

## 2 PRO FORMA ADJUSTMENTS TO STATUTORY RESULTS FOR FY15 AND FY16 NPAT AND EBITDA

Table 3: Reconciliation of statutory to pro forma NPAT and EBITDA

\$ IN MILLIONS	NOTE	NPAT		EBITDA	
		FY 15	FY16	FY 15	FY16
<b>Statutory Result</b>		<b>(42.3)</b>	<b>54.0</b>	<b>124.2</b>	<b>164.3</b>
Public company costs	1	(0.7)	–	(0.7)	–
Net interest adjustment	2	103.5	–	–	–
Acquisition transaction and integration costs	3	5.0	4.2	5.0	4.2
Offer related adjustments and other transaction costs	4	20.3	0.2	20.3	0.2
Business transformation one-off costs	5	1.7	0.9	1.7	0.9
Other non-recurring adjustments	6	2.3	1.7	2.3	1.7
Net tax effect of pro forma adjustments	7	(39.7)	(2.1)	–	–
Difference between statutory and proforma tax rate	8	(5.1)	(2.4)	–	–
<b>Total pro forma adjustments</b>		<b>87.5</b>	<b>2.6</b>	<b>28.7</b>	<b>7.1</b>
<b>Pro forma Result</b>		<b>45.2</b>	<b>56.6</b>	<b>152.9</b>	<b>171.5</b>

Notes to table 3:

1. MYOB's estimate of the incremental costs that the Company would have incurred as a public entity from January to April 2015. These costs include Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, Directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report costs. No adjustment in FY16.
2. MYOB's historical debt structure was refinanced in part by proceeds of the IPO and in part by the new banking facilities. The net interest expense included in the pro forma FY15 Results has been adjusted to reflect the anticipated gross debt leverage ratio of MYOB using base rates that prevailed, or are assumed to prevail, during the relevant periods, based on the Australian Financial Markets Association Bank Bill Reference Rate (BBSW), and margins under the terms of the New Banking Facilities following Completion. No adjustment in FY16.
3. An adjustment has been made to remove one-off transaction costs, redundancy and integration costs relating to the acquisitions of PayGlobal, Ace Payroll, IMS and Greentree that were expensed in the FY15 and FY16 Statutory Results.
4. Adjustment to remove the impact of one-off senior management cash bonuses and the gifting of Shares to Eligible Employees under the Employee Offer, expensed in the FY15 Statutory Actual Results. Adjustment has also been made in the FY15 results to remove one-off adviser fees, to eliminate the impact of historical advisory services fees and management fees paid to Bain Capital which will not continue post listing. FY16 adjustment relates to the payment of final IPO-related fees.
5. Adjustment to remove the impact of business transformation initiatives and costs including redundancy payments and costs of implementing a new HR information system.
6. Adjustment to reverse the impact of other one-off and non-recurring items that were expensed in the FY15 and FY16 Statutory Results. In FY15 these included costs associated with a 'pilot' campaign to test the effectiveness of brand advertising which did not generate directly attributable incremental revenues, and in FY16, expenditure on the one-off MYOB brand transformation.
7. The tax impact attributable to adjustments notes 1 to 6, calculated using an effective tax rate of 30 per cent.
8. The statutory tax rate is lower than the 30 per cent pro forma tax rate due to the tax rebate received on eligible Australian R&D.