

## Appendix 4E

### Full-year Report

Name of entity	Bravura Solutions Limited
ABN	54 164 391 128
Financial period ended	30 June 2020
Previous corresponding reporting period	30 June 2019

#### Results for announcement to the market

Financial results	30 June 2020 \$'000	30 June 2019 \$'000	Percentage increase/(decrease) over previous corresponding period %
Revenue from ordinary activities	272,441	257,702	5.72%
Profit from ordinary activities after tax attributable to members	40,110	32,808	22.26%
Net profit for the period attributable to members	40,110	32,808	22.26%
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>			
Refer to the ASX release and Annual Report for the year ended 30 June 2020. The financial report has been audited.			

#### Dividends

Date the dividend is payable	28 September 2020
Record date to determine entitlement to the dividend	7 September 2020
Amount per security (cents)	5.5
Total dividend (\$'000)	\$13,439
Franked amount per security	Nil
Amount per security of foreign sourced dividend or distribution (cents)	5.5
Details of any dividend reinvestment plans in operation	Activated
The last date for receipt of an election notice for participation in any dividend reinvestment plans	8 September 2020

#### NTA backing

	Current period 30 June 2020 Cents	Previous corresponding period 30 June 2019 Cents
Net tangible asset backing per ordinary security <sup>1</sup>	37.4	65.3
Net assets per ordinary security	127.2	119.9

<sup>1</sup>NTA is calculated by deducting deferred tax, intangible and contract assets from net assets.

#### Control gained over entities having material effect

Name of entity (or group of entities)	Not applicable
Date control gained	Not applicable
Consolidated profit from ordinary activities since the date in the current period on which control was acquired, before amortisation and intercompany charges	Not applicable
Profit/(loss) from ordinary activities of the controlled entity/(or group of entities) for the whole of the previous corresponding period	Not applicable

**Loss of control over entities having material effect**

Name of entity (or group of entities)	Not applicable
Date control lost	Not applicable
Consolidated profit from ordinary activities for the current period to the date of loss of control	Not applicable
Profit/(loss) from ordinary activities of the controlled entity/(or group of entities) while controlled for the whole of the previous corresponding period	Not applicable

**Details of associates and joint venture entities**

Name of entity	Percentage held		Share of net loss	
	Current period %	Previous period %	Current period \$'000	Previous period \$'000
Aggregate share of net loss	-	-	-	-

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BRAVURA  
SOLUTIONS  
**ANNUAL  
REPORT  
2020**

BRAVURA SOLUTIONS LIMITED  
ABN 54 164 391 128



**bravura**  
solutions

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# BRAVURA WORLD LEADING FINANCIAL SOLUTIONS

Bravura Solutions Limited is a leading provider of software solutions for the wealth management and funds administration industries, underpinned by functionally rich technology that enables modernisation, consolidation and simplification.

We are committed to increasing the operational and cost efficiency of our clients, enhancing their ability to rapidly innovate and grow, minimising their risk and enabling them to provide better service to their customers.

Backed by over 30 years of experience, our installed, managed hosted or cloud solutions are used by many of the world's leading financial institutions. In excess of A\$2.8 trillion / £1.6 trillion in assets are entrusted to our systems.

We support our clients with a team of more than 1,400 people in 18 offices across Australia, New Zealand, United Kingdom, Europe, Africa and Asia.

For more information about us visit [www.bravurasolutions.com](http://www.bravurasolutions.com). You can also follow us on Twitter @BravuraFinTech.



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# FINANCIAL HIGHLIGHTS

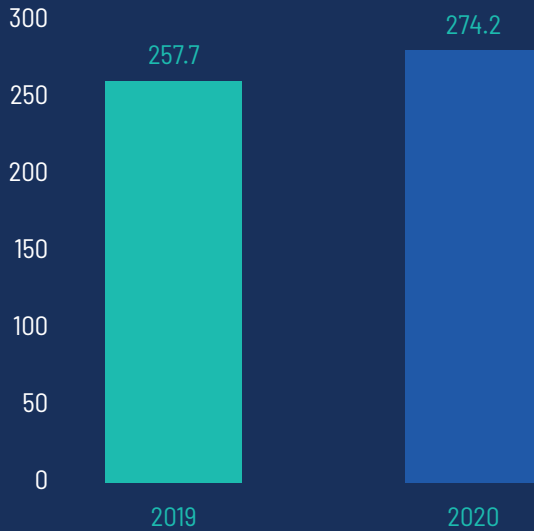
## GROUP REVENUE

\$274.2m

6% growth in FY20

## GROUP REVENUE

A\$m



## FY20 FINANCIAL RESULTS SAW SIGNIFICANT GROWTH ON FY19 FOR REVENUE, EBITDA, AND NPAT

### GROUP EBITDA

**\$57.8m**

19% growth in FY20

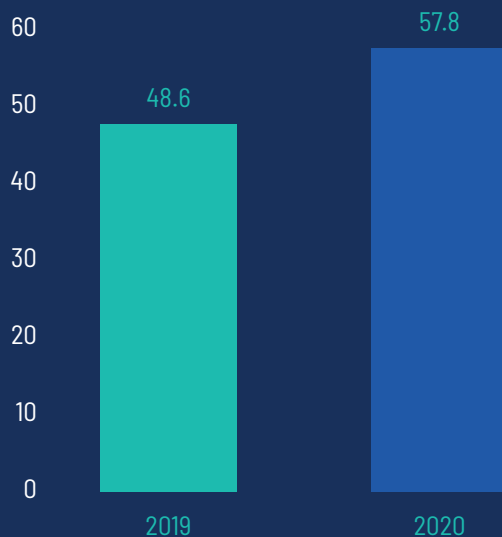
### GROUP NPAT

**\$40.1m**

22% growth in FY20

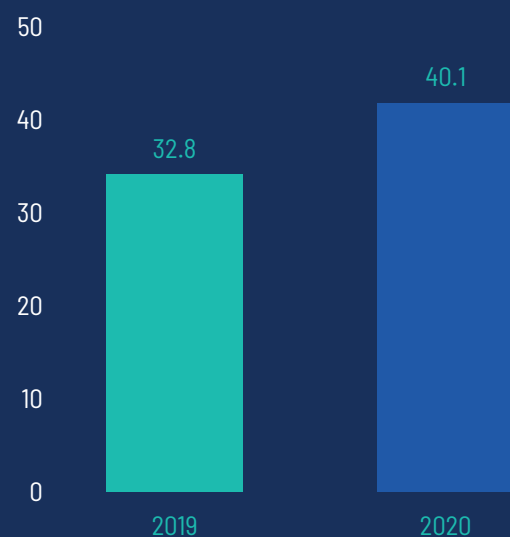
### GROUP EBITDA

A\$m



### GROUP NPAT

A\$m



# BRAVURA SOLUTIONS AT A GLANCE

## WHO WE ARE

Bravura Solutions Limited is a leading provider of software solutions for the wealth management and funds administration industries, underpinned by functionally rich technology that enables modernisation, consolidation and simplification.

## OUR MARKETS

Bravura operates over a wide number of financial services markets across two operating segments delivering software and services to manage and administer financial products.

### Wealth Management

- Pensions, superannuation and Kiwisaver
- Life insurance
- Wrap platforms
- Wealth management platforms
- Investment products
- Private wealth and portfolio administration

### Funds Administration

- Fund managers
- Third-party administrators

## OUR REACH

Bravura has 18 offices throughout eight countries in APAC and EMEA. Bravura operates development and support centres in the United Kingdom, Poland, India, Australia, New Zealand and South Africa.

## OUR PRODUCTS & SERVICES

Bravura delivers a comprehensive range of wealth management and funds administration products supported by professional services.

### Wealth Management

- Sonata
- Garradin
- ePass
- SuperB
- Calibre
- AdviceOS
- Digital advice
- Microservices

### Funds Administration

- RUFUS & RUFUS SaaS
- GTAS
- GFAS
- Babel

### Professional Services

- Software implementation
- Software development
- Support
- Hosting and managed services
- Training

## SONATA

Sonata is the core of Bravura's product ecosystem. Sonata provides rich, proven wealth management functionality, developed and delivered in modern technology with open interfaces. It is an integrated platform that supports pensions, superannuation and KiwiSaver, life insurance, and wrap and investment products.



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PEOPLE

OPERATING ACROSS  
18 OFFICES IN  
8 COUNTRIES



1,400+  
EMPLOYEES



6.3 YEARS  
AVERAGE LENGTH  
OF SERVICE

OUR BUSINESS



350

direct and indirect blue-chip clients including Fidelity International, Prudential, Scottish Friendly, Mercer, Westpac NZ, TAL, JPMorgan, Partners Life, Suncorp, STANLIB Wealth, Bank of New York Mellon, Legal & General, Schroders, Lloyds, Citi and Aegon



~5-10

year long term client contracts

R&D



4

development centres in Australia, New Zealand, India and Poland



>\$210m

invested Wealth Management over 14 years



>60

Wealth Management clients



84%

of staff are developers and consultants



\$36.3m

spent on R&D in FY20



13

Funds Administration clients

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# FY20 RESULTS

	FY20 A\$m	FY19 A\$m
Wealth Management revenue	180.4	176.8
Funds Administration revenue	93.8	80.9
<b>Group revenue</b>	<b>274.2</b>	<b>257.7</b>
Wealth Management EBITDA	52.9	53.9
Funds Administration EBITDA	43.0	32.3
Corporate costs	(38.1)	(37.7)
<b>Group EBITDA</b>	<b>57.8</b>	<b>48.6</b>
Depreciation and amortisation expense	(9.4)	(6.5)
<b>Group EBIT</b>	<b>48.4</b>	<b>42.1</b>
Net interest and foreign exchange expense	(1.2)	(0.6)
<b>Profit before tax</b>	<b>47.1</b>	<b>41.5</b>
Tax expense	(7.0)	(8.7)
<b>Group NPAT</b>	<b>40.1</b>	<b>32.8</b>
<b>Earnings per share (A\$ cps)</b>	<b>16.5</b>	<b>15.0</b>

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## CHAIRMAN'S LETTER

"FY20 was another prosperous year for the organisation, with revenue growth accompanied by further margin expansion in the business. I would like to thank our shareholders for their commitment to Bravura as we continue meet our long-term strategic goals."

Dear Shareholders,

On behalf of your Board, I am pleased to present to you the Bravura Solutions (Bravura) 2020 Annual Report.

As the world navigates COVID-19, Bravura's mission to deliver innovative technology solutions that power leading financial institutions has never been more vital. I am proud to report that during the pandemic, Bravura clients continue to experience our usual high service levels, without disruption. Equally, amid market volatility, Bravura has maintained robust financial and operational performance throughout the year.

In FY20, Bravura continued to deliver growth in revenue and expand our operating leverage. Recurring revenue increased by 7% during the year to represent 77% of total revenue. The long-term nature of our strategic partnerships held us in excellent stead, as existing clients reaffirmed their trust in Bravura by extending their use of our product functionality. Bravura ended FY20 with a solid net cash position of A\$99.1m.

The global financial services market focussed on increased demand for personalised digital experiences and self-service capabilities such as digital advice, as well as the perennial quest to lower operating costs. We have seen further convergence of providers and new entrants in the wealth management and insurance spaces. In Australia, the superannuation market remained sizeable, totalling A\$2.7 trillion at the close of FY20. By 2030, it is anticipated that the sector will be dominated by a smaller number of mega funds. In New Zealand, legislation transformed the way financial advice is regulated and delivered, while the KiwiSaver market entered its 13th year, maturing to a tipping point that saw members start to engage with their balances. Although the Default Provider Review was delayed 12 months due to COVID-19, it is expected to disrupt the market. In the UK, retail platforms continued to attract asset inflows and this growth was supported by the ongoing transfer of Defined Benefit (DB) pension schemes to Defined Contribution (DC) solutions, such as Self Invested Personal Pensions (SIPPs). Providers looked to expand their propositions to capture a greater share of adviser and client assets. The global transfer agency market saw an upsurge in merger and acquisition activity as well as the increased use of digital self-servicing, automation and straight through processing.

Bravura's market-leading technology solutions supported our clients to respond to these trends, turning challenges into sources of sustainable competitive advantage. Playing to our strengths, we further enhanced digital functionality across our offerings, making it possible for clients to leverage the benefits of cloud computing, artificial intelligence (AI) and automation. A highlight was the development of Sonata Alta, our new cloud-based operating model that delivers our clients the agility to 'plug and play' best-of-breed technology solutions to achieve the functionality they need. During FY20, an additional A\$36m was invested in our product suite in order to capitalise on our significant long-term sales pipeline.

Bravura further enhanced our product suite in FY20 by acquiring Midwinter Financial Services and FinoComp, for A\$50m and A\$25m respectively. Midwinter's award-winning financial planning software offers our clients self-directed digital advice capabilities and advisor administration, while FinoComp offers highly flexible microservices that can be independently deployed to solve specific business challenges. As expected, both businesses are delivering strong sales pipelines, with active cross-sell proposals and significant combined offerings across our product suite already in-flight.

Bravura's steady financial performance in such uncertain times is testimony to value of our product suite. In FY20, Group revenue grew by 6%, while Group EBITDA and Group NPAT grew by 19% and 22% respectively. Our Wealth Management division laid the foundation for future growth and met strong demand among existing clients for additional functionality, with revenue up by 2%, while EBITDA was down by 2%. Our Fund Administration division again delivered excellent growth, with revenue increasing by 16% and EBITDA by 33%. The division's substantial contribution can be attributed to our advanced capabilities for cross-jurisdictional administration, digital self-service and straight-through messaging. During the year, we were especially pleased to introduce Open Banking payments capability for a growing number of retail investors.

During the year we were pleased to appoint Ms Libby Roy as an independent non-executive director. Libby brings extensive expertise and experience in the wealth management, superannuation and financial planning industry to Bravura, holding senior divisional roles at PayPal Australia and New Zealand, American Express, AXA and AMP.

The Board is pleased to declare a final unfranked dividend of A\$5.5 cents per share. The dividend record date is 7 September 2020, and the dividend will be paid to shareholders on 28 September 2020.

I take this opportunity to thank you – our valued shareholders – for the ongoing trust you place in Bravura to stay the course and realise our long-term strategic goals. Having significantly enhanced our product suite during FY20, the company is in a solid position to take advantage of a healthy sales pipeline in the years ahead. I also thank our dedicated leadership team, as well as our committed staff for the outstanding contribution they make to our success. In FY21, Bravura will continue working towards a prosperous and sustainable future for our shareholders and clients.



**NEIL BROEKHUIZEN**  
CHAIRMAN



## REVIEW OF FULL YEAR RESULTS

### Highlights of our FY20 results include:

- Group Revenue up 6%, to \$274.2m
- Group EBITDA up 19%, to \$57.8m
- Group NPAT up 22%, to \$40.1m
- Net cash of \$99.1

### Results by Segment:

- Wealth Management
  - Revenue up 2%, to \$180.4m
  - EBITDA down 2% to \$52.9m
- Funds Administration
  - Revenue up 16%, to \$93.8m
  - EBITDA up 33%, to \$43.0m

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CEO  
REPORT

“Bravura again enjoyed another year of strong growth, driven by our entire product ecosystem. With further R&D investment during the period and the strategic acquisitions of Midwinter and FinoComp, Bravura is well placed for further growth.”



I am pleased to report that Bravura Solutions (Bravura) has recorded a solid year, with our robust business performance and commitment to innovation setting the stage for long-term growth. Despite the impact of COVID-19, we continued to work closely with our strategic clients to ensure their ongoing success. As a technology led organisation, Bravura employees were able to transition to remote working smoothly.

For the fourth year in a row, Bravura's performance across all key metrics exceeded that of the previous year, affirming the company's positive trajectory. In FY20, Group revenue increased by 6% to A\$274.2m, Group EBITDA increased by 19% to A\$57.8m and Group NPAT increased by 22% to A\$40.1m, compared to FY19. During the year, we benefitted from continued operating leverage and from driving operating efficiencies, delivering an EBITDA margin of 21.1% and NPAT margin of 14.6%.

Innovation remains a driving force at Bravura, with our dedicated innovation labs and developers working to ensure our products keep pace with global consumer and technology trends. We have been focussed on delivering technology solutions that support data-driven and customer-led digital-first offerings, agile operations and automation, and greater e-commerce and security capabilities. In FY20, we commenced deploying cloud computing and machine learning capabilities across Bravura's product suite. These competencies are proving essential in the current environment, as end customers seek to engage more than ever with their finances and financial services providers face additional pressure on tight margins.

Within our Wealth Management division, Bravura laid the foundations for long-term growth in FY20. We substantially enhanced our core registry offering Sonata, improving its digital functionality, tax capabilities, legislative programme and capacity to service diverse income streams. We launched Sonata Alta – a flexible, best-of-breed operating model that capitalises on the substantial benefits of cloud computing, AI and automation. Powered by Sonata, Alta's agile, cloud-based enterprise architecture supports machine learning and analytics, 'plug and play' microservices and intelligent automation – key tools for achieving digital-first customer experiences and exceptional operational efficiencies. The solution can be componentised in support of front, middle and back office operations, providing clients with flexibility to 'value source' the functionality they need to maximise differentiation, reduce cost-to-serve and improve customer outcomes.

In FY20, Bravura also acquired two strategic market-leading businesses – Midwinter and FinoComp – boosting our technology capability and providing greater coverage of the financial services value chain. Midwinter's financial planning software is ideally placed to assist advisers with back office administration and helps meet heightened demand for self-directed digital advice. By providing Bravura with a competitive edge, the solution is attracting strong interest from the New Zealand advice market and positioning us to capitalise on changes in the Australian advice market. FinoComp's registry agnostic and highly flexible microservices are also in high demand in the UK, as more wealth management providers transition to agile technology ecosystems that solve business challenges in more economical ways.

Spearheaded by the extended adoption of Sonata across global markets, Bravura's Wealth Management division achieved sound financial results in FY20. Wealth Management revenue was up by 2% to A\$180.4m, while the division's EBITDA was down by 2% to A\$52.9m. In APAC, Bravura closed out the year by extending our long-standing partnership with leading New Zealand outsourcer, Trustees Executors, which will see them upgrade to our digital and Managed Cloud Services solutions. We also acted quickly to deliver

our Australian superannuation clients the capacity to automate the bulk handling of early release requests arising from COVID-19 legislative changes. In EMEA, Fidelity successfully completed their SIPP migration onto Sonata, Prudential AUM reached in excess of £19b with their SIPP and PruFund on Sonata, and L&G launched a Workplace ISA on the solution.

There was strong growth in our Funds Administration division in FY20, with revenue reaching A\$93.8m, a 16% increase on FY19. The division's EBITDA rose by 33% to reach A\$43.0m. The sizeable increase was driven by licence renewals and 10% growth in professional services to A\$34m, confirming continued client commitment across our product suite. In FY20, functional enhancements to our solutions assisted clients in achieving greater digital self-service and operational efficiency. We continued to invest in the regulatory currency of our transfer agency software and, in response to COVID-19, made key improvements to our hosted services infrastructure to benefit performance, data security and DR capability. Our Third Party Administration clients continued to grow their portfolios across our solutions. Bravura's award-winning STP engine, Babel, also experienced a 40% increase in trading volumes in FY20 demonstrating scalability and resilience amid COVID-19 market volatility.

Bravura is well positioned to achieve sustainable growth in the years ahead, energised by our new Sonata Alta proposition and recent acquisitions. While there has been a lengthening of the sales cycle due to COVID-19, Bravura has a strong long-term sales pipeline, including significant opportunities to attract new clients and increase technology spend among existing clients.

Bravura's ongoing success is due to our first-rate team – more than 1,400 employees located in 18 offices across 8 countries. I extend my sincere thanks to our staff, as well as our leadership team, for their dedication and hard work. Together, we look forward to a productive and rewarding year ahead.



**TONY KLIM**  
CHIEF EXECUTIVE OFFICER  
AND MANAGING DIRECTOR



# COMMENTARY

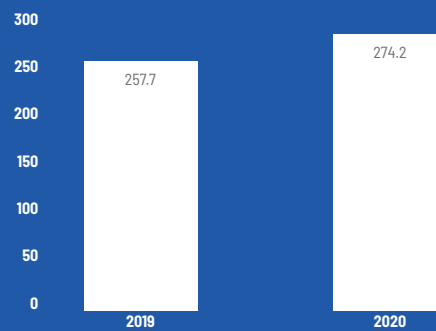
## BRAVURA SOLUTIONS GROUP

### GROUP FINANCIALS

- Group revenue of \$274.2 million was up 6% on FY19
- Group FY20 EBITDA of \$57.8 million exceeded FY19 by 19%
- Group NPAT FY20 was \$40.1 million, up 22% on FY19

### GROUP REVENUE

A\$m

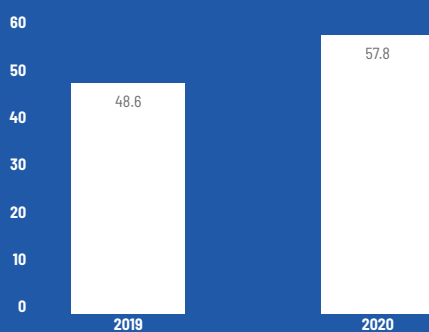


### GROUP COMMENTARY

- Strong result driven by growth across the Bravura product suite
- Continued strong demand for professional services from existing clients
- Solid base of long-term contracts driving growth

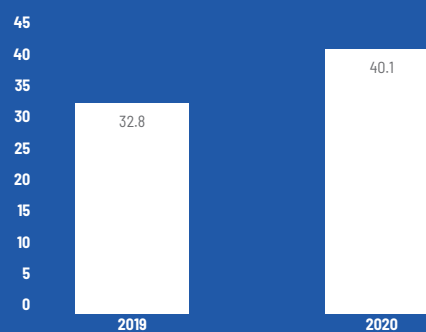
### GROUP EBITDA

A\$m



### GROUP NPAT

A\$m



# COMMENTARY

## WEALTH MANAGEMENT

### SEGMENT FINANCIALS

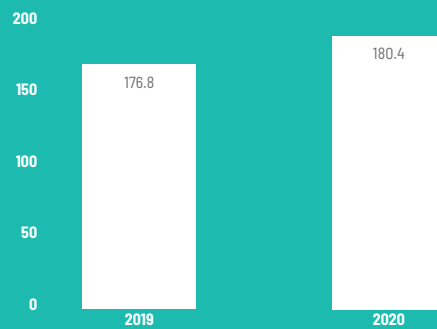
- Wealth Management revenue increased 2% to **\$180.4 million**
- Segment EBITDA decreased 2% to **\$52.9 million**

### SEGMENT COMMENTARY

- The sales pipeline remains strong, with significant opportunities across all key markets
- However, the heightened uncertainty from COVID-19 has resulted in a lengthening of the sales cycle
- The acquisitions of Midwinter and FinoComp have enhanced Bravura's product ecosystem
- Amongst other sales, FinoComp signed a new contract with a new client, a UK financial services provider, to implement a broader suite of microservices

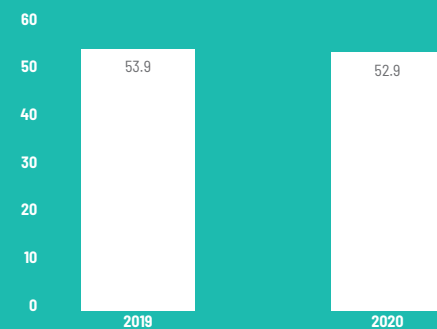
### WEALTH MANAGEMENT REVENUE

A\$m



### SEGMENT EBITDA

A\$m



# COMMENTARY

## FUNDS ADMINISTRATION

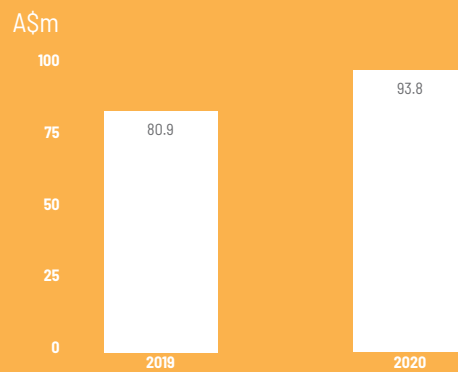
### SEGMENT FINANCIALS

- Funds Administration revenue increased 16% to \$93.8 million
- Funds Administration EBITDA increased 33% to \$43.0 million
- Funds Administration grew EBITDA margins of 45.8%, driven by a contract extension

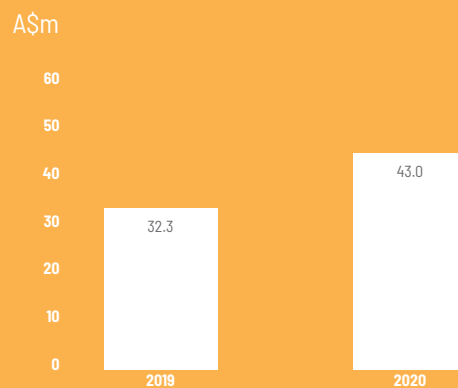
### SEGMENT COMMENTARY

- Funds Administration delivered growth following increased implementation and development work across its client base
- Bravura maintained its strong market credentials in providing digital solutions and straight through messaging capabilities

### FUNDS ADMINISTRATION REVENUE



### SEGMENT EBITDA



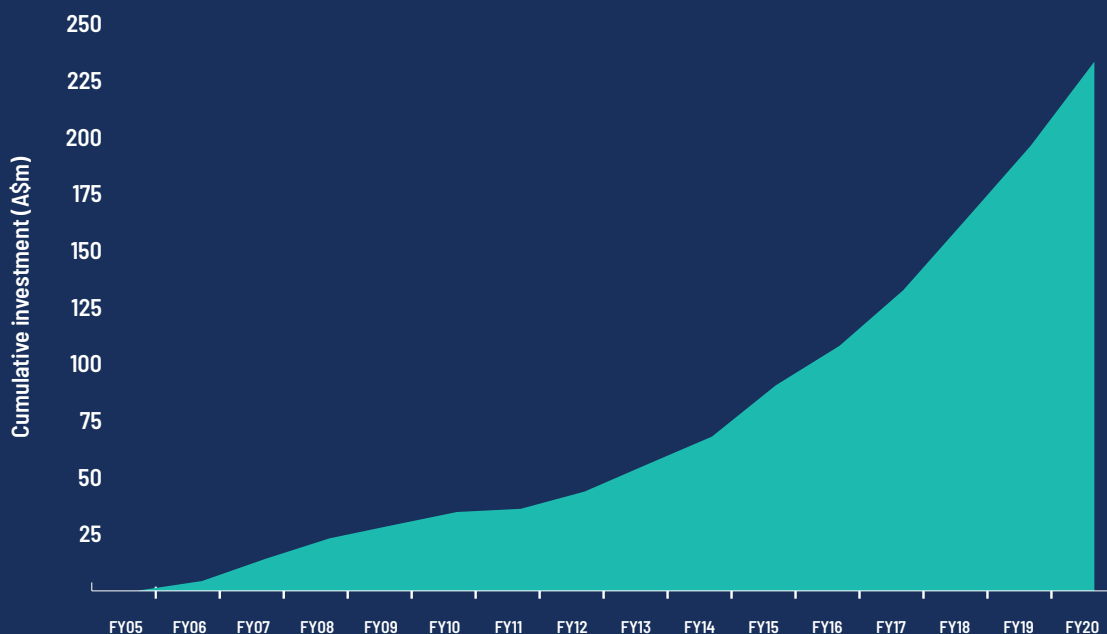
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# RESEARCH AND DEVELOPMENT

We maintained a strong pipeline of development activity to meet the needs of both current and future clients across our products. Continued investment in the Bravura product suite enhances our offering and maintains our market position.

The chart below shows the cumulative R&D investment Bravura has made across the product suite. This continued investment has led to an acceleration in Bravura's blue chip client base since 2011. In FY20, A\$36.3m was invested across Bravura's product ecosystem by Bravura and its client base.

## BRAVURA'S CUMULATIVE INVESTMENT



# SONATA SOFTWARE

## WHAT IS SONATA?

Bravura provides software products used by financial institutions across the globe to administer financial products such as investments, wrap platforms, life insurance, superannuation, pensions and Kiwisaver on behalf of their customers. Bravura's clients typically deploy Sonata either themselves, managing their own IT, operational and administrative aspects of the system within their organisation, via an outsourced hosted or SaaS deployment or through a third-party administrator who manages Sonata on the client's behalf.

"Bravura's software supports clients with a digital, efficient, and client-centric technology platform."

## PRODUCT FEATURES

### FINANCIAL PRODUCTS SUPPORTED



Investment products



Wrap platforms



Superannuation  
(incl. Kiwisaver)  
& pension



Life insurance



Private wealth &  
portfolio admin



Funds  
Administration

### FRONT-OFFICE



New product  
creation



Product  
distribution

### MIDDLE-OFFICE



Compliance  
and auditing

### BACK-OFFICE



Administration,  
workflow and  
correspondence



Valuations  
and modelling

### PROCESSES

### FEATURES



Unified digital  
platform  
accessible across  
multiple devices



Modern solution  
available as  
an installed or  
hosted model



Processes  
multiple financial  
products



Support  
compliance  
across multiple  
jurisdictions



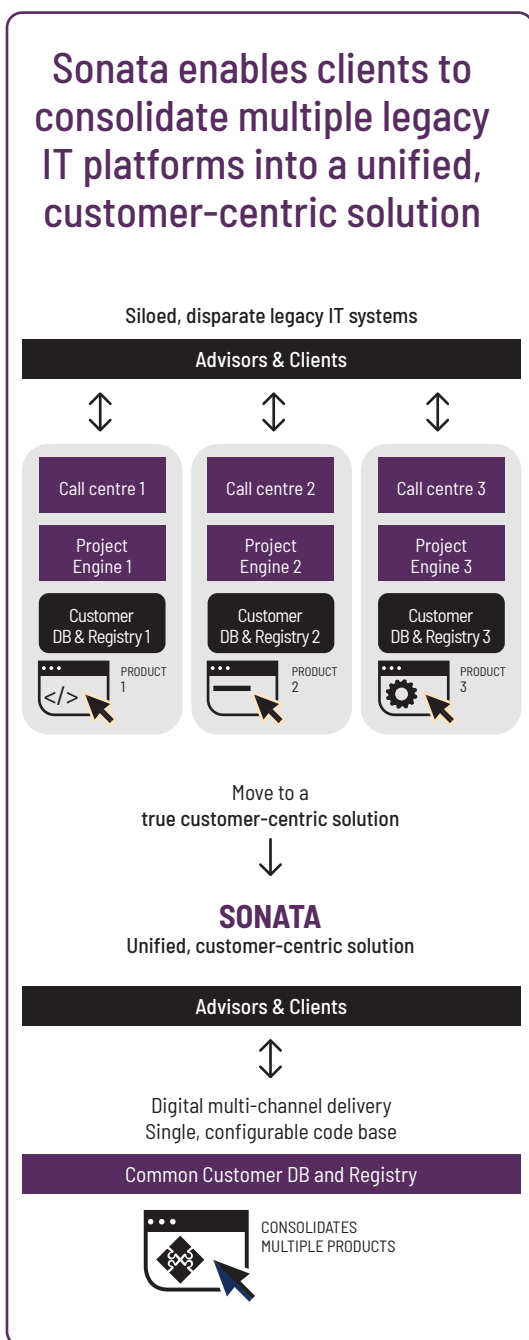
Highly secure  
record keeping



Scalable, modern  
technology



### Sonata enables clients to consolidate multiple legacy IT platforms into a unified, customer-centric solution



### WHAT DOES BRAVURA DO?

Bravura provides software that can enable its clients to unify a number of disparate, siloed IT systems and provides a single-client view of customer information that facilitates consolidated reporting. In doing so, Bravura assists clients to reduce the costs associated with maintaining multiple software systems and enhances their customer experience through more streamlined digital engagement.

### WHO USES BRAVURA SOFTWARE?

Typical clients include major local and international banks, life insurance companies, wealth management companies, superannuation funds and KiwiSaver providers, and administration and IT outsourcers who provide services to financial institutions. Sales are driven by the need to support regulatory changes, drive costs from operations and to deliver a digital and mobile experience to customers.

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# KEY MANAGEMENT



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## TONY KLIM

CEO AND  
MANAGING DIRECTOR

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Tony Klim has over 30 years of experience in international financial services and has held a number of executive and board positions with private and listed companies focused on technology and outsourcing in support of the international financial services market. He has extensive experience in M&A and he has been instrumental in the development of new technology products and services targeted at the financial services sector.

Prior to joining Bravura Solutions in February 2008 as the CEO for Europe, Middle East and Africa (EMEA), Tony was a strategic consultant in the financial services sector. He has specialised in high growth businesses and was a pioneer in internet banking and payment systems. His track record includes a number of strategic advisory and management roles for major international banks, life companies and technology businesses.

Tony has a Bachelor of Science, Honours, in Physics from the University of Manchester.



### MARTIN DEDA

CFO AND EXECUTIVE DIRECTOR,  
JOINT COMPANY SECRETARY

Martin Deda has over 30 years of experience in senior finance and operational roles, predominantly within the IT and professional services industry sectors.

Throughout his career, Martin has added significant value to the private and public companies he has worked for across Australia, Asia, UK, Continental Europe and the US, improving business profitability and deriving value from M&A transactions. He has extensive experience in C-level operational and financial management as well as Board roles.

Prior to joining Bravura Solutions in September 2014, Martin was the Chief Operating Officer/Chief Financial Officer for top tier law firm Minter Ellison. Prior to that he was Group CFO at ASX200 listed global healthcare IT provider, iSOFT Ltd and CFO/COO of CSC Central and Eastern Europe. He has also held senior finance and operations roles at TNT and Storage Tek in EMEA. He is currently a Non-Executive Director of Page Up People Limited (formerly Page Up People Pty Ltd) (since 12 December 2012).

Martin holds an MBA from the University of Sydney, and a BSc. (Mathematics, Nuclear & Radiation Chemistry) from the University of New South Wales.



### NICK PARSONS

CHIEF TECHNOLOGY  
OFFICER

Based in London, Nick Parsons has over 30 years of experience in the IT industry, specialising in financial sector solutions for fund managers and TPAs. Nick is Global Chief Technology Officer for Bravura Solutions, with responsibilities that include defining the Company's evolving IT vision and strategy across the product range. He has been with Bravura Solutions since July 2007.

Prior to joining Bravura Solutions, Nick was the Chief Technology Officer for DST Global Solutions, where he was responsible for driving technical innovation across a diverse product range and implementing a number of complex global projects.



### MIKE MARGETTS

GLOBAL CHIEF  
OPERATING OFFICER

Based in London, with over 30 years of experience in the technology services industry, Mike is Bravura's Chief Operating Officer responsible for implementing and supporting Bravura's software products globally.

Mike joined Bravura in 2017, and previously held executive positions at Accenture, Credit Suisse and Xchanging. Mike's experience includes leading technology change programmes within financial services, managing regulated businesses in the UK and Germany, and responsibility for business performance of operations in the UK, Europe and India.

# MATERIAL BUSINESS RISKS

The material business risks that have the potential to impact Bravura Solutions are outlined below, together with mitigating actions undertaken to minimise these risks:

RISK	NATURE OF RISK	MITIGATION
<b>Increased competition</b>	Bravura Solutions competes with a number of specialist software vendors.	<p>In order to mitigate the risk from increased competition, Bravura Solutions:</p> <ul style="list-style-type: none"> <li>continues to invest in Sonata development to enhance the core platform; and</li> <li>has implemented employee incentives to attract and retain key personnel.</li> </ul>
<b>Foreign exchange</b>	Bravura Solutions is exposed to foreign exchange movements which may affect the value of its assets, liabilities, revenues and costs, and consequently, its financial results.	<p>Bravura Solutions has a presence in a number of jurisdictions and the increase in relative revenue contributions from those jurisdictions tends to mitigate some of this exposure.</p> <p>Bravura Solutions has implemented relevant procedures, such as having debt facilities available in its main currencies and managing intercompany balances at the lowest level possible, to manage and minimise this risk.</p>
<b>Economic climate</b>	Domestic and international economic conditions can impact client revenue.	Bravura Solutions has a presence in a number of jurisdictions to mitigate this risk.
<b>Information security breach and failure of critical systems</b>	Bravura Solutions could be impacted by the failure of critical systems, whether caused by error or malicious attack.	<p>Bravura Solutions has gained ISO 22301:2012 accreditation for its disaster recovery and business continuity management systems to mitigate this risk.</p> <p>Bravura Solutions has also established and maintained the following:</p> <ul style="list-style-type: none"> <li>dedicated information security teams;</li> <li>mandatory information security awareness training across the business;</li> <li>Board oversight through the Audit and Risk Management Committee and executive oversight via an internal information security committee.</li> </ul>
<b>Global pandemic</b>	A global pandemic like COVID-19 could impact Bravura Solutions' employees and clients, and the measures implemented by Governments may impact economic activity.	<ul style="list-style-type: none"> <li>Bravura Solution has the ability to provide its products and services remotely across all its locations to enable operations to continue under a lockdown;</li> <li>Bravura Solutions can implement Health and Safety measures as required in the jurisdictions in which it operates.</li> </ul>

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# BRAVURA SOLUTIONS ANNUAL FINANCIAL REPORT 2020

BRAVURA SOLUTIONS LIMITED  
ABN 54 164 391 128



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The information contained in this document should be read in conjunction with Bravura Solutions Limited Directors' Report and Financial Report for the year ended 30 June 2020 and any public announcements made by Bravura Solutions Limited and its controlled entities during the year in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the *ASX Listing Rules*.

# DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as "the Group" or "Consolidated Entity") consisting of Bravura Solutions Limited ("Bravura Solutions" or "the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2020.

## DIRECTORS

The Directors of Bravura Solutions at any time during or since the end of the financial year are:

### *Non-executive Directors*

Neil Broekhuizen	Independent Chairman, from 23 August 2019
Peter Mann	Independent
Alexa Henderson	Independent
Libby Roy	Independent, appointed 1 April 2020

### *Executive Directors*

Tony Klim	CEO
Martin Deda	CFO

### *Former non-executive Director*

Brian Mitchell	Independent Chairman, resigned 23 August 2019
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## PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the course of the current and prior years consisted of the development, licensing and maintenance of highly specialised administration and management software applications and the provision of professional consulting services for the Wealth Management and Funds Administration sectors of the financial services industry.

## OPERATING AND FINANCIAL REVIEW

Revenue for the reporting period was \$16.5m or 6.4% higher than the prior comparative period, driven by new business, continuing project work, expansion of managed and cloud services and increasing demand from existing clients, as well as acquisitions.

The total Revenue of \$274.2m was made up of \$180.4m generated in the Wealth Management segment and \$93.8m in the Funds Administration segment, both of which grew revenue against the prior period. While expenses, predominately employee benefits and occupancy expense, grew against the prior period to support the projects activity, EBITDA increased by \$9.2m or 19% against the prior period, to \$57.8m. Whilst the total of depreciation, amortisation, foreign exchange and finance costs was also higher than the prior period, the resulting profit before tax of \$47.1m was \$5.6m or 13.5% higher than the prior period.

The Group continues to invest in research and development, to ensure our products meet market needs and are continuously updated with the latest market and regulatory requirements. The total development spend during FY20, focused on progressing the road map for Sonata and investment in the product suite, was \$36.3 million (2019: \$31.8 million), of which \$8.6 million (2019: \$4.0 million) was capitalised as intangible assets.

The profit for the Consolidated Entity after providing for income tax for the year ended 30 June 2020 amounted to \$40.1 million (2019: \$32.8 million).

Employee related expenses comprised 72.8% (2019: 73.4%) of total operating expenses in the year staffing 18 offices across Australia, New Zealand, United Kingdom, Poland, South Africa, Hong Kong and India.

Largely through the Acquisition, and also to meet the demand from new sales and consulting activity from existing clients, as well as anticipated demand from forecast sales, employee headcount of the Group increased from 1,351 in the corresponding year to 1,442 staff in the current year on a permanent or contractor basis.



## DIRECTORS' REPORT (CONTINUED)

The review of results of operations included in the Directors' Report includes a number of non-AASB financial measures. These non-AASB financial measures are used internally by Management to assess the performance of the business and make decisions on the allocation of resources. EBITDA is earnings before finance cost, interest and foreign exchange gains and losses, tax, depreciation, and amortisation. EBITDA includes \$3.1 million (30 June 2019: \$2.5 million) depreciation of property, plant and equipment dedicated to client hosting services. From 1 July 2019, EBITDA includes \$7 million depreciation of right-of-use assets as well as \$2 million interest expense associated with property leases, which would otherwise be excluded under AASB 16. In the comparative period, occupancy costs have been recognised as components of Segment and Operating EBITDA. As such, the inclusion of expenses associated with property leases in the Group's Segment reporting is consistent year on year as presented below. Finance income has been reclassified from revenue to be excluded from EBITDA in the prior comparative period.

	NOTES	2020 \$'000	2019 \$'000
Wealth Management		180,407	176,810
Funds Administration		93,840	80,892
<b>Revenue</b>	6	<b>274,247</b>	257,702
Employee benefits expense	7	(157,524)	(153,476)
Third party cost of sales		(21,359)	(19,097)
Travel and accommodation costs		(4,925)	(6,385)
Occupancy costs		(13,333)	(9,528)
Telecommunication costs		(7,811)	(9,252)
Development operating expense		(894)	(2,240)
Other expenses (including hosting asset depreciation)		(10,622)	(9,166)
<b>EBITDA</b>		<b>57,779</b>	48,558
Depreciation and amortisation expense		(9,420)	(6,467)
<b>EBIT</b>		<b>48,359</b>	42,091
Finance income	6	1,024	503
Finance expense	7	(837)	(189)
Foreign exchange loss		(1,422)	(899)
<b>Profit before income tax</b>		<b>47,124</b>	41,506
Income tax expense	8	(7,014)	(8,698)
<b>Net profit</b>		<b>40,110</b>	32,808

### DIVIDENDS

A final dividend of 5.5c per share has been declared for FY20. The Dividend Reinvestment Plan has been activated. A final FY19 dividend of 4.8c per share was paid on 27 September 2019. An interim dividend of 5.5c per share was paid to shareholders on 27 March 2020.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the Company issued 439,440 shares under the Dividend Reinvestment Plan on 27 September 2019 and 732,555 shares on 27 March 2020.

On 30 August 2019, the Group acquired 100% of the issued shares in Midwinter Holdings (NSW) Pty Ltd, a developer of financial planning technology, for consideration of \$50 million. The acquisition opens an important avenue for growth in Australia, the UK and other geographies in which Bravura currently operates. Midwinter's software complements Bravura's Wealth Management product suite and is a natural extension to existing software solutions and client base, sitting alongside retirement savings, investments and life insurance.

On 31 October 2019 the Group acquired 100% of the issued shares in FinoComp Holdings Pty Ltd, a software developer for data analytics, client reporting, performance reporting and regulatory compliance built on a microservices architecture, for consideration of \$25 million. FinoComp's software adds functionality to Bravura and brings new Wealth Management clients as well as cross-sell opportunities to Bravura's existing clients.

## DIRECTORS' REPORT (CONTINUED)

### BRAVURA SOLUTIONS DIRECTORS' BIOGRAPHIES

#### Director and position

#### Experience



**Neil Broekhuizen**  
CA, B.Sc. (Eng) Hons

**Chairman and Independent  
Non-executive Director**

Neil Broekhuizen has over 30 years of experience in the finance industry including the last 27 years in private equity with Investcorp and Bridgepoint in Europe and with Ironbridge in Australia.

In addition to being an Independent Non-Executive Director at Bravura Solutions, Neil is also a Non-Executive Director of Monash IVF Group Limited.

Neil is a qualified Chartered Accountant and holds a BSc (Eng) Honours degree from Imperial College, University of London, where he read electronic engineering.

Neil is a member of the Remuneration and Nomination Committee and was a member of the Audit and Risk Management Committee until 28 May 2020.



**Peter Mann**

**Independent Non-executive  
Director**

Peter Mann is a respected business leader with more than 30 years experience in the financial services industry. Prior to joining Bravura Solutions as an Independent Non-Executive Director, Peter was Vice Chairman of Old Mutual Group, where he spent a total of 12 years and oversaw a period of exceptional growth and achievement.

Peter's time with Old Mutual Group included 6 years as CEO of Skandia, one of the UK's largest retail platforms, which was acquired by Old Mutual in 2006. Under Peter's leadership, Skandia grew to become the largest retail platform in the UK, with £60 billion in assets under management.

Prior to this, Peter was CEO of Bankhall, a leading supplier of support services to financial advisers. Bankhall was acquired by Skandia in 2001. As CEO at Bankhall, Peter drove significant revenue and profit growth, implementing new services for existing members across multiple business lines. He was an active panel member of the Association of Independent Financial Advisors, lobbying the Financial Services Authority, ombudsman, product providers and other market participants on behalf of Bankhall members.

In addition to being an Independent Non-Executive Director at Bravura Solutions, Peter is currently Chairman of Gryphon Group Holdings Limited. He is also a Non-Executive Director of MMI Holdings UK Limited.

Peter is the Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee.



**Alexa Henderson**  
BSc CA

**Independent Non-executive  
Director**

Alexa Henderson has over 30 years of experience in finance, accounting and audit across the United Kingdom and Australia. She has a strong background in financial institution corporate governance and the guidance of appropriate audit practices and risk management processes.

Alexa has worked with KPMG, Arthur Andersen and Deutsche Bank (WM Company). She is currently on the board of directors of three financial services companies in the United Kingdom being BMO Real Estate Investments Limited, JP Morgan Japan Smaller Companies Trust PLC and Standard Life UK Smaller Companies Trust PLC. She has chaired the audit committee of each of BMO Real Estate Investments Limited and JP Morgan Japan Smaller Companies Trust PLC.

Alexa Henderson holds a BSc in Economics and Accounting from Edinburgh University, is a Chartered Accountant and has been a member of the Institute of Chartered Accountants of Scotland since 1985.

Alexa is the Chair of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

## DIRECTORS' REPORT (CONTINUED)

### Director and position

### Experience



**Libby Roy**  
MBA, B.A.Sc

**Independent Non-executive Director**

Libby Roy has over 20 years of experience in leadership roles gained across payment, credit card, financial planning, superannuation and travel industries.

Prior to joining Bravura Solutions on 1 April 2020, Libby spent 5 years as the Managing Director of PayPal, a global payments platform responsible for processing more than 12 million payments per day. Before PayPal, Libby led the Corporate Superannuation business at AMP and ran the IPAC financial planning business at AXA. Alongside her executive career Libby has previously held a number of director roles in joint ventures and associated entities while at AMP, AXA and American Express.

Libby holds an MBA from University of New South Wales and a B.A.Sc from Curtin University and is a member of the Australian Institute of Company Directors.

Libby is a member of the Audit and Risk Management Committee.



**Tony Klim**  
B.Sc (Physics Hons)

**CEO and Managing Director**

Tony Klim has over 30 years of experience in international financial services and has held a number of executive and board positions with private and listed companies focused on technology and outsourcing in support of the international financial services market. He has extensive experience in M&A and he has been instrumental in the development of new technology products and services targeted at the financial services sector.

Prior to joining Bravura Solutions in February 2008 as the CEO for Europe, Middle East and Africa (EMEA), Tony was a strategic consultant in the financial services sector. He has specialised in high growth businesses and was a pioneer in internet banking and payment systems. His track record includes a number of strategic advisory and management roles for major international banks, life companies and technology businesses.

Tony has a Bachelor of Science, Honours, in Physics from the University of Manchester.



**Martin Deda**  
BSc, MBA, FCPA, GAICD

**CFO and Executive Director,  
Joint Company Secretary**

Martin Deda has over 30 years of experience in senior finance and operational roles, predominantly within the IT and professional services industry sectors.

Throughout his career, Martin has added significant value to the private and public companies he has worked for across Australia, Asia, UK, Continental Europe and the US, improving business profitability and deriving value from M&A transactions. He has extensive experience in C-level operational and financial management as well as Board roles.

Prior to joining Bravura Solutions in September 2014, Martin was the Chief Operating Officer/Chief Financial Officer for top tier law firm Minter Ellison. Prior to that he was Group CFO at ASX200 listed global healthcare IT provider, iSOFT Ltd and CFO/COO of CSC Central and Eastern Europe. He has also held senior finance and operations roles at TNT and Storage Tek in EMEA. He is currently a Non-Executive Director of Page Up People Limited (formerly Page Up People Pty Ltd)(since 12 December 2012).

Martin holds an MBA from the University of Sydney, and a BSc. (Mathematics, Nuclear & Radiation Chemistry) from the University of New South Wales.

## DIRECTORS' REPORT (CONTINUED)

### BRAVURA SOLUTIONS COMPANY SECRETARY BIOGRAPHY

Position	Experience
 <p><b>Nigel Liddell</b> General Counsel and Joint Company Secretary</p>	<p>Based in London, Nigel qualified as a Solicitor in 1993 and has over 26 years of in-house legal experience, mainly in the IT and services industries. He is responsible for managing the global legal affairs of the Group, serves as Joint Company Secretary and is the Head of Facilities for EMEA. He is also the global leader for Diversity &amp; Inclusiveness.</p> <p>Nigel joined Bravura Solutions in March 2008 as the Head of Legal EMEA and took over the global role in July 2011. Prior to joining Bravura Solutions, he was Director and Group General Counsel at DST Global Solutions and has held senior roles at GE Capital IT Solutions, Action Computers (a London-listed company) and Hertz Europe.</p>

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Bravura Solutions will continue to focus on accelerating the adoption of Sonata as the wealth management and life insurance application of choice in both EMEA and APAC while expanding its managed services model. The Company will continue to enhance its strategic relationships with existing clients with a focus on regulatory changes and product enhancements.

### CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement of Bravura Solutions can be found on the Company's website, <https://investors.bravurasolutions.com/investor-centre/?page=asx-announcements>

### SHARE OPTIONS

The Consolidated Entity has 3,580,476 performance rights outstanding under long-term incentive plans and these rights remain unvested and unexercised at the reporting date (30 June 2019: 2,921,043) (Refer to Note 26).

### DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of Bravura Solutions during FY20 are:

	BOARD MEETINGS		BOARD SUB-COMMITTEE MEETINGS		AUDIT AND RISK MANAGEMENT COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
B Mitchell	2	2	1	1	1	1	3	3
P Mann	14	12	1	1	6	6	6	6
T Klim	14	14	-	-	5	5	4	4
N Broekhuizen	14	14	2	2	4	4	6	6
M Deda	14	14	5	5	6	6	5	5
E Roy	4	4	-	-	1	1	-	-
A Henderson	14	14	1	1	6	6	6	6

## DIRECTORS' REPORT (CONTINUED)

### EVENTS SUBSEQUENT TO REPORTING DATE

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

### INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Bravura Solutions paid a premium in respect of a contract to insure the Directors of Bravura Solutions in line with the Constitution to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

### PROCEEDINGS ON BEHALF OF BRAVURA SOLUTIONS

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Bravura Solutions, or to intervene in any proceedings to which Bravura Solutions is a party, for the purpose of taking responsibility on behalf of Bravura Solutions for all or part of those proceedings.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity is not subject to any significant environmental regulation under the laws of the Commonwealth, States or other territories.

### NON-AUDIT SERVICES

Details of amounts paid or payable to the auditors for non-audit services provided during the year by Ernst & Young are outlined in Note 35 in the Financial Report.

The Directors, in accordance with advice from the Audit and Risk Management Committee, are satisfied that the provision of non-audit services as disclosed in Note 35 in the Financial Report does not compromise the external auditor's independence as outlined in the Corporation Act 2001 for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee.
- Non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Company or jointly sharing risks and rewards.

### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration is set out on page 47 and forms part of the Director's Report for the year ended 30 June 2020.

To the extent permitted by law, the Company has agreed to indemnify its auditors Ernst & Young, as part of the terms of its audit engagement agreement against claims made by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### ROUNDING-OFF

Bravura Solutions is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and consequently the amounts in this report have been rounded off to the nearest thousand dollars.

### REMUNERATION REPORT

The Remuneration Report on pages 28 to 46 forms part of the Directors' Report.

This report is issued in accordance with a resolution of the Directors.



**NEIL BROEKHUIZEN**  
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney  
26 August 2020

# REMUNERATION REPORT (AUDITED)

## CONTENTS

1. Letter from the Chair of the Remuneration and Nomination Committee
2. Persons addressed and scope of the Remuneration Report
3. Company performance and reward
4. Remuneration governance
5. Executive KMP remuneration framework
6. KMP held equity and performance rights
7. Non-executive director remuneration

## 1 LETTER FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

Dear Shareholder,

On behalf of the Board, I am pleased to present Bravura Solutions' Remuneration Report (Report) for the financial year ended 30 June 2020 (FY20). This report outlines how Bravura's performance has been linked to reward outcomes for executive Key Management Personnel (KMP) during this financial year.

Bravura Solutions' remuneration framework, as outlined in the accompanying Report, reflects our commitment to deliver competitive remuneration for outstanding performance in order to attract and retain talented individuals across our operational regions, while aligning the interests of executives and shareholders. Throughout FY20, Bravura Solutions delivered consistent performance against key financial measures, with strong revenue and NPAT growth underpinned by the depth of the Bravura product suite across both Funds Administration and Wealth Management.

Bravura's remuneration strategy is designed to support and reinforce its business strategy. The at-risk components of remuneration are tied to measures that reflect the successful execution of our business strategy in both the short and long term. Our strategic drivers are reflected in incentive plan performance measures, ensuring that Bravura's performance directly affects what executives are paid.

This Report is structured to provide shareholders with insights into the remuneration governance, policies, procedures and practices being applied. Having received the support of shareholders for the approaches currently in place, this report is intended to assist shareholders to engage with the Board regarding refinements and improvements that might be desirable, as the Company implements the necessary continuous improvement process to remuneration governance as the circumstances of the Company evolve.

Each year the Board assesses several factors when determining remuneration outcomes. In addition to overall financial results, the Committee assesses performance including the quality of the results, achievement against individual objectives and the effectiveness of strategic initiatives implemented to determine the extent to which the overall outcomes adequately reflect actual performance and returns to shareholders. The following summary outlines the key context for and matters of interest in relation to remuneration governance:

- Bravura Solutions operates internationally, with non-executive directors and executive KMP recruited/located in both Australia and the United Kingdom, and therefore the Company competes in an international market for KMP talent. Remuneration quantum and structure varies between different countries, in accordance with their applicable standards and expectations. It will be important for shareholders to consider the need to meet various local market standards when forming judgements regarding whether the remuneration arrangements set out for KMP are appropriate;
- Related to the above, when shareholders are reviewing executive remuneration on a year-on-year basis, the impact of currency fluctuations on remuneration agreed and paid in foreign currency remains a consideration. The disclosures contained in this Report address notable changes to remuneration that are not the result of currency fluctuations;
- Following a review of market practice supported by Independent Remuneration Consultants, the total reward package for the CEO and CFO was below market and the remuneration mix was too heavily weighted towards Fixed Pay. The Board took the opportunity to increase the target STI components for the CEO and CFO. Increases to the Fixed component for executive KMP were in line with CPI changes in each location;
- For the FY20 Short-Term Incentive Plan (STIP), KMP objectives were set "pre-acquisitions". The average outcome was 51.1% of target which excluded the impact of the acquisitions. The Board considered that COVID-19 has not had a significant impact on the business and believe it was not necessary to make any additional adjustments to the STI for FY20 STIP outcomes for KMP;
- The hurdles for the Long-Term Incentive Plan (LTIP) were measured for the first time since re-listing. The 2018 long-term incentive plan (LTIP) significantly outperformed all performance hurdles with total return to shareholders of 222% over the three years, and EPS growth in excess of 100%. While the Plan Rules provide Board discretion to amend the vesting outcome, the Board believes it is appropriate to approve full vesting. Participants continue to have the opportunity to be incentivised in a manner that delivers value for shareholders;

- As foreshadowed in the 2019 Remuneration Report, given the growth in operational scale and complexity of Bravura since re-listing in 2016, and the finite pool from which non-executive Directors are sourced, the non-executive Director fee policy was reviewed with the support of Independent Remuneration Consultants (Australia) late in 2019. Having considered independent market benchmarking, the Board approved an increase to Director fees for FY20, in line with the data provided; and
- KMP salaries and NED fees for FY21 have not yet been finalised. The Board continues to consider the impact of COVID-19. While our financial results remain robust, we remain conscious of the various and ongoing risk impacts of the pandemic.

The Board will continue to engage with shareholders and their representatives on matters related to remuneration and we look forward to your comments and support for remuneration related resolutions at the upcoming AGM.

Yours sincerely,



**PETER MANN**  
NON-EXECUTIVE DIRECTOR  
CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE



# REMUNERATION REPORT (AUDITED) (CONTINUED)

## 2 PERSONS ADDRESSED AND SCOPE OF THE REMUNERATION REPORT

The Report sets out, in accordance with section 300A of the Corporations Act, associated regulations, and good governance:

- The Company's governance relating to remuneration;
- The policy for determining the nature and amount or value of remuneration of KMP;
- The various components or framework of that remuneration;
- The prescribed details relating to the amount or value paid to KMP, as well as a description of any performance conditions;
- The relationship between KMP remuneration and the performance of the Company; and
- Such other/additional details as may be relevant to shareholders in order for them to form a complete understanding of the Company's remuneration governance, policies, procedures and practices as they relate to KMP.

KMP are the directors and employees who have authority and responsibility for determining, planning, directing and controlling the activities of the Company. As remuneration for non-executive directors is different to remuneration for executives the Report discusses each separately and for ease of reference the executives (including the executive directors) are known as Executive KMP. On that basis, the following roles/individuals are addressed in this Report:

### Non-executive Directors:

- Mr Brian Mitchell, independent non-executive director and Chairman from 16 December 2009, retired 23 August 2019;
- Mr Neil Broekhuizen, independent non-executive director, since 8 September 2009 and Chairman since 23 August 2019;
- Mr Peter Mann, independent non-executive director since 22 December 2015;
- Ms Alexa Henderson, independent non-executive director since 19 September 2016; and
- Ms Elizabeth Roy, independent non-executive director since 1 April 2020.

### Executive KMP:

- Mr Tony Klim, Chief Executive Officer (since 18 May 2011) and Managing Director (since 30 June 2011), having joined on 18 February 2008;
- Mr Martin Deda, Executive Director and Chief Financial Officer having joined on 22 September 2014;
- Mr Mike Margetts, Global Chief Operating Officer since 5 September 2019, having joined on 12 June 2017;
- Mr Nick Parsons, Chief Technology Officer, having joined on 30 July 2007; and
- Mr Andy Chesterton, Chief Operating Officer – Funds Administration from March 2014, retired 31 December 2019.

## 3 COMPANY PERFORMANCE AND REWARD

### 3.1 COMPANY PERFORMANCE

Throughout FY20, Bravura Solutions delivered consistent performance against key financial measures, underpinned by the depth of the Bravura product suite across both Funds Administration and Wealth Management:

- Group revenue increasing by 6.4%;
- Group EBITDA increasing by 19.0%;
- Group NPAT increasing by 22.3%;
- Strong growth in recurring revenue; and
- Bravura's market leading solutions support new and existing clients to meet a range of challenges including more intuitive and sophisticated digital experiences and continuous regulatory change.

The following outlines the performance of the Company over the FY20 period and since the Company listed in November 2016.

FY END DATE		30-JUN-17	30-JUN-18	30-JUN-19	30-JUN-20
Revenue \$m		191.9	221.5	257.7	274.2
Profit after tax \$m		14.4	27.0	32.8	40.1
Share Price \$		1.60	3.21	4.86	4.50
Dividends \$		-	0.09	0.10	0.11
Total Shareholder Return - 1 year	%	10.3	106.3	54.5	(0.05)
Total Shareholder Return - 3 year	%	n/a	n/a	n/a	222.0

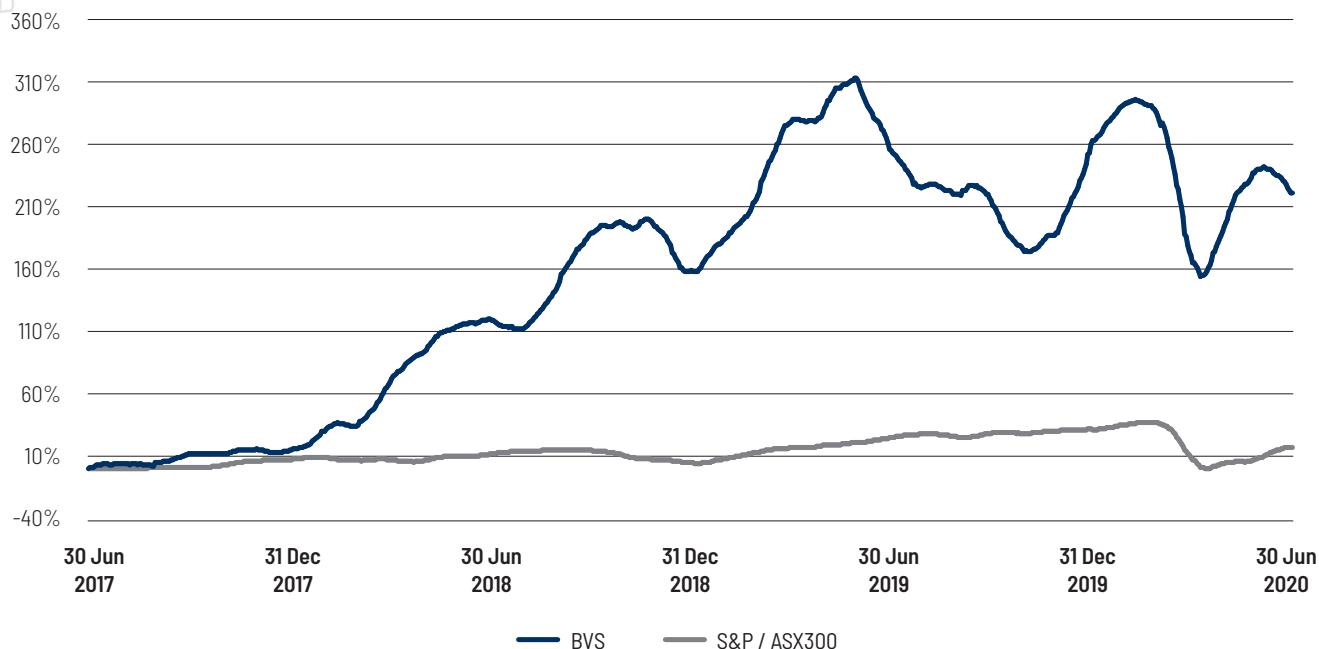
Total Shareholder Return calculations are outlined further in section 5.5 of this Remuneration Report.



## REMUNERATION REPORT (AUDITED) (CONTINUED)

### TOTAL SHAREHOLDER RETURN

#### BRAVURA VS ASX 300 ACCUMULATION INDEX



### 3.2 LINKS BETWEEN PERFORMANCE AND REWARD INCLUDING STIP AND LTIP OUTCOMES

The remuneration of Executive KMP is composed of three parts, being:

- Base package, which is not intended to vary with performance but tends to increase as the scale/complexity/value of the business increases and to maintain competitive practices (i.e. typically following growth and success);
- STIP, which is intended to vary with indicators of annual Company and individual/role performance. Based on short to mid-term objectives linked to strategy via KPIs and annual performance assessments; and
- LTIP, which is also intended to deliver a variable reward based on long-term measures of Company performance and value creation for shareholders, linking a material component of remuneration to share ownership.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 3.2.1 FY20 STIP

Despite the challenges faced by many organisations as a result of the COVID-19 pandemic, the Board is pleased to be able to outline the STIP outcomes for FY20. Payment of STIP to KMP is a result of the achievement of key financial metrics as outlined in the subsequent table. The outline below is provided to help shareholders understand the link between performance and reward.

The following KPIs were used:

	THRESHOLD	TARGET	STRETCH	ACTUAL	RESULTING VESTING (BEFORE ANY DISCRETION APPLIED)
Group NPAT \$m	36.9	38.9	42.7	37.4	62.1%
Group EBITDA \$m	56.7	59.7	65.6	55.1	0.0%

The KPIs outlined were selected because they were the most significant matters expected to contribute to the success of the Company during FY20 in the case of each role. Following the end of the measurement period (the financial year), the Company accounts were audited and reports on the Company's activities during the year were prepared for the Board. The Board then assessed the extent to which target levels of performance had been achieved in relation to each KPI and used the pre-determined scales (for non-binary measures) to calculate the total award payable. This method of performance assessment was chosen because it is the most objective approach to short-term incentive governance, and reflective of market best practices.

The Board takes the view that group NPAT and EBITDA, delivery of the expectations outlined and successful strategy implementation are the key short-term drivers of long-term value creation for shareholders at this time.

In relation to the completed FY20 period the payment of STIP was calculated as follows:

NAME	POSITION	FY20 SHORT-TERM INCENTIVE SUMMARY					TOTAL STIP AWARD	% OF MAXIMUM STI (120%) FORFEITED
		KPI SUMMARY	WEIGHTING	TARGET AWARD	ACHIEVEMENT			
			%	\$	%	\$		
Tony Klim	CEO and Managing Director	Group NPAT	80	791,518	49.7%	393,457	59%	
		Role Specific	20					
Martin Deda	CFO and Executive Director	Group NPAT	80	245,950	49.7%	122,260	59%	
		Role Specific	20					
Mike Margetts	Global Chief Operating Officer	Group NPAT	30	165,635	52.6%	87,096	56%	
		Group EBITDA	30					
		Role Specific	40					
Nick Parsons	Chief Technology Officer	Group NPAT	30	167,210	52.6%	87,924	56%	
		Group EBITDA	30					
		Role Specific	40					

Former KMP Andy Chesterton was not eligible for STI for FY20.

Figures in this table for Tony Klim, Mike Margetts and Nick Parsons are displayed using an AUD/GBP rate of 1.8.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 3.2.2 FY20 LTIP

The LTIP achieved in relation to the FY18 grant was subject to the performance hurdles outlined in the framework. The results were as follows:

HURDLE	OUTCOME	(A) VESTING ACHIEVED ON THIS PORTION	(B) WEIGHT	(C) = (A) X (B) VESTING ON TOTAL GRANT
EPS	111.23%	100%	50%	50%
Company TSR	47.67%			
Indexed TSR	5.41%	100%	50%	50%
<b>Total</b>				<b>100%</b>

- The LTIP remains largely unchanged from that voted on by shareholders at the 2018 AGM. The two measures used over the three-year measurement period are Earnings Per Share (EPS) and Indexed Total Shareholder Return (iTSR) rather than ranked relative TSR (rTSR). Given the small number of ASX listed Fintech comparators, the Board believes that use of a generic indication of the return that shareholders expect from investing in the market generally is the most appropriate. The ASX 300 Accumulation Index was used for the FY20 grant.

NAME	POSITION	FY20 LONG-TERM INCENTIVE SUMMARY			
		# OF RIGHTS GRANTED (FY18)	VESTING OF GRANT	# OF RIGHTS VESTED	# OF RIGHTS FORFEITED
		#	%	#	#
Tony Klim	CEO and Managing Director	522,204	100%	522,204	-
Martin Deda	CFO and Executive Director	210,039	100%	210,039	-
Mike Margetts	Global Chief Operating Officer	220,815	100%	220,815	-
Nick Parsons	Chief Technology Officer	222,915	100%	222,915	-
<b>Former KMP</b>					
Andy Chesterton	COO - Funds Administration	202,406	100%	202,406	-

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 3.3 VESTED/AWARDED INCENTIVES AND REMUNERATION OUTCOMES IN RESPECT OF THE COMPLETED FY20 PERIOD (NON-STATUTORY DISCLOSURE)

The statutory disclosure requirements and accounting standards can make it difficult for shareholders to obtain a clear understanding of what the actual remuneration outcomes for executives were in relation to a given reporting period. The following table brings together outcomes reflecting the year of performance in which the outcome is measured i.e. STIP is presented as being part of the remuneration for the year in which performance was tested, and vested LTI is presented as being part of the remuneration for the year during which performance testing was completed (which is first reported in 2020, after the FY18 grant measurement period is completed).

NAME	YEAR	BASE PACKAGE EXCL RETIREMENT BENEFIT	TOTAL STIP AWARDED	TOTAL LTI VESTED	OTHER BENEFITS INCL RETIREMENT BENEFIT	TOTAL REMUNERATION RECEIVED
		\$	\$	\$	\$	\$
<b>Current KMP</b>						
<b>Tony Klim</b>	<b>FY20</b>	<b>822,439</b>	<b>393,457</b>	<b>2,349,918</b>	<b>115,501</b>	<b>3,681,315</b>
CEO and Managing Director	FY19	747,390	372,180	-	114,913	1,234,483
<b>Martin Deda</b>	<b>FY20</b>	<b>491,900</b>	<b>122,260</b>	<b>945,176</b>	<b>73,808</b>	<b>1,633,144</b>
CFO and Executive Director	FY19	466,445	153,094	-	55,466	675,005
<b>Mike Margetts</b>	<b>FY20</b>	<b>470,333</b>	<b>87,096</b>	<b>993,668</b>	<b>41,002</b>	<b>1,592,099</b>
Global Chief Operating Officer						-
<b>Nick Parsons</b>	<b>FY20</b>	<b>579,614</b>	<b>87,924</b>	<b>1,003,118</b>	<b>72,279</b>	<b>1,742,935</b>
Chief Technology Officer	FY19	531,732	174,553	-	60,796	767,081
<b>Former KMP</b>						
<b>Andy Chesterton</b>	<b>FY20</b>	<b>251,611</b>	<b>-</b>	<b>910,827</b>	<b>92,672</b>	<b>1,255,111</b>
COO - Funds Administration	FY19	482,810	148,855	-	89,555	721,220

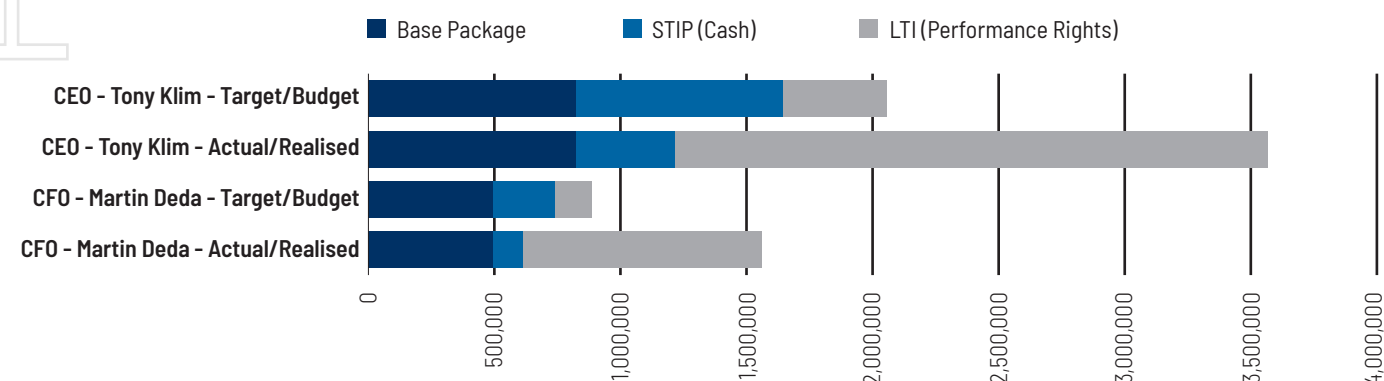
Value of LTI vesting calculated using number of rights vesting from previous table multiplied by share price at 30 June 2020 (\$4.50).

There was no LTI grant that vested in FY19.

Mike Margetts became a KMP on 5 September 2019 and his earnings are included in this table from that date.

Figures in this table for Tony Klim, Mike Margetts, Nick Parsons and Andy Chesterton are displayed using average AUD/GBP exchange rate for the reporting period.

### 3.4 EXECUTIVE DIRECTOR REWARD MIX



## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 3.5 EXECUTIVE KMP REMUNERATION - STATUTORY DISCLOSURES

The following table outlines the remuneration paid or payable to senior executives of the Company, prepared according to statutory disclosure requirements and applicable accounting standards.

NAME	YEAR	SHORT-TERM BENEFITS		LONG-TERM BENEFITS	SHARE BASED PAYMENTS		TOTAL
		FIXED	NON-MONETARY BENEFITS	SHORT TERM INCENTIVE	RETIREMENT PROVISION	LONG TERM INCENTIVE <sup>2</sup>	
		\$	\$	\$	\$	\$	\$
<b>Current KMP</b>							
<b>Tony Klim<sup>1</sup></b>	<b>FY20</b>	<b>822,439</b>	<b>115,501</b>	<b>393,457</b>	-	<b>499,893</b>	<b>1,831,290</b>
CEO and Managing Director	FY19	747,390	114,913	372,180	-	323,923	1,558,406
<b>Martin Deda</b>	<b>FY20</b>	<b>491,900</b>	<b>48,808</b>	<b>122,260</b>	<b>25,000</b>	<b>193,935</b>	<b>881,903</b>
CFO and Executive Director	FY19	466,445	30,466	153,094	25,000	128,313	803,318
<b>Mike Margetts<sup>3</sup></b>	<b>FY20</b>	<b>470,333</b>	<b>41,002</b>	<b>87,096</b>	-	<b>205,480</b>	<b>803,911</b>
Global Chief Operating Officer							
<b>Nick Parsons<sup>1</sup></b>	<b>FY20</b>	<b>579,614</b>	<b>72,279</b>	<b>87,924</b>	-	<b>253,222</b>	<b>993,039</b>
Chief Technology Officer	FY19	531,732	60,796	174,553		188,778	955,859
<b>Former KMP</b>							
<b>Andy Chesterton<sup>1,4</sup></b>	<b>FY20</b>	<b>251,611</b>	<b>86,633</b>	-	<b>6,039</b>	<b>245,197</b>	<b>589,480</b>
COO - Funds Administration	FY19	482,810	75,071	148,855	14,484	171,409	892,629
<b>Total</b>	<b>FY20</b>	<b>2,615,897</b>	<b>364,223</b>	<b>690,737</b>	<b>31,039</b>	<b>1,397,727</b>	<b>5,099,623</b>
	FY19	2,228,377	281,246	848,682	39,484	812,423	4,210,212

Further details regarding incentive opportunities and outcomes are presented in the relevant sections of the Remuneration Report to assist shareholders to obtain a more complete understanding of remuneration as it relates to senior executives. Non-monetary benefits include car parking, annual leave and other benefits.

1. For Tony Klim, Nick Parsons and Andy Chesterton the % change on prior year is impacted by movement in the GBP/AUD exchange rate.
2. LTI represents the expensing in FY20 of grant date fair values as per AASB 2 Share-based Payments, and therefore is included on an expensed basis, rather than at target.
3. Mike Margetts became a KMP on 5 September 2019 and his remuneration has been included from that date.
4. Andy Chesterton ceased to be a KMP on 5 September 2019.

## 4 REMUNERATION GOVERNANCE

The following summarises the Bravura Solutions formal Remuneration Governance Framework which has been published to the market and is available on the website at <https://investors.bravurasolutions.com/investor-centre/?page=corporate-governance>

It is important that shareholders, proxy advisors and other interested parties consider this online governance disclosure information that has been incorporated by reference, as part of forming a judgement regarding the remuneration policies, procedures and practices of the Company.

The Board seeks input regarding the governance of KMP remuneration from a wide range of sources, including:

- Shareholders;
- Remuneration and Nomination Committee Members;
- Stakeholder groups including proxy advisors;
- External remuneration consultants;
- Other experts and professionals such as tax advisors and lawyers; and
- Company management to understand roles and issues facing the Company.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 4.1 REMUNERATION AND NOMINATION COMMITTEE CHARTER

The Remuneration and Nomination Committee (the "Committee") is appointed and authorised by the Board to assist the Board in fulfilling its statutory and fiduciary duties. The Committee is responsible for making recommendations to the Board about:

- Identifying individuals who may be qualified to become directors through assessing the Board's "skills matrix" and identifying any gaps;
- The appointment process and re-election of members of the Board and its committees;
- Board and senior executive succession issues and planning;
- The development of a process for the evaluation of the performance of the Board, its Committee and directors;
- The review of the performance of senior executives and members of the Board, which should take place at least annually;
- Remuneration, recruitment, retention and termination policies and procedures for senior executives;
- The remuneration packages of senior executives, non-executive directors, executive directors, equity-based incentive plans and other employee benefit programs; and
- The remuneration policy for directors, including as it is applied and the process by which any shareholder approved pool of directors' fees is allocated.

The Committee must consist of at least three members and must be made up of a majority of independent directors. The Committee has the authority to seek any information which is relevant to its function from any employee of Bravura Solutions or external parties. The Committee has the authority to obtain outside professional advice as it determines necessary to carry out its duties. The Committee is also responsible for developing and overseeing the diversity policy. The full Charter is available on the Company website.

### 4.2 APPROACH TO DETERMINING COMPARATORS FOR REMUNERATION BENCHMARKING

When the Company seeks external market data in relation to NED or senior executive benchmarking, the following principles are generally intended to apply, however the Board seeks independent expert advice regarding design of comparator groups as part of engaging an external remuneration consultant:

- A benchmarking comparator group will take into account the Company's estimated sustainable market capitalisation at the time of the exercise, which may involve smoothing the market capitalisation of the Company over a period, so as to ensure that anomalies in Company value at particular times do not unduly influence outcomes;
- It will include direct competitors of comparable scale to the extent possible;
- The group should be large enough to produce valid statistics, and small enough to be reasonably specific;
- To the extent that direct competitors are not sufficient to produce a statistically robust sample, companies of comparable scale from the same industry or sector will be included; The group should be balanced with an equal number of comparators, larger and smaller, generally limited to those within a range of half to double the Company's market capitalisation value used in designing the group; and
- Benchmarking will be undertaken in respect of both Australian and international data, as may be appropriate to each role, and which will in combination inform decisions regarding setting a policy benchmark.

These principles are specific to remuneration benchmarking exercises and therefore may produce different outcomes than those applied to the design of other types of comparator groups.

### 4.3 SECURITIES TRADING POLICY

The Company's policy on trading in Bravura Solutions securities by directors and other KMP of the Company:

- Sets out the guidelines for dealing in any type of Bravura Solutions securities by the Company's KMP; and
- Summarises the law relating to insider trading which applies to everyone, including to all Bravura Solutions group employees as well as to KMP.

Under the current policy, directors and all employees are prohibited from engaging in short term trading of company securities and KMP must not trade during "prohibited periods" (with some limited exceptions, and with prior written approval, as set out in the policy). The following periods in a year are "prohibited periods":

- From the Company's year end until the release of the full year results;
- From the Company's half year end until the release of the half yearly results; and
- Any additional periods imposed by the Board from time to time (for example when the Company is considering matters which are subject to Listing Rule 3.1A).

The policy also prohibits KMP from using any derivatives or other products which operate to limit the economic risk of unvested Bravura Solutions securities.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 4.4 EQUITY HOLDINGS

The Company does not currently have an equity holding policy applicable to KMP, as historically the majority of KMP had material holdings, however this matter remains subject to consideration given the changing circumstances of the Company, and market practices.

### 4.5 CLAWBACK AND MALUS

Payments or vesting related to performance conditions associated with STIP and LTIP are intended to be subject to any clawback policy if and as developed by the Company from time to time.

The STIP and LTIP Rules contain a malus provision, that is to say they allow for the Board to use its discretion to forfeit any unvested awards at any time before vesting.

The Board continues to seek advice regarding remuneration practices including the possible development of a clawback policy, however at this time it remains the view of the Board that a clawback policy is unnecessary. Clawback policies are generally intended to relate to the recovery of overpayments when there has been a material misstatement in the financial reports of the Company, a demonstrably low risk based on the frequency of occurrence in the Australian market. The Company has sufficient controls in place as to be confident that this risk is negligible. It is recognised that some institutions and proxy advisors tend to prefer to see a clawback policy in place as a matter of good governance, however the practical value of this is to be considered.

### 4.6 EXTERNAL REMUNERATION CONSULTANT ADVICE

During the report period, the Board received information from external remuneration consultants including:

- Market data for directors fees;
- Market data for executive remuneration;
- Advice regarding market practice pay mix for KMPs;
- Advice regarding incentive design, particularly LTIP;
- Development of LTIP documentation and support for implementation, including drafting of the related resolutions for inclusion in the Notice of Meeting; and
- Advice regarding the Company's Remuneration Report as presented in respect of FY20.

The information provided did not constitute Remuneration Recommendations as described in the Act. The fees paid were not material for either party. The Board is satisfied that the information provided was free from undue influence from management.

### 4.7 OTHER REMUNERATION RELATED MATTERS

The following outlines other remuneration related matters that may be of interest to stakeholders, in the interests of transparency and disclosure:

- There were no loans to Directors or other KMP at any time during the reporting period; and
- There were no relevant material transactions involving KMP other than compensation and transactions concerning shares, performance rights/ options as discussed in this Report.

### 4.8 DIVERSITY POLICY

The Company has adopted a formal and documented diversity policy, which is available on the Company website. The Company values and is proud of its strong and diverse workforce and is committed to supporting and further developing this diversity through attracting, recruiting, engaging and retaining diverse talent and aligning the Company's culture and management systems to this commitment. In summary, the policy outlines the following, and compliance is overseen by the Committee:

- The Company intends to promote the principles of merit and fairness when making decisions about recruitment, development, promotion, remuneration and flexible work arrangements, and to foster a commitment to diversity by leaders at all levels;
- The Company will maintain programs and initiatives to support the policy including mentoring programs, professional development and flexible work opportunities;
- Measurable objectives are to be set in relation to gender diversity, and are to be reviewed annually;
- The policy will be communicated to the market, including a summary in the Annual Report (this summary); and
- The Company intends to meet its obligations in respect of diversity as outlined under the ASX Corporate Governance Council's Principles and Recommendations (3rd edition).

# REMUNERATION REPORT (AUDITED) (CONTINUED)

## 5 EXECUTIVE KMP REMUNERATION FRAMEWORK

### 5.1 GOVERNANCE OF EXECUTIVE KMP REWARD

The senior executive remuneration framework applies to senior executives who are defined as follows:

- CEO and Managing Director - accountable to the Board for the Company's performance and long-term planning;
- Those roles classified as executive KMP under the Corporations Act;
- Direct reports to the CEO and Managing Director - roles that are business unit, functional, or expertise heads; and
- Any other roles as determined by the Board.

The framework outlines the Company's intentions regarding senior executive remuneration, including how remuneration is to be structured, benchmarked and adjusted in response to changes in the circumstances of the Company, and in line with current best-practices. The framework is summarised in the formal and documented remuneration policy of the Company, available on the Company website. The following outlines the intentions of the Board in relation to applying the framework:

- Remuneration should be composed of:
  - Base package (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax (FBT);
  - STIP which provides a reward for performance against annual objectives and which may be subject to deferral as determined by the Board from time to time;
  - LTIP which provides an equity-based reward for performance against indicators of shareholder benefit or value creation, over a three-year period, intended to create alignment with shareholders; and
  - In total the sum of the elements will constitute a total remuneration package (TRP).
- Both internal relativities and external market factors should be considered;
- The performance of the Company and of senior executives should be considered in respect of the design of remuneration; and
- Termination benefits will generally be limited to the default amount allowed for under the Corporations Act (without shareholder approval) and will not be made when an executive is removed for misconduct.

The Board continues to consider its approach in relation to setting remuneration when there are two or more markets that need to be considered, generally the Australian market which shareholders may be expected to reference when assessing remuneration, and international markets as may be relevant to each role. This is challenging because only by meeting market expectations in each location can the Company hope to build and retain an appropriately talented executive team in respect of its international locations, and yet remuneration must also appear reasonable and appropriate to Australian stakeholders given that the Company is listed in Australia. In consideration of the approaches most evident in the market are:

- Remunerate according to the Australian market, which is likely to lead to a loss of internationally sourced talent, but which produce internal relativities between roles that are logical;
- Remunerate according to the market relevant to each executive location, which may lead to outcomes that appear high or unusual in terms of structure relative to Australian standards, and which may produce unusual internal relativities; or
- A hybrid approach such as setting base packages according to the Australian market (locally reasonable and producing good internal relativities), and set TRPs relative to each executive location (ensuring competitiveness in total pay, but with varying degrees of focus on incentives) or some other criteria.

To date, the Company continues to be most closely aligned to the second approach, as was necessary to build the business and maintain local market expertise. The Board anticipates, and welcomes, feedback from shareholders in this regard.

### 5.2 EMPLOYMENT TERMS FOR KEY MANAGEMENT PERSONNEL

A summary of contract terms in relation to executive KMP is presented below:

NAME	POSITION HELD AT CLOSE OF FY20	EMPLOYING COMPANY	DURATION OF CONTRACT	PERIOD OF NOTICE	Payments
Mr Tony Klim	CEO and Managing Director	Bravura Solutions (UK) Limited	Open ended	12 months	Up to 12 months*
Mr Martin Deda	CFO and Executive Director	Bravura Solutions Operations Pty Ltd	Open ended	6 months	Up to 12 months*
Mr Mike Margetts	Global Chief Operating Officer	Bravura Solutions (UK) Limited	Open ended	3 months	Up to 12 months*
Mr Nick Parsons	Chief Technology Officer	Bravura Solutions (UK) Limited	Open ended	6 months	Up to 12 months*
<b>Former KMP</b>					
Mr Andy Chesterton	Chief Operating Officer, Funds Administration	Bravura Solutions (UK) Limited	Open ended	6 months	Up to 12 months*

\* Under the Corporations Act the termination benefits limit is 12 months average salary (last 3 years) unless shareholder approval is obtained.

The treatment of incentives in the case of termination is addressed in separate sections of this Report that give details on incentive design.



## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 5.3 DEFINING THRESHOLD, TARGET AND STRETCH FOR INCENTIVE PURPOSES

In relation to the design, implementation and operation of incentives there should, where possible, be a range of performance and reward outcomes identified and defined. These should be set with regard to the elasticity of the measure, the impact of the measure on shareholder value creation and the ability of senior executives to influence the measure. In order to create clarity and consistency, the following concepts and principles are generally intended to apply to the design of incentive scales:

- “Target”, being a challenging but achievable outcome, and which is the expected outcome for a senior executive/team that is of high calibre and high performing;
- “Threshold”, being a minimum acceptable outcome for a “near miss” of the target, associated with a fraction of the target reward appropriate to the threshold outcome; and
- “Stretch” (the maximum) levels of objectives, which is intended to be a “blue sky” or exceptional outperformance not expected to be achieved, the purpose of which is to create a continuous incentive to outperform when outperformance of the target has already been achieved. This is particularly important for shareholders to understand when comparing with other companies whose maximum levels of incentives may be associated with a planned or target outcome.

Awards for outcomes between these levels should generally be scaled on a pro-rata basis dependent on actual performances. This is intended to provide a motivating opportunity to attain a reward, and to ensure that reward outcomes align with performance, under a range of circumstances.

It is recognised that there is a link between the budget setting culture of the Company and the setting of incentive hurdles. In this regard, the Board is confident that budgets developed and agreed to are sufficiently challenging but also achievable, and therefore appropriate to be linked to target rather than to threshold.

### 5.4 SHORT-TERM INCENTIVE PLAN (STIP)

Short-Term Incentive Plan (STIP)	
Aspect	Plan, offers and comments
Purpose	This element of remuneration aims to provide an incentive for senior executives to deliver or outperform annual business plans that will lead to sustainable superior returns for shareholders. Target-based STIPs are also intended to modulate the cost to the Company of employing senior executives, such that risk is shared with the executives themselves and the cost to the Company is reduced in periods of poor performance.
Measurement period	The Company's financial year.
Award opportunities	<p><b>FY20 Invitations</b></p> <p>The Group CEO was offered a target-based STIP equivalent to 100% of the base package for target performance, with a maximum/stretch opportunity of up to 120% of the target award, i.e. 120% of the base package.</p> <p>The Group CFO was offered a target-based STIP equivalent to 50% of the base package for target performance, with a maximum/stretch opportunity of up to 120% of the target award, i.e. 60% of the base package.</p> <p>Other senior executives who are KMP were offered a target-based STIP equivalent to 30% of their base package for target performance, with a maximum/stretch opportunity of up to 120% of the target award, i.e. 36% of the base package.</p> <p><b>Comments</b></p> <p>Shareholders should refer to the definitions of threshold, target and stretch presented elsewhere in this document when assessing incentive practices.</p>
Key Performance Indicators (KPIs), Weighting and performance goals	<p><b>FY20 Invitations</b></p> <p>FY20 Invitations to participate in the STIP were based on a series of KPIs set for each role with a threshold, target and stretch as outlined in section 3.2.1 for each incumbent. The majority weighting is given to financial performance indicators (generally 60-80% weighting) with minor weightings given to role-specific indicators.</p> <p>Note: Total outcomes cannot exceed 120% of the pool and awards will be scaled back on a pro-rata basis for each participant until this condition is met.</p> <p><b>Comments</b></p> <p>The Board selected these measures as being those that are critical to the delivery of the expectations set and expected to drive economic profitability and ultimately shareholder value creation over the long term, within a financial year period.</p>

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Short-Term Incentive Plan (STIP)

Aspect	Plan, offers and comments
Award determination and payment	<p>Calculations are performed following the end of the measurement period and the audit of Company accounts. The Board retains discretion to modify outcomes to ensure that the STIP does not produce outcomes that shareholders would be likely to consider inappropriate.</p> <p><b>FY20 Invitations</b></p> <p>Awards are made in cash with PAYG tax deducted.</p>
Cessation of employment during a measurement period	<p>In the event of cessation of employment due to dismissal for cause, all entitlements in relation to the measurement period are forfeited.</p> <p>In the case of cessation of employment for other reasons, the incumbent may be entitled to receive a pro-rata payment at the discretion of the Board.</p>
Change of control	The treatment of STIP in the case of a takeover or change of control is subject to Board discretion.
Plan gate & board discretion	<p>For each measurement period the Board will have the discretion to modify outcomes to ensure that they are appropriate. When such discretion is applied, it will be disclosed and explained.</p> <p>A specified gate condition applies to offers of STIP such that no award will be payable in relation to any KPI if the gate condition is not met or exceeded.</p> <p><b>FY20 Invitations</b></p> <p>A gate applied of threshold Group EBITDA and/or Group NPAT (depending on KMP role) and no award for any measure would be payable if the gate was not exceeded.</p>
Fraud, gross misconduct etc.	If the Board forms the view that a participant has committed fraud, defalcation or gross misconduct in relation to the Company then all entitlements in relation to the measurement period will be forfeited by that participant.

### 5.5 LONG-TERM INCENTIVE PLAN (LTIP)

Performance rights were granted to executives with hurdles that apply as follows:

- (1) 50% of the LTIP grant is subject to an Earnings Per Share (EPS) hurdle; and
- (2) 50% of the LTIP grant is subject to a Total Shareholder Return (iTSR) hurdle.

The use of two performance hurdles weighted equally is consistent with market practice. The hurdles motivate executives with a clear line of sight to the outcome through the combination of an internal (EPS) and external (iTSR) measure. When expectations are met, and all other things being equal, the LTIP is intended to vest and deliver the appropriate level of remuneration and market positioning.

In total, the Consolidated Entity granted 659,433 performance rights during the year under the LTIP, of which 399,086 were to KMP (Refer to section 6.2 of this Remuneration Report).

The structure and details of LTIP performance rights issued to executives in FY20 under the plan are summarised in the following table:

### Long-Term Incentive Plan (LTIP)

Aspect	Plan, offers and comments
Purpose	The LTIPs purpose is to align executive interests with those of shareholders by linking reward to sustainable value creation for shareholders. As well as facilitating executives becoming shareholders, the LTIP provides an incentive for senior executives to exceed expectations (the upside above target), and shares long-term risks with executives (the downside below target, noting that under AASB2, costs related to non-market conditions can be written back when vesting is lower than expectations). Other purposes of the LTIP are to assist in the attraction and retention of a stable team of sustainability focussed senior executives.
Nature	Each LTIP performance right entitles the participant to one share in the Company upon vesting.
Grant frequency	Annual grant and ad-hoc on commencement of employment and future potential grants.
Eligibility criteria	Selected executives.
Exercise price	5-day VWAP preceding grant date.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Long-Term Incentive Plan (LTIP)

Aspect	Plan, offers and comments
Exercise of vested Performance Rights	Vested performance rights are exercised automatically following vesting to the extent that the performance hurdles are met. Rights that are not exercised, lapse. Exercised rights will be satisfied in the form of ordinary Company shares, except where the Board exercises its discretion to settle in the form of cash.
Right to dividends	No dividend rights until exercised.

### Long-Term Incentive Plan (LTIP)

Aspect	Plan, offers and comments																					
Performance hurdles	<p><b>Earnings per share (EPS) – 50% of LTIP performance rights granted</b></p> <table border="1"> <thead> <tr> <th>Performance level</th> <th>TOTAL GROWTH OVER 3 YEARS</th> <th>VESTING</th> </tr> </thead> <tbody> <tr> <td>Stretch</td> <td>≥56%</td> <td>100%</td> </tr> <tr> <td>Between target &amp; stretch</td> <td>&gt;33% &amp; &lt;56%</td> <td>&gt;50% &amp; &lt;100%</td> </tr> <tr> <td><b>Target</b></td> <td><b>33%</b></td> <td><b>50%</b></td> </tr> <tr> <td>Between target &amp; stretch</td> <td>&gt;22% &amp; &lt;33%</td> <td>&gt;25% &amp; &lt;50%</td> </tr> <tr> <td>Threshold</td> <td>22%</td> <td>25%</td> </tr> <tr> <td>Below threshold</td> <td>&lt;22%</td> <td>0%</td> </tr> </tbody> </table>	Performance level	TOTAL GROWTH OVER 3 YEARS	VESTING	Stretch	≥56%	100%	Between target & stretch	>33% & <56%	>50% & <100%	<b>Target</b>	<b>33%</b>	<b>50%</b>	Between target & stretch	>22% & <33%	>25% & <50%	Threshold	22%	25%	Below threshold	<22%	0%
Performance level	TOTAL GROWTH OVER 3 YEARS	VESTING																				
Stretch	≥56%	100%																				
Between target & stretch	>33% & <56%	>50% & <100%																				
<b>Target</b>	<b>33%</b>	<b>50%</b>																				
Between target & stretch	>22% & <33%	>25% & <50%																				
Threshold	22%	25%																				
Below threshold	<22%	0%																				

Performance right vesting levels are interpolated between each percentile above.

#### Indexed Total Shareholder Return (iTSR) – 50% of LTIP performance rights granted

Based on relative iTSR performance over a three year measurement period against a comparator group (ASX 300 iTSR Index):

Performance level	COMPANY'S TSR COMPARED TO THE ASX300 TOTAL RETURN INDEX	VESTING
Stretch	≥100% of Index Plus 10% CAGR	100%
Between target & stretch	>100% Plus 5% CAGR & < 100% of Index Plus 10% CAGR	Pro-rata
<b>Target</b>	<b>100% of Index Plus 5% CAGR</b>	<b>50%</b>
Between threshold & target	>100% of Index & <100% of Index Plus 5% CAGR	Pro-rata
Threshold	100% of Index	25%
Below threshold	<100% of Index	0%

Performance right vesting levels are interpolated between each percentile above.

Vesting period	Three years from grant date. No retesting.
Vesting date	The FY18 grant vests on the release date of this Annual Report.

# REMUNERATION REPORT (AUDITED) (CONTINUED)

## 6 KMP HELD EQUITY AND PERFORMANCE RIGHTS

### 6.1 RELEVANT INTEREST IN ORDINARY SHARES OF THE DIRECTORS AND OTHER KMP

The movement during the reporting period in the number of ordinary securities in the Company held directly, indirectly or beneficially, by each KMP, including their related parties is as follows:

2020					
DIRECTORS OF BRAVURA SOLUTIONS LIMITED	BALANCE AT THE START OF THE YEAR	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	CEASED TO BE A KMP	BALANCE AT THE END OF THE YEAR
N Broekhuizen	215,000	-	-	-	215,000
A Henderson	70,975	-	-	-	70,975
P Mann	58,144	-	(29,072)	-	29,072
E Roy	-	-	-	-	-
T Klim	1,200,000	-	-	-	1,200,000
M Deda	567,098	-	-	-	567,098

#### Former Director

B Mitchell	2,019,629	-	-	(2,019,629)	-
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SENIOR EXECUTIVES OF THE GROUP	BALANCE AT THE START OF THE YEAR	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	CEASED TO BE A KMP	BALANCE AT THE END OF THE YEAR
M Margetts	-	-	-	-	-
N Parsons	1,147,500	-	(100,000)	-	1,047,500

#### Former KMP

A Chesterton	299,000	-	-	(299,000)	-
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2019					
DIRECTORS OF BRAVURA SOLUTIONS LIMITED	BALANCE AT THE START OF THE YEAR	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	BALANCE AT THE END OF THE YEAR	
B Mitchell <sup>1</sup>	2,000,000	19,629	-	2,019,629	
N Broekhuizen	215,000	-	-	215,000	
A Henderson	70,975	-	-	70,975	
P Mann	83,316	-	(25,172)	58,144	
T Klim	1,890,000	-	(690,000)	1,200,000	
M Deda	667,098	-	(100,000)	567,098	

SENIOR EXECUTIVES OF THE GROUP	BALANCE AT THE START OF THE YEAR	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	BALANCE AT THE END OF THE YEAR
N Parsons	1,147,500	-	-	1,147,500
A Chesterton	459,000	-	(160,000)	299,000

1. On 28 March 2019, Brian Mitchell received 19,629 shares under the Dividend Reinvestment Plan.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 6.2 KMP HELD PERFORMANCE RIGHTS

For the period ended 30 June 2020

NAME	BALANCE OF UNVESTED PERFORMANCE RIGHTS AT THE START OF THE YEAR	GRANTED AS COMPENSATION DURING THE YEAR	LAPSED/ FORFEITED DURING THE YEAR	VESTED & EXERCISED DURING THE YEAR	CEASED TO BE A KMP	BALANCE OF UNVESTED PERFORMANCE RIGHTS AT THE END OF THE YEAR
Tony Klim	713,505	180,263	-	-	-	893,768
Martin Deda	284,004	67,216	-	-	-	351,220
Mike Margetts	301,706	75,445	-	-	-	377,151
Nick Parsons	304,576	76,162	-	-	-	380,738
<b>Former KMP</b>						
Andy Chesterton	276,553	-	-	-	(276,553)	-
<b>Total</b>	<b>1,880,344</b>	<b>399,086</b>	<b>-</b>	<b>-</b>	<b>(276,553)</b>	<b>2,002,877</b>

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 6.3 LTIP PERFORMANCE RIGHTS HOLDINGS OF KMP

NAME	YEAR OF GRANT	HURDLE TYPE <sup>1,3</sup>	GRANT DATE FAIR VALUE <sup>2</sup>	RIGHTS GRANTED	LAPSED/ FORFEITED DURING THE YEAR	VESTED DURING THE YEAR	EXERCISED DURING THE YEAR	CEASED TO BE A KMP	BALANCE OF UNVESTED PERFORMANCE RIGHTS AT THE END OF THE YEAR
Tony Klim	2020	TSR	\$1.53	90,132	-	-	-	-	90,132
		EPS	\$3.77	90,131	-	-	-	-	90,131
	2019	TSR	\$2.45	95,651	-	-	-	-	95,651
		EPS	\$3.80	95,650	-	-	-	-	95,650
	2018	TSR	\$0.71	261,102	-	-	-	-	261,102
		EPS	\$1.47	261,102	-	-	-	-	261,102
Total				893,768	-	-	-	-	893,768
Martin Deda	2020	TSR	\$1.53	33,608	-	-	-	-	33,608
		EPS	\$3.77	33,608	-	-	-	-	33,608
	2019	TSR	\$2.45	36,983	-	-	-	-	36,983
		EPS	\$3.80	36,982	-	-	-	-	36,982
	2018	TSR	\$0.71	105,020	-	-	-	-	105,020
		EPS	\$1.47	105,019	-	-	-	-	105,019
Total				351,220	-	-	-	-	351,220
Mike Margetts	2020	TSR	\$1.53	37,723	-	-	-	-	37,723
		EPS	\$3.77	37,722	-	-	-	-	37,722
	2019	TSR	\$2.45	40,446	-	-	-	-	40,446
		EPS	\$3.80	40,445	-	-	-	-	40,445
	2018	TSR	\$1.43	110,408	-	-	-	-	110,408
		EPS	\$1.96	110,407	-	-	-	-	110,407
Total				377,151	-	-	-	-	377,151
Nick Parsons	2020	TSR	\$1.53	38,081	-	-	-	-	38,081
		EPS	\$3.77	38,081	-	-	-	-	38,081
	2019	TSR	\$2.45	40,831	-	-	-	-	40,831
		EPS	\$3.80	40,830	-	-	-	-	40,830
	2018	TSR	\$1.43	111,458	-	-	-	-	111,458
		EPS	\$1.96	111,457	-	-	-	-	111,457
Total				380,738	-	-	-	-	380,738
<b>Former KMP</b>									
Andy Chesterton	2019	TSR	\$2.45	37,074	-	-	-	(37,074)	-
		EPS	\$3.80	37,073	-	-	-	(37,073)	-
	2018	TSR	\$1.43	101,203	-	-	-	(101,203)	-
		EPS	\$1.96	101,203	-	-	-	(101,203)	-
Total				276,553	-	-	-	(276,553)	-

1. For performance hurdles, refer structure and details of LTIP performance rights in earlier sections of this Remuneration Report.

2. Grant date fair value in respect of grants made during the year, Refer to Note 26 in the financial report for details of assumptions.

3. Performance rights have no exercise price.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 7 NON-EXECUTIVE DIRECTOR REMUNERATION

The Remuneration Policy outlines the framework for remuneration as it applies to non-executive directors of the Company in their capacity as directors and as members of committees, and may be summarised as follows:

- Remuneration may be composed of:
  - Board fees;
  - Committee fees;
  - Superannuation;
  - Other benefits; and
  - Equity (if appropriate at the time).
- Remuneration will be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company;
- Remuneration will be reviewed annually;
- Termination benefits will not be paid to non-executive directors;
- A policy level of Board fees (being the fees paid for membership of the Board, inclusive of superannuation and exclusive of committee fees) will usually be above P50 (median or middle) of the market of comparable ASX listed companies when benchmarking is undertaken; and
- Committee fees may be used to recognise additional contributions to the work of the Board by members of committees, usually producing a clustering of total fees above P50 reflecting the workload of each NED.

Currently the Company does not provide equity as part of non-executive director remuneration and shareholder approval would be sought for any plan that may facilitate this element of remuneration being paid.

#### 7.1 NON-EXECUTIVE DIRECTOR REMUNERATION

Given the growth in operational scale and complexity of Bravura since re-listing in 2016, and the finite pool from which non-executive Directors are sourced, the non-executive Director fee policy was reviewed with the support of Independent Remuneration Consultants (UK and Australia). The Board increased director fees, in line with market trends evident in data provided. The following table outlines the current fee structure:

POSITION	YEAR	FEE \$
Chairman	2020	247,500
Independent Non-Executive Director Base Fee	2020	123,600
Committee Chair	2020	20,000
Committee Member	2020	10,000

Alexa Henderson and Peter Mann receive their fees in GBP as agreed in their letters of appointment. Actual amounts paid or payable vary as a result of exchange rate movements.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 7.2 NON-EXECUTIVE DIRECTOR REMUNERATION - STATUTORY TABLE

Remuneration paid or payable to non-executive Directors, prepared in accordance with the statutory disclosure requirements, is presented below:

NAME	YEAR	DIRECTORS' FEES	OTHER BENEFITS	TOTAL
		\$	\$	\$
<b>N Broekhuizen (Non-Executive Director and Chairman)<sup>1</sup></b>				
	2020	232,106	-	232,106
	2019	110,854	7,000	117,854
<b>A Henderson (Non-Executive Director)</b>				
	2020	178,689	-	178,689
	2019	103,719	-	103,719
<b>E Roy (Non-Executive Director)</b>				
	2020	31,832	-	31,832
	2019	-	-	-
<b>P Mann (Non-Executive Director)</b>				
	2020	178,721	-	178,721
	2019	109,679	-	109,679
<b>Former director</b>				
<b>B Mitchell (Non-Executive Director and Chairman)<sup>2</sup></b>				
	2020	36,990	-	36,990
	2019	211,200	-	211,200
<b>Total Non-Executive Directors</b>				
	2020	658,338	-	658,338
	2019	535,452	7,000	542,452

1. Neil Broekhuizen became Chairman on 23 August 2019.

2. Brian Mitchell resigned as Chairman effective 23 August 2019.

On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of the Director. The appointment letters specify a term of three years with no notice periods. Non-executive Directors are not eligible to receive termination payments under the terms of the appointments.

Non-executive Director fees are managed within the current aggregate fees limit (or fee pool) of \$1,000,000 as was approved by shareholders at the 2019 Annual General Meeting.

Alexa Henderson and Peter Mann receive their fees in GBP as agreed in their letters of appointment. Actual amounts paid or payable vary as a result of exchange rate movements.

This Report forms part of the Directors' Report and has been audited in accordance with Section 300A of the Corporations Acts 2001.



# AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia

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Fax: +61 2 9248 5959  
www.ey.com/au

## Auditor's Independence Declaration to the Directors of Bravura Solutions Limited

As lead auditor for the audit of Bravura Solutions Limited for the financial year ended 30 June 2020, I declare 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 Bravura Solutions Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gamini Martinus'.

Gamini Martinus  
Partner  
26 August 2020

For personal use only

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	2020 \$'000	2019 \$'000
<b>Revenue from contracts with customers</b>	6.1	<b>272,441</b>	257,702
Other income	6.1	<b>2,830</b>	503
Employee benefits expense	7	<b>(157,524)</b>	(153,476)
Depreciation and amortisation expense	7	<b>(19,448)</b>	(8,974)
Third party cost of sales		<b>(21,359)</b>	(19,097)
Travel and accommodation costs		<b>(4,925)</b>	(6,385)
Occupancy costs		<b>(4,463)</b>	(9,528)
Telecommunication costs		<b>(7,811)</b>	(9,252)
Development operating expense		<b>(894)</b>	(2,240)
Other expenses		<b>(7,490)</b>	(6,659)
Foreign exchange loss		<b>(1,422)</b>	(899)
Finance costs	7	<b>(2,811)</b>	(189)
<b>Profit before income tax</b>		<b>47,124</b>	41,506
Income tax expense	8	<b>(7,014)</b>	(8,698)
<b>Profit for the year after income tax expense attributable to shareholders of Bravura Solutions</b>		<b>40,110</b>	32,808
<b>Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met</b>			
Exchange differences on translation of foreign operations		<b>(2,663)</b>	781
<b>Total comprehensive income for the year attributable to shareholders of Bravura Solutions</b>		<b>37,447</b>	33,589
<b>Profit attributable to owners</b>		<b>40,110</b>	32,808

## Earnings per share attributable to the ordinary equity holders of Bravura Solutions Limited:

		CENTS	CENTS
Basic earnings per share	9	<b>16.5</b>	15.0
Diluted earnings per share	9	<b>16.2</b>	14.8

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2020

	NOTES	2020	2019
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	99,080	194,797
Trade receivables	11	43,773	23,697
Contract assets	6.2	12,748	10,295
Current tax receivables	18	487	-
Other current assets	12	8,692	7,838
<b>Total current assets</b>		<b>164,780</b>	<b>236,627</b>
<b>Non-current assets</b>			
Contract assets	6.2	6,862	4,271
Property, plant and equipment	13	63,380	21,222
Deferred tax assets	14	3,598	4,507
Intangible assets	15	196,225	113,546
<b>Total non-current assets</b>		<b>270,065</b>	<b>143,546</b>
<b>Total assets</b>		<b>434,845</b>	<b>380,173</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	12,937	11,608
Provisions	20	11,359	10,124
Lease liabilities	27	7,823	175
Provision for income tax	18	395	4,730
Contract liabilities	6.2	31,480	33,267
Other current liabilities	21	10,454	17,022
<b>Total current liabilities</b>		<b>74,448</b>	<b>76,926</b>
<b>Non-current liabilities</b>			
Contract liabilities	6.2	482	1,606
Deferred tax liabilities	22	2,596	3,507
Contingent considerations	3.2	7,347	-
Provisions	23	4,712	3,713
Lease liabilities	27	34,507	2,964
<b>Total non-current liabilities</b>		<b>49,644</b>	<b>11,790</b>
<b>Total liabilities</b>		<b>124,092</b>	<b>88,716</b>
<b>Net assets</b>		<b>310,753</b>	<b>291,457</b>
<b>EQUITY</b>			
Contributed equity	24	351,727	347,182
Reserves	25	12,653	12,941
Accumulated losses	25	(53,627)	(68,666)
<b>Total equity</b>		<b>310,753</b>	<b>291,457</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2020

2019	NOTES	CONTRIBUTED EQUITY	RESERVES	ACCUMULATED LOSSES	TOTAL EQUITY
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June</b>		184,989	10,514	(81,317)	114,186
Adoption of AASB 15		-	-	839	839
<b>Balance at 1 July (restated)</b>		184,989	10,514	(80,478)	115,025
Profit for the year	25b	-	-	32,808	32,808
Other comprehensive income	25a	-	781	-	781
Total comprehensive income for the year		-	781	32,808	33,589
Transactions with owners in their capacity as owners:					
Issue of share capital	24a	166,237	-	-	166,237
Transaction costs	24a	(4,044)	-	-	(4,044)
Dividends paid	25b	-	-	(20,996)	(20,996)
Share-based payments	25a	-	1,646	-	1,646
<b>Balance at 30 June</b>		347,182	12,941	(68,666)	291,457
<b>2020</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July</b>		<b>347,182</b>	<b>12,941</b>	<b>(68,666)</b>	<b>291,457</b>
Profit for the year	25b	-	-	40,110	40,110
Other comprehensive income	25a	-	(2,663)	-	(2,663)
Total comprehensive income for the year		-	(2,663)	40,110	37,447
Transactions with owners in their capacity as owners:					
Issue of share capital	24a	4,545	-	-	4,545
Dividends paid	25b	-	-	(25,071)	(25,071)
Share-based payments	25a	-	2,375	-	2,375
<b>Balance at 30 June</b>		<b>351,727</b>	<b>12,653</b>	<b>(53,627)</b>	<b>310,753</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	2020	2019
		\$'000	\$'000
<b>Operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		270,629	285,515
Payments to suppliers and employees (inclusive of goods and services tax)		(239,438)	(232,627)
		31,191	52,888
Interest received		1,228	503
Income taxes paid		(12,996)	(6,918)
<b>Net cash inflows from operating activities</b>		<b>19,423</b>	<b>46,473</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	13	(12,548)	(13,321)
Payments for capitalised software development	15	(8,577)	(4,011)
Acquisition of subsidiaries, net of cash acquired	16	(66,641)	-
<b>Net cash outflows from investing activities</b>		<b>(87,766)</b>	<b>(17,332)</b>
<b>Financing activities</b>			
Proceeds from share issue		-	166,237
Payments of share issue costs		(49)	(3,994)
Repayment of borrowings		-	(12,445)
Finance costs paid		(285)	(574)
Rental lease interest payments		(1,974)	-
Rental lease principal payments		(3,661)	-
Dividends paid		(20,526)	(20,996)
<b>Net cash (outflows)/inflows from financing activities</b>		<b>(26,495)</b>	<b>128,228</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(94,838)</b>	<b>157,369</b>
Cash and cash equivalents at the beginning of the year		194,797	36,941
Effects of exchange rate changes on cash and cash equivalents		(879)	487
<b>Cash and cash equivalents at end of the period</b>	10	<b>99,080</b>	<b>194,797</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Bravura Solutions and its subsidiaries.

The Financial Report was authorised for issue on 26 August 2020 by the Board of Directors.

#### (a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

##### (i) Compliance with IFRS

The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

##### (ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for contingent consideration that have been measured at fair value.

##### (iii) Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

##### (iv) Comparatives

The Consolidated Entity has made reclassifications in prior year comparatives in order to align with the presentation in this Financial Report.

#### (b) Going concern

These financial statements have been prepared on a going concern basis.

#### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bravura Solutions ("Company" or "Parent Entity") and its subsidiaries ("the Group") as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation unless the transaction provides evidence of the impairment of that asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

#### (d) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of each of the consolidated 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 Australian dollars, which is Bravura Solutions functional and presentation currency.

Each entity in the Consolidated Entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the overseas subsidiaries are as follows:

- (a) Bravura Solutions (NZ) Ltd – New Zealand dollars (NZ\$)
- (b) Bravura Solutions (UK) Holdings Ltd – Australian dollars (AU\$)
- (c) Bravura Solutions (UK) Investments Ltd – British pounds (GB£)
- (d) Bravura Solutions (UK) Ltd – British pounds (GB£)
- (e) Bravura Solutions (HK) Ltd – United States dollars (US\$)
- (f) Bravura Solutions Luxembourg Holdings S.à.r.l. – Euro (€)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

- (g) Bravura Software Solutions (SA)(Proprietary) Ltd – South African Rand (ZAR)
- (h) Bravura Solutions (Poland) Holdings S.P. ZOO – Polish Zloty (PLN)
- (i) Bravura Solutions Polska S.P. ZOO – Polish Zloty (PLN)
- (j) Mutual Fund Technologies Ltd – British pounds (GB£)
- (k) Bravura Solutions Services (UK) Ltd – British pounds (GB£)
- (l) Bravura Solutions India LLP – Indian Rupee (INR)
- (m) FinoComp Limited – British pounds (GB£)
- (n) Bravura Solutions (Deutschland) GmbH – Euro (€)

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Bravura Solutions at the rate of exchange ruling at the reporting date and revenues, expenses and other comprehensive income are translated at the average exchange rates for the period.

The exchange differences arising on the re-translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

### (e) Revenue

- (i) *Revenue from contracts with customers*

The Consolidated Entity derives its revenues from the maintenance, support and hosting, professional services and licence fees (Refer to Note 6).

A single, principles-based five-step model to revenue recognition is applied to all contracts with customers.

- (1) Identify the contract(s) with a customer
- (2) Identify the performance obligations in the contract
- (3) Determine the transaction price
- (4) Allocate the transaction price to the performance obligations in the contract
- (5) Recognise revenue when (or as) the entity satisfies a performance obligation

### Maintenance, support and hosting

Maintenance, including Software as a Service (SaaS), support and hosting revenue, are included in most software licence arrangements. Maintenance provides customers with rights to unspecified software product upgrades and maintenance enhancements. Support provides customers with rights to access the help desk during the term of the support period and is recognised rateably on a straight-line basis over the term of the arrangement.

Software as a Service (SaaS) revenue is earned through the use of the Group's software to provide a service to the customer, whereby the customer does not have the ability to take separate infrastructure of the software under a licensed arrangement. This includes the support and development of the software as well as the hosting infrastructure. The hosting infrastructure in the arrangement may be the Group's own infrastructure or that of a third-party hosting infrastructure.

### Professional services

Software implementation and development services represents revenue from consulting, training and implementation services sold separately under service contracts. Fixed price arrangements are accounted for over time on a percentage-of-completion basis. Time and material contracts are recognised as utilised by the client.

### Software licence

Software licence revenues are earned for the fees from granting customers licences to use the Group's software, either through an initial licence or through the purchase of additional modules or user rights, but excludes any amounts that are related to maintenance. Revenue is recognised at the point the software is delivered, functional and control has been passed to the customer. The Group includes software that is either sold on a term basis or perpetual basis but excludes software licences that are sold on a subscription payment basis.

Licence revenue is determined by allocating the consideration to the performance obligations attached to the licence, which allocation is similarly determined using the residual method. However, the Group consider that licence fees may be recognised upfront if:

- The arrangement with the customer does not require significant development, modification or customisation of the software solution;
- There are no contingencies on the licences that could cause deferral of revenue (e.g. refund clauses attached to the licence) i.e. no amounts are refundable;
- The contract is non-cancellable and there are no break clauses considered substantive; and
- There is no remaining obligation for the Group attached to the licence.

AASB 15 *Revenue from Contracts with Customers* requires estimates and judgments to be made and consistently applied by the Group in accounting for the revenue from contracts with customers. The areas that require estimates and judgments by the Group are detailed below.

### Identification of contract

The Group often enters into multiple contracts with a customer and will assess these for the need to combine if the contracts are negotiated in and around the same time, are for the same economic purpose or are dependent upon one another. Initial agreements often have additional purchases, addenda or terms modified throughout their term. At each point a contract is modified, the Group assesses the contract under AASB15 to determine whether these modifications are treated as a modification or a separate contract.

### Identifying performance obligations

The Group can sell clearly defined separate performance obligations as identified by the disclosed revenue streams, or bundled deals, where the client pays a fee for multiple services contracted. If the contract is bundled, the Group identifies each performance obligation in the contract and allocate a stand-alone selling price for each. If additional products or services are acquired, such as additional usage rights, renewals, products, modules, etc, each of these options are assessed to see if it provides that customer a material right. If a material right has been granted Bravura will identify this as a separate performance obligation later in the revenue accounting process and allocate the appropriate consideration to the performance obligation.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### Determining the transaction price

Judgement is required in assessing the total consideration that will be paid in exchange for the satisfied performance obligations. This includes not only assessing the variable amounts which may be included in the consideration but also assessing if any concessions, discounts or other variable factors may reduce the fixed fees in the contract. The Group uses internal historical experiences as well as external factors in making the necessary estimates.

### Allocating the consideration to the performance obligation

The Group applies the consideration based on a standalone selling price. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Expected cost plus margin is the approach used for all performance obligations, except licence. This approach focuses more on internal factors (e.g., the Group's cost basis), but has an external component as well. That is, the margin included in this approach must reflect the margin the market would be willing to pay, not just the Group's desired margin. The margin may have to be adjusted for differences in products, geographies, customers and other factors.

Once all other performance obligations have been identified and consideration has been allocated to each performance obligation, the residual is then allocated to the licence.

### Recognising revenue when the performance obligation is satisfied

The Group recognises all licence revenue at a point in time when the software is delivered, functional and the customer has control. Under AASB15, the transfer of control to the customer represents the transfer of the rights regarding the good or service. The customer's ability to receive the benefit from the good or service is represented by its right to substantially all the cash inflows, or the reduction of the cash outflows, generated by the goods or services.

Maintenance services, including SaaS, support and hosting services, are recognised over the period the service is provided on a straight-line basis. The standard maintenance offering is an obligation to provide technical currency and unspecified updates, upgrades and enhancements on a when and if available basis. Customers simultaneously receive and consume the benefits of these services as performed.

Professional services are recognised over time using a percentage of completion based on the input method for the fixed price service offering. These can also be performed on a time and material basis where they are recognised as utilised by the client.

### Contract assets

Accrued services and licence revenue and deferred incremental costs of obtaining a contract are recorded within contract assets on the Consolidated Statement of Financial Position.

Incremental costs of obtaining a contract and the costs directly related to fulfilling a contract are capitalised and amortised over the length of the contract. The Group remunerates employees who actively participate in the sales process with commissions calculated based on revenues and contract margins where they have been involved in the successful contract execution. This typically includes revenues and contract margins which will be recognised in subsequent financial reporting years. Commissions related to sales are recognised as an asset on contract execution with the amortisation period being consistent with the period over which the associated revenue will be recognised.

### Contract liabilities

Fees for services received in advance are recorded as a liability within contract liabilities on the Consolidated Statement of Financial Position and these amounts are amortised to profit or loss over the relevant period of the contract which is in line with the provision of the services.

#### (i) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

#### (ii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

#### (iii) Other revenue

Other revenue is recognised when the right to receive payment is established.

### (f) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### *Tax consolidation legislation*

Certain Australian entities in the Group formed a tax consolidated group in Australia from 10 October 2013. The tax consolidated group's current tax expense and other deferred tax assets are required to be allocated to the members of the Australian tax consolidated group in accordance with UIG 1052. The Consolidated Entity uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each Australian member of the tax consolidated group is determined as if the Australian Group is a stand-alone tax payer but modified as necessary to recognise membership of a tax consolidated group. Recognition of amounts allocated to members the tax consolidated group has regard to the tax consolidated group's future taxable profits.

### **(g) Leases**

Leases for the comparative year complied with the previous accounting standard AASB 117 *Leases*.

#### *AASB 117 Leases (FY 2019)*

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs.

The leased asset is depreciated on a straight-line basis over the term of the lease, or where it is likely that the Consolidated Entity will obtain ownership of the asset, it is depreciated over the life of the asset.

#### *AASB 16 Leases (FY 2020)*

From 1 July 2019, the Group applied AASB 16 *Leases* which superseded AASB 117 *Leases*. Further details, any transitional adjustments, impacts from application of the previous standards if applied to the reporting year and differences between the previous and the current standards are discussed in Note 1(aa).

### **(h) Business combinations**

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. 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 subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition by acquisition basis, the Consolidated Entity 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.

The excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests in the acquiree and any previous interest held in the acquiree, over the net identifiable assets acquired and liabilities assumed, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

### **(i) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired, or more frequently if events or changes in circumstances indicate that they might be impaired. Where an indicator exists, the Consolidated Entity makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered to be impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets other than goodwill that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### (j) Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

### (k) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Trade receivables are generally due for settlement within 30 to 60 days.

### (l) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### Subsequent measurement

For purposes of subsequent measurement, the Group currently holds and classifies financial assets in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI

### Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows  
And
- The contractual terms of the financial asset give rise on the specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investment in subsidiaries within the parent entity (Refer to Note 34) at fair value through OCI.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Consolidated Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired  
Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### (ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, lease liabilities and contingent consideration.

### Subsequent measurement

The measurement of financial liabilities depends on their classification.

All of the Group's financial liabilities are classified as loans and borrowings.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral party of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, Refer to Note 19.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### (m) Derivatives

The Group may use derivative financial instruments, such as interest rate swaps, to hedge its interest rate 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 the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Consolidated Entity designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss. Per Note 3, the Group does not apply hedge accounting. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative.

### (n) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or related parties are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### (o) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the lease term or as follows:

Plant and equipment	20% to 50%
Furniture and fittings	20% to 30%
Leasehold improvements	Term of lease
Hosting plant and equipment	20%
Right-of-use assets	Term of lease

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to Note 1(i).

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are included in profit or loss.

### (p) Intangible assets

#### (i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

#### (ii) Business contracts and relationships

Business contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between two and twenty years.

#### (iii) Intellectual property and software development

Intellectual property and software development are capitalised as an asset and are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five to fifteen years.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Consolidated Entity can demonstrate the following: technical feasibility of completing the intangible asset so that it will be available

for use or sale, the intention to complete and the ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project date.

Technological feasibility for software products is reached shortly before the products are released for commercial sale to customers. Development costs incurred after technological feasibility are established as capitalised. Research costs are expensed when incurred.

### (q) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

### (r) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to the acquisition, contribution or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. The Consolidated Entity does not currently hold qualifying assets.

### (s) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made regarding the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contract provisions are recognised for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. The provision is calculated based on discounted cash flows to the end of the contract.

### (t) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

#### (ii) Other long-term employee benefit obligations

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on quality corporate bonds with terms to maturity and



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

currency that match, as closely as possible, the estimated future cash outflows.

### (iii) Share-based Payments

Employees (including Executive Directors and other senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for performance rights (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 26. That cost is recognised in employee benefits expense (Note 7), together with a corresponding increase in equity (reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding performance rights is reflected as additional share dilution in the computation of diluted earnings per share (Refer to Note 9).

### (u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

### (v) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### (w) Fair value measurement

AASB 13 *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments: Disclosures*. These changes have no significant impact on the Consolidated Entity's disclosures as the carrying amount of the assets and liabilities are a reasonable approximation of their fair value.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

### (x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

There are no inter-segment transactions. Corporate charges are expensed after the segment profit is measured.

### (y) Rounding of amounts

The Consolidated Entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and consequently the amounts in this report have been rounded off to the nearest thousand dollars.

### (z) New and amended standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting year and have not been early adopted by the Consolidated Entity. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below, which standards will be adopted on their respective dates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### (i) Amendments to AASB 3: Definition of a Business

In October 2018, the AASB issued amendments to the definition of a business in AASB 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

### (ii) Amendments to AASB 101 and AASB 108: Definition of Material

In October 2018, the AASB issued amendments to AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

### (aa) New standards, interpretations and amendments adopted by the Group

#### (i) AASB 16 Leases

AASB 16 *Leases* was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Lease-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal form of a Lease*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Consolidated Entity elected the modified retrospective approach to adopt AASB 16 as of 1 July 2019. Under this method the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Comparatives have not been restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The main impact is the following:

#### 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. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.8%. For the transition as of 1 July 2019, the Group has measured the right-of-use assets (herein ROU assets) at the amount equal to the lease liability. Therefore, there is no transitional impact on the Consolidated Statement of Changes in Equity as at 1 July 2019.

	1 JULY 2019
<b>Reconciliation</b>	<b>\$'000</b>
<b>Off-balance, operating lease commitments disclosed as at 30 June 2019</b>	<b>73,758</b>
Less non-lease components	(18,840)
<b>Total minimum undiscounted lease commitments as at 30 June 2019</b>	<b>54,918</b>
Less present value discount	(10,353)
<b>Lease liabilities recognised as at 1 July 2019</b>	<b>44,565</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

	1 JULY 2019
Lease liabilities	\$'000
Of which are:	
Current lease liabilities	4,650
Non-current lease liabilities	39,915
	44,565

ROU assets were measured at the amount equal to the lease liability on transition, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Consolidated Statement of Financial Position as at 30 June 2020. There were no onerous lease contracts that would have required an adjustment to the ROU assets at the date of initial application. As of 30 June 2019, the Group had a lease incentive liability amount of \$3.1 million which have been credited to the ROU asset as a transition adjustment. On transition at 1 July 2019, the application of AASB 16 results in an increase in the Company's assets by \$41.3 million. The tax impact of first-time application of AASB 16 as at 1 July 2019 results in an increase in the Group's deferred tax assets by \$3.3 million and an increase in deferred tax liabilities by \$3.3 million.

The recognised ROU assets relate to the following types of assets:

	1 JULY 2019
Right-of-use assets	\$'000
Of which are:	
Property lease assets	41,049
Equipment lease assets	298
	41,347

### Impact on Cash Flows

Lease payments that relate to contracts that have previously been classified as operating leases are no longer presented as operating cash flows in full. Both the part of the lease payments that reflects interest on the lease liability and the principal portion of the lease liability, i.e. rental payments, are classified within financing activities. Payments for short-term leases and variable lease payments not included in the measurement of the lease liability remain presented within operating activities. Non-AASB measures such as EBIT and EBITDA will not be impacted for segment reporting purposes.

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

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Furthermore, the Group has elected not to recognise ROU assets and lease liabilities for low value equipment. The payments for such leases are recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income on a straight-line basis over the lease term. For the transition as of 1 July 2019, the Group has measured ROU assets at the amount equal to the lease liability.

### The Group's leasing activities and how these are accounted for

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the ROU asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the ROU asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the ROU asset.

At inception, the Group assessed whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. The Group has elected to separate lease and non-lease components for all leases.

The Group recognises an ROU asset and lease liability at the inception of the lease. The ROU asset is initially measured based on the present value of the minimum lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received. The ROU asset is depreciated over the shorter term of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing of impairment if there is an indicator of impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

Lease payments generally include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, the cost of the option is included in the lease payments. The Group leases various offices and equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In the future, if an extension option previously not assessed as reasonably certain, is exercised, the impact on the financial statements would be the recognition of a ROU asset equal to the lease liability for the exercised option period.

### (ii) AASB Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes* and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically address the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group will consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty will be followed. The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group applied the Interpretation from 1 July 2019.

The Interpretation did not have an impact on the Consolidated Financial Statements of the Group.

### (ab) Parent Entity financial information

The financial information for the Parent Entity of Bravura Solutions is disclosed in Note 34 and has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### (i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at fair value through other comprehensive income in the financial statements of Bravura Solutions. Fair value is determined based on the closing share price on the reporting date. Dividends received from associates are recognised in the Parent Entity's profit or loss, rather than being deducted from the carrying amount of these investments.

#### (ii) Tax consolidation legislation

The Group have adopted and complied with the tax consolidation legislation.

The head entity, Bravura Solutions Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

#### (iii) Financial guarantees

Where the Parent Entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

## 2 CRITICAL ACCOUNTING 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.

### (a) COVID-19

#### (i) Background

In financial year 2020, the Novel Coronavirus infection or 'COVID-19' outbreak posed a serious public health threat. The Group swiftly implemented various safety measures and continues to monitor developments including local regulations in various jurisdictions of the business and adjusts its response accordingly. The Group has formed estimates based on information that was available as at 30 June 2020, this information was deemed to be reasonable in forming these estimates.

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to the estimates and outcomes 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 reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

#### (ii) Impact of COVID-19 on the macroeconomic outlook

Forward looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the Group's forward looking assumptions for the purposes of its expected credit loss (ECL), has been provided in Note 3 to the financial statements. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of how COVID-19 and its social and economic consequences will flow, these scenarios represent reasonable and supportable forward looking views as at the reporting date.

### (b) Critical accounting estimates and assumptions

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Revenue recognition

Revenue is measured at the stand-alone selling price as allocated to the contractual performance obligations. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

The Consolidated Entity derives its revenues from the licence, maintenance and managed services/hosting of its software products and of support, consulting, development, training and other professional services. The vast majority of its software and maintenance arrangements include support services and a few also include professional services. Judgement is involved in assessing the recognition of the variable consideration, to ensure that revenue is only recognised to the extent that it is highly probable that a significant reversal will not happen.

The Consolidated Entity recognises revenue by applying the five-step model to the Consolidated Entity's activities as described in Note 1(e). The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### (ii) *Goodwill and intangibles with indefinite useful life*

The Consolidated Entity determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill with indefinite useful lives are allocated.

### (iii) *Taxes*

Management regularly assesses the adequacy of income tax provisions having regard to the differing tax rules and regulations applicable in the various jurisdictions in which the Group operates. Due to the complexities of tax rules and regulations in numerous jurisdictions, matters such as the availability and timing of tax deductions and the application of the arm's length principle to cross-border transactions often require significant judgements and assumptions to be made.

Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. Significant judgement is required by management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

### (iv) *Long service leave provision*

A provision has been made for the present value of the anticipated costs to meet the Consolidated Entity's long-service leave liabilities under Australian federal and state laws. The calculation of this provision requires assumptions such as an estimation of the probability that an employee will remain with the Consolidated Entity until they reach the entitlement period. The probability factors applied to pro-rated entitlements are based on company and industry specific data. Adjustments are made to these probabilities when considered necessary.

### (v) *Onerous contracts*

The Consolidated Entity determines the amount of any onerous contract provision by estimating the costs of fulfilling a contract which include all directly attributable costs that are unavoidable under the terms of the contract.

### (vi) *Leases*

The Consolidated Entity applies the incremental borrowing rate for discounting lease liabilities where the implicit rate of the lease contract is not available. Lease contracts may include an extension option. The recognition of such an extension option will be determined on a lease by lease basis.

## (c) **Critical judgments in applying the Entity's accounting policies**

### (i) *Useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience as well as average length of customer contracts and specific industry technology factors for intangible assets, manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

### (ii) *Litigation and claims*

The Consolidated Entity continually monitors ongoing and potential litigation and claims and assesses whether there is any present obligation (legal or constructive) as a result of a past event which would give rise to a probable outflow of economic benefits in order to settle the obligation and whether a reliable estimate can be made of the amount of the obligation. Factors considered by the Consolidated Entity with regard to potential or ongoing litigation include a probability assessment carried out in consultation with legal advisors. Based on advice received and status of the situation at the time of finalising the financial statements provisions will be made accordingly. Where conditions requiring a provision are not met, no such provision will be recognised by the Consolidated Entity.

Where the possibility of any outflow in any settlement is contingent upon one or more conditions being met, judgement is applied to determine the estimated financial impact of any settlement and whether the possibility of outflow is remote. Where the possibility of outflow is remote, no disclosure of any contingent liability has been made.

### (iii) *Share-based payments*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the options at the date at which they are granted. The fair value of options has been valued taking into account among other valuation assumptions the vesting period, expected dividend payout and the share price at the date the options were granted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### 3.1 FINANCIAL ASSETS

	2020	2019
	\$'000	\$'000
Cash and cash equivalents	99,080	194,797
Trade receivables	43,773	23,697
	<b>142,853</b>	<b>218,494</b>

Cash (Refer to Note 10) and trade receivables (Refer to Note 11) are non-derivative financial assets carried at cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of counterparties. Fair values approximate their carrying values of these instruments and management has determined the impact of estimated credit losses to be immaterial.

#### 3.2 FINANCIAL LIABILITIES

	2020	2019
	\$'000	\$'000
Trade and other payables (non-interest bearing)	12,937	11,608
Lease Liabilities	42,330	3,139
Contingent Consideration	7,347	-
	<b>62,614</b>	<b>14,747</b>

The Group has an unsecured multi-currency facility agreement with the Commonwealth Bank of Australia (CBA), which expires on 15 November 2021 (Refer to Note 19).

Trade and other payables are carried at amortised cost. Fair values of these approximate their carrying values due to the short-term maturities of these instruments. Lease Liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate (Refer to Note 1(aa)). The fair value of the contingent consideration was estimated calculating the present value of the future expected cash flows (Refer to Note 16(d)).

#### 3.3 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's activities expose it to the following risks arising from the financial instruments:

- Credit risk;
- Market risk (including foreign currency risk and interest rate risk); and
- Liquidity risk.

##### (i) Risk management framework:

The Consolidated Entity's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The senior management team provides written principles for overall risk management, as well as policies addressing specific areas such as currency risk management, interest rate risk management and the related use of derivative financial instruments. The Consolidated Entity may use derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, that is, not as trading or other speculative instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### (ii) Credit risk

Credit risk is managed on a Consolidated Entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit and risk controls that assess the credit quality of the customer.

Credit risk is considered limited for trade receivables at the reporting date, based on the nature and payment history of the Consolidated Entity's customers. The Consolidated Entity manages this risk through regularly assessing the credit quality of customers. The Consolidated Entity's maximum exposure to credit risk at balance date for the recognised financial assets is the carrying amount and management has determined the impact of estimated credit losses to be \$109 thousand for the year ended 30 June 2020 (2019: \$nil).

#### COVID-19

The Group has considered impacts from COVID-19 specifically on the fintech and the financial sector and has not experienced significant increases in delinquencies which would flow through to the modelled expected loss provision. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of how COVID-19 and its social and economic consequences will flow, these scenarios represent reasonable and supportable forward looking views as at the reporting date. The Group will continue to monitor the situation as it unfolds and rely on updated data to model or understand the credit risk and loss implications from the COVID-19 pandemic and the mitigating impact of government stimulus.

At 30 June 2020, the ageing of trade receivables that were not impaired was as follows:

	2020	2019
	\$'000	\$'000
Neither past due nor impaired	40,628	20,641
Past due 1-30 days	1,950	2,251
Past due 31-90 days	623	805
Past due 91+ days	681	-
	<b>43,882</b>	<b>23,697</b>

### (iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

#### (a) Foreign exchange risk

Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Consolidated Entity's functional currency. The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The Consolidated Statement of Financial Position is affected by movements in the relevant currency exchange rate when converting these into Australian dollars (the Consolidated Entity's presentation currency) for consolidation purposes.

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	AUSTRALIAN \$	POUND STERLING £	NEW ZEALAND \$
	\$'000	\$'000	\$'000
<b>2020</b>			
Financial assets	81,321	52,053	2,034
Financial liabilities	15,982	31,860	849
	AUSTRALIAN \$	POUND STERLING £	NEW ZEALAND \$
	\$'000	\$'000	\$'000
<b>2019</b>			
Financial assets	147,584	48,177	1,977
Financial liabilities	1,056	3,935	231

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

The significant exchange rates during the year are as follows:

	AVERAGE RATE		YEAR-END SPOT RATE	
	\$	\$	\$	\$
	2020	2019	2020	2019
New Zealand Dollar	<b>0.948</b>	0.938	<b>0.935</b>	0.956
Pound Sterling	<b>1.879</b>	1.807	<b>1.792</b>	1.806
US Dollar	<b>1.492</b>	1.399	<b>1.454</b>	1.423
Euro	<b>1.649</b>	1.597	<b>1.633</b>	1.618
South African Rand	<b>0.096</b>	0.099	<b>0.084</b>	0.101
Polish Zloty	<b>0.378</b>	0.371	<b>0.367</b>	0.380
Hong Kong Dollar	<b>0.191</b>	0.178	<b>0.188</b>	0.182
Indian Rupee	<b>0.021</b>	0.020	<b>0.019</b>	0.021

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollar, Euro, GB Pound Sterling, New Zealand Dollar, Polish Zloty, Indian Rupee and South African Rand exchange rates, with all other variables held constant. A positive number below indicates an increase in profit, a negative number indicates a reduction in profit. The Group's exposure to foreign currency changes for all other currencies is not material.

Effect (before tax)	PROFIT OR LOSS	
	\$'000	\$'000
	STRENGTHENING	WEAKENING
<b>2020</b>		
New Zealand Dollar (5% movement)	<b>(185)</b>	<b>174</b>
GB Pound Sterling (5% movement)	<b>148</b>	<b>(135)</b>
US Dollar (5% movement)	<b>1</b>	<b>(5)</b>
Polish Zloty (5% movement)	<b>(327)</b>	<b>297</b>
Euro (5% movement)	<b>(47)</b>	<b>43</b>
South African Rand (5% movement)	<b>121</b>	<b>(109)</b>
Other currencies (5% movement)	<b>(31)</b>	<b>28</b>
<b>2019</b>		
New Zealand Dollar (5% movement)	179	(162)
GB Pound Sterling (5% movement)	(221)	197
US Dollar (5% movement)	136	(123)
Polish Zloty (5% movement)	229	(207)
Euro (5% movement)	(16)	18
South African Rand (5% movement)	(165)	149
Other currencies (5% movement)	34	(34)

(b) *Price Risk*

The Consolidated Entity is not exposed to price risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### (c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Consolidated Entity's main interest rate risk arises from borrowings.

	2020		2019	
	WEIGHTED AVERAGE INTEREST RATE %	BALANCE \$'000	WEIGHTED AVERAGE INTEREST RATE %	BALANCE \$'000
Cash - corporate	1.25	60,000	1.45	161,000
Net exposure to cash flow interest rate risk		60,000		161,000

An increase in the interest rates by one percentage point would have a positive effect on profit of \$0.7 million (2019: \$1.6 million) per annum. A decrease in the interest rates by one percentage point would have a negative effect on profit of \$(0.7 million) (2019: \$(1.6 million)).

### (iv) Liquidity risk

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

#### Financing arrangements

Undrawn borrowing facilities at the reporting date to which the Consolidated Entity had access are disclosed in Note 19.

Trade and other payables are carried at amortised value. Trade and other payables are carried at cost. Fair values of both approximate their carrying values due to the short-term maturities of these instruments.

The Consolidated Entity's financing arrangements impose certain covenants on the Entity, if breached, the financiers may at any time declare that the loans become due and payable. There were no covenants breached during the Reporting Period.

The table below analyses the Consolidated Entity's financial assets and financial liabilities into relevant maturity groupings based on their contractual undiscounted maturities:

At 30 June 2020	1 YEAR OR LESS \$'000	BETWEEN 1 TO 2 YEARS \$'000	BETWEEN 2 AND 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	TOTAL CONTRACTUAL \$'000	CARRYING AMOUNT \$'000
<b>Financial assets</b>						
Cash	99,080	-	-	-	99,080	99,080
Trade Receivables	43,773	-	-	-	43,773	43,773
<b>Financial liabilities</b>						
Trade payables	(5,730)	-	-	-	(5,730)	(5,730)
Lease Liabilities	(7,814)	(7,641)	(17,982)	(17,160)	(50,597)	(42,330)
Contingent Consideration	-	-	(8,500)	-	(8,500)	(7,347)
	129,309	(7,641)	(26,482)	(17,160)	78,026	87,446

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

At 30 June 2019	1 YEAR	BETWEEN 1	BETWEEN 2	MORE THAN	TOTAL	CARRYING
	OR LESS	TO 2 YEARS	AND 5 YEARS	5 YEARS	CONTRACTUAL	AMOUNT
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>						
Cash	194,797	-	-	-	194,797	194,797
Trade Receivables	23,697	-	-	-	23,697	23,697
<b>Financial liabilities</b>						
Trade payables	(6,340)	-	-	-	(6,340)	(6,340)
	212,154	-	-	-	212,154	212,154

#### 4 FAIR VALUE MEASUREMENTS

	CARRYING VALUE		FAIR VALUE	
	30 JUNE	30 JUNE	30 JUNE	30 JUNE
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>				
Contingent Consideration	7,347	-	7,347	-
	7,347	-	7,347	-

The fair values of cash, trade receivables and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the contingent consideration was estimated calculating the present value of the future expected cash flows (Refer to Note 16(d)).

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

No financial assets or liabilities were transferred from level 1, 2 and 3 during the year ended 30 June 2020 (2019: \$nil).

The carrying value of non-current receivables for 2020 of the Consolidated Entity was a reasonable approximation of their fair value.

The fair value of the contingent consideration is based on a discount rate of 13.9%. The contingent consideration is valued using level 3 valuation techniques based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

An increase of the discount rate by two percentage points would have a positive effect on profit of \$142 thousand. A decrease of the discount rate by two percentage points would have a negative effect on profit of \$147 thousand.

An increase of the probability factor by five percentage points would have no effect on profit. A decrease of the probability factor by five percentage points would have a positive effect on profit of \$367 thousand.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 5 SEGMENT INFORMATION

#### Description of segments

The Chief Executive Officer considers the business from a product group perspective and has identified two reportable segments, as follows:

- Wealth Management - Wealth Management platforms provide end-to-end processing to support all back office functions relating to daily management of superannuation, pensions, life insurance, investment, private wealth and portfolio administration; and
- Funds Administration - Funds Administration platforms support administration requirements for a range of investment vehicles in Europe and distributed globally for both retail and institutional investors.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Executive Officer monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating EBITDA. Operating EBITDA is earnings before finance cost, interest and foreign exchange gains and losses, tax, depreciation, and amortisation. Operating EBITDA is reconciled with profit or loss in the consolidated financial statements below.

The review of results of operations included in the Segment Information includes a number of non-AASB financial measures. Segment operating EBITDA includes \$3.1 million (30 June 2019: \$2.5 million) depreciation of property, plant and equipment dedicated to client hosting services. From 1 July 2019, Segment and Operating EBITDA includes \$7 million depreciation and \$2 million interest expense associated with property leases, which would otherwise be excluded under AASB 16. In the comparative period, occupancy costs have been recognised as components of Segment and Operating EBITDA. As such, the inclusion of expenses associated with property leases in the Group's Segment reporting is consistent year on year as presented below. Finance income has been reclassified from corporate costs to be excluded from EBITDA in the prior comparative period.

	2020	2019
	\$'000	\$'000
Wealth Management	180,407	176,810
Funds Administration	93,840	80,892
<b>Total segment revenue<sup>1</sup></b>	<b>274,247</b>	257,702
Wealth Management <sup>2</sup>	52,923	53,889
Funds Administration <sup>2</sup>	42,962	32,342
<b>Total segment Operating EBITDA</b>	<b>95,885</b>	86,231
Corporate costs <sup>3</sup>	(38,106)	(37,673)
<b>Total operating EBITDA</b>	<b>57,779</b>	48,558
Depreciation and amortisation expense	(9,420)	(6,467)
Finance income <sup>1</sup>	1,024	503
Finance expense	(837)	(189)
Foreign exchange loss	(1,422)	(899)
<b>Profit before income tax</b>	<b>47,124</b>	41,506
Income tax expense	(7,014)	(8,698)
<b>Net profit after tax</b>	<b>40,110</b>	32,808

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

	2020	2019
Segment Assets <sup>4</sup>	\$'000	\$'000
Wealth Management	297,547	187,196
Funds Administration	77,298	31,977
Corporate	60,000	161,000
	<b>434,845</b>	<b>380,173</b>

	2020	2019
Segment Liabilities	\$'000	\$'000
Wealth Management	69,094	57,433
Funds Administration	54,998	31,283
	<b>124,092</b>	<b>88,716</b>

	2020	2019
Segment Non-current operating assets by geography <sup>5</sup>	\$'000	\$'000
Australia	209,898	117,346
UK	33,923	17,654
New Zealand	2,949	2,408
Others	19,697	1,631
	<b>266,467</b>	<b>139,039</b>

1. Segment revenue excludes finance income in this segment (Refer to Note 6.1) and is based on Management's view.

2. Includes hosting asset depreciation and from 1 July 2019 ROU asset depreciation as well as interest expense associated with property leases.

3. From 1 July 2019, includes ROU asset depreciation as well as interest expense associated with property leases, which would otherwise be excluded under AASB 16.

4. Corporate assets represent the net proceeds of the Institutional Placement not yet invested as of 30 June 2020.

5. Non-current assets for this purpose consist of primarily property, plant and equipment, intangible assets, contract assets and ROU assets, but exclude deferred tax assets.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 6 REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

#### 6.1 DISAGGREGATED REVENUE INFORMATION

	WEALTH MANAGEMENT	FUNDS ADMINISTRATION	2020	WEALTH MANAGEMENT	FUNDS ADMINISTRATION	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Revenue from contracts with customers</i>						
Maintenance, support and hosting	62,762	50,285	113,047	53,838	48,626	102,464
Professional services	106,977	34,008	140,985	111,222	30,987	142,209
Licence fees	7,921	9,024	16,945	10,360	1,279	11,639
Other sales revenue	941	523	1,464	1,390	-	1,390
<b>Total revenue from customers</b>	<b>178,601</b>	<b>93,840</b>	<b>272,441</b>	<b>176,810</b>	<b>80,892</b>	<b>257,702</b>
Other income	1,806	-	1,806	-	-	-
<b>Total segment revenue</b>	<b>180,407</b>	<b>93,840</b>	<b>274,247</b>	<b>176,810</b>	<b>80,892</b>	<b>257,702</b>
Interest income			1,024			503
<b>Total revenue</b>			<b>275,271</b>			<b>258,205</b>
<i>Timing of recognition</i>						
Licences transferred at a point in time	7,921	9,024	16,945	10,360	1,279	11,639
Services transferred over time	170,680	84,816	255,496	166,450	79,613	246,063
<b>Total revenue from customers</b>	<b>178,601</b>	<b>93,840</b>	<b>272,441</b>	<b>176,810</b>	<b>80,892</b>	<b>257,702</b>
<i>Geography</i>						
Australia	51,102	21,585	72,687	40,876	22,198	63,074
UK	108,175	64,023	172,198	117,450	51,165	168,615
New Zealand	14,401	-	14,401	14,908	-	14,908
Others	4,923	8,232	13,155	3,576	7,529	11,105
<b>Total segment revenue</b>	<b>178,601</b>	<b>93,840</b>	<b>272,441</b>	<b>176,810</b>	<b>80,892</b>	<b>257,702</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 6.2 CONTRACT BALANCES

Contract balances	WEALTH	FUNDS	2020	WEALTH	FUNDS	2019
	MANAGEMENT	ADMINISTRATION		MANAGEMENT	ADMINISTRATION	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	23,854	19,919	43,773	20,410	3,287	23,697
Contract assets - current	8,167	4,581	12,748	7,310	2,985	10,295
Contract assets - non-current	5,697	1,165	6,862	3,831	440	4,271
Contract liabilities - current	17,821	13,659	31,480	22,335	10,932	33,267
Contract liabilities - non-current	423	59	482	1,449	157	1,606

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days (Refer to Note 11).

The Consolidated Entity has written off \$nil bad debts during the year ended 30 June 2020 (2019: \$nil) and recognised an allowance for estimated credit loss on trade receivables of \$109 thousand (2019: \$nil).

Contract assets are initially recognised for revenue earned from professional services as receipt of consideration is conditional on successful completion of certain milestones. Upon completion of such milestones and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables once invoiced. Contract assets also include licence fees. They are recognised upfront at the present value of the related future contractual revenue streams, discounted at the discount rate between 1.40% and 9.40% taking into consideration corporate borrowing rates, size of the customers and jurisdiction of the customers, with the discount being unwound through profit or loss over the period of the agreements and presented as revenue.

Contract liabilities include long-term advances received to deliver maintenance, support and hosting services. Fees for services received in advance are recorded as a liability within contract liabilities on the Consolidated Statement of Financial Position and these amounts are amortised to profit or loss over the relevant period of the contract which is in line with the provision of the services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 6.3 PERFORMANCE OBLIGATIONS

Information about the Group's performance obligations are summarised below:

(1) *Software licences*

Contracts with customers typically contain the sale of a software licence, which typically occurs at a point in time when control of the licence is transferred to the customer, generally on delivery of the software.

(2) *Maintenance and support services*

Contracts with customers typically contain the provision of software maintenance and support services over time, which are generally fixed price in nature and recognised on a straight-line basis over the period of the contract.

(3) *Professional services*

Contracts with customers typically contain the provision of implementation and development services over time, which are generally invoiced on a time and materials basis and recognised over the period of rendering of service of the contract. From time to time, these services may be provided on a fixed price basis, which in that instance are accounting for using the percentage of completion method, including labour hours expended in the costs-incurred input method.

(4) *Hosting and managed services*

Contracts with customers may contain the provision of hosting and/or managed services over time, which are generally fixed price in nature and recognised on a straight-line basis over the period of the contract.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied), excluding remaining performance obligations included in contract liabilities on the Consolidated Statement of Financial Position, as at 30 June 2020 and 2019 are as follows:

	WEALTH	FUNDS	2020	WEALTH	FUNDS	2019
	MANAGEMENT	ADMINISTRATION		MANAGEMENT	ADMINISTRATION	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within one year	57,464	57,535	114,999	51,713	66,939	118,652
More than one year	104,283	77,439	181,722	125,624	129,558	255,182
<b>Total revenue</b>	<b>161,747</b>	<b>134,974</b>	<b>296,721</b>	<b>177,337</b>	<b>196,497</b>	<b>373,834</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 7 EXPENSES

	NOTES	2020	2019
		\$'000	\$'000
<b>Profit before income tax includes the following specific expenses:</b>			
<i>Employee benefits expense</i>			
Salary and wages		136,715	136,180
Defined contribution superannuation and pension expense		15,956	14,184
Share-based payments		2,375	1,646
Other		2,478	1,466
<b>Total employee benefits expense</b>		<b>157,524</b>	<b>153,476</b>
<i>Depreciation expense</i>			
Plant and equipment		4,239	3,345
Leasehold improvements		1,243	675
Hosting, plant and equipment		2,147	1,798
Right-of-use assets <sup>1</sup>		6,895	-
<b>Total depreciation</b>		<b>14,524</b>	<b>5,818</b>
<i>Amortisation expense</i>			
Customer contracts and relationships		696	-
Intellectual property and software development		4,228	3,156
<b>Total amortisation</b>		<b>4,924</b>	<b>3,156</b>
<b>Total depreciation and amortisation expense</b>		<b>19,448</b>	<b>8,974</b>
<i>Finance costs</i>			
Interest and finance charges paid/payable		15	34
Interest expense from contingent considerations		354	-
Interest expense from property leases <sup>1</sup>		1,974	-
Borrowing costs and other		468	155
<b>Total finance costs</b>		<b>2,811</b>	<b>189</b>

1. Adoption of AASB 16 (Refer to Note 1(aa)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 8 INCOME TAX EXPENSE

The Group calculates the period income tax using the tax rate that would be applicable to the expected total annual earnings. The major components of the income tax expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income are:

	2020	2019
	\$'000	\$'000
<b>Income tax expense</b>		
Current tax	10,706	10,083
Deferred tax	(2,382)	(1,522)
Under/(over) provision in prior years	(1,310)	137
Total income tax expense	7,014	8,698
Deferred income tax (benefit)/expense included in income tax expense comprises:		
Increase in deferred tax assets (Refer to Note 14)	(4,447)	(1,032)
(Decrease)/increase in deferred tax liabilities (Refer to Note 22)	2,065	(490)
	(2,382)	(1,522)
Net amount charged to equity (including adoption of AASB 15 and exchange differences)	68	272
	(2,314)	(1,250)
<b>Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax expense	47,124	41,506
Tax at the Australian tax rate of 30% (2019: 30%)	14,137	12,452
Difference in overseas tax rates	(12,962)	(10,680)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Current year unrecognised tax losses	6,715	2,256
Non-deductible expenses	1,095	632
Attributable CFC income	602	739
Withholding tax written off	168	445
Other assessable income	1,331	2,440
Undistributed reserves	(572)	-
Unbooked temporary differences recognised	(2,312)	-
Other	122	277
Under/(over) provision in prior years	(1,310)	137
Total income tax expense	7,014	8,698
<b>Losses and tax offsets</b>		
<i>Australia</i>		
Unused tax and capital losses for which no deferred tax asset has been recognised	77,072	51,846
Unused non-refundable tax offset for which no deferred tax asset has been recognised	7,716	7,716
Potential tax benefit of unused Australian tax losses @30% (2019: 30%) and tax offsets	30,838	23,270
<i>United Kingdom</i>		
Unused tax losses for which no deferred tax asset has been recognised	9,458	9,410
Potential tax benefit of unused UK tax losses @19% (2019: 17%)	1,797	1,600

Tax losses for which no deferred tax asset has been recognised are available indefinitely for offset against future taxable income subject to continuing to meet relevant statutory tests.

As a result of the 2016 IPO and the 2019 Institutional Placement Bravura Solutions incurred certain costs which were split for accounting purposes between equity and expense under AASB 132. For income tax purposes, these costs would be either outright deductible or deductible over a period of five years, as such, the unbooked deferred tax asset in respect of these costs is \$263,262 in relation to costs expensed and \$1,524,833 in relation to costs charged to equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### Tax consolidation legislation

Certain Australian entities in the Group formed a tax consolidated group with effect from 10 October 2013. Bravura Solutions Limited is the "head entity" of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group allocation approach has been applied in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

## 9 EARNINGS PER SHARE (EPS)

	2020	2019
	\$'000	\$'000
Profit attributable to ordinary equity holders of the parent	40,110	32,808
Profit attributable to ordinary equity holders of the parent for basic and diluted EPS calculations	40,110	32,808
	'000	'000
Weighted average number of ordinary shares for basic EPS	243,695	218,551
Effects of dilution from:		
Performance rights	3,323	2,604
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>247,018</b>	<b>221,155</b>

During the year, 439,440 shares were issued on 27 September 2019 and 732,555 shares on 27 March 2020 under the Dividend Reinvestment Plan.

	CENTS	CENTS
Basic EPS	16.5	15.0
Diluted EPS	16.2	14.8

## 10 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2020	2019
	\$'000	\$'000
Cash	99,080	194,797

### (a) Reconciliation to cash at the end of the period

The above figures are reconciled to cash at the end of the financial period as shown in the Consolidated Statement of Cash Flows.

### (b) Risk Exposure

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of Bravura Solutions, and earn interest at the respective short-term deposit rates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 11 CURRENT ASSETS – TRADE RECEIVABLES

	2020	2019
	\$'000	\$'000
Trade receivables	<b>43,773</b>	23,697
	<b>43,773</b>	23,697

#### *Impaired, bad and doubtful trade receivables written off*

The Consolidated Entity has written off \$nil bad debts during the year ended 30 June 2020 (2019: \$nil) and recognised an allowance for estimated credit loss on trade receivables of \$109 thousand (2019: \$nil).

The Consolidated Entity reviews its receivables on a customer by customer basis taking into account specific customer factors including credit worthiness, history of payment and current financial position as well as general market factors when assessing their recoverability. The amount of the provision was \$109 thousand (2019: \$nil).

See Note 3.3 on credit risk of trade receivables.

### 12 CURRENT ASSETS – OTHER CURRENT ASSETS

	2020	2019
	\$'000	\$'000
Prepayments	<b>5,902</b>	5,562
Other receivables	<b>731</b>	799
Rent deposits	<b>2,059</b>	1,477
	<b>8,692</b>	7,838

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 13 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	HOSTING PLANT AND EQUIPMENT	RIGHT-OF USE ASSETS <sup>2</sup>	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
At 1 July 2018	20,257	5,433	17,166	-	42,856
Addition	6,234	6,535	2,527	-	15,296
Disposals	(2,715)	(2,967)	-	-	(5,682)
Exchange difference	370	148	231	-	749
<b>At 30 June 2019</b>	<b>24,146</b>	<b>9,149</b>	<b>19,924</b>	<b>-</b>	<b>53,219</b>
Adoption of AASB 16	-	-	-	41,347	41,347
Acquisition of subsidiaries	254	79	-	643	976
Addition <sup>1</sup>	6,811	5,512	1,326	1,832	15,481
Disposals	(635)	(121)	(90)	-	(846)
Exchange difference	(325)	(354)	(296)	(999)	(1,974)
<b>At 30 June 2020</b>	<b>30,251</b>	<b>14,265</b>	<b>20,864</b>	<b>42,823</b>	<b>108,203</b>
<b>Depreciation and impairment</b>					
At 1 July 2018	(12,121)	(5,141)	(14,006)	-	(31,268)
Depreciation	(3,345)	(675)	(1,798)	-	(5,818)
Disposals	2,646	2,964	-	-	5,610
Exchange difference	(260)	(99)	(162)	-	(521)
<b>At 30 June 2019</b>	<b>(13,080)</b>	<b>(2,951)</b>	<b>(15,966)</b>	<b>-</b>	<b>(31,997)</b>
Depreciation	(4,239)	(1,243)	(2,147)	(6,895)	(14,524)
Disposals	635	121	90	-	846
Exchange difference	321	96	163	272	852
<b>At 30 June 2020</b>	<b>(16,363)</b>	<b>(3,977)</b>	<b>(17,860)</b>	<b>(6,623)</b>	<b>(44,823)</b>
<b>Net book value</b>					
At 30 June 2019	11,066	6,198	3,958	-	21,222
At 30 June 2020	13,888	10,288	3,004	36,200	63,380

1. During the reporting period, \$1.8 million of additions relating to ROU assets and \$0.3 million of asset retirement costs associated with leasehold improvements were capitalised and \$0.9 million of additions remained unpaid at the reporting date.

2. ROU assets represents leased premises and equipment, capitalised under AASB 16 from 1 July 2019 (Refer to Note 1(aa) and 27).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 14 NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	2020	2019
	\$'000	\$'000
<b>The balance comprises temporary differences attributable to:</b>		
Property, plant and equipment	532	1,457
Intangible assets	950	1,041
Accruals	4,991	1,829
Leases	3,234	-
Other	(198)	180
Total deferred tax assets	9,509	4,507
DTA/DTL offset (Refer to Note 22)	(5,911)	-
Deferred tax assets after offset	3,598	4,507
<b>Movements:</b>		
Opening balance at 1 July	4,507	3,504
Amount arising from adoption of AASB 16 (Refer to Note 8 and including adoption of AASB 16, Refer to Note 1(aa))	3,277	-
Credited to profit or loss (Refer to Note 8)	1,170	1,032
Net amount charged to equity	(333)	(29)
Amount arising from business combinations credited directly to goodwill	888	-
DTA/DTL offset (Refer to Note 22)	(5,911)	-
Closing balance at 30 June	3,598	4,507

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 15 NON-CURRENT ASSETS – INTANGIBLE ASSETS

	GOODWILL	CUSTOMER CONTRACTS AND RELATIONSHIPS	INTELLECTUAL PROPERTY AND SOFTWARE DEVELOPMENT	TOTAL
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
At 1 July 2018	128,697	53,239	100,834	282,770
Additions internally generated	-	-	4,011	4,011
<b>At 30 June 2019</b>	<b>128,697</b>	<b>53,239</b>	<b>104,845</b>	<b>286,781</b>
Acquisitions of subsidiaries	62,281	6,403	10,250	78,934
Additions internally generated	-	-	8,669	8,669
<b>At 30 June 2020</b>	<b>190,978</b>	<b>59,642</b>	<b>123,764</b>	<b>374,384</b>
<b>Accumulated amortisation and impairment</b>				
At 1 July 2018	(55,488)	(53,239)	(61,352)	(170,079)
Amortisation charge	-	-	(3,156)	(3,156)
<b>At 30 June 2019</b>	<b>(55,488)</b>	<b>(53,239)</b>	<b>(64,508)</b>	<b>(173,235)</b>
Amortisation charge	-	(696)	(4,228)	(4,924)
<b>At 30 June 2020</b>	<b>(55,488)</b>	<b>(53,935)</b>	<b>(68,736)</b>	<b>(178,159)</b>
<b>Net book value</b>				
At 30 June 2019	73,209	-	40,337	113,546
At 30 June 2020	135,490	5,707	55,028	196,225

#### (i) Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

#### (ii) Business contracts and relationships

Business contracts and relationships are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over periods between two and twenty years. The amortisation has been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the line item "depreciation and amortisation expense". If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount.

#### (iii) Intellectual property and software development

Intellectual property and software are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of five to fifteen years. The amortisation has been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the line item "depreciation and amortisation expense". If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount. No goodwill and intangible impairment charges were recognised in the reporting period.

#### (a) Impairment tests for goodwill and other intangible assets

##### (i) Description of the cash generating units and other relevant information

Goodwill and other intangible assets acquired through business combinations have been allocated and are tested at the level of their respective cash generating units at which goodwill and other intangible assets are monitored. Each of the cash generating units are determined based on the following factors:

- The availability of detailed financial forecasts based on this aggregation; and
- Operational drivers and reporting functionality.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

In the current year the following cash generating units were identified:

- Wealth Management (WM); and
- Funds Administration (FA)

(ii) Methodology followed

The recoverable amount of each of the cash generating units (CGU) has been determined using a value-in-use approach. The value-in-use of each CGU has been based on detailed financial projections approved by the Board of Directors covering a five year period and the terminal value for WM and FA.

### (b) Key assumptions used for value-in-use calculations

The following describes each key assumption on which cash flow projections are based to undertake impairment testing for goodwill. Revenue projections are based on detailed plans for 2020 and growth projections based on the key drivers in the current business, including an assessment of:

- Contracted maintenance and support services - estimated based on recurring revenue from current contracts with existing clients;
- Revenues for professional services to existing clients - estimated after considering the levels of revenue currently being achieved and known projects; and
- Uncontracted forecast revenue which is Management's estimate of forecast revenue.

Discount rates are based on a weighted average cost of capital calculation for the relevant markets and in the same currency as the cash flows, and adjusted for a risk premium to reflect both the increase in risk of investing in equities and the risk specific to the CGU. The pre-tax, risk-adjusted discount rate applied to these cash flow projections for WM is 10% (2019: 10%). The pre-tax, risk-adjusted discount rate applied to these cash flow projections for FA is 10% (2019: 10%).

The terminal value of WM after the five year projection period has been calculated using a growth rate of 2.0% (2019: 2.0%) which is determined by Management based on their assessment of expected long term annual growth for the software industry.

The terminal value of FA after the five year projection period has been calculated using growth rate of 1.0% (2019: 1.0%) which is determined by Management based on their assessment of expected long term annual growth for the software industry. In the comparative year no terminal value was included.

Cost of sales and expenses are based on detailed knowledge of the business, historic activity and detailed plans for the 2020 year. This has been extrapolated in future years based on knowledge and assumptions around the growth in revenue and the level of expense required to support this.

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. However during the pandemic, the Group's clients continued to experience our usual high service levels, without disruption. Equally, amid market volatility, the Group maintained robust financial and operational performance throughout the reporting period. Further, the Group's investment in product and recent acquisitions positions it well for future growth.

(c) Carrying amount of goodwill and other intangibles allocated to each of the cash generating units are as follows:

June	WEALTH	FUNDS	TOTAL
	MANAGEMENT	ADMINISTRATION	
2020	\$'000	\$'000	\$'000
Goodwill	135,490	-	135,490
Business contracts and relationships	5,707	-	5,707
Intellectual property and software development	55,028	-	55,028
Consolidated carrying amount	196,225	-	196,225
Amortisation on intangible assets	4,924	-	4,924

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

June 2019	WEALTH MANAGEMENT	FUNDS ADMINISTRATION	TOTAL
	\$'000	\$'000	\$'000
Goodwill	73,209	-	73,209
Intellectual property and software development	40,337	-	40,337
Consolidated carrying amount	113,546	-	113,546
Amortisation on intangible assets	3,156	-	3,156

### (d) Sensitivity to changes in assumptions

The key estimates and assumptions used to determine the value-in-use calculation are based on Management's current expectations after considering past experience, future investment plans and external information. They are considered to be reasonably achievable. To complete this assessment, Management has further applied a 100 bps sensitivity increase and decrease of the WM and FA discount rate. Management believe that no reasonable change in any of the above key assumptions would cause the carrying values to materially exceed their recoverable amounts.

## 16 BUSINESS COMBINATIONS

On 30 August 2019 the Group acquired 100% of the issued shares in Midwinter Holdings (NSW) Pty Ltd, a developer of financial planning technology, for consideration of \$50 million, including a \$5 million contingent consideration. The acquisition opens an important avenue for growth in Australia, the UK and other geographies in which Bravura currently operates. Midwinter's software compliments Bravura's Wealth Management product suite and is a natural extension to existing software solutions and client base, sitting alongside retirement savings, investments and life insurance.

On 31 October 2019, the Group acquired 100% of the issued shares in FinoComp Holdings Pty Ltd, a software developer for data analytics, client reporting, performance reporting and regulatory compliance built on a microservices architecture, for consideration of \$25 million, including a \$3.5 million contingent consideration. FinoComp's software adds functionality to Bravura and brings new Wealth Management clients as well as cross-sell opportunities to Bravura's existing clients.

### (a) Purchase consideration

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	MIDWINTER	FINOCOMP	TOTAL
	\$'000	\$'000	\$'000
Cash paid	45,022	22,823	67,845
Cash paid - Completion Payment	253	(142)	111
Contingent consideration - present value	4,113	2,879	6,992
<b>Total purchase consideration</b>	<b>49,388</b>	<b>25,560</b>	<b>74,948</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### (b) Assets and liabilities recognised

The assets and liabilities recognised as a result of the acquisitions are as follows:

	MIDWINTER	FINOCOMP	TOTAL
	FAIR VALUE \$'000	FAIR VALUE \$'000	FAIR VALUE \$'000
Cash and cash equivalents	650	665	1,315
Trade receivables	633	380	1,013
Intellectual property	8,172	2,078	10,250
Customer contracts and relationships	3,602	2,801	6,403
Property, plant and equipment	21	955	976
Other assets	264	758	1,022
Trade payables	(462)	(56)	(518)
Net deferred tax liabilities	(1,123)	(1,190)	(2,313)
Other payables	(1,096)	(758)	(1,854)
Provisions	(1,200)	(716)	(1,916)
Other liabilities	(552)	(1,159)	(1,711)
<b>Net identifiable assets acquired<sup>1</sup></b>	<b>8,909</b>	<b>3,758</b>	<b>12,667</b>
<b>Goodwill</b>	<b>40,479</b>	<b>21,802</b>	<b>62,281</b>
	<b>49,388</b>	<b>25,560</b>	<b>74,948</b>

1. Assets and liabilities recognised as at the date of acquisition represent final valuations for both FinoComp and Midwinter. Changes to the provisional amounts disclosed as of 31 December 2019 are related to the discount rate used to calculate the present value of the contingent consideration and additional identified intangible assets in FinoComp for customer contracts and relationships. As a result, net deferred tax liability recognised also increased. The increased amortisation charge from the acquisition date to 30 June 2020 was not material. The final completion payments for both acquisitions have been recognised against Goodwill.

The Goodwill is attributable to both Midwinter's and FinoComp's strong position in financial planning technology and synergies expected to arise after the Group's acquisition of the new subsidiaries. It has been allocated to the Wealth Management segment. None of the goodwill is expected to be deductible for tax purposes.

### (c) Acquisition-related costs

Acquisition-related costs of \$770 thousand for Midwinter and \$315 thousand for FinoComp are included in other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

### (d) Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners of Midwinter Holdings (NSW) Pty Ltd and FinoComp Holdings Pty Ltd for the financial years ending 30 June 2020, 30 June 2021 and 30 June 2022, up to a maximum undiscounted amount of \$5 million and \$3.5 million respectively. There is no minimum amount payable.

As of 30 June 2020, the fair value of the contingent consideration arrangement of \$4.3 million for Midwinter and \$3.0 million for FinoComp was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 13.9% for both Midwinter and FinoComp. The total interest expense related to the liability accretion amounts to \$354 thousand (Refer to Note 4).

### (e) Revenue and profit contribution

In total, the acquired businesses of Midwinter and FinoComp contributed revenues of \$13.7 million and net profit of \$3.8 million to the Group.

If the acquisitions had occurred on 1 July 2019, the Group's revenue and net profit after tax for the year ended 30 June 2020 would have been \$277 million and \$38.6 million respectively.

Net profit/(loss) and net cash inflow/(outflow) for both Midwinter and FinoComp has been determined to be immaterial to the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 17 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2020	2019
	\$'000	\$'000
Trade payables	5,730	6,340
Other payables	7,207	5,268
	<b>12,937</b>	<b>11,608</b>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and normally settled on 30 to 45-day terms.

Other payables consist of GST and payroll tax payable, are non-interest bearing and have an average term of 2 months.

### 18 PROVISION FOR INCOME TAX

	2020	2019
	\$'000	\$'000
Income tax receivable	487	-
Income tax payable	395	4,730

The decrease in current tax liabilities at year end reflects predominately the recent legislative change in the UK which had the effect of bringing forward the pre-payment of Bravura UK group's annual income tax liability.

### 19 CURRENT LIABILITIES – FINANCIAL ARRANGEMENTS

#### Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	2020	2019
	\$'000	\$'000
Total facilities	29,862	30,004
Used at balance date	1,277	1,541
<b>Unused at balance date</b>	<b>28,585</b>	<b>28,463</b>

The facility agreement with CBA is an unsecured revolving credit facility which will expire 15 November 2021, and provides AUD 17.1 million, GBP 4.5 million and NZD 5.0 million borrowing. The interest rate is a variable rate determined each month (Refer to Note 3.3(iii)). The facilities for guarantees are drawn by an amount of \$1.3 million (30 June 2019: \$1.5 million).

The financing arrangements impose certain covenants on the Consolidated Entity that, if breached, the financiers may at any time declare that the loans become immediately due and payable. There were no covenants breached during the current period.

### 20 CURRENT LIABILITIES – PROVISIONS

	2020	2019
	\$'000	\$'000
Employee benefits	11,359	10,116
Make Good	-	8
	<b>11,359</b>	<b>10,124</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### (a) Amounts not expected to be settled within the next 12 months

The entire provision for employee benefits comprises annual and long-service leave and is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued leave within the next 12 months. The amount expected to be settled in greater than 12 months is estimated to be approximately \$3 million (2019: \$3 million).

### 21 CURRENT LIABILITIES – OTHER CURRENT LIABILITIES

	2020	2019
	\$'000	\$'000
Accrued expenses	10,454	17,022

Accrued expenses include bonus and expense accruals.

### 22 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	2020	2019
	\$'000	\$'000

#### The balance comprises temporary differences attributable to:

Undistributed reserves	1,403	1,975
Contingent consideration	346	-
Leases	3,013	-
Intangible assets	2,098	-
Other	1,647	1,532
Total deferred tax liabilities	8,507	3,507
DTA/DTL offset (Refer to Note 14)	(5,911)	-
Deferred tax liabilities after offset	2,596	3,507

#### Movements:

Opening balance at 1 July	3,507	3,754
Amount arising from adoption of AASB 16 (Refer to Note 8 and including adoption of AASB 16, Refer to Note 1(aa))	3,277	-
Credited to profit or loss (Refer to Note 8)	(1,212)	(490)
Net amount charged to equity	(266)	243
Amount arising from business combinations debited directly to goodwill	3,201	-
DTA/DTL offset (Refer to Note 14)	(5,911)	-
Closing balance at 30 June	2,596	3,507

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 23 NON-CURRENT LIABILITIES – PROVISIONS

	2020	2019
	\$'000	\$'000
Employee benefits - long-service leave	1,808	1,629
Make good provision	2,904	2,084
	<b>4,712</b>	<b>3,713</b>

#### (a) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	MAKE GOOD PROVISION	EMPLOYEE BENEFITS
2020	\$'000	\$'000
Carrying amount at start of year	2,092	11,745
Charged/(credited) to profit or loss		
Arising during the year	1,065	3,447
Utilised/paid	(203)	(1,942)
Exchange difference	(50)	(83)
Carrying amount at end of year	<b>2,904</b>	<b>13,167</b>
Current	-	11,359
Non-current	2,904	1,808
Closing balance at 30 June	<b>2,904</b>	<b>13,167</b>

#### *Make good provision*

In accordance with its lease agreements, the Group must restore leased premises to their original condition at the end of their respective lease terms (range from four to ten years).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 24 CONTRIBUTED EQUITY

	2020	2019	2020	2019
	SHARES	SHARES	\$'000	\$'000
<b>Share capital</b>				
Total	<b>244,342,793</b>	243,170,798	<b>351,727</b>	347,182

#### (a) Movements in ordinary share capital

Ordinary shares issued and fully paid	SHARES	\$'000
At 1 July 2018	214,246,090	184,989
Dividend reinvestment plan	229,055	1,237
Institutional placement	28,695,653	165,000
Transaction costs	-	(4,044)
At 30 June 2019	243,170,798	347,182
At 1 July 2019	243,170,798	347,182
Dividend reinvestment plan	1,171,995	4,545
<b>At 30 June 2020</b>	<b>244,342,793</b>	<b>351,727</b>

#### (b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up Bravura Solutions in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

The number of authorised ordinary shares is the same as the number of fully paid ordinary shares.

During the year, the Company issued 439,440 shares under the dividend reinvestment plan on 27 September 2019 and 732,555 shares on 27 March 2020.

#### (c) Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Consolidated Entity monitors capital on the basis of the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the Consolidated Statement of Financial Position plus net debt.

The financing arrangements impose certain covenants on the Consolidated Entity that, if breached, the financiers may at any time, unless remedied, declare that the loans become immediately due and payable. There were no covenants breached during the current period (Refer to Note 19).

The Consolidated Entity's focus is to ensure capital is managed effectively and to maximise shareholder returns over the long term which may include share buy-backs, issue of new shares and/or dividends depending on the capital structure at the time.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 25 RESERVES AND ACCUMULATED LOSSES

	2020	2019
	\$'000	\$'000
<b>(a) Reserves</b>		
Foreign currency translation reserve	7,963	10,626
Share-based payments	4,690	2,315
Balance at 30 June	12,653	12,941
<b>Movements:</b>		
<i>Foreign currency translation reserve</i>		
Balance 1 July	10,626	9,845
Currency translation differences arising during the year	(2,663)	781
Balance at 30 June	7,963	10,626
<i>Share-based payments reserve</i>		
Balance 1 July	2,315	669
Share-based payments	2,375	1,646
Balance at 30 June	4,690	2,315
<b>(b) Accumulated losses</b>		
Balance at 30 June	(68,666)	(81,317)
Adoption of AASB 15	-	839
Balance 1 July	(68,666)	(80,478)
Profit for the year	40,110	32,808
Dividends paid	(25,071)	(20,996)
Balance at 30 June	(53,627)	(68,666)

#### (c) Nature and purpose of reserves

##### *Foreign currency translation reserve*

The foreign currency reserve is used to record exchange differences arising from translation of the financial statements of foreign operations.

##### *Share-based payments reserve*

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including KMP, as part of their remuneration (Refer to Note 26) and the Remuneration Report for further details of these long-term incentive plans.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 26 SHARE-BASED PAYMENTS

#### Executive LTI (Long-term incentive) plan

Bravura Solutions operates an executive LTIP during the reporting and comparative period. Under the executive LTIP, awards are made to executives and other key talent who have an impact on the Group's performance. LTIP awards are delivered in the form of performance rights options over ordinary shares in Bravura Solutions which vest over a period of three years subject to meeting EPS (Earnings per share) or TSR (Total shareholder return) performance measures.

The fair values of EPS and TSR-hurdled share options granted are estimated at the date of grant using a Binomial pricing model and a Monte Carlo simulation model respectively, taking into account the terms and conditions upon which the share options were granted.

For the portion of the LTIP subject to the relative TSR performance measure, the model simulates the TSR and compares it against a comparator group. It takes into account historical and expected dividends, and the share price fluctuation covariance of the Group and its competitors to predict the distribution of relative share performance. For more information, refer to the Remuneration Report.

The exercise price of the performance rights is nil. The contractual term of the performance rights is six years and there are no cash settlement alternatives for the employees.

No performance rights were vested or forfeited at 30 June 2020.

The expense recognised for employee services received during the year is shown in the following table:

	2020	2019
	\$'000	\$'000
Expense arising from equity-settled share-based payment transactions	2,375	1,646
<b>Total expense arising from share-based payment transactions</b>	<b>2,375</b>	<b>1,646</b>

There were no cancellations or modifications to the awards in 2020.

The following table illustrates the number of, and movements in, share options:

Directors, other key management personnel and other executives	NO. OF SHARE OPTIONS
<b>Outstanding at 1 July 2018</b>	2,119,692
Granted during the year	801,351
Forfeited during the year	-
Exercised during the year	-
Expired during the year	-
<b>Outstanding at 30 June 2019</b>	<b>2,921,043</b>
Granted during the year	659,433
Forfeited during the year	-
Exercised during the year	-
Expired during the year	-
<b>Outstanding at 30 June 2020</b>	<b>3,580,476</b>
Exercisable at 30 June 2019	-
Exercisable at 30 June 2020	-

The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2020 was 2.7 years (2019: 4.3 years).

The weighted average fair value of performance rights granted during the year was \$2.18 (2019: \$1.99).

Performance rights do not have exercise prices.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

The following tables list the inputs to the models used for the LTIP for the year ended 30 June 2020:

	2020	2020	2019	2019
	TSR	EPS	TSR	EPS
<b>Directors and Executives</b>				
Weighted average fair values at the measurement date	\$1.53	\$3.77	\$2.45	\$3.80
Dividend yield (%)	3.11%	3.11%	2.54%	2.54%
Expected volatility (%)	36.00%	36.00%	33.00%	33.00%
Risk-free interest rate (%)	0.74%	0.74%	2.07%	2.07%
Expected life of options (years)	2.72	2.72	2.72	2.72
Weighted average share price (\$)	\$4.10	\$4.10	\$4.06	\$4.06
Model used	Monte Carlo	Binomial	Monte Carlo	Binomial

The expected life of the performance rights is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 27 LEASES

The Group has lease contracts for property and equipment used in its operations. Property leases generally have a lease term between 2 and 7 years, while equipment leases are considered not material for the Group. For carrying amounts of right-of-use assets recognised and the movements during the period please refer to Note 1(aa), Note 13 and Note 7. Lease contracts for both property and equipment are fixed payments. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally the Group is restricted from assigning and subleasing the leased assets and some contracts required the Group to maintain certain financial ratios.

#### (a) Movement in lease liabilities

	2020
	\$'000
Carrying amount at 1 July 2019 <sup>1</sup>	44,565
Additions	2,515
Lease payment made	(5,635)
Charged/(credited) to profit or loss	
Accretion of interest	1,974
Exchange difference	(1,089)
Carrying amount at end of year	42,330
Current	7,823
Non-current	34,507
Closing balance at 30 June	42,330

1. Adoption of AASB 16 refer to Note 1(aa).

For cash outflows relating to leases refer to the Consolidated Statement of Cash Flows. For the non-cash additions of the right-of-use assets refer to Note 13. The future cash outflows relating to leases are disclosed in Note 3.3.

#### (b) Extension options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term are \$19.8 million for extension options and \$13.7 million for termination options. These options are expected not to be exercised.

### 28 DIVIDENDS

#### Ordinary shares

A final dividend of 5.5c per share has been declared for FY20. The Dividend Reinvestment Plan has been activated. A final FY19 dividend of 4.8c per share was paid on 27 September 2019. An interim dividend of 5.5c per share was paid to shareholders on 27 March 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 29 KEY MANAGEMENT PERSONNEL DISCLOSURES

#### (a) Directors

The following persons were the Directors of Bravura Solutions during the financial year:

#### Non-executive Directors

Neil Broekhuizen	Independent Chairman, from 23 August 2019
Peter Mann	Independent
Alexa Henderson	Independent
Libby Roy	Independent, appointed 1 April 2020

#### Executive Directors

Tony Klim	CEO and Managing Director
Martin Deda	CFO and Executive Director

#### (b) Other key management personnel

Mike Margetts	Global Chief Operating Officer, appointed 5 September 2019
Nick Parsons	Chief Technology Officer

#### Former non-executive Director

Brian Mitchell	Independent Chairman, resigned 23 August 2019
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#### Former other key management personnel

Andy Chesterton	Chief Operating Officer - Funds Administration, retired 31 December 2019
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#### (c) Key management personnel compensation

	2020	2019
	\$	\$
Short-term employee benefits	4,318,036	3,900,757
Post-employment benefits	31,039	39,484
Share-based payments	1,397,727	812,423
	<b>5,746,802</b>	<b>4,752,664</b>

Short-term incentives were paid and Long-term incentives were granted during the year and prior year and are disclosed in the Remuneration Report.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

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### 30 CONTINGENT LIABILITIES AND COMMITMENTS

#### (a) Contingent liabilities

The Consolidated Entity had contingent liabilities at 30 June 2020 in respect of:

##### *Bank guarantees*

Guarantees given in respect of office leases of subsidiaries amounting to \$1.3 million (30 June 2019: \$1.5 million) are unsecured.

#### (b) Contingent assets

The Consolidated Entity had no contingent assets at 30 June 2020 (30 June 2019: \$nil).

#### (c) Commitments

The Consolidated Entity had no capital commitments as at 30 June 2020 (30 June 2019: \$7.8 million).

### 31 RELATED PARTY TRANSACTIONS

#### (a) Key management personnel

Disclosures relating to key management personnel are set out in Note 29.

#### (b) Subsidiaries and ordinary shares

Interests in subsidiaries are set out in Note 32.

#### (c) Outstanding balances arising from transactions with related parties

There are no outstanding balances with related parties (2019: Nil).

#### (d) Transactions with related parties

Disclosures relating to guarantees to related parties provided are set out in Note 34(b).

#### (e) Terms and conditions of transactions with related parties other than KMP or entities related to them

All transactions were made on normal commercial terms and conditions and at market rates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 32 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries of Bravura Solutions Limited in accordance with the accounting policy described in Note 1(c) and Note 1(d):

Name of entity	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	EQUITY HOLDING
			2020	2019
			%	%
Bravura eCommerce Solutions Pty Ltd	Australia	Ordinary	100	100
Bravura Facility Pty Ltd	Australia	Ordinary	100	100
Bravura Portfolio Solutions Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions (Australia) Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions Investments Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions Operations Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions Services Pty Limited	Australia	Ordinary	100	-
FinoComp Holdings Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
FinoComp Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
Garradin Pty Ltd	Australia	Ordinary	100	100
InvestmentLink Holdings Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
InvestmentLink Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
Midwinter Advice Solutions Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
Midwinter Financial Services Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
Midwinter Holdings (NSW) Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
Midwinter Holdings 1 Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
Midwinter Holdings 2 Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
Midwinter Holdings 3 Pty Ltd <sup>1</sup>	Australia	Ordinary	100	-
Real Solutions Pty Ltd	Australia	Ordinary	100	100
Mutual Fund Technologies Ltd	Bermuda	Ordinary	100	100
Bravura Solutions (Deutschland) GmbH	Germany	Ordinary	100	-
Bravura Solutions (HK) Ltd	Hong Kong	Ordinary	100	100
Bravura Solutions India LLP	India	-	100	100
Bravura Solutions Luxembourg Holdings S.a.r.L.	Luxembourg	Ordinary	100	100
Bravura Solutions (NZ) Ltd	New Zealand	Ordinary	100	100
Bravura Solutions (Polska) Holdings S.P. ZOO	Poland	Ordinary	100	100
Bravura Solutions Polska S.P. ZOO	Poland	Ordinary	100	100



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

Name of entity	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	EQUITY HOLDING
			2020	2019
			%	%
Bravura Software Solutions (SA)(Proprietary) Ltd	South Africa	Ordinary	100	100
Bravura Solutions (UK) Holdings Ltd	United Kingdom	Ordinary	100	100
Bravura Solutions (UK) Investments Ltd	United Kingdom	Ordinary	100	100
Bravura Solutions (UK) Ltd	United Kingdom	Ordinary	100	100
Bravura Solutions Services (UK) Ltd	United Kingdom	Ordinary	100	100
FinoComp Hosting Services Ltd <sup>1</sup>	United Kingdom	Ordinary	100	-
FinoComp Ltd <sup>1</sup>	United Kingdom	Ordinary	100	-

1. Acquired during the financial year (Refer to Note 16).

### 33 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	NOTES	2020	2019
		\$'000	\$'000
Profit for the year		40,110	32,808
Depreciation and amortisation expense	7	19,448	8,974
Finance costs	7	2,811	189
Share-based payments	7	2,375	1,646
Net unrealised exchange differences		121	(598)
Change in operating assets and liabilities			
(Increase)/decrease in trade and other debtors, contract assets		(27,574)	2,295
(Increase)/decrease in other current assets		(1,471)	(795)
(Increase)/decrease in net deferred tax assets		998	(1,003)
Increase/(decrease) in trade and other payables		594	1,186
Increase/(decrease) in provision for income tax		(4,758)	2,859
Increase/(decrease) in contract liabilities		(3,194)	(4,217)
Increase/(decrease) in net deferred tax liabilities		(1,000)	(247)
Increase/(decrease) in provisions and other liabilities		(9,035)	3,376
<b>Net cash inflow from operating activities</b>		<b>19,423</b>	<b>46,473</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 34 PARENT ENTITY FINANCIAL INFORMATION

#### (a) Summary financial information

The parent of the Group is Bravura Solutions Limited an ASX listed company limited by shares, incorporated in the State of Victoria, Australia.

The financial statements for the Parent Entity show the following aggregate amounts:

	2020	2019
	\$'000	\$'000
<b>Balance sheet</b>		
Current assets	161,462	179,612
Non-current assets	938,233	1,002,198
<b>Total assets</b>	<b>1,099,695</b>	<b>1,181,810</b>
Current liabilities	-	-
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>1,099,695</b>	<b>1,181,810</b>
<i>Shareholders' equity</i>		
Contributed equity	351,728	347,182
Reserves	808,135	869,726
Accumulated loss	(60,168)	(35,098)
<b>Total equity</b>	<b>1,099,695</b>	<b>1,181,810</b>
<b>Profit for the year</b>	<b>1</b>	<b>1</b>
<b>Total comprehensive profit</b>	<b>1</b>	<b>1</b>

#### (b) Guarantees entered into by the Parent Entity

The Parent Entity has provided no financial guarantees in respect of bank overdrafts and loans of subsidiaries but is an obligor under the unsecured revolving credit facility with CBA (2019: \$nil).

#### (c) Contingent liabilities of the Parent Entity

The Parent Entity has provided letters of support to certain subsidiaries to assist in meeting liabilities as and when they fall due and allow them to continue operating on a going concern basis for the next 12 months from the date of a subsidiary's financial report.

#### (d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2020, the Parent Entity had no contractual commitments for the acquisition of property, plant or equipment (2019: \$nil).

#### (e) Non-current assets

The Parent Entity accounts for investments in subsidiaries at fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 35 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Parent Entity and its related practices:

	2020	2019
	\$	\$
<b>Fees to Ernst &amp; Young (Australia)</b>		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	870,520	867,191
Fees for assurance services that are required by legislation to be provided by the auditor	25,000	17,500
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	-	-
Fees for other services		
Advisory services	116,000	96,715
Tax compliance services	89,535	65,000
Taxation advice	220,607	144,153
<b>Total fees to Ernst &amp; Young (Australia) (A)</b>	<b>1,321,662</b>	<b>1,190,559</b>
<b>Fees to other overseas member firms of Ernst &amp; Young (Australia)</b>		
Fees for auditing the financial report of any controlled entities	261,988	189,805
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	-	-
Fees for other services		
Transaction advisory services	-	214,890
Tax compliance services	70,513	15,965
Taxation advice	12,907	112,669
<b>Total fees to overseas member firms of Ernst &amp; Young (Australia) (B)</b>	<b>345,408</b>	<b>533,329</b>
<b>Total auditor's remuneration Ernst &amp; Young (A) + (B)</b>	<b>1,667,070</b>	<b>1,723,888</b>
<b>Fees to non-Ernst &amp; Young member firms:</b>		
Audit	15,503	15,684
Tax compliance services	-	5,120
<b>Total fees to non-Ernst &amp; Young member firms (C)</b>	<b>15,503</b>	<b>20,804</b>

### 36 EVENTS OCCURRING AFTER THE REPORTING PERIOD

A final dividend of 5.5c per share has been declared for FY20. The Dividend Reinvestment Plan has been activated.

There have been no occurrences of matters or circumstances subsequent to year end that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

## DIRECTORS' DECLARATION

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In the Directors' opinion:

The financial statements and notes of Bravura Solutions Limited for the year ended 30 June 2020 are in accordance with the *Corporations Act 2001*, including:

- (i) Complying with Accounting Standards, the *Corporations Regulations 2001*;
- (ii) Complying with International Financial Reporting Standards as disclosed in Note 1(a); and
- (iii) Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance and cash flows for the year ended on that date.

There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020, in accordance with a resolution of the Directors.



**NEIL BROEKHUIZEN**

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney  
26 August 2020

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS



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## Independent Auditor's Report to the Members of Bravura Solutions Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Bravura Solutions Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)



## 1. Revenue recognition for multiple-element arrangements

### Why significant

The majority of the Group's sales contracts involve multiple-element arrangements, for example a single software sales transaction that combines the delivery of a software license and rendering of maintenance and other professional services.

In determining how revenue is to be recognised, the sales consideration received from customers is allocated to the various products and services (performance obligations) that comprise the arrangement, based upon their relative fair values. This process requires significant judgement by the Group to determine:

- The fair value of the license and when to recognise the revenue;
- The relative fair value of the individual performance obligations of the contract, specifically concerning the cost to deliver, and the margin used to determine the stand-alone selling price of each element; and
- The achievement of certain milestones for fixed price performance obligations.

Revenue recognition on multiple-element arrangements was considered to be a Key Audit Matter due to the complexity of the contracts and the judgement required to allocate the revenue amongst relevant performance obligations.

Revenue disclosures and the associated judgement disclosures are included in Notes 1(e), 2(b) and 6.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessment of whether the Group's revenue recognition accounting policies relating to multiple-element arrangements complies with Australian Accounting Standards.
- ▶ For a sample of contracts, we tested the allocation of the revenue to separately identifiable components of multiple-element arrangements by assessing the individual fair value of performance obligations and historical pricing arrangements.
- ▶ For a sample of contracts, we assessed whether the revenue recognition criteria relevant to each element in the multiple-element arrangements had been met which included the determination of whether the performance obligation associated with the relevant licensed software had been met in the correct reporting period.
- ▶ For a sample of fixed price contracts, we assessed whether the accounting treatment adopted by the Group was appropriate. We agreed variations to the contracts to supporting documentation and assessed the Group's stage of completion calculation.
- ▶ Assessment of the adequacy of the related disclosures within the financial report.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)



## 2. Capitalised software development costs

### Why significant

Capitalised software development costs represent 10% of the total assets. These costs are capitalised as they meet the criteria set out in Australian Accounting Standards and are amortised over a period of 5 to 15 years.

Judgement is exercised by the Group in determining the nature and amount of costs to be capitalised and in determining the useful lives over which costs are amortised.

Capitalised software costs were considered to be a Key Audit Matter given the value of these assets relevant to total assets, the significant level of amounts capitalised during the year, and the judgements required when determining whether costs should be capitalised, the useful lives over which costs should be amortised and the recoverability of capitalised software development costs.

Disclosure of capitalised development costs and the associated judgements are included in Notes 1(p), 2(c) and 15.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessment whether the Group's accounting policy for capitalisation of software development costs complies with Australian Accounting Standards.
- ▶ Assessment of the operating effectiveness of controls in respect of the processes to identify the eligibility of the development costs to be capitalised.
- ▶ For a sample of capitalised software development costs, we assessed whether the labour hours incurred were authorised, the costs incurred met the criteria for capitalisation set out in Australian Accounting Standards and recalculated the capitalisation rate used by management in determining the amount of the costs to be capitalised.
- ▶ Assessment of the appropriateness of the useful life attributed to these costs by taking into consideration the economic life of the attributed to these costs by taking into consideration the economic life of the software and the terms of customer contracts.
- ▶ For a sample of capitalised software development costs, we determined whether amortisation expenses were correctly calculated.
- ▶ Evaluation of the Group's assessment for the indicators of impairment of capitalised software development costs.

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# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)



### 3. Taxation

#### Why significant

The Group operates in a number of different tax jurisdictions, all of which have specific risks and regulations that need to be considered and complied with in determining the income tax position.

Tax was considered to be a Key Audit Matter given the number of jurisdictions, the specific regulations that exist in each jurisdiction and the inter-dependency of companies within the group.

In particular, transfer pricing arrangements within the Group are significant with a large number of cross-border charges between Group entities in different tax jurisdictions.

The Group's disclosures with respect to tax and the associated judgements are included in Note 1(f), 2(b), 8, 14, 18 and 22 of the financial Report.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessment of the Group's various tax exposures to determine whether adequate income tax provisions have been recorded.
- ▶ Involving our taxation specialists in relevant countries in which the Group operates, our audit procedures included the following:
  - ▶ Consideration of any third-party taxation advice received by the Group.
  - ▶ Assessment of the Group's determination of current and deferred income tax expense, with particular focus on transfer pricing.
  - ▶ Consideration of the Group's transfer pricing policy and documentation with regard to the requirements of local tax legislation.



# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)



## 4. Business Combinations

### Why significant

As outlined in Note 16 to the financial statements, on 30 August 2019 the Group acquired 100% of the issued shares in Midwinter Holdings (NSW) Pty Ltd, for consideration of \$50 million, including a \$5 million contingent consideration.

On 31 October 2019, the Group acquired 100% of the issued shares in FinoComp Holdings Pty Ltd, for consideration of \$25 million, including a \$3.5 million contingent consideration.

Both acquisitions have been treated as business combinations, with the Group recognising the fair value of the assets acquired and liabilities assumed on that date. Accounting for these transactions was complex, requiring the Group to exercise judgement in identifying and determining the fair value of the acquired assets and liabilities.

This was considered to be a Key Audit Matter due to the value of the acquisition and the judgement involved in accounting for the transaction and determining the fair values of the acquired assets and liabilities.

The Group's disclosures with respect to business combinations and the associated judgements are included in Note 1(h) and 16 of the financial report.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessment of the Group's conclusion that each acquisition represents a business combination in accordance with Australian Accounting Standards.
- ▶ With the involvement of our valuation specialists, we considered the allocation of the purchase price to the acquired assets and liabilities.
- ▶ Assessment of the competence, qualifications, objectivity and methodologies of the independent experts engaged by the Group to identify and determine the fair values of the assets acquired and liabilities assumed.
- ▶ Assessment of the adequacy of the related disclosures within the financial report.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)



## Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 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, with the exception of the Remuneration Report and our related assurance opinion.

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, 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.

## 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 preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

## 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)



- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)



## Report on the Audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 46 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Bravura Solutions Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

### 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gamini Martinus'.

Gamini Martinus  
Partner  
Sydney  
26 August 2020

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## SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 August 2020.

### Distribution of equity securities

244,342,793 fully paid ordinary shares are held by 10,322 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

#### The number of shareholders, by size of holding, are:

Fully paid ordinary shares	NUMBER OF SHAREHOLDERS
1 to 1,000	5,668
1,001 to 5,000	3,632
5,001 to 10,000	619
10,001 to 100,000	371
100,001 and Over	32
<b>Total</b>	<b>10,322</b>
Holding less than a marketable parcel	650

#### Substantial shareholders

Fully paid ordinary shares	PERCENTAGE %	HOLDING
UBS Group AG and its related bodies	8.06%	19,703,269
Northern Trust	5.99%	14,631,308
Vanguard Group	5.83%	14,196,789

## SHAREHOLDER INFORMATION (CONTINUED)

### Twenty largest holders of quoted equity securities

Fully paid ordinary shares	NUMBER	PERCENTAGE
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	116,110,692	47.52
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	48,708,584	19.93
CITICORP NOMINEES PTY LIMITED	24,275,950	9.94
NATIONAL NOMINEES LIMITED	13,205,649	5.40
BNP PARIBAS NOMINEES PTY LTD	3,575,005	1.46
BNP PARIBAS NOMS PTY LTD	2,552,207	1.04
ANTHONY BRIAN KLIM	1,200,000	0.49
UBS NOMINEES PTY LTD	1,179,806	0.48
BNP PARIBAS NOMS (NZ) LTD	1,121,087	0.46
CS FOURTH NOMINEES PTY LIMITED	737,400	0.30
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	680,093	0.28
WARBONT NOMINEES PTY LTD	652,700	0.27
CITICORP NOMINEES PTY LIMITED	643,460	0.26
DEDA FAMILY SUPERANNUATION FUND PTY LIMITED	556,102	0.23
BNP PARIBAS NOMINEES PTY LTD	525,000	0.21
MS GERALDINE MARGARET KASPERS	523,750	0.21
MR NICHOLAS PARSONS	523,750	0.21
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	487,279	0.20
MR JASON KEITH TONG & MS SHARRYN CATHERINE WEST	431,500	0.18
BNP PARIBAS NOMINEES PTY LTD	366,135	0.15
<b>Total</b>	<b>218,056,149</b>	<b>89.24</b>

# CORPORATE DIRECTORY

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## CORPORATE INFORMATION

ABN 54 164 391 128

## CORPORATE AND REGISTERED OFFICE

Level 6, 345 George Street

Sydney NSW 2000

Phone: +61 2 9018 7800

Fax: +61 2 9018 7811

## WEBSITE ADDRESS

[www.bravurasolutions.com](http://www.bravurasolutions.com)

## BOARD OF DIRECTORS

### Neil Broekhuizen

Independent Chairman

### Peter Mann

Independent

### Alexa Henderson

Independent

### Libby Roy

Independent, appointed 1 April 2020

### Tony Klim

CEO and Managing Director

### Martin Deda

CFO and Executive Director

## COMPANY SECRETARY

Martin Deda and Nigel Liddell

## AUDITORS

Ernst & Young

200 George Street

Sydney NSW 2000

Phone: 61 2 9248 5555

## SHARE REGISTRY

Link Market Services Limited

Level 12, 680 George Street

Sydney NSW 2000

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