates %	+5%	-5%	+5%	-5%
<b>Sensitivity of other components of equity</b>				
Canadian dollar	<b>(13,510)</b>	<b>13,510</b>	(15,100)	15,100
Australian dollar	<b>(17,752)</b>	<b>17,752</b>	(20,999)	20,999
Great British pound	<b>10,031</b>	<b>(10,031)</b>	9,901	(9,901)

### (c) Credit risk

Credit exposure represents the extent of credit related losses that the consolidated entity may be subject to on amounts to be received from financial assets, which include receivables, loan servicing advances, cash and cash equivalents and other financial instruments. The consolidated entity, while exposed to credit related losses in the event of non-payment by clients, does not expect any significant clients to fail to meet their obligations. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets and consequently, the consolidated entity does not hold any collateral as security.

The consolidated entity's exposure to credit risk is as indicated by the carrying amounts of its financial assets. The Group's maximum exposure to credit risk for cash and cash equivalents at 30 June 2020 was \$667.6 million; \$597.3 million as outlined in the statement of financial position and an additional \$70.2 million escrow cash held in a Group bank account at balance date, which has not been recognised in the statement of financial position at year-end. Payment instructions were entered on 30 June 2020 to return these funds to the relevant escrow account which settled on 1 July 2020.

Concentrations of credit risk exist when clients have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The consolidated entity's concentration of credit risk is minimised due to transactions with a large number of clients in various countries and industries. Issuer services and plans services transacts with various listed companies across a number of countries. The consolidated entity does not have a significant exposure to any individual client.

Transactions involving derivative financial instruments are with counterparties with whom the Group has signed International Swaps and Derivatives Association (ISDA) agreements and who maintain sound credit arrangements. To supplement credit ratings of counterparties the Group has a Board approved policy on managing client balance exposure and derivative instrument exposure.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (d) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding. The Group has staggered its various debt maturities to reduce re-financing risk. Whilst impacted by acquisitions from time to time, the Group maintains sufficient cash balances and committed credit facilities to meet ongoing commitments.

Maturity information for the Group's debt facility is as follows:

Maturity profile (in the 12 months ending)	Debt facilities utilised \$million	Committed debt facilities \$million
June 2021	287.5	540.0
June 2022	220.0	220.0
June 2023	424.8	450.0
June 2024	451.5	770.0
June 2025	-	-
June 2026	200.0	200.0
June 2027	-	-
June 2028	-	-
June 2029	350.0	350.0
<b>Total</b>	<b>1,933.8</b>	<b>2,530.0</b>

The Group responded to the increased liquidity and refinancing risks as a consequence of the Covid-19 pandemic by extending borrowings that were due to mature in April 2021 and July 2021. Additionally, cash proceeds from the unwind of interest rate swaps in June were used to enhance liquidity and reduce debt.

For information on debt refinancing activities during the period refer to note 14.

### Maturities of financial liabilities

The table below breaks down the Group's financial liabilities into relevant maturity groupings.

The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps, the cash flows have been estimated using the forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities	Less than 1 year \$000	Between 1-5 years \$000	More than 5 years \$000	Total contractual cash flows \$000
<b>As at 30 June 2020</b>				
<b>Non-derivatives</b>				
Trade payables	14,682	-	-	14,682
Other payables	480,055	1,052	-	481,107
Borrowings	341,329	1,248,351	607,630	2,197,310
Lease liabilities (undiscounted)	49,512	151,907	94,562	295,981
<b>Total non-derivatives</b>	<b>885,578</b>	<b>1,401,310</b>	<b>702,192</b>	<b>2,989,080</b>
<b>Derivatives</b>				
Gross settled (cross currency swaps)				
- (Inflow)	(556,465)	-	-	(556,465)
- Outflow	554,064	-	-	554,064
<b>Total derivatives</b>	<b>(2,401)</b>	<b>-</b>	<b>-</b>	<b>(2,401)</b>
<b>As at 30 June 2019</b>				
<b>Non-derivatives</b>				
Trade payables	17,068	-	-	17,068
Other payables	472,847	6,632	-	479,479
Borrowings	141,990	1,548,173	631,330	2,321,493
Lease liabilities (undiscounted)	2,114	6,109	-	8,223
<b>Total non-derivatives</b>	<b>634,019</b>	<b>1,560,914</b>	<b>631,330</b>	<b>2,826,263</b>
<b>Derivatives</b>				
Gross settled (cross currency swaps)				
- (Inflow)	(458,590)	-	-	(458,590)
- Outflow	449,434	-	-	449,434
<b>Total derivatives</b>	<b>(9,156)</b>	<b>-</b>	<b>-</b>	<b>(9,156)</b>

## (e) Fair value measurements

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The measurement hierarchy used is as follows:

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period for identical assets and liabilities. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. This includes inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Such instruments include derivative financial instruments and the portion of borrowings included in the fair value hedge.

Specific valuation techniques used to value financial instruments are as follows:

- › Quoted market prices or dealer quotes are used for similar instruments.
- › The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- › The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- › The fair value of cross currency swaps is a combination of the fair value of forward foreign exchange contracts determined using forward exchange rates at the balance sheet date (for the final principal exchange) and the use of quoted market prices or dealer quotes for similar instruments (for the basis valuation).
- › The fair value of interest rate swaptions is calculated using the Black-Scholes formula and quoted market prices.

**Level 3:** Valuation methodology of the asset or liability uses inputs that are not based on observable market data (unobservable inputs). This is the case of investments in unconsolidated structured entities (refer to note 13), which are included in the financial assets at fair value and deferred consideration (note 24) arising from business combinations.

The amount of contingent consideration recognised on business combinations is typically referenced to revenue or EBITDA targets. The Group estimates the fair value of the expected future payments based on the terms of each earn-out agreement and management's knowledge of the business taking into account the likely impact of the current economic environment. Contingent consideration amounts are re-measured every reporting period based on most recent projections. Gains or losses arising from changes in fair value are recognised in profit or loss in the period in which they arise.

The fair value of the investment in structured entities is determined by reference to the interest in net assets of these entities, which approximate their fair values. As profits are realised and dividends are paid to investors, the net assets of these entities decrease and so does the fair value of the Group's investment.

The following tables present the Group's financial assets and liabilities measured and recognised at fair value at 30 June 2020. The comparative figures are also presented below.

<b>As at 30 June 2020</b>	<b>Level 1 \$000</b>	<b>Level 2 \$000</b>	<b>Level 3 \$000</b>	<b>Total \$000</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss	16,976	2,651	38,065	57,692
<b>Total assets</b>	<b>16,976</b>	<b>2,651</b>	<b>38,065</b>	<b>57,692</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	-	3,456	-	3,456
Deferred consideration	-	-	17,581	17,581
<b>Total liabilities</b>	<b>-</b>	<b>3,456</b>	<b>17,581</b>	<b>21,037</b>
<b>As at 30 June 2019</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	23,352	64,649	38,646	126,647
<b>Total assets</b>	<b>23,352</b>	<b>64,649</b>	<b>38,646</b>	<b>126,647</b>
<b>Liabilities</b>				
Borrowings	-	885,010	-	885,010
Financial liabilities at fair value through profit or loss	-	4,009	-	4,009
Deferred consideration	-	-	31,797	31,797
<b>Total liabilities</b>	<b>-</b>	<b>889,019</b>	<b>31,797</b>	<b>920,816</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the changes in level 3 items for the periods ended 30 June 2020 and 30 June 2019:

	Financial assets at fair value through profit or loss		Deferred consideration liability	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
<b>Opening balance at 1 July</b>	<b>38,646</b>	-	<b>(31,797)</b>	(55,542)
Change in accounting policy	-	25,409	-	-
<b>Restated balance at the beginning of the financial year</b>	<b>38,646</b>	25,409	<b>(31,797)</b>	(55,542)
Payments	-	-	<b>15,180</b>	24,453
Additions	<b>8,519</b>	16,227	<b>(1,750)</b>	(994)
Return of capital	<b>(9,100)</b>	(2,583)	-	-
Gains/(losses) recognised in profit or loss	-	(407)	-	(702)
Currency translation difference	-	-	<b>786</b>	988
<b>Closing balance at 30 June</b>	<b>38,065</b>	38,646	<b>(17,581)</b>	(31,797)

### Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, receivables, loan servicing advances, payables, non-interest bearing liabilities, lease liabilities and loans approximate their fair values for the Group except for the unhedged portion of USD Senior Notes of \$1,088.3 million (2019: \$155.0 million), where the fair value based on level 2 valuation techniques described above was \$1,113.7 million as at 30 June 2020 (2019: \$164.4 million).

## 13. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at fair value through profit or loss:

- > debt securities that do not qualify for measurement at either amortised cost or fair value through other comprehensive income;
- > derivatives, which are mandatorily measured at fair value through profit or loss;
- > equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income; and
- > investments in structured entities.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Gains or losses from subsequent re-measurement to fair value at each balance date are recognised in profit or loss.

Financial assets	2020 \$000	2019 \$000
<b>Current</b>		
Debt securities	<b>15,853</b>	22,078
Derivative assets (b)	<b>2,072</b>	2,030
Equity securities	<b>54</b>	139
	<b>17,979</b>	24,247
<b>Non-current</b>		
Investment in structured entities (a)	<b>35,565</b>	38,646
Derivative assets (b)	<b>579</b>	62,619
Equity securities	<b>3,569</b>	1,135
	<b>39,713</b>	102,400
<b>Financial liabilities</b>		
<b>Current</b>		
Derivative liabilities (b)	<b>3,456</b>	3,265
	<b>3,456</b>	3,265
<b>Non-current</b>		
Derivative liabilities (b)	-	744
	-	744

### (a) Investment in structured entities

Non-current financial assets include \$35.6 million of investments in unconsolidated structured entities (2019: \$38.6 million). An overseas subsidiary of the Group occasionally sells economic benefits and obligations associated with mortgage servicing rights to unconsolidated structured entities while retaining a 20% interest in these entities. An unaffiliated third party, which owns 80% of the structured entities as asset manager, provides investment opportunities to investors and is considered a sponsor of these entities. The overseas subsidiary of the Group continues to service the loans associated with the mortgage servicing rights sold to the structured entities and receives compensation for providing such services.

The structured entities are designed to hold assets that will generate cash flows for their investors. The acquisition of these assets is fully funded at inception and future financial support is not expected to be required. As there is no obligation to provide further funding, the exposure to loss from the Group's interest in the structured entities is limited to the carrying amount of the investment.

### (b) Derivative financial instruments

The Group uses derivative financial instruments to manage specifically identified interest rate and foreign currency risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain financial instruments, including derivatives, as either hedges of net investments in a foreign operation; hedges of firm commitments or highly probable forecast transactions (cash flow hedges); or fair value hedges. Refer to note 11 for further information on the Group's hedging instruments.

	2020 \$000	2019 \$000
<b>Derivative assets</b>		
Current	2,072	2,030
Non-current	579	62,619
	<b>2,651</b>	<b>64,649</b>
<b>Derivative assets - current and non-current</b>		
Fair values of interest rate derivatives designated as cash flow hedges	1,114	7,849
Fair values of cross currency derivatives designated as hedge of net investment	308	814
Fair values of cross currency derivatives designated as cash flow hedges	130	-
Fair values of interest rate derivatives designated as fair value hedges	-	54,786
Fair value of derivatives for which hedge accounting has not been applied	1,099	1,200
Total derivative assets	<b>2,651</b>	<b>64,649</b>
<b>Derivative liabilities</b>		
Current	3,456	3,265
Non-current	-	744
	<b>3,456</b>	<b>4,009</b>
<b>Derivative liabilities - current and non-current</b>		
Fair values of cross currency derivatives designated as hedge of net investment	3,456	3,265
Fair value of derivatives for which hedge accounting has not been applied	-	744
Total derivative liabilities	<b>3,456</b>	<b>4,009</b>

## 14. BORROWINGS

Borrowings are initially recognised at fair value and are subsequently measured at amortised cost unless designated in a fair value hedge relationship. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the borrowing period using the effective interest method. Borrowings are classified as current liabilities unless the Group has a legal right to defer settlement of the liability for at least 12 months after the balance sheet date.

	2020 \$000	2019 \$000
<b>Current</b>		
Bank loans (SLS non-recourse advance facility) (a)	178,154	61,068
ANZ syndicated facility (b)	99,919	-
Other bank loans (c)	9,337	11,526
	<b>287,410</b>	<b>72,594</b>
<b>Non-current</b>		
Bank loans (SLS non-recourse advance facility) (a)	-	160,880
USD Senior Notes (d)	1,088,346	1,037,160
Revolving syndicated bank facilities (e)	654,064	757,940
	<b>1,742,410</b>	<b>1,955,980</b>

(a) The borrowings of the overseas subsidiary engaged in mortgage servicing activities are secured against the loan servicing advances without recourse to the Group.

(b) On 12 March 2020, Computershare Limited executed a bilateral facility of \$100.0 million with Australia and New Zealand Banking Group Limited, maturing in March 2021. The facility was fully drawn at 30 June 2020.

(c) Other bank loans include warehouse facility held by LenderLive Network, LLC.

(d) On 9 February 2012, Computershare Investor Services Inc., a controlled entity, issued 62 notes in the United States with a total value of \$550.0 million. These notes were for tenors of six, seven, ten and twelve years. The six and seven-year notes with a total value of \$110.0 million were repaid during prior years. On 20 November 2018, Computershare US Inc. issued 24 notes in the United States with a total value of \$550.0 million. These notes were for a tenor of seven and ten years. Fixed interest is paid on all the issued notes on a semi-annual basis.

During the year, the Group used interest rate derivatives to manage the fixed interest exposure. The following table provides a reconciliation of the USD Senior Notes.

### USD Senior Notes Reconciliation

USD Senior Notes at cost	990,000	990,000
Fair value adjustments	98,346	47,160
<b>Total net debt</b>	<b>1,088,346</b>	<b>1,037,160</b>
Interest rate derivative - fair value hedge	-	(54,786)
<b>Total</b>	<b>1,088,346</b>	<b>982,374</b>

On 11 June 2020, the Group disposed \$835.0 million notional value interest rate derivatives hedging the USD Senior Notes (note 12). On disposal, the hedge relationship was discontinued. The gain from re-measuring the interest rate derivatives at fair value was recognised immediately in the statement of comprehensive income along with the change in fair value of the USD Senior Notes, to the date of disposal. From this date, the USD Senior notes cease to be adjusted for changes in fair value. The fair value adjustment is amortised to interest expense in the income statement, on an effective interest basis, over the remaining term of the USD Senior Notes.

The fair value adjustments at 30 June 2020 represent loan origination fees and the revaluation of the hedged portion of the USD Senior Notes to the date hedge accounting was discontinued, less the interest expense amortised to the income statement. All of the USD Senior Notes were unhedged as at 30 June 2020 (2019: \$155.0 million unhedged).

(e) The consolidated entity maintains revolving syndicated facilities that were executed on 11 April 2018. The first facility is a multi-currency facility of \$450.0 million maturing on 17 April 2023. The second facility was a USD only facility of \$450.0 million initially maturing on 17 April 2021 that was subsequently refinanced effective 30 June 2020.

A bilateral debt facility was executed on 28 June 2018. This was a multi-currency facility of \$100.0 million with \$50.0 million initially maturing on 5 July 2021 and \$50.0 million maturing on 5 July 2023.

The consolidated entity undertook the refinancing of the \$450.0 million revolving syndicated facility maturing 17 April 2021 and the \$50.0 million bilateral facility maturing 5 July 2021. These facilities were combined to form a \$500.0 million revolving syndicated facility maturing on 30 June 2024. The new facility became effective 30 June 2020.

The revolving syndicated facilities were drawn to an equivalent of \$606.1 million at 30 June 2020. The bilateral facility was drawn to an equivalent of \$50.0 million at 30 June 2020. The facilities are subject to negative pledge undertakings and impose certain covenants upon the consolidated entity. The Group has complied with the negative pledge undertakings and covenants imposed on it for the year ended 30 June 2020.



## 15. RECEIVABLES

	2020 \$000	2019 \$000
<b>Current</b>		
Trade receivables	206,952	205,245
Unbilled receivables	191,908	238,324
Less: allowance for expected credit losses	(16,316)	(10,877)
	<b>382,544</b>	432,692
Other non-trade amounts	43,921	50,609
	<b>426,465</b>	483,301
<b>Non-current</b>		
Other	2,184	2,639
	<b>2,184</b>	2,639

### Trade and unbilled receivables

Trade receivables and unbilled receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, net of allowances for expected credit losses. Trade receivables generally have settlement terms of 30 days and are therefore classified as current. The right to receive consideration is unconditional.

### Impairment

The Group applies the simplified approach to measure Expected Credit losses (ECLs), which uses a lifetime expected loss allowance for all trade and unbilled receivables. To measure the expected credit losses, trade and unbilled receivables have been grouped based on shared credit risk characteristics and days past due. The Group has established a provision matrix that is based on the payment profile of customers and the corresponding historical credit loss experience, adjusted for current and forward-looking factors specific to the debtors and the economic environment. Trade and unbilled receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst other things, a finalisation of formal liquidation or other proceedings.

The Group has assessed the impact of Covid-19 and its potential to affect customers' repayment ability. The Group undertook an extensive review of aged receivables across all regions in which the Group operates. This review included identifying any customers that were in financial difficulty due to the pandemic, reviewing large customers in industries significantly impacted, reviewing ageing and emerging collection issues in the second half of the financial year and considering the macroeconomic factors specific to each region. Based on this assessment, the Group recorded a modest increase in the Group's ageing of receivables and loss allowance at 30 June 2020. A loss allowance has not been recognised in respect of other non-trade amounts, due to the nature of the receivables and no historical losses.

An analysis of trade and unbilled receivables and the associated allowance for expected credit losses is as follows:

	Trade and unbilled receivables		Loss allowance		Net receivables	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Current	301,755	358,921	(4,078)	(3,228)	297,677	355,693
Less than 30 days overdue	45,402	45,877	(616)	(451)	44,786	45,426
Between 30 and 60 days overdue	12,874	13,355	(499)	(365)	12,375	12,990
Between 60 and 90 days overdue	10,675	5,891	(612)	(544)	10,063	5,347
Between 90 and 120 days overdue	6,670	5,001	(1,045)	(692)	5,625	4,309
More than 120 days overdue	21,484	14,524	(9,466)	(5,597)	12,018	8,927
<b>Total</b>	<b>398,860</b>	443,569	<b>(16,316)</b>	(10,877)	<b>382,544</b>	432,692

Movement in the allowance for expected credit losses is as follows:

	2020 \$000	2019 \$000
<b>Loss allowance</b>		
<b>Opening balance at 1 July</b>	<b>(10,877)</b>	(9,997)
Change in accounting policy	-	(6,050)
<b>Restated balance at the beginning of the financial year</b>	<b>(10,877)</b>	(16,047)
(Increase)/decrease in loss allowance recognised in profit or loss during the year	<b>(6,496)</b>	(1,513)
Receivables written off during the year as uncollectible	2,174	6,049
Acquisition of entities and businesses	(1,177)	-
Other	-	588
Currency translation differences	60	46
<b>Closing balance at 30 June</b>	<b>(16,316)</b>	(10,877)

## 16. LOAN SERVICING ADVANCES

	2020 \$000	2019 \$000
<b>Current</b>		
Loan servicing advances	267,016	281,458

Loan servicing advances are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

An overseas subsidiary performing loan servicing activities regularly makes payments on behalf of mortgagors related to taxes, insurance, principal and interest. The receivable represents the total value of these payments yet to be recovered. In general, the overseas subsidiary is reimbursed for advances from collections from the relevant pool of mortgages. In the event that pool level collections are not adequate for full reimbursement, the outstanding advances receive priority over any other liability from the proceeds from the liquidation of the property. Although it takes longer than 12 months for a portion of the loan servicing receivables to be collected, all servicing advances are classified as current. This reflects the fact that collections occur within the normal operating cycle of the overseas subsidiary.

### Impairment

The Group applies the AASB 9 general approach to measuring expected credit losses on loan servicing advances. The loss allowance is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the historical losses, existing market conditions, expectations of future advances and recoverability of outstanding advances from liquidation of the underlying property.

In response to Covid-19 pandemic, the Group reviewed expected credit losses related to advances. Computershare has considered current and forward-looking information in its assessment, including housing market information and current property valuations, and the protection mechanisms in place to ensure recoverability of advances. Although there has been an increase in certain activities such as forbearance programs, loan modification programs and servicing advances in recent months, collectability of advances continues to be well protected. Therefore, there has not been an increase in the total value of expected credit losses at 30 June 2020.

Movement in the allowance for expected credit losses for is as follows:

	2020 \$000	2019 \$000
<b>Loss allowance</b>		
<b>Opening balance at 1 July</b>	2,588	976
Increase in loss allowance recognised in profit or loss during the year	1,238	3,222
Amounts written off as uncollectible	(1,574)	(1,610)
<b>Closing balance at 30 June</b>	2,252	2,588

## 17. OTHER FINANCIAL ASSETS

### Current

Client deposits <sup>1</sup>	51,642	59,126
Broker deposits <sup>2</sup>	8,301	7,970
	<b>59,943</b>	<b>67,096</b>

1 A subsidiary located in Switzerland is a registered broker-dealer and custodian of clients' assets. Client monies it manages as part of providing plan managers services meet criteria for on-balance sheet recognition as other financial assets, together with a corresponding liability (note 22).

2 A subsidiary located in Canada is a licensed deposit taker. This subsidiary accepts deposits in its own name, and records these funds as other financial assets together with a corresponding liability (note 22). The deposits are insured through a local regulatory authority.

Client and broker deposits are recognised initially at fair value and subsequently measured at amortised cost.

## 18. INVENTORIES

Raw materials and stores, at cost	5,113	4,654
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Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to sell.

## 19. OTHER ASSETS

	2020 \$000	2019 \$000
<b>Current</b>		
Set-up fees	825	2,789
Other	2,601	721
	<b>3,426</b>	<b>3,510</b>
<b>Non-current</b>		
Set-up fees	1,088	9,251
	<b>1,088</b>	<b>9,251</b>

### Set-up fees

Where upfront client fees have been deferred and the related implementation costs can be measured reliably, they are capitalised and amortised straight-line over the same period. In the year ended 30 June 2020, amortisation of \$10.4 million (2019: \$2.2 million) was recognised in the statement of comprehensive income relating to capitalised set-up fees.

## 20. PROPERTY, PLANT AND EQUIPMENT

	Land \$000	Buildings \$000	Plant and Equipment \$000	Fixtures and Fittings \$000	Leasehold improve- ments \$000	Total \$000
<b>At 1 July 2019</b>						
Opening net book amount	8,415	27,882	77,710	4,980	17,625	136,612
Change in accounting policy (note 1a)	-	(350)	(6,063)	-	-	(6,413)
<b>Restated balance at the beginning of the financial year</b>	<b>8,415</b>	<b>27,532</b>	<b>71,647</b>	<b>4,980</b>	<b>17,625</b>	<b>130,199</b>
Acquisition of entities and businesses	-	-	-	16	113	129
Additions	-	143	18,983	385	4,532	24,043
Disposals	-	-	(95)	(7)	(32)	(134)
Depreciation charge	-	(1,398)	(25,659)	(1,825)	(5,369)	(34,251)
Currency translation differences	(253)	(771)	(935)	7	(24)	(1,976)
Transfers and other	-	(729)	(7,916)	-	729	(7,916)
<b>Closing net book amount</b>	<b>8,162</b>	<b>24,777</b>	<b>56,025</b>	<b>3,556</b>	<b>17,574</b>	<b>110,094</b>
Cost	8,162	35,651	258,494	29,311	46,974	378,592
Accumulated depreciation	-	(10,874)	(202,469)	(25,755)	(29,400)	(268,498)
<b>At 30 June 2020</b>	<b>8,162</b>	<b>24,777</b>	<b>56,025</b>	<b>3,556</b>	<b>17,574</b>	<b>110,094</b>
<b>At 1 July 2018</b>						
Opening net book amount	10,580	32,324	53,582	4,590	14,173	115,249
Acquisition of entities and businesses	-	-	2,553	147	346	3,046
Additions	-	398	49,173	2,706	9,572	61,849
Disposals	(1,879)	(1,702)	(48)	(10)	(13)	(3,652)
Depreciation charge	-	(1,510)	(26,611)	(2,382)	(7,036)	(37,539)
Currency translation differences	(286)	(1,037)	(939)	(71)	(8)	(2,341)
Transfers and other	-	(591)	-	-	591	-
<b>Closing net book amount</b>	<b>8,415</b>	<b>27,882</b>	<b>77,710</b>	<b>4,980</b>	<b>17,625</b>	<b>136,612</b>
Cost	8,415	38,687	276,665	29,286	36,264	389,317
Accumulated depreciation	-	(10,805)	(198,955)	(24,306)	(18,639)	(252,705)
<b>At 30 June 2019</b>	<b>8,415</b>	<b>27,882</b>	<b>77,710</b>	<b>4,980</b>	<b>17,625</b>	<b>136,612</b>

Property, plant and equipment are stated at historical costs less accumulated depreciation and impairment. Cost includes the purchase price and expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use.

**Depreciation**

Items of property, plant and equipment excluding freehold land are depreciated on a straight line basis over their estimated useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation expense has been determined based on the following typical rates of depreciation:

- > Buildings (2.5% per annum)
- > Plant and equipment (10% to 50% per annum)
- > Fixtures and fittings (13% to 50% per annum)

Leasehold improvements are depreciated over the shorter of the useful life of the improvements or the term of the lease.

**21. LEASES**

The Group leases various properties, computer equipment, motor vehicles and other items of plant and equipment. Leases vary in contract term, with renewal at the option of the Group. The Group's leases mainly relate to property.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. For information on the adoption of AASB 16 Leases, refer to note 1a.

**Lease Liabilities**

	<b>2020 \$000</b>	2019 \$000
Current	<b>43,159</b>	1,931
Non-current	<b>158,910</b>	5,804
	<b>202,069</b>	7,735

Lease liabilities include the net present value of the following lease payments:

- > fixed payments, less any lease incentives receivable;
- > variable lease payments that depend on an index or rate;
- > any amounts expected to be payable under residual value guarantees;
- > the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- > payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method. When there is a change in lease term or a change in future lease payments, lease liabilities are remeasured, with a corresponding adjustment to lease assets.

**Right-of-use assets**

	<b>2020 \$000</b>
Buildings	<b>166,482</b>
Plant and Equipment	<b>12,739</b>
Motor Vehicles	<b>811</b>
Total	<b>180,032</b>

Additions to the right-of-use assets during the year were \$19.7 million.

Right-of-use assets are measured at cost comprising the following:

- > the amount of the initial measurement of lease liability
- > any lease payments made at or before the commencement date less any lease incentives received
- > any initial direct costs, and
- > restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

**Short-term and low-value leases**

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets largely comprise IT equipment and small items of office furniture.

## Amounts recognised in the Profit or Loss related to lease activities

Profit before tax includes the following amounts related to leases:

	<b>2020 \$000</b>
Depreciation of leased buildings	40,628
Depreciation of leased plant and equipment	2,331
Depreciation of leased motor vehicles	262
<b>Total depreciation of right-of-use assets</b>	<b>43,221</b>
Interest expense on lease liabilities	7,366
Expenses related to short-term and low-value leases	2,852

## Commitments for leases not yet commenced

At 30 June 2020, the Group had committed to leases which had not yet commenced. Accordingly, these lease contracts are not included in the calculation of the Group's lease liability. At 30 June 2020, potential future cash flows of \$64.5 million (undiscounted) have not been included in the lease liability because the leased asset is not yet available for use.

## Extension and termination options

Extension and termination options are included in a number of leases across the Group. In determining the lease term, management considers all the facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The total potential future lease payments (undiscounted) that have not been included in the lease liability, because it is not reasonably certain that the leases will be extended (or not terminated), is summarised as follows:

<b>Undiscounted potential future lease payments</b>	<b>5 years or less \$000</b>	<b>Greater than 5 years \$000</b>	<b>Total \$000</b>
As at 30 June 2020	17,635	57,255	<b>74,890</b>

## 22. PAYABLES

	<b>2020 \$000</b>	2019 \$000
<b>Current</b>		
Trade payables - unsecured	<b>14,682</b>	17,068
Expense accruals	<b>151,609</b>	164,524
Contract liabilities <sup>1</sup>	<b>38,182</b>	30,465
Interest payable	<b>19,329</b>	14,779
GST/VAT payable	<b>30,229</b>	22,844
Broker client deposits (note 17)	<b>59,943</b>	67,096
Employee entitlements	<b>28,969</b>	23,384
Unredeemed childcare vouchers	<b>85,159</b>	77,651
Other payables	<b>66,635</b>	72,104
	<b>494,737</b>	489,915
<b>Non-current</b>		
Other payables	<b>1,052</b>	6,632
	<b>1,052</b>	6,632

## Trade and other payables

Trade and other payables represent liabilities for those goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## Contract liabilities<sup>1</sup>

A contract liability arises when Computershare has received consideration for performance obligations that have not yet been satisfied, including deferred revenue and upfront fees. Revenue is recognised over the life of the relevant contract term as performance obligations are satisfied.

## 23. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the Group's best estimate of the expenditure required to settle the present obligation at the reporting date and discounted to present value where the impact of discounting is material. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

	2020 \$000	2019 \$000
<b>Current</b>		
Restructuring	19,408	12,395
Unredeemed voucher provision	11,442	9,377
Acquisitions related	7,951	2,563
Tax related	6,635	6,700
Legal	11,501	5,861
Prepayment protection	4,890	-
Lease related	1,266	1,640
Other	7,770	6,634
	<b>70,863</b>	<b>45,170</b>
<b>Non-current</b>		
Employee entitlements	12,778	13,097
Acquisitions related	9,800	9,800
Prepayment protection	2,610	-
Other	-	5
	<b>25,188</b>	<b>22,902</b>

### Restructuring

Restructuring provisions are recognised when a detailed plan for restructuring has been developed and a valid expectation has been raised with the affected employees that the terminations will be carried out.

### Unredeemed vouchers

The unredeemed voucher provision is recognised for the expected usage of unredeemed childcare vouchers over two years old.

### Tax related

Tax related provisions relate to potential tax liabilities associated with prior years' business activities.

### Legal

Legal provisions represent cash outflows expected to cover legal claims made against the Group. The status of all claims is monitored on a regular basis.

### Prepayment protection

As part of a transaction for the sale of excess servicing rights during the year, the Group provided prepayment protection to the counterparty over a two-year period. As a result, the Group has recognised a provision for the amount estimated to compensate the counterparty for shortfalls in cash flows, where prepayments of the unpaid principal balance exceed a certain percentage.

### Lease related

Lease related provisions represent costs to restore leased premises to their original condition at the end of the respective lease terms.

### Acquisitions related

Acquisition related provisions relate to significant provisions acquired as part of business combinations and are first recognised at the date of acquisition.

## Employee entitlements

Employee entitlements provision represents long service leave and other employee entitlements. Where payments to the employee are not expected to be settled wholly within 12 months, they are measured as the present value of expected future payments for the services provided by employees up to the reporting date.

Liability for benefits accruing to employees in relation to employee bonuses and annual leave is recognised in payables.

Movements in each class of current provision during the financial year are set out below.

	Restructuring \$000	Unredeemed voucher provision \$000	Acquisitions related \$000	Tax related \$000	Legal \$000	Pre- payment protection \$000	Lease related \$000	Other \$000	Total \$000
Carrying amount at start of year	12,395	9,377	2,563	6,700	5,861	-	1,640	6,634	45,170
Additions	15,445	6,711	9,623	-	6,050	4,890	177	3,771	46,667
Payments	(7,195)	(4,362)	(1,460)	(65)	(1,475)	-	(271)	(2,100)	(16,928)
Reversals	(1,100)	-	(3,025)	-	-	-	(253)	(419)	(4,797)
Other	-	-	-	-	1,065	-	-	-	1,065
Foreign exchange movements	(137)	(284)	250	-	-	-	(27)	(116)	(314)
Carrying amount at end of year	<b>19,408</b>	<b>11,442</b>	<b>7,951</b>	<b>6,635</b>	<b>11,501</b>	<b>4,890</b>	<b>1,266</b>	<b>7,770</b>	<b>70,863</b>

Movements in each class of non-current provision during the financial year, other than employee entitlements, are set out below.

	Acquisitions related \$000	Prepayment protection \$000	Other \$000	Total \$000
Carrying amount at start of year	9,800	-	5	9,805
Additions	-	2,610	-	2,610
Payments	-	-	(5)	(5)
Carrying amount at end of year	<b>9,800</b>	<b>2,610</b>	<b>-</b>	<b>12,410</b>

## 24. DEFERRED CONSIDERATION

	2020 \$000	2019 \$000
<b>Current</b>		
Deferred settlements on acquisition of entities	<b>8,045</b>	15,487
<b>Non-current</b>		
Deferred settlements on acquisition of entities	<b>9,536</b>	16,310

Non-current deferred settlements on acquisition of entities are payable in between one and three years.



## 25. MORTGAGE SERVICING RELATED LIABILITIES

	2020 \$000	2019 \$000
<b>Current</b>		
Mortgage servicing related liabilities	43,766	35,024
<b>Non-current</b>		
Mortgage servicing related liabilities	210,388	178,596

Mortgage servicing related liabilities represent the portion of the economic benefits of mortgage servicing rights that has been transferred to third parties. The liabilities are amortised over the same useful life as the related mortgage servicing rights (note 9).

## 26. INTERESTS IN EQUITY

	Members of the parent entity		Non-controlling interests	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Interest in the equity of the consolidated entity:				
Contributed equity - ordinary shares	-	-	989	989
Reserves	(172,496)	(134,551)	(2,622)	(1,987)
Retained earnings	1,761,188	1,706,427	3,260	3,193
<b>Total interests in equity</b>	<b>1,588,692</b>	<b>1,571,876</b>	<b>1,627</b>	<b>2,195</b>

## 27. CONTRIBUTED EQUITY

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders and is classified as equity. Costs directly attributable to the issue of new shares are recognised directly in equity as a deduction, net of tax, from the proceeds.

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

### Share buy-back

On 14 August 2019, Computershare announced an on-market buy-back of shares with an aggregate value of AUD 200.0 million for capital management purposes, which commenced on 3 September 2019.

From 3 September 2019 until 31 October 2019, the Company purchased and cancelled 2,076,275 ordinary shares at a total cost of AU\$32.9 million (US\$22.1 million) with an average price of AU\$15.85 and a price range from AU\$15.42 to AU\$16.16.

Since the effect of share buy-backs over the years has reduced contributed equity to nil, a reserve has been created to reflect the excess value of shares bought over the original amount of subscribed capital. There has been no issue of ordinary shares during the year ended 30 June 2020.

Movement in contributed equity	Number of shares	\$000
Balance at 1 July 2019	542,955,868	-
Share buy-back	(2,076,275)	(22,098)
Transfer to share buy-back reserve	-	22,098
<b>Balance as at 30 June 2020</b>	<b>540,879,593</b>	<b>-</b>

## 28. RESERVES

	2020 \$000	2019 \$000
Capital redemption reserve	2	2
Foreign currency translation reserve	(88,060)	(71,190)
Share buy-back reserve	(101,558)	(79,460)
Cash flow hedge reserve	9,212	753
Share-based payments reserve	32,611	40,047
Equity related contingent consideration reserve	(8,199)	(8,199)
Transactions with non-controlling interests	(16,504)	(16,504)
	<b>(172,496)</b>	<b>(134,551)</b>
<b>Movements during the year:</b>		
<b>Foreign currency translation reserve</b>		
Opening balance	(71,190)	(81,597)
Translation of controlled entities	(20,550)	(6)
Amounts reclassified to profit or loss during the year	-	7,312
Deferred tax	3,680	3,101
Closing balance	(88,060)	(71,190)
<b>Share buy-back reserve</b>		
Opening balance	(79,460)	(79,460)
Excess value of shares bought over the original amount of subscribed capital	(22,098)	-
Closing balance	(101,558)	(79,460)
<b>Cash flow hedge reserve</b>		
Opening balance	753	(4,824)
Revaluation	12,665	8,304
Reclassified to profit or loss	(642)	(337)
Tax benefit/ (expense)	(3,564)	(2,390)
Closing balance	9,212	753
<b>Share-based payments reserve</b>		
Opening balance	40,047	42,221
Cash purchase of shares for employee and executive share plans	(25,797)	(21,671)
Share-based payments expense	18,361	19,497
Closing balance	32,611	40,047
<b>Equity related contingent consideration reserve</b>		
Opening balance	(8,199)	(8,199)
Closing balance	(8,199)	(8,199)
<b>Transactions with non-controlling interests</b>		
Opening balance	(16,504)	(16,504)
Closing balance	(16,504)	(16,504)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Nature and purpose of reserves

#### (a) Foreign currency translation reserve

On consolidation, exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve. This amount is the net of gains and losses on hedge transactions and intercompany loans after adjusting for related income tax effects. When a foreign operation is disposed, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

#### (b) Share buy-back reserve

This reserve is used to record the excess value of shares bought over the original amount of subscribed capital.

#### (c) Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be in an effective hedge relationship. Refer to note 11 for information on cash flow hedges which were disposed in the period.

#### (d) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of shares which will vest to employees under employee and executive share plans. This reserve is also used to record cash purchase of shares for employee share plans.

#### (e) Equity related contingent consideration reserve

This reserve is used to reflect deferred consideration for acquisitions which is payable through the issue of parent entity equity instruments.

#### (f) Transactions with non-controlling interests

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

## 29. RETAINED EARNINGS AND DIVIDENDS

	2020 \$000	2019 \$000
<b>Retained earnings</b>		
Retained earnings at the beginning of the financial year	1,706,427	1,455,187
Change in accounting policy (note 1a)	(10,493)	(876)
Ordinary dividends provided for or paid	(167,403)	(163,616)
Net profit attributable to members of Computershare Limited	232,657	415,732
<b>Retained earnings at the end of the financial year</b>	<b>1,761,188</b>	<b>1,706,427</b>
<b>Dividends</b>		
<b>Ordinary</b>		
Final dividend paid during the financial year in respect of the previous year, AUD 23 cents per share franked to 30% (2019 - AUD 21 cents per share fully franked)	83,864	81,821
Interim dividend paid in respect of the current financial year, AUD 23 cents per share franked to 30% (2019 - AUD 21 cents per share franked to 30%)	83,539	81,795
A final dividend in respect of the year ended 30 June 2020 was declared by the directors of the Company on 11 August 2020, to be paid on 14 September 2020. This is an ordinary dividend of AUD 23 cents per share, franked to 30%. As the dividend was not declared until 11 August 2020, a provision was not recognised as at 30 June 2020.		
<b>Dividend franking account</b>		
Franking credits available for subsequent financial years based on a tax rate of 30%	58,495	20,030

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax after the end of the year.

### 30. DETAILS OF CONTROLLED ENTITIES

The financial year-end of all controlled entities is 30 June with the exception of Computershare Canada Inc and its controlled entities, Computershare Hong Kong Investor Services Limited and its controlled entities and Computershare International Information Consultancy Services (Beijing) Company Ltd due to local statutory reporting requirements. These entities prepare results on a 30 June year end basis for consolidation purposes. Voting power is in accordance with the ownership interest held unless otherwise stated.

The consolidated financial statements as at 30 June 2020 include the following controlled entities:

Name of controlled entity	Place of incorporation		Percentage of shares held	
			2020 %	2019 %
Computershare Limited	Australia	(2)	-	-
A.C.N. 080 903 957 Pty Ltd	Australia	(1)(2)	100	100
A.C.N. 081 035 752 Pty Ltd	Australia	(1)(2)	100	100
A.C.N. 617 889 424 Pty Limited	Australia	(1)	100	100
A.C.N. 618 089 688 Pty Limited	Australia	(1)	100	100
CDS International Pty Limited	Australia	(1)(2)	100	100
Communication Services Australia Pty Limited	Australia	(1)(2)	100	100
Computershare Clearing Pty Limited	Australia	(1)	100	100
Computershare Communication Services Pty Limited	Australia	(1)(2)	100	100
Computershare Dealing Services Pty Ltd	Australia	(1)	100	100
Computershare Depository Pty Limited	Australia	(1)	100	100
Computershare Finance Company Pty Limited	Australia	(1)(2)	100	100
Computershare Investor Services Pty Limited	Australia	(1)(2)	100	100
Computershare Plan Co Pty Ltd	Australia	(1)	100	100
Computershare Plan Managers Pty Ltd	Australia	(1)	100	100
Computershare Technology Services Pty Ltd	Australia	(1)(2)	100	100
Computershare Utility Services Pty Ltd	Australia	(1)(2)	100	100
CPU Share Plans Pty Limited	Australia	(1)	100	100
CRS Custodian Pty Ltd	Australia	(1)	100	100
Financial Market Software Consultants Pty Ltd	Australia	(1)	100	100
Georgeson Shareholder Communications Australia Pty. Ltd.	Australia	(1)	100	100
Global eDelivery Group Pty Ltd	Australia	(1)	100	100
Obadele Pty Ltd	Australia	(1)(2)	100	100
Q M Industries (N.S.W.) Pty. Ltd.	Australia	(1)	100	100
Registrars Holding Pty Ltd	Australia	(1)(2)	100	100
Sepon (Australia) Pty. Limited	Australia	(1)	100	100
Source One Communications Australia Pty Ltd	Australia	(1)	100	100
Switchwise Pty Ltd	Australia	(1)	100	100
Computershare Investor Services (Bermuda) Limited	Bermuda	(1)	100	100
Computershare Investor Services (BVI) Limited	British Virgin Islands	(1)	100	100
Computershare Canada Inc.	Canada	(1)	100	100
Computershare Governance Services Ltd.	Canada	(1)	100	100
Computershare Investment Inc.	Canada	(1)	100	100
Computershare Investments (Canada) (Holdings) ULC	Canada	(1)	100	100
Computershare Investments (Canada) (No.1) ULC	Canada	(1)	100	100
Computershare Investments (Canada) (No.2) ULC	Canada	(1)	100	100
Computershare Investments (Canada) (No.3) ULC	Canada	(1)	100	100
Computershare Investments (Canada) (No.4) ULC	Canada	(1)	100	100
Computershare Investor Services Inc.	Canada	(1)	100	100
Computershare Services Canada Inc.	Canada	(1)	100	100
Computershare Technology Services Inc.	Canada	(1)	100	100
Computershare Trust Company of Canada	Canada	(1)	100	100
Georgeson Shareholder Communications Canada Inc.	Canada	(1)	100	100
RicePoint Administration Inc.	Canada	(1)	100	100
SyncBASE Inc.	Canada	(1)	100	100
Computershare Investor Services (Cayman) Limited	Cayman Islands	(1)	100	100
Computershare International Information Consultancy Services (Beijing) Company Limited	China	(1)	100	100
Computershare A/S	Denmark	(1)	100	100

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Name of controlled entity	Place of incorporation		Percentage of shares held	
			2020 %	2019 %
Georgeson Shareholder SAS	France	(1)	100	100
Computershare Communication Services GmbH	Germany	(1)	100	100
Computershare Deutschland GmbH & Co. KG	Germany	(1)	100	100
Computershare Governance Services GmbH	Germany	(1)	100	100
Computershare Verwaltungs GmbH	Germany	(1)	100	100
Equatex Deutschland GmbH	Germany		100	100
Computershare Investor Services (Guernsey) Limited	Guernsey	(1)	100	100
Computershare Asia Limited	Hong Kong	(1)	100	100
Computershare Hong Kong Development Limited	Hong Kong	(1)	100	100
Computershare Hong Kong Investor Services Limited	Hong Kong	(1)	100	100
Computershare Hong Kong Nominees Limited	Hong Kong	(1)	100	100
Computershare Hong Kong Trustees Limited	Hong Kong	(1)	100	100
Computershare Investor Services Limited	Hong Kong	(1)	100	100
Hong Kong Registrars Limited	Hong Kong	(1)	100	100
Computershare Finance Ireland Limited	Ireland	(1)	100	100
Computershare Governance Services Limited	Ireland	(1)	100	100
Computershare Investor Services (Ireland) Limited	Ireland	(1)	100	100
Computershare Nominees (Ireland) Limited	Ireland	(1)	100	100
Computershare Services Nominees (Ireland) Limited	Ireland	(1)	100	100
Computershare Trustees (Ireland) Limited	Ireland	(1)	100	100
HML Mortgage Services Ireland Limited	Ireland	(1)	100	100
Specialist Mortgage Services Ireland Limited	Ireland	(1)	100	100
Computershare Italy S.r.l.	Italy	(1)	100	100
Computershare S.p.A.	Italy	(1)	100	100
Georgeson S.r.l.	Italy	(1)	100	100
Proxitalia S.r.l.	Italy	(1)	100	100
Computershare Company Secretarial Services (Jersey) Limited	Jersey	(1)	100	100
Computershare DR Nominees Limited	Jersey	(1)	100	100
Computershare Investor Services (Jersey) Limited	Jersey	(1)	100	100
Computershare Nominees (Channel Islands) Limited	Jersey	(1)	100	100
Computershare Offshore Services Limited	Jersey	(1)	100	100
Computershare Treasury Services Limited	Jersey	(1)	100	100
Computershare Trustees (C.I.) Limited	Jersey	(1)	100	100
Computershare Trustees (Jersey) Limited	Jersey	(1)	100	100
EES Nominees International Limited	Jersey	(1)	100	100
Computershare Netherlands B.V.	Netherlands	(1)	100	100
Computershare Investor Services Limited	New Zealand	(1)	100	100
Computershare Nominees NZ Limited	New Zealand	(1)	100	100
ConnectNow New Zealand Limited	New Zealand	(1)	100	100
CRS Nominees Limited	New Zealand	(1)	100	100
Equatex Employee Services AS	Norway		100	100
Equatex Norway AS	Norway		100	100
Equatex Poland Sp.Z.o.o.	Poland		100	100
CIS Company Secretaries (Pty) Ltd	South Africa	(1)	74	74
Computershare (Pty) Ltd	South Africa	(1)	74	74
Computershare Investor Services (Pty) Ltd	South Africa	(1)	74	74
Computershare Nominees (Pty) Ltd	South Africa	(1)	74	74
Computershare Outsourcing (Pty) Ltd	South Africa	(1)	74	74
Computershare South Africa (Pty) Ltd	South Africa	(1)	74	74
Computershare TR Services (Pty) Ltd	South Africa	(1)	74	74
Minu (Pty) Ltd	South Africa	(1)	74	74
Georgeson S.L	Spain	(1)	100	100
Computershare AB	Sweden	(1)	100	100
Computershare Schweiz AG	Switzerland	(1)	100	100
Computershare Technology Services AG	Switzerland	(1)	100	100
Equatex AG	Switzerland		100	100
Equatex Group Holding AG	Switzerland		100	100

Name of controlled entity	Place of incorporation		Percentage of shares held	
			2020 %	2019 %
Equatex Holding AG	Switzerland	(4)	-	100
Equatex IP AG in Liquidation	Switzerland		100	100
Baseline Capital Limited	United Kingdom	(1)	100	100
Computershare Company Nominees Limited	United Kingdom	(1)	100	100
Computershare Global Technology Services Limited	United Kingdom	(1)	100	100
Computershare Governance Services (UK) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.2) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.3) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.7) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.8) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.9) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) Limited	United Kingdom	(1)	100	100
Computershare Investor Services Plc	United Kingdom	(1)	100	100
Computershare IP (UK) Limited	United Kingdom	(1)	100	100
Computershare Limited	United Kingdom	(1)	100	100
Computershare Mortgage Services Limited	United Kingdom	(1)	100	100
Computershare PEP Nominees Limited	United Kingdom	(1)(4)	-	100
Computershare Regional Services Limited	United Kingdom	(1)	100	100
Computershare Services Limited	United Kingdom	(1)	100	100
Computershare Services Nominees Limited	United Kingdom	(1)	100	100
Computershare Technology Services (UK) Limited	United Kingdom	(1)	100	100
Computershare Trustees Limited	United Kingdom	(1)	100	100
Computershare Voucher Services Limited	United Kingdom	(1)	100	100
Credit Advisory Services Limited	United Kingdom	(1)	100	100
DPS Trustees Limited	United Kingdom	(1)	100	100
EES Capital Trustees Limited	United Kingdom	(1)	100	100
EES Corporate Trustees Limited	United Kingdom	(1)	100	100
EES Trustees Limited	United Kingdom	(1)	100	100
Equatex UK Ltd	United Kingdom		100	100
Equatex UK Nominee Ltd	United Kingdom		100	100
Homeloan Management Limited	United Kingdom	(1)	100	100
KB Analytics Limited	United Kingdom	(1)	100	100
Mortgage Systems Limited	United Kingdom	(1)	100	100
Rosolite Mortgages Limited	United Kingdom	(1)	100	100
Siberite Mortgages Limited	United Kingdom	(1)	100	100
Topaz Finance Limited	United Kingdom	(1)	100	100
Administar Services Group LLC	United States of America	(1)	100	100
Capital Markets Cooperative, LLC	United States of America	(1)	100	100
Capital Markets Holdings, Inc.	United States of America	(1)	100	100
CMC Funding, Inc.	United States of America	(1)	100	100
Computershare Asset Management LLC	United States of America	(1)	100	100
Computershare Communication Services Inc.	United States of America	(1)	100	100
Computershare Governance Services Inc.	United States of America	(1)	100	100
Computershare Holdings Inc.	United States of America	(1)	100	100
Computershare Holdings LLC	United States of America	(1)(4)	-	100
Computershare Inc.	United States of America	(1)	100	100
Computershare Mortgage Services Inc.	United States of America	(1)	100	100
Computershare Property Solutions LLC	United States of America	(1)	100	100
Computershare Technology Services, Inc.	United States of America	(1)	100	100
Computershare Title Services LLC	United States of America	(1)	100	100
Computershare Trust Company, N.A.	United States of America	(1)	100	100
Computershare US Inc.	United States of America	(1)	100	100
Computershare US Investments LLC	United States of America	(1)	100	100
Computershare US Services Inc.	United States of America	(1)	100	100
Computershare Valuation Services LLC	United States of America	(1)	100	100
Credit Risk Holdings, LLC	United States of America	(1)	100	100
Credit Risk Solutions LLC	United States of America	(1)	100	100

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Name of controlled entity	Place of incorporation	Percentage of shares held	
		2020 %	2019 %
Data Point Analysis Group, LLC	United States of America (1)	100	100
Equatex US Inc.	United States of America	100	100
Georgeson LLC	United States of America (1)	100	100
Georgeson Securities Corporation	United States of America (1)	100	100
Gilardi & Co., LLC	United States of America (1)	100	100
Gilco LLC	United States of America (1)	100	100
GTU Ops Inc.	United States of America (1)	100	100
HELOC Funding II Trust	United States of America (1)	100	100
KCC Class Action Services LLC	United States of America (1)	100	100
Kurtzman Carson Consultants Inc.	United States of America (1)	100	100
Kurtzman Carson Consultants, LLC	United States of America (1)	100	100
LenderLive Financial Services, LLC	United States of America (1)	100	100
LenderLive Network, LLC	United States of America (1)	100	100
MSR Robin Advances (Depositor) LLC	United States of America (1)	100	100
MSR Robin Advances Issuer Trust	United States of America (1)	100	100
RCNG LLC	United States of America (1)	100	100
Rosenthal & Company, LLC	United States of America (1)	100	100
Settlement Recovery Group LLC	United States of America (1)	100	100
SLS Funding III LLC	United States of America (1)	100	100
SLS Investco LLC	United States of America (1)	100	100
SLS SAF Depositor LLC	United States of America (1)(3)	100	-
SLS SAF Issuing Trust	United States of America (1)(3)	100	-
SLS Servicer Advance Revolving Trust 1	United States of America (1)	100	100
Specialized Loan Servicing Holdings LLC	United States of America (1)	100	100
Specialized Loan Servicing LLC	United States of America (1)	100	100
Corporate Creations Alabama LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Alaska Inc.	United States of America (1)(3)(5)	100	-
Corporate Creations Arizona LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Arkansas LLC	United States of America (1)(3)(5)	100	-
Corporate Creations California Inc.	United States of America (1)(3)(5)	100	-
Corporate Creations Colorado LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Connecticut LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Delaware LLC	United States of America (1)(3)(5)	100	-
Corporate Creations District of Columbia LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Florida LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Georgia LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Hawaii LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Idaho LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Illinois LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Indiana LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Intellectual Property LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Iowa LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Kansas LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Kentucky LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Louisiana LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Maine LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Management LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Maryland LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Massachusetts Inc.	United States of America (1)(3)(5)	100	-
Corporate Creations Michigan LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Minnesota LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Mississippi LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Missouri Inc.	United States of America (1)(3)(5)	100	-
Corporate Creations Montana Inc.	United States of America (1)(3)(5)	100	-
Corporate Creations Nebraska LLC	United States of America (1)(3)(5)	100	-
Corporate Creations Network Inc. [Arkansas]	United States of America (1)(3)(5)	100	-
Corporate Creations Network Inc. [California]	United States of America (1)(3)(5)	100	-



Name of controlled entity	Place of incorporation	Percentage of shares held		
		2020 %	2019 %	
Corporate Creations Network Inc. [Florida]	United States of America	(1)(3)(5)	100	-
Corporate Creations Network Inc. [Hawaii]	United States of America	(1)(3)(5)	100	-
Corporate Creations Network Inc. [Kansas]	United States of America	(1)(3)(5)	100	-
Corporate Creations Network Inc. [Maryland]	United States of America	(1)(3)(5)	100	-
Corporate Creations Network Inc. [Oklahoma]	United States of America	(1)(3)(5)	100	-
Corporate Creations Nevada LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations New Hampshire LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations New Jersey LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations New Mexico Inc.	United States of America	(1)(3)(5)	100	-
Corporate Creations New York LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations North Carolina LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations North Dakota LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Ohio LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Oklahoma LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Oregon LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Pennsylvania LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Puerto Rico Inc.	Puerto Rico	(1)(3)(5)	100	-
Corporate Creations Rhode Island LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations South Carolina LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations South Dakota LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Tennessee LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Texas LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Utah LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Vermont LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Virginia LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Washington LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations West Virginia LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Wisconsin LLC	United States of America	(1)(3)(5)	100	-
Corporate Creations Wyoming LLC	United States of America	(1)(3)(5)	100	-
Management Group Limited	British Virgin Islands	(1)(3)(5)	100	-
United Agent Group Inc.	Puerto Rico	(1)(3)(5)	100	-
United Agent Group Inc.	US Virgin Islands	(1)(3)(5)	100	-
United Agent Group Inc. [Alabama]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Alaska]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Arizona]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Arkansas]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [California]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Colorado]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Connecticut]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Delaware]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Florida]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Georgia]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Hawaii]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Idaho]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Illinois]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Indiana]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Iowa]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Kansas]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Kentucky]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Louisiana]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Maine]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Maryland]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Massachusetts]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Michigan]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Minnesota]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Mississippi]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Missouri]	United States of America	(1)(3)(5)	100	-

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Name of controlled entity	Place of incorporation	Percentage of shares held		
		2020 %	2019 %	
United Agent Group Inc. [Montana]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Nebraska]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Nevada]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [New Hampshire]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [New Jersey]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [New Mexico]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [New York]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [North Carolina]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [North Dakota]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Ohio]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Oklahoma]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Oregon]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Pennsylvania]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Rhode Island]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [South Carolina]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [South Dakota]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Tennessee]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Texas]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Utah]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Vermont]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Virginia]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Washington D.C.]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Washington]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [West Virginia]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Wisconsin]	United States of America	(1)(3)(5)	100	-
United Agent Group Inc. [Wyoming]	United States of America	(1)(3)(5)	100	-
United Agent Group Management LLC	United States of America	(1)(3)(5)	100	-
United Agent Group Services Inc. [Arkansas]	United States of America	(1)(3)(5)	100	-
United Agent Group Services Inc. [California]	United States of America	(1)(3)(5)	100	-
United Agent Group Services Inc. [Delaware]	United States of America	(1)(3)(5)	100	-
United Agent Group Services Inc. [Hawaii]	United States of America	(1)(3)(5)	100	-
United Agent Group Services Inc. [Kansas]	United States of America	(1)(3)(5)	100	-
United Agent Group Services Inc. [Maryland]	United States of America	(1)(3)(5)	100	-
United Agent Group Services Inc. [Oklahoma]	United States of America	(1)(3)(5)	100	-
Worldwide Nominee LLC	United States of America	(1)(3)(5)	100	-

1 Controlled entities audited by PricewaterhouseCoopers member firms.

2 These wholly owned companies have entered into a deed of cross guarantee dated 26 June 2008 with Computershare Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on the winding-up of that company. As a result of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 these companies are relieved from the requirement to prepare a financial report and directors' report.

3 These companies became controlled entities during the year ended 30 June 2020.

4 These companies ceased to be controlled entities during the year ended 30 June 2020.

5 These companies were acquired as part of the Corporate Creations acquisition (note 8).

### 31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under this method, the investments are initially recognised at cost and the carrying value is subsequently adjusted for increases or decreases in the Group's share of post-acquisition profit or loss and movements in other comprehensive income. The Group's share of post-acquisition profits or losses from investments in associates and joint ventures is recognised in the profit or loss. Dividends received or receivable are recognised as a reduction of the carrying amount of the investment.

Set out below are the associates and joint ventures of the Group at 30 June 2020:

Name	Place of incorporation	Principal activity	Ownership interest		Consolidated carrying amount	
			June 2020 %	June 2019 %	June 2020 \$000	June 2019 \$000
<b>Associates</b>						
Expandi Ltd	United Kingdom	Investor Services	25	25	6,145	6,304
Milestone Group Pty Ltd	Australia	Technology Services	20	20	3,148	3,611
CVEX Group, Inc	United States	Investor Services	22.2	20	-	-
The Reach Agency Holdings Pty Ltd	Australia	Investor Services	46.5	46.5	1,377	1,172
Mergit s.r.l.	Italy	Technology Services	30	30	-	-
<b>Total investments in associates</b>					<b>10,670</b>	<b>11,087</b>
<b>Joint ventures</b>						
Computershare Pan Africa Holdings Ltd	Mauritius	Investor Services	60	60	-	-
Asset Checker Ltd	United Kingdom	Investor Services	50	50	-	-
VisEq GmbH <sup>1</sup>	Germany	Investor Services	-	66	-	39
<b>Total investment in joint ventures</b>					<b>-</b>	<b>39</b>
<b>Total investment in associates and joint ventures</b>					<b>10,670</b>	<b>11,126</b>

1 On 7 November 2019, Computershare acquired the remaining 34% interest in VisEq GmbH. From this date, VisEq GmbH became a wholly owned subsidiary of the Group.

The movements in the carrying amount of equity accounted investments in associates and joint ventures are as follows:

	Associates		Joint Ventures	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
<b>Carrying amount at the beginning of the financial year</b>	<b>11,087</b>	26,725	<b>39</b>	45
Impairment charge	-	(13,953)	-	-
Share of net result (after income tax)	241	(1,001)	(2)	(5)
Dividends received	(354)	(140)	-	-
Transfer to consolidated entity	-	-	(36)	-
Share of movement in reserves	(304)	(544)	(1)	(1)
<b>Carrying amount at the end of the financial year</b>	<b>10,670</b>	11,087	<b>-</b>	39

## 32. DEED OF CROSS GUARANTEE

Computershare Limited and each wholly-owned subsidiary party to a deed of cross guarantee dated 26 June 2008 (together the "Closed Group") are listed in note 30. Set out below is a consolidated statement of comprehensive income, a consolidated statement of financial position and a summary of movements in consolidated retained earnings of the Closed Group for the year ended 30 June 2020.

Computershare Limited Closed Group - Statement of financial position	2020 \$000	2019 \$000
<b>Current assets</b>		
Cash and cash equivalents	44,147	31,202
Receivables	117,809	63,518
Inventories	725	749
Other current assets	3,352	4,632
Derivative financial instruments	973	829
<b>Total current assets</b>	<b>167,006</b>	<b>100,930</b>
<b>Non-current assets</b>		
Receivables	-	30,417
Other financial assets	1,642,377	1,673,025
Property, plant and equipment	7,156	6,367
Right-of-use assets	25,210	-
Deferred tax assets	65,172	59,259
Intangibles	117,394	120,233
Derivative financial instruments	579	62,619
Other non-current assets	665	957
<b>Total non-current assets</b>	<b>1,858,553</b>	<b>1,952,877</b>
<b>Total assets</b>	<b>2,025,559</b>	<b>2,053,807</b>
<b>Current liabilities</b>		
Payables	63,814	136,665
Borrowings	99,919	-
Lease liabilities	7,138	140
Current tax liabilities	51,192	13,178
Provisions	25	587
Derivative financial instruments	3,456	3,265
Other liabilities	-	38
<b>Total current liabilities</b>	<b>225,544</b>	<b>153,873</b>
<b>Non-current liabilities</b>		
Payables	110,705	113,061
Borrowings	199,486	317,659
Lease liabilities	19,679	188
Deferred tax liabilities	8,660	20,681
Provisions	10,204	10,641
Derivative financial instruments	-	744
Other liabilities	-	145
<b>Total non-current liabilities</b>	<b>348,734</b>	<b>463,119</b>
<b>Total liabilities</b>	<b>574,278</b>	<b>616,992</b>
<b>Net assets</b>	<b>1,451,281</b>	<b>1,436,815</b>
<b>Equity</b>		
Contributed equity - ordinary shares	-	-
Reserves	(305,025)	(251,209)
Retained earnings	1,756,306	1,688,024
<b>Total equity</b>	<b>1,451,281</b>	<b>1,436,815</b>

Computershare Limited Closed Group - Statement of comprehensive income	2020 \$000	2019 \$000
<b>Revenues from continuing operations</b>		
Sales revenue	174,860	196,066
Other revenue	297,378	239,728
<b>Total revenue from continuing operations</b>	<b>472,238</b>	<b>435,794</b>
<b>Other income</b>	<b>41,980</b>	<b>195,656</b>
<b>Expenses</b>		
Direct services	140,445	165,587
Technology costs	43,389	51,222
Corporate services	30,292	33,566
Finance costs	17,044	21,051
<b>Total expenses</b>	<b>231,170</b>	<b>271,426</b>
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	(9)	64
<b>Profit before income tax expense</b>	<b>283,039</b>	<b>360,088</b>
Income tax expense/(credit)	46,458	44,748
<b>Profit for the year</b>	<b>236,581</b>	<b>315,340</b>
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operations	(29,043)	(68,186)
Cash flow hedges	12,023	7,967
Income tax relating to components of other comprehensive income	(3,564)	(2,390)
<b>Total other comprehensive income for the year, net of tax</b>	<b>(20,584)</b>	<b>(62,609)</b>
<b>Total comprehensive income for the year</b>	<b>215,997</b>	<b>252,731</b>
Set out below is a summary of movements in consolidated retained profits for the year of the Closed Group.		
Retained earnings at the beginning of the financial year	1,688,024	1,536,871
Change in accounting standards	(896)	(571)
Profit for the year	236,581	315,340
Dividends provided for or paid	(167,403)	(163,616)
<b>Retained earnings at the end of the financial year</b>	<b>1,756,306</b>	<b>1,688,024</b>

### 33. PARENT ENTITY FINANCIAL INFORMATION

#### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2020 \$000	2019 \$000
<b>Balance sheet</b>		
Current assets	26,860	36,002
Non-current assets	1,160,235	1,107,539
<b>Total assets</b>	<b>1,187,095</b>	<b>1,143,541</b>
Current liabilities	217,057	83,451
Non-current liabilities	522,228	533,594
<b>Total liabilities</b>	<b>739,285</b>	<b>617,045</b>
<b>Equity</b>		
Contributed equity - ordinary shares	-	-
Reserves		
Share buy-back reserve	(101,558)	(79,460)
Capital redemption reserve	2	2
Foreign currency translation reserve	35,689	48,120
Share-based payment reserve	20,608	28,555
Equity related consideration	(2,327)	(2,327)
Retained earnings	495,396	531,606
<b>Total equity</b>	<b>447,810</b>	<b>526,496</b>
<b>Profit/(loss) attributable to members of the parent entity</b>	<b>131,193</b>	<b>452,250</b>
<b>Total comprehensive income attributable to members of the parent entity</b>	<b>118,761</b>	<b>433,230</b>

### (b) Guarantees

The parent entity's financial guarantees have been outlined in note 34.

### (c) Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019 other than the Australian thin capitalisation contingent liability outlined in note 6 and the matters outlined in note 34.

### d) Parent entity financial information

The financial information for the parent entity, Computershare Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

### Investments in controlled entities, associates and joint venture entities

Investments in controlled entities, associates and joint venture entities are accounted for at cost in the financial statements of Computershare Limited. Dividends received from associates and joint ventures are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

### Tax consolidation legislation

Computershare Limited and its wholly-owned Australian controlled entities formed a tax consolidation group with effect from 1 July 2002.

Members of the tax consolidated group also entered into a tax sharing deed, which includes a tax funding arrangement. As a consequence, Computershare Limited, as the head entity in the tax consolidation group, has recognised the current tax liability (or receivable) relating to the wholly owned Australian controlled entities in this group in the financial statements as if that liability (or receivable) was its own. Amounts receivable or payable under the tax sharing deed are recognised separately as intercompany payables or receivables.

## 34. CONTINGENT LIABILITIES

### (a) Guarantees and Indemnities

Computershare Limited, ACN 081 035 752 Pty Ltd, Computershare Investments (UK) (No. 3) Ltd, Computershare Finance Company Pty Ltd, Computershare US Inc. and Computershare Investor Services Inc are parties to a Guarantor Deed Poll dated 11 April 2018 in respect to the following Facility Agreements:

- > \$500.0 million four-year USD Syndicated Facility Agreement executed on 30 June 2020;
- > \$450.0 million five-year multi-currency Syndicated Facility Agreement executed on 11 April 2018;
- > \$100.0 million one-year multi-currency Bilateral Facility Agreement executed on 12 March 2020; and a
- > \$50.0 million five-year multi-currency Bilateral Facility Agreement executed on 28 June 2018 (refer to note 14 for further detail).

Guarantees and indemnities of \$990.0 million (2019: \$990.0 million) have been given to US Institutional Accredited Investors by Computershare Limited, ACN 081 035 752 Pty Ltd, Computershare Finance Company Pty Ltd, Computershare US Inc., Computershare Investments (UK) (No. 3) Ltd and Computershare Investor Services Inc under a Note and Guarantee Agreement dated 9 February 2012 and 20 November 2018.

A guarantee of USD 15 million (2019: USD 15 million) has been given to bankers of LenderLive Network, LLC by Computershare Mortgage Services LLC under a Mortgage Warehouse Agreement dated 11 June 2019.

Bank guarantees of AUD 2.6 million (2019: AUD 2.6 million) have been given in respect of facilities provided to Australian subsidiaries.

Bank guarantees of ZAR 6.8 million (2019: ZAR 6.8 million) have been given in respect of facilities provided to South African subsidiaries.

A performance guarantee of ZAR 32.0 million (2019: ZAR 16.0 million) has been given by Computershare (Pty) Ltd to provide security for the performance of obligations as a Central Securities Depository Participant.

### (b) Legal and Regulatory Matters

Due to the nature of operations, certain commercial claims in the normal course of business have been made against the consolidated entity in various countries. An inherent difficulty in predicting the outcome of such matters exists, but in the opinion of the Group, based on current knowledge and in consultation with legal counsel, we do not expect any material liability to the Group to eventuate. The status of all claims is monitored on an ongoing basis, together with the adequacy of any provisions recorded in the Group's financial statements. For the Australian thin capitalisation contingent liability refer to note 6.

### (c) Other

The Group is subject to regulatory capital requirements administered by relevant regulatory bodies in countries where Computershare operates. Failure to meet minimum capital requirements, or other ongoing regulatory requirements, can initiate action by the regulators that, if undertaken, could revoke or suspend the Group's ability to provide trust services to customers in these markets. At all relevant times Group controlled entities have met all minimum capital requirements.

Computershare Limited (Australia) has issued a letter of warrant to Computershare (Pty) Ltd. This obligates Computershare Limited (Australia) to maintain combined tier one capital of at least ZAR 455.0 million (2019: ZAR 455.0 million).

Potential withholding and other tax liabilities arising from distribution of all retained distributable earnings of all foreign incorporated controlled entities are \$31.7 million (2019: \$34.4 million). No provision is made for withholding tax on unremitted earnings of applicable foreign incorporated controlled entities as there is currently no intention to remit these earnings to the parent entity.

Computershare Limited (Australia), as the parent entity, has undertaken to own, either directly or indirectly, all of the equity interests and to guarantee performance of the obligations of Computershare Investor Services Pty Ltd, Computershare Trust Company NA, Georgeson LLC, Georgeson Securities Corporation, Computershare Trust Company of Canada and Computershare Investor Services Inc with respect to any financial accommodation related to transactional services provided by BMO Harris Bank, Chicago.

## 35. COMMITMENTS

### (a) Retirement benefits

#### Defined Contribution Funds

The Group maintains defined contribution superannuation schemes which provide benefits to all employees upon their disability, retirement or death. Employee contributions to the funds are based upon various percentages of employees' gross salaries as set out below:

#### Australian controlled entities contribute to the defined contribution funds as follows:

- > Category 1 - Management (employer contributions, voluntary employee contributions)
- > Category 2 - Staff (statutory employer contributions of 9.5%, voluntary employee contributions)
- > Category 3 - SG (Superannuation Guarantee) Staff and casual and fixed term employees (statutory employer contributions, voluntary employee contributions)

#### Foreign controlled entities contribute to the defined contribution funds as follows:

- a. United Kingdom entities - between 1% and 10% of employees' gross salaries depending upon years of service
- b. United States entities - voluntary employee contributions with matching employer contribution up to 4% of employees' base salaries
- c. Canadian entities - between 2% and 7% of employees' base salaries dependent upon years of service
- d. South African entities - 12% of employees' gross salaries
- e. New Zealand entities - voluntary employee contributions with matching employer contribution up to 6% of employees' base salaries
- f. Hong Kong entities - between 5% and 20% of employees' base salary dependent upon years of service

#### Defined Benefit Funds

Computershare Deutschland GmbH & Co. KG and Computershare Communication Services GmbH maintained a defined benefit scheme which provides benefits to 4 employees (2019: 7) An actuarial assessment of the scheme was completed as at 30 June 2020 and defined benefit plan liability recognised in accordance with the actuarial valuation. The net liability is not material to the Group.

### (b) Lease Liabilities

The Group leases various properties, computer equipment, motor vehicles and other items of plant and equipment. From 1 July 2019, the Group has recognised right-of-use assets and lease liabilities for these leases except for short-term and low-value assets (see note 1a for transitional details and note 21 for details on the Group's lease commitments).

### (c) Other

An overseas subsidiary performing loan servicing activities is obliged, in certain circumstances, to make payments on behalf of mortgagors related to taxes, insurance, principal and interest. The amount of these advance payments fluctuates over time as it depends on the type of loans being serviced and their performance.

As of 30 June 2020, the Group was servicing approximately \$24.5 billion of mortgages owned by the US government sponsored mortgage agencies. While the Group, as the owner of the related MSR, may have the obligation to acquire any mortgages from the serviced pool that do not meet the agencies' lending criteria, the consolidated entity is in possession of indemnities and warranties that require originating banks to purchase such mortgages from the Group and cover any transfer costs. Only in the event of bankruptcy or dissolution of the originating bank, would Computershare retain the defective mortgage together with the underlying collateral. In these limited circumstances, the Group would have the option to either hold the mortgage or seek another buyer in the open market. The impact at 30 June 2020 of any retained mortgages is immaterial to the consolidated entity.



### 36. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments contracted for at balance date but not recorded in the financial statements are as follows:

	2020 \$000	2019 \$000
Fit-out of premises	1,100	250
Plant and equipment	2,424	3,251
	<b>3,524</b>	3,501

### 37. SIGNIFICANT EVENTS AFTER YEAR END

On 1 July 2020, Computershare acquired 100% of Verbatim LLC, a global corporate secretarial managed services provider located in the United States, for total consideration of \$9.5 million.

No other matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this financial report that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

### 38. RELATED PARTY DISCLOSURES

Key management personnel disclosures are included in note 39. Detailed remuneration disclosures are provided in the remuneration report.

Directors' shareholdings	Shares in the parent entity	
	2020	2019
Ordinary shares held at the end of the financial year	31,321,258	32,345,846
Net ordinary shares purchased/(sold) by directors during the financial year	(1,195,797)	(2,603,008)
	2020 \$	2019 \$
Ordinary dividends received during the year in respect of those ordinary shares	9,978,110	11,787,800

#### (a) Wholly owned Group - intercompany transactions and outstanding balances

The parent entity and its controlled entities entered into the following transactions during the year within the wholly owned Group:

- > Loans were advanced and repayments received on loans and intercompany accounts
- > Fees were exchanged between entities
- > Interest was charged between entities
- > The parent entity and its Australian controlled entities have been parties to a tax sharing deed, which includes a tax funding arrangement (note 33)
- > Dividends were paid between entities
- > Bank guarantees were provided by the parent entity to its controlled entities (note 34)

These transactions were undertaken on commercial terms and conditions.

#### Ultimate controlling entity

The ultimate controlling entity of the Group is Computershare Limited.

#### (b) Ownership interests in related parties

Interests in controlled entities are set out in note 30. Interests held in associates and joint ventures are disclosed in note 31.

### (c) Transactions with associates and joint ventures

The following transactions were entered into with associates and joint ventures:

	2020 \$	2019 \$
<b>Sales and purchases of goods and services</b>		
Sales to	250,991	198,541
Purchases from	2,495,705	2,285,066
<b>Outstanding balances arising from sales and purchases of goods and services</b>		
Trade receivables	40,797	22,889
Trade payables	-	36,650

These transactions were undertaken on commercial terms and conditions.

## 39. KEY MANAGEMENT PERSONNEL DISCLOSURES

### Key management personnel compensation

	2020 \$	2019 \$
Short-term employee benefits	5,064,991	9,600,408
Other long-term benefits	44,699	126,417
Post-employment benefits	109,422	213,661
Share-based payments	1,923,270	4,880,075
Other	1,723,681	2,397,374
Total	8,866,063	17,217,935

Following implementation of the new global structure effective 1 July 2019, the composition of executive KMP roles has changed. Consequently, the comparative information disclosed is not comparable to the remuneration disclosed in table 6.1 of the remuneration report.

For detailed remuneration disclosures please refer to sections 1 to 6 of the remuneration report within the Directors' Report.

## 40. EMPLOYEE AND EXECUTIVE BENEFITS

Certain employees are entitled to participate in share and performance rights schemes. A transaction is classified as share-based compensation where the Group receives services from an employee and pays for these in shares or similar equity instruments.

For each of the Group's share plans, the fair value is measured at grant date and the expense is recognised over the relevant vesting period in the income statement with a corresponding increase in the share-based payments reserve. The expense is adjusted to reflect actual and expected levels of vesting.

### (a) Share plans

#### Exempt Employee Share Plan

During the year ended 30 June 2001 the Group introduced an Exempt Employee Share Plan. The Plan gives Computershare employees in Australia the opportunity to acquire shares in Computershare Limited. Each year, participating employees can make contributions from their pre-tax salary to acquire AUD 500 worth of shares. Such employee contributions are matched by the Group with an additional AUD 500 worth of shares being acquired for each participating employee. All permanent employees in Australia with at least six months service and employed at the allocation date are entitled to participate in this plan.

#### Deferred Employee Share Plan

During the year ended 30 June 2002 a Deferred Employee Share Plan was established to enable Computershare to match dollar for dollar any employee pre-tax contributions to a maximum of AUD 3,000 per employee. Shares purchased and funded by an employee's pre-tax salary must remain in the plan for a minimum of one year. Matching shares funded by the Group must be kept in the plan for a minimum of two years or they will be forfeited. All permanent employees in Australia employed at the allocation date are entitled to participate in this plan. A derivative of this plan and the Exempt Employee Share Plan have been made available to employees in New Zealand, Hong Kong, China, the United Kingdom, Ireland, Jersey, Germany, Canada, South Africa and the US.

Subject to the discretion of the Board, shares in the parent entity may also be allocated to selected employees on a discretionary basis having regard to special circumstances as determined by the Remuneration Committee. Such shares may be subject to vesting and performance criteria as determined by the Board or the Remuneration Committee.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Deferred Short-Term Incentive (DSTI) Share Plan

The Group also provides DSTI awards to key management personnel and other senior executives as part of a structured STI plan and other high performing employees on a discretionary basis. Recipients of DSTI awards must complete specified periods of service as a minimum before any share awards under the DSTI plan become unconditional.

Number of employee shares held	Ordinary shares	
	2020	2019
Opening balance	9,781,063	10,495,235
Shares purchased on the market	3,941,588	2,650,025
Forfeited shares reissued	183,334	26,159
Shares forfeited	(94,101)	(158,325)
Shares withdrawn	(2,623,305)	(3,232,031)
Closing balance	11,188,579	9,781,063
Fair value of shares granted through the employee share plan (\$000)*	39,532	34,694

\* Weighted average fair value of shares is determined by the closing price at the end of the day's trading on the Australian Securities Exchange on the allocation date. The average price per share purchased on market was AUD \$14.27.

### Phantom Share Awards Plan

The Phantom Share Awards Plan (Phantom Plan) was introduced in 2013 as an alternative to the DSTI Share Plan to employees who are resident for tax purposes in countries where the taxation and/or legal requirements mean the DSTI Share Plan does not achieve the most effective outcome for Computershare or those employees. Awards under the Phantom Plan are cash-settled and vest after specified periods of service have been completed.

#### (b) Performance rights

##### Long-Term Incentive Plan

The Board has offered to eligible key management personnel and senior group executives in the Group performance rights under long-term incentive plans.

In 2014, the Board approved the terms of the Long-Term Incentive Plan, known as the LTI Plan. Performance rights are granted for no consideration and carry no dividend or voting rights. Each performance right carries an entitlement to one fully paid ordinary share in Computershare Limited subject to satisfaction of performance hurdles and continued employment over a three year performance period. Under the plan, 50% of each award of performance rights is subject to EPS hurdle criteria and 50% is subject to TSR Performance criteria. Unvested performance rights lapse on employee's termination, subject to Board discretion.

Set out below are summaries of performance rights granted under the LTI Plan:

Grant date	Approximate exercise date	Exercise price	Balance at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Exercisable at end of the year
16 Dec 2016	Sep 2019	\$0.00	738,356	-	(649,010)	(89,346)	-	-
05 Dec 2017	Sep 2020	\$0.00	494,774	-	-	(18,435)	476,339	-
04 Dec 2018	Sep 2021	\$0.00	551,925	-	-	(31,821)	520,104	-
02 Dec 2019	Sep 2022	\$0.00	-	735,321	-	-	735,321	-
<b>Total</b>			<b>1,785,055</b>	<b>735,321</b>	<b>(649,010)</b>	<b>(139,602)</b>	<b>1,731,764</b>	<b>-</b>

The fair value of performance rights granted under the 2020 LTI plan were assessed using the following parameters:

	2020 Plan - EPS	2020 Plan - TSR
Grant Date	2 Dec 2019	2 Dec 2019
Hurdle start date	1 Jul 2019	1 Jul 2019
Hurdle end date	30 Jun 2022	30 Jun 2022
Share price at grant date	AUD 17.53	AUD 17.53
Fair value at measurement date (i)	AUD 16.36	AUD 7.90
Exercise price	AUD 0.00	AUD 0.00
Expected volatility (ii)	21.15%	21.15%
Option life	3 years	3 years
Expected dividend yield p.a (iii)	2.51%	2.51%
Risk free rate p.a. (iv)	0.69%	N/A

(i) To allow for the TSR hurdle, a Monte Carlo simulation was used to value the performance rights.

To allow for the EPS hurdle, a closed form Black Scholes model was used to value the performance rights.

(ii) Expected volatility is based on historical daily share price for the three-year period preceding the grant date.

(iii) Expected dividend yield is based on historic yield for the three-year period immediately preceding the grant date.

(iv) Risk free interest rate is based on the three-year Australian Bank Bill Swap Rate at grant date.

### (c) Employee benefits recognised

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Performance rights expense	<b>1,039</b>	4,348
Share plan and options expense	<b>19,604</b>	15,385
Aggregate employee entitlement liability (note 22 and 23)	<b>41,747</b>	36,481

## 41. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its network firms and non-related audit firms:

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Assurance services:		
Auditing or review of financial statements		
- PricewaterhouseCoopers Australia	<b>1,021</b>	973
- Network firms of PricewaterhouseCoopers Australia	<b>2,757</b>	2,573
	<b>3,778</b>	3,546
Other assurance services		
- PricewaterhouseCoopers Australia	<b>321</b>	372
- Network firms of PricewaterhouseCoopers Australia	<b>2,013</b>	1,835
	<b>2,334</b>	2,207
Taxation services		
- Related practices of PricewaterhouseCoopers Australia	<b>329</b>	375
	<b>329</b>	375
Remuneration received, or due and receivable, by auditors other than the auditor of the parent entity and its affiliates for:		
Auditing or review of financial statements	<b>543</b>	416

# DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 60 to 120 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 30 will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed of cross guarantee described in note 32.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.



SD Jones  
Chairman



SJ Irving  
Director

21 September 2020

# DECLARATION TO THE BOARD OF DIRECTORS

The Chief Executive Officer and Chief Financial Officer state that:

- (a) the financial records of the consolidated entity for the financial year ended 30 June 2020 have been properly maintained in accordance with section 286 of the *Corporations Act 2001*; and
- (b) the financial statements, and the notes to the financial statements, of the consolidated entity, for the financial year ended 30 June 2020:
  - (i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of their performance for the financial year ended on that date.



SJ Irving  
Chief Executive Officer



NSR Oldfield  
Chief Financial Officer

21 September 2020

# INDEPENDENT AUDITOR'S REPORT



## *Independent auditor's report*

To the members of Computershare Limited

### *Report on the audit of the financial report*

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#### *Our opinion*

In our opinion:

- (a) The accompanying financial report of Computershare Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) The financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

#### **What we have audited**

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

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

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

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## *Our audit approach*

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

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



### **Materiality**

- For the purpose of our audit we used overall Group materiality of \$16 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

### **Audit Scope**

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group operates in more than 20 countries, with the majority of its business based in five geographical locations – Australia, United States of America, United Kingdom, Canada and Switzerland. The Group engagement team determined the nature, timing and extent of work that needed to be performed by it and by auditors operating under its instruction (component auditors). We structured our audit approach as follows:
  - We audited certain entities in Australia, United States of America, United Kingdom and Canada due to their financial significance to the Group.



- We performed specified risk focused procedures on certain account balances for other entities in Australia, United States of America, United Kingdom, Canada, Hong Kong and Switzerland.
- We carried out further procedures at the Group level, including procedures over consolidation and preparation of the financial statements.
- For work performed by component auditors, we determined the level of involvement required from us in order to be able to conclude whether sufficient appropriate audit evidence had been obtained. Our involvement included discussions, written instructions and holding meetings with component audit teams in Australia, United States of America, United Kingdom, Canada, Hong Kong and Switzerland.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Risk and Audit Committee.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment assessment of goodwill</b> (Refer to note 10 of the financial statements)</p> <p>The Group had a goodwill balance of \$1.9 billion at 30 June 2020, representing approximately 37% of the total assets of the Group.</p> <p>The Group is required to perform an impairment assessment of its goodwill balance at least annually under Australian Accounting Standards.</p> <p>Effective from 1 July 2019, the Group's management structure and reporting changed from a regional model to a global business model, aligned to the Group's products. This resulted in a change in the composition of the Group's cash generating units (CGUs). Goodwill was then reallocated to groups of CGUs based on relative fair value as at 30 June 2019.</p> <p>For the year ended 30 June 2020, the Group developed a new model for the purpose of assessing goodwill impairment, reflective of the newly identified CGUs. The Group performed an impairment assessment over the goodwill balance by calculating the value in use for each operating segment (which is comprised of groups of CGUs), or CGUs separately</p>	<p>We evaluated whether the Group's identification of CGUs, which are the smallest identifiable groups of assets that can generate largely independent cash inflows, was consistent with our knowledge of the Group's operations and new internal organisational structure.</p> <p>We evaluated whether the methods applied in calculating and allocating carrying value and value in use to the identified CGUs were in line with the requirements of Australian Accounting Standards.</p> <p>In relation to the models, we performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Tested the mathematical accuracy of the models' calculations.</li> <li>• Compared cash flow forecasts for the year ended 30 June 2021 to the Board approved budget.</li> <li>• Compared previous cash flow forecasts to actual results to assess the Group's historical accuracy of forecasting.</li> <li>• Together with PwC valuation experts, we assessed the reasonableness of discount rates contained in the models, for a sample</li> </ul>



identified for impairment testing, using discounted cash flow models (the models).

The assumptions and cash flow forecasts used to assess for impairment were updated to reflect the potential impact of COVID-19. This involved specific assumptions applied to short-term cash flow forecasts (including margin income forecasts) for all CGUs, for at least the next five years. These valuations were then compared to respective carrying values to determine the need for any impairment. In each operating segment, the Group's valuations exceeded carrying values.

The models accounted for sensitivity by assessing reasonably possible changes in key assumptions, which did not identify any impairment.

We considered the impairment assessment of goodwill to be a key audit matter as the goodwill balance is significant to the consolidated statement of financial position and significant judgement is required by the Group in estimating future cash flows, particularly with respect to determining appropriate:

- Discount rates
- Short-term cash flow forecasts
- Earnings growth rates applied beyond the short-term cash flow forecasts (terminal growth rates).

***Revenue recognition – Computershare Mortgage Services' (CMS) fixed fee revenue (Refer to note 2 of the financial statements)***

In 2016, Computershare was appointed by UK Asset Resolution ("UKAR") to undertake its mortgage servicing activities. The arrangement involved a fixed fee payable to Computershare over a total of four years for the provision of infrastructure to support the contract (CMS fixed fee revenue). A single performance obligation has been identified in the contract between the Group and UKAR which, under Australian Accounting Standards, is satisfied over a period of time. A portion of the fixed fee is recognised as revenue during the period with reference to the percentage of related costs that have been incurred to date.

We note that the majority of the revenue has been recognised by 30 June 2020, with \$3.9m expected to be recognised in FY21 in line with the wind down of UKAR.

of CGUs, by comparing these to similar companies and other relevant external data.

- Tested whether short-term cash flow forecasts and terminal growth rates used in the models were consistent with our knowledge of current business conditions, externally derived data (where possible) and our understanding of the business.

For each operating segment, we assessed Management's sensitivity analysis which included changes to key assumptions.

We also considered the adequacy of the Group's financial report disclosures in relation to this matter in light of the requirements of Australian Accounting Standards.

We performed the following procedures, amongst others, over the recognition of CMS fixed fee revenue:

- Compared the Group's revenue recognition policies to the requirements under Australian Accounting Standards.
- Confirmed that the Group had reassessed the related costs and inspected a copy of the latest projections of the total amount of related costs which are expected to be incurred.
- Agreed the total amount of related costs to the Group's approved business plan.
- Compared a sample of current year related costs included in the Group's cash flow forecasts against actual related costs incurred to assess whether the related costs were recognised in the correct period.



We consider the recognition of CMS fixed fee revenue a key audit matter given the judgement required by the Group in determining the total amount of related costs which are expected to be incurred, the percentage of these costs incurred to date and the period over which these costs will be incurred.

- Reviewed Management's calculation of the fixed fee recognised as revenue during the period, with reference to the percentage of related costs that were incurred to date and validated key inputs.

#### **Uncertain tax positions - Australian thin capitalisation**

*(Refer to note 6 of the financial statements)*

The Australian Taxation Office (ATO) has previously undertaken review activities in relation to the Group's compliance with thin capitalisation rules. Under Australian thin capitalisation rules, the amount of debt used to fund Australian operations or investments is limited. Once certain limits are exceeded, debt deductions claimable against Australian assessable income are disallowed.

In April 2017, the ATO issued a draft position paper to the Group to indicate that it disagreed with the basis applied by the Group in calculating its thin capitalisation position in the 2011–2014 income tax years. In particular, the ATO questioned the recognition of certain intangible assets within the calculation. The Group responded to the ATO's position paper, outlining the rationale for its thin capitalisation treatment. This process may take some years to resolve. As the Group does not expect to pay additional tax related to this matter, no provision was recognised as at 30 June 2020, however a contingent liability continues to be disclosed for this issue.

We consider this a key audit matter, given the financial significance of the contingent liability in addition to the significant judgement required by the Group in assessing whether the accounting treatment remained appropriate as at balance sheet date and the adequacy of disclosures in the financial report, as required under Australian Accounting Standards.

We performed the following procedures, amongst others:

- Confirmed that no correspondence has taken place between the Group and the ATO during the year with respect to Australian thin capitalisation.
- Interviewed the Group Tax Director, the Chief Financial Officer, and considered the views of the Group's expert to determine if there had been a change to the Group's strategy, position and approach in relation to the ATO draft position paper.
- Considered whether the current accounting treatment applied by the Group remains appropriate based on the information obtained from the procedures listed above.
- Considered the adequacy of the Group's contingent liability by obtaining a copy of the Group's calculations and determining if the methodology applied in the calculations was consistent with existing facts and circumstances.
- Assessed the relevant disclosures in light of the requirements of Australian Accounting Standards.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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

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### *Auditor's responsibilities for the audit of the financial report*

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

### *Report on the remuneration report*

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#### *Our opinion on the remuneration report*

We have audited the remuneration report included in pages 43 to 57 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Computershare Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.



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*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*A. Linschoten*

Anton Linschoten  
Partner

Melbourne  
21 September 2020

# SHAREHOLDER INFORMATION

This section contains additional information required by the Australian Securities Exchange Limited listing rules not disclosed elsewhere in this report.

## SHAREHOLDINGS

### Substantial Shareholders

The following information is extracted from the Company's Register of Substantial Shareholders.

Name	Number of ordinary shares	Fully paid percentage
Australian Super Pty Ltd	52,629,084	9.73%
Christopher John Morris	31,045,300	5.74%
BlackRock Group	27,174,749	5.02%
Vanguard Group	27,054,099	5.00%

### Class of shares and voting rights

At 11 September 2020 there were 36,751 holders of ordinary shares in the Company. The voting rights attaching to the ordinary shares set out in clause 4 of the Company's Constitution are:

- the right to receive notice of and to attend and vote at all general meetings of the Company;
- the right to receive dividends; and
- in a winding up or a reduction of capital, the right to participate equally in the distribution of the assets of the Company (both capital and surplus), subject to any amounts unpaid on the Share and, in the case of a reduction, to the terms of the reduction.

### Distribution of shareholders of shares as at 11 September 2020

Size of holding	Ordinary shareholders
1 - 1,000	20,100
1,001 - 5,000	13,377
5,001 - 10,000	1,934
10,001 - 100,000	1,230
100,001 and over	110
<b>Total shareholders</b>	<b>36,751</b>

There were 957 shareholders holding less than a marketable parcel of 41 ordinary shares as at 11 September 2020.

### Twenty Largest Shareholders of ordinary shares as at 11 September 2020

	Ordinary shares	
	Number	%
HSBC Custody Nominees (Australia) Limited	148,186,752	27.40
J P Morgan Nominees Australia Limited	124,835,414	23.08
Citicorp Nominees Pty Limited	48,725,055	9.01
Mr Chris Morris	31,045,300	5.74
National Nominees Limited	19,363,169	3.58
Welas Pty Ltd	18,950,000	3.50
Penelope Maclagan	10,758,868	1.99
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	10,215,177	1.89
BNP Paribas Noms Pty Ltd <DRP>	7,975,450	1.47
Argo Investments Limited	4,901,166	0.91
Australian Foundation Investment Company Limited	4,380,000	0.81
CPU Share Plans Pty Limited	3,905,097	0.72
Computershare Clearing Pty Ltd	3,840,502	0.71
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	2,318,200	0.43
Netwealth Investments Limited <Wrap Services A/C>	2,275,975	0.42
Ms Michele Jean O'Halloran	2,010,000	0.37
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,402,209	0.26
HSBC Custody Nominees (Australia) Limited- GSCO ECA	1,375,916	0.25
Avanteos Investments Limited <Encircle IMA A/C>	1,068,927	0.20
Diversified United Investment Limited	1,000,000	0.18
<b>Total</b>	<b>448,533,177</b>	<b>82.93</b>



# CORPORATE DIRECTORY

## DIRECTORS

Simon David Jones  
(Chairman)  
Stuart James Irving  
(President and Chief Executive Officer)  
Abigail Pip Cleland  
Tiffany Lee Fuller  
Lisa Mary Gay  
Christopher John Morris  
Paul Joseph Reynolds  
Joseph Mark Velli

## COMPANY SECRETARY

Dominic Matthew Horsley

## REGISTERED OFFICE

Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067  
Telephone +61 3 9415 5000  
Facsimile +61 3 9476 2500

## STOCK EXCHANGE LISTING

Australian Securities Exchange

## SOLICITORS

Minter Ellison  
Level 23, Rialto Towers  
525 Collins Street  
Melbourne VIC 3000

## AUDITORS

PricewaterhouseCoopers  
2 Riverside Quay  
Southbank VIC 3006

## SHARE REGISTRY

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
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## INVESTOR RELATIONS

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Website  
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Computershare Limited  
ABN 71 005 485 825

The Annual Report  
is available online at  
[www.computershare.com](http://www.computershare.com)

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