

**ASX ANNOUNCEMENT**

24 February 2022

**APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

The Directors of Link Administration Holdings Limited (**Company**) (ASX: LNK) present the results of Link Group (Link Administration Holdings Limited and its controlled entities) for the six months ended 31 December 2021 as follows:

<b>Results for announcement to the market</b>			<b>31 December 2021 \$'000</b>	31 December 2020 <sup>1</sup> \$'000
Revenue from ordinary activities	Down	(1%)	<b>593,700</b>	597,025
(Loss) / profit from ordinary activities after tax	Down	(nmf) <sup>2</sup>	<b>(81,739)</b>	29,369
(Loss) / profit for the period attributable to owners of the Company	Down	(nmf) <sup>2</sup>	<b>(81,640)</b>	29,003
<b>Earnings per share</b>				
Basic earnings (cents per share)			<b>(15.64)</b>	5.46
Diluted earnings (cents per share)			<b>(15.64)</b>	5.42
<b>Net tangible assets<sup>3</sup></b>				
Net tangible assets per security (cents per share)			<b>(29.1)</b>	(0.6)

Link Group defines net tangible assets as net assets less intangible assets. A large proportion of Link Group's assets are classified as intangible assets including goodwill, client lists, software and deferred tax assets (net of deferred tax liabilities). Intangible assets have been excluded from the calculation of net tangible assets, resulting in a negative net tangible asset per security.

**Dividends**

Dividends paid by the Company during the six-months ended 31 December 2021 were:

	<b>Cents per share</b>	<b>Total amount</b>	<b>Franked/ Unfranked</b>	<b>Record date</b>	<b>Payment date</b>
<b>Final 2021</b>	5.5	\$29,492,439	100% Franked	1 September 2021	20 October 2021

A fully franked interim dividend of \$15,389,624, which equates to 3.0 cents per share, in respect of the six months ended 31 December 2021 was declared by the Directors of the Company on 24 February 2022 (**Interim Dividend**). A provision has not been recognised in the financial statements for the six months ended 31 December 2021 as the dividend declaration is considered as a subsequent event. The record date for determining entitlements to the dividend is 3 March 2022. Payment of the Interim Dividend will occur on 8 April 2022.

Link Group's Dividend Reinvestment Plan (DRP) will not operate in respect of the Interim Dividend.

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note 3 of the financial report.

<sup>2</sup> Increase in loss is largely attributable to higher impairment expense in the current year of \$81.6 million (31 December 2020: Nil).

<sup>3</sup> The net tangible assets include right-of-use assets as defined by AASB 16 Leases.

## **Commentary on results for the period**

Additional commentary on results for the period can be found in the Media Release also announced to ASX today (24 February 2022).

## **Other information**

The information in this Appendix 4D should be read in conjunction with Link Group's Interim Financial Report for the six months ended 31 December 2021 and the annual financial report for the financial year ended 30 June 2021. The interim financial statements have been reviewed by KPMG.

### *Scheme Implementation Deed with Dye & Durham Corporation*

On 22 December 2021, Link Group entered into a Scheme Implementation Deed (Scheme) with Dye & Durham under which Dye & Durham will acquire 100% of the share capital of Link Group by way of a Scheme of Arrangement. Link Group shareholders will receive \$5.50 per share in cash under the scheme, plus a \$0.03 per share interim dividend to be paid by Link Group and franked at 100%. Link Group intends to pay a further Special Dividend of approximately \$0.08 per share expected to be franked at 100% and this Special Dividend will be deducted from the \$5.50 per share base consideration. In addition, under the Scheme, if Link Group reaches an agreement to sell the Banking & Credit Management ("BCM") business, shareholders are entitled to receive any net consideration received from the sale of BCM prior to, or up to 12 months after, the implementation of the Scheme.

Link Group's Board has unanimously recommended that Link Group shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of Link Group shareholders.

Significant progress has been made on the Scheme, which is expected to deliver substantial value to shareholders and is expected to be finalised in June / July 2022.

### *Carlyle conditional, non-binding indicative proposal for Link Group*

On 5 November 2021, and as updated on 15 November 2021, Link Group announced it had received a conditional, non-binding indicative proposal from Carlyle Asia Partners V, L.P., an investment fund managed and advised by affiliated entities of The Carlyle Group Inc. (Carlyle), to acquire 100% of the shares in Link Group. The Directors considered the proposal and decided to provide Carlyle with due diligence information on a non-exclusive basis. No further indicative proposals or binding offers were received from Carlyle after the announcement of the Dye & Durham Scheme Implementation Deed on 22 December 2021.

### *Banking & Credit Management proposals*

On 12 November 2021, Link Group announced it had received a conditional, non-binding indicative proposal from a syndicate led by Pepper European Servicing Limited (PES) to acquire the whole of Link Group's BCM business (PES Proposal). Under the PES Proposal, PES would acquire the non-Irish businesses while the other member of the syndicate would acquire the Irish business. The Board granted the syndicate access to due diligence information and considered the proposal in accordance with its fiduciary and statutory obligations.

On 23 November 2021, Link Group announced it had received a conditional, non-binding indicative proposal from LC Financial Holdings (LCFH) to acquire the whole of Link Group's BCM business (LCFH Proposal). The Board granted LCFH access to due diligence information and considered the proposal in accordance with its fiduciary and statutory obligations.

On 8 February 2022 Link Group announced it is working with LC Financial Holdings (LCFH) in respect of its proposal to acquire its Banking & Credit Management (BCM) business on an exclusive basis. The syndicate led by Pepper European Servicing Limited (PES) withdrew its interest in acquiring BCM.

This release has been authorised by the Link Group Board.

Further information about the results is included in the Half Year Results Presentation and can be obtained via the ASX website or by visiting the Link Group website at [www.linkgroup.com](http://www.linkgroup.com).



# INTERIM FINANCIAL REPORT

31 DECEMBER 2021

Link Administration Holdings Limited  
and its controlled entities

ACN 120 964 098

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# Directors' Report

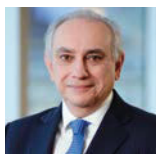
## DIRECTORS

The Directors present their report together with the consolidated interim financial statements of Link Group, being Link Administration Holdings Limited (the Company) and its Controlled Entities, for the six months ended 31 December 2021 (the interim period) and the auditor's review report thereon.

The Directors of the Company at any time during or since the end of the interim period are:

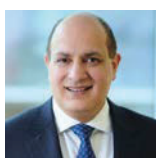
### DIRECTOR

### EXPERIENCE



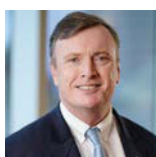
Independent Chair and Non-Executive Director  
Appointed 26 June 2015

**Michael Carapiet**



Chief Executive Officer & Managing Director  
Appointed 2 November 2020

**Vivek Bhatia**



Independent Non-Executive Director  
Appointed 23 September 2015

**Glen Boreham, AM**



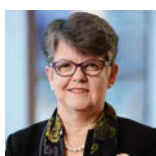
Independent Non-Executive Director  
Appointed 9 March 2018

**Andrew (Andy) Green,  
CBE**



Independent Non-Executive Director  
Appointed 18 November 2016

**Peeyush Gupta, AM**



Independent Non-Executive Director  
Appointed 15 July 2016

**Anne McDonald**

# Directors' Report

## DIRECTOR

## EXPERIENCE



**Dr Sally Pitkin, AO**

Independent Non-Executive Director  
Appointed 23 September 2015



**Fiona Trafford-Walker**

Independent Non-Executive Director  
Appointed 23 September 2015



# Directors' Report

## PRINCIPAL ACTIVITIES

Link Group's principal activities during the course of the interim period were connecting people with their assets – safely, securely and responsibly. Link Group administers financial ownership data and drives user engagement, analysis and insight through technology. We deliver complete solutions for companies, large asset owners and trustees across the globe. Our commitment to market-leading client solutions is underpinned by our investment in people, processes and technology.

There were no significant changes in the nature of the activities of Link Group during the interim period.

## DIVIDENDS

Dividends paid by the Company during the interim period were:

	CENTS PER SHARE	TOTAL AMOUNT	FRANKED/UNFRANKED	DATE OF PAYMENT
Final 2021	5.5	\$29,492,439	100% franked	20.10.2021

In addition, dividends approved or paid by the Company since the end of the interim period were \$15,389,624, which equates to 3.0 cents per share, 100% franked (2020: \$24,072,877, 4.5 cents per share, 60% franked). The record date for determining entitlements to the interim dividend is 3 March 2022. Payment of the interim dividend will occur on 8 April 2022.

The Link Group Dividend Reinvestment Plan (DRP) will not operate in respect of the 2022 interim dividend.

## REVIEW OF OPERATIONS

Consistent with previous disclosures, this review of operations uses certain measures to report on Link Group's performance that are not recognised under Australian Accounting Standards or International Financial Reporting Standards (IFRS), collectively referred to as 'non-IFRS measures'. These non-IFRS measures are defined in Link Group's Annual Report for the year ended 30 June 2021 (2021 Annual Report) and have not been subject to audit or review in accordance with Australian Auditing Standards.

Statutory net loss of Link Group for the interim period was \$81.7 million (2020: net profit of \$29.4 million<sup>1</sup>).

Revenue for the interim period decreased to \$593.7 million in 2021 (2020: \$597.0 million) predominantly as a result of regulatory changes in Retirement & Superannuation Services and continued portfolio run-off in Banking & Credit Management, partially offset by increased revenue in the Fund Solutions. Operating expenses increased to \$474.6 million in 2021 (2020: \$459.5 million) predominantly as a result of higher employee related expenses following Link Group wide salary increases in October 2021 after a period of wage stability since the beginning of the COVID-19 pandemic. Link Group also incurred significant items expenses associated with business combinations/acquisitions and divestments, global transformation and other one-off costs amounting to \$37.2 million (2020: \$23.5 million). Significant items are separately disclosed in Note 4 to the interim financial statements to assist understanding of Link Group's results.

Operating EBIT, which excludes significant items and acquired amortisation, for the interim period ended 31 December 2021 was \$70.2 million (2020: \$79.1 million<sup>1</sup>). A reconciliation of Operating EBIT to the net profit of Link Group is included in Note 4 to the interim financial statements.

Operating NPATA, which excludes significant items and acquired amortisation, for the interim period ended 31 December 2021 was \$55.9 million (2020: \$61.4 million<sup>1</sup>).

Link Group continues to be resilient in response to the challenges brought on by the COVID-19 pandemic across all global markets. During this period, Link Group maintained a focus on safeguarding the well-being of employees, clients and other stakeholders as well as ensuring continuity of service for clients.

The net assets of Link Group decreased to \$1,539.2 million as at 31 December 2021 from \$1,739.6 million as at 30 June 2021, reflecting the on-market share buy back of \$101.7 million, recognition of the statutory net loss for the interim period of \$81.7 million and payment of a final dividend for the year ended 30 June 2021 of \$29.5 million.

Further information about the results is included in the Half Year Results Presentation and can be obtained via the ASX website or by visiting the Link Group website at [www.linkgroup.com](http://www.linkgroup.com).

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note 3.

# Directors' Report

## OTHER INFORMATION

### Significant Changes in State of Affairs

#### Scheme Implementation Deed with Dye & Durham Corporation

On 22 December 2021, Link Group entered into a Scheme Implementation Deed (Scheme) with Dye & Durham under which Dye & Durham will acquire 100% of the share capital of Link Group by way of a Scheme of Arrangement. Link Group shareholders will receive \$5.50 per share in cash under the scheme, plus a \$0.03 per share interim dividend to be paid by Link Group and franked at 100%. Link Group intends to pay a further Special Dividend of approximately \$0.08 per share expected to be franked at 100% and this Special Dividend will be deducted from the \$5.50 per share base consideration. In addition, under the Scheme, if Link Group reaches an agreement to sell the Banking & Credit Management (BCM) business, shareholders are entitled to receive any net consideration received from the sale of BCM prior to, or up to 12 months after, the implementation of the Scheme.

Link Group's Board has unanimously recommended that Link Group shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of Link Group shareholders.

Significant progress has been made on the Scheme, which is expected to deliver substantial value to shareholders, and is expected to be finalised in June/July 2022.

#### Carlyle conditional, non-binding indicative proposal for Link Group

On 5 November 2021, and as updated on 15 November 2021, Link Group announced it had received a conditional, non-binding indicative proposal from Carlyle Asia Partners V, L.P., an investment fund managed and advised by affiliated entities of The Carlyle Group Inc. (Carlyle), to acquire 100% of the shares in Link Group. The Directors considered the proposal and decided to provide Carlyle with due diligence information on a non-exclusive basis. No further indicative proposals or binding offers were received from Carlyle after the announcement of the Dye & Durham Scheme Implementation Deed on 22 December 2021.

#### PES and LCFH conditional, non-binding indicative proposals for Banking & Credit Management (BCM)

On 12 November 2021, Link Group announced it had received a conditional, non-binding indicative proposal from a syndicate led by Pepper European Servicing Limited (PES) to acquire the whole of Link Group's BCM business (PES Proposal). Under the PES Proposal, PES would acquire the non-Irish businesses while the other member of the syndicate would acquire the Irish business. The Board granted the syndicate access to due diligence information and considered the proposal in accordance with its fiduciary and statutory obligations.

On 23 November 2021, Link Group announced it had received a conditional, non-binding indicative proposal from LC Financial Holdings (LCFH) to acquire the whole of Link Group's BCM business (LCFH Proposal). The Board granted LCFH access to due diligence information and considered the proposal in accordance with its fiduciary and statutory obligations.

Refer to the Events Subsequent to Reporting Date section below for developments after 31 December 2021.

#### Other changes in state of affairs

Link Group successfully refinanced its senior debt facilities on 1 November 2021. The details of the new facilities available to Link Group are:

- \$315 million of the non-amortising term loan facility is available until 29 October 2024;
- \$315 million of the non-amortising term loan facility is available until 29 October 2026;
- £110 million of the non-amortising term loan facility is available until 29 October 2024;
- £140 million of the non-amortising term loan facility is available until 29 October 2026;
- \$30 million working capital facility available until 29 October 2026; and
- £20 million working capital facility available until 29 October 2026.

On 26 August 2021, Link Group announced its intention to undertake an on-market buy-back of up to 53,032,844 shares (being approximately up to 5% of Link Group's issued ordinary shares). Link Group bought back 23,238,691 shares for a value of \$101.7 million out of the announced total buyback size of up to \$150 million prior to the suspension of the buyback on 5 November 2021 following the receipt of the conditional, non-binding indicative proposal from Carlyle Asia Partners V, L.P.

In the opinion of the Directors, aside from the matters described above, there were no other significant changes in the state of the affairs of the Company or Link Group that occurred during the interim period ended 31 December 2021.



# Directors' Report

## OTHER INFORMATION (CONTINUED)

### Events Subsequent to Reporting Date

#### Banking & Credit Management proposal

On 8 February 2022 Link Group announced it is working with LC Financial Holdings (LCFH) in respect of its proposal to acquire its Banking & Credit Management (BCM) business on an exclusive basis. The syndicate led by Pepper European Servicing Limited (PES) withdrew its interest in acquiring BCM.

#### Impact of COVID-19 on post balance date trading

Whilst the Directors note the ongoing COVID-19 pandemic continues to impact global markets, including jurisdictions that Link Group operates in, Link Group has shown resilience and has been proactive in response to these challenges. However, the future impact of the COVID-19 pandemic remains uncertain.

Other than the matters described above, in the opinion of the Directors, there has not arisen in the interval between the end of the interim period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of Link Group, the results of those operations, or the state of affairs of Link Group, in future periods.

### Rounding Off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Instrument amounts in the interim period financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The Lead Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 and forms part of the Directors' Report for the interim period ended 31 December 2021.

Signed in accordance with a resolution of the Board of Directors.

Dated 24 February 2022 at Sydney.



**Michael Carapiet**  
Chair



**Vivek Bhatia**  
Chief Executive Officer & Managing Director

# Lead Auditor's Independence Declaration



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Link Administration Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Link Administration Holdings Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten signature of the KPMG firm, rendered in black ink.

KPMG

A handwritten signature in black ink, which appears to read 'Eileen Hoggett'.

Eileen Hoggett  
Partner  
Sydney  
24 February 2022

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# Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

for the interim period ended 31 December 2021

	NOTE	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 <sup>1</sup> \$'000
<b>Revenue – contracts with clients</b>	6	<b>593,700</b>	597,025
<b>Expenses:</b>			
Employee expenses		<b>(325,067)</b>	(306,949)
Occupancy expenses		<b>(10,858)</b>	(10,402)
IT costs		<b>(59,030)</b>	(59,158)
Administrative and general expenses		<b>(94,790)</b>	(91,727)
Acquisition and capital management related expenses		<b>(22,146)</b>	(14,806)
		<b>(511,891)</b>	(483,042)
Depreciation expense	13	<b>(22,933)</b>	(27,473)
Intangibles amortisation expense	14	<b>(44,945)</b>	(52,019)
Contract fulfilment cost amortisation expenses		<b>(3,474)</b>	(3,575)
		<b>(71,352)</b>	(83,067)
Gain on financial assets held at fair value through profit and loss		<b>499</b>	560
Share of profit/(loss) of equity-accounted investees, net of tax		<b>4,133</b>	2,554
Profit on disposal of subsidiaries		<b>–</b>	15,347
Impairment expense	13,14	<b>(81,551)</b>	–
Finance income		<b>513</b>	5,996
Finance costs		<b>(16,322)</b>	(17,459)
Net finance costs		<b>(15,809)</b>	(11,463)
<b>(Loss)/profit before tax</b>		<b>(82,271)</b>	37,914
Income tax benefit/(expense)	8(a)	<b>532</b>	(8,545)
<b>(Loss)/profit for the interim period</b>		<b>(81,739)</b>	29,369
<b>Other comprehensive income/(loss)</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences for foreign operations		<b>6,429</b>	(17,155)
<b>Other comprehensive income/(loss), net of tax</b>		<b>6,429</b>	(17,155)
<b>Total comprehensive (loss)/income for the interim period</b>		<b>(75,310)</b>	12,214

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the interim period financial statements.

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note 3.

# Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

for the interim period ended 31 December 2021 (continued)

	NOTE	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 <sup>1</sup> \$'000
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		<b>(81,640)</b>	29,003
Non-controlling interest		<b>(99)</b>	366
<b>(Loss)/profit for the interim period</b>		<b>(81,739)</b>	29,369
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		<b>(75,211)</b>	11,824
Non-controlling interest		<b>(99)</b>	390
<b>Total comprehensive (loss)/income for the interim period</b>		<b>(75,310)</b>	12,214
<b>EARNINGS PER SHARE</b>			
		CENTS PER SHARE	CENTS PER SHARE <sup>1</sup>
Basic earnings per share	7	<b>(15.64)</b>	5.46
Diluted earnings per share	7	<b>(15.64)</b>	5.42

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the interim period financial statements.

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note 3.

# Condensed Consolidated Statement of Financial Position

as at 31 December 2021

	NOTE	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents		246,127	395,024
Trade and other receivables	9	285,483	235,388
Derivative financial assets		–	273
Other assets		40,767	36,458
Current tax assets		9,823	7,290
Fund assets	11	333,435	864,901
<b>Total current assets</b>		<b>915,635</b>	1,539,334
<b>Non-current assets</b>			
Trade and other receivables	9	1,168	1,651
Investments	18	123,626	103,502
Equity-accounted investments	5	539,380	535,247
Plant and equipment	13	327,367	215,711
Intangible assets	14	1,739,623	1,798,436
Deferred tax assets		66,753	65,275
Other assets		14,963	17,612
<b>Total non-current assets</b>		<b>2,812,880</b>	2,737,434
<b>Total assets</b>		<b>3,728,515</b>	4,276,768
<b>Current liabilities</b>			
Trade and other payables	10	379,136	340,595
Interest bearing loans and borrowings	16	38,080	30,952
Provisions	12	14,809	14,147
Employee benefits		49,081	49,910
Current tax liabilities		4,171	31,909
Fund liabilities	11	332,160	860,746
<b>Total current liabilities</b>		<b>817,437</b>	1,328,259
<b>Non-current liabilities</b>			
Trade and other payables	10	7,207	7,379
Interest-bearing loans and borrowings	16	1,208,591	1,036,961
Provisions	12	32,427	37,940
Employee benefits		5,914	5,892
Deferred tax liabilities		117,784	120,742
<b>Total non-current liabilities</b>		<b>1,371,923</b>	1,208,914
<b>Total liabilities</b>		<b>2,189,360</b>	2,537,173
<b>Net assets</b>		<b>1,539,155</b>	1,739,595
<b>Equity</b>			
Contributed equity	19	1,815,983	1,917,748
Reserves		(29,504)	(11,172)
Retained earnings	21	(248,059)	(167,815)
<b>Total equity attributable to equity holders of the parent</b>		<b>1,538,420</b>	1,738,761
Non-controlling interest		735	834
<b>Total equity</b>		<b>1,539,155</b>	1,739,595

The condensed consolidated statement of financial position is to be read in conjunction with the notes to the interim period financial statements.

# Condensed Consolidated Statement of Changes in Equity

for the interim period ended 31 December 2021

	SHARE CAPITAL \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT \$'000	NON- CONTROLLING INTEREST \$'000	TOTAL EQUITY \$'000
Balance at 30 June 2021	1,917,748	(11,172)	(167,815)	1,738,761	834	1,739,595
Net loss after tax	-	-	(81,640)	(81,640)	(99)	(81,739)
Foreign currency translation differences, net of tax	-	6,429	-	6,429	-	6,429
Total other comprehensive income, net of income tax	-	6,429	-	6,429	-	6,429
Total comprehensive loss for the interim period	-	6,429	(81,640)	(75,211)	(99)	(75,310)
Transfer from retained earnings to reserves	-	-	-	-	-	-
Transactions with shareholders						
Dividends declared during the interim period	-	(29,492)	-	(29,492)	-	(29,492)
Equity settled share based payments	-	7,864	1,396	9,260	-	9,260
Treasury shares acquired	-	(3,133)	-	(3,133)	-	(3,133)
Buy-back and cancellation of share capital, net of costs	(101,765)	-	-	(101,765)	-	(101,765)
Total contributions by and distributions to owners	(101,765)	(24,761)	1,396	(125,130)	-	(125,130)
Balance at 31 December 2021	1,815,983	(29,504)	(248,059)	1,538,420	735	1,539,155

The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the interim period financial statements.



# Condensed Consolidated Statement of Changes in Equity

for the interim period ended 31 December 2021 (continued)

	SHARE CAPITAL \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT \$'000	NON- CONTROLLING INTEREST \$'000	TOTAL EQUITY \$'000
<b>Balance at 30 June 2020</b>	1,889,733	16,669	21,237	1,927,639	4,606	1,932,245
<b>Net profit after tax<sup>1</sup></b>	–	–	29,003	29,003	366	29,369
Foreign currency translation differences, net of tax	–	(17,179)	–	(17,179)	24	(17,155)
<b>Total other comprehensive loss, net of income tax</b>	–	(17,179)	–	(17,179)	24	(17,155)
<b>Total comprehensive income for the interim period<sup>1</sup></b>	–	(17,179)	29,003	11,824	390	12,214
<b>Transfer from retained earnings to reserves</b>	–	–	–	–	–	–
<b>Transactions with shareholders</b>						
Dividends declared during the interim period	–	(18,561)	–	(18,561)	(304)	(18,865)
Equity settled share based payments	–	3,445	1,418	4,863	–	4,863
Treasury shares acquired	–	(18,490)	–	(18,490)	–	(18,490)
Disposal of subsidiaries with non-controlling interest	–	2,026	–	2,026	(1,133)	893
Transactions with non-controlling interest without a change in control	–	(1,063)	1,968	905	(3,007)	(2,102)
Issue of share capital, net of costs of raising capital and tax	21,687	–	–	21,687	–	21,687
<b>Total contributions by and distributions to owners</b>	21,687	(32,643)	3,386	(7,570)	(4,444)	(12,014)
<b>Balance at 31 December 2020<sup>1</sup></b>	1,911,420	(33,153)	53,626	1,931,893	552	1,932,445

The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the interim period financial statements.

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note 3.

# Condensed Consolidated Statement of Cash Flows

for the interim period ended 31 December 2021

	NOTE	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		628,496	664,929
Cash payments in the course of operations		(502,810)	(472,630)
		125,686	192,299
Cash payments for global transformation, acquisition/divestment and other one-off costs		(33,958)	(13,511)
Interest received		660	1,442
Dividends received		171	115
Borrowing costs paid		(13,644)	(15,922)
Income taxes paid, net of refunds received		(35,679)	(7,758)
<b>Net cash provided by operating activities</b>	15(a)	43,236	156,665
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(8,033)	(4,255)
Payments for software		(23,883)	(9,418)
Proceeds from disposal of subsidiaries, net of cash disposed		–	20,315
Acquisition of subsidiaries, net of cash acquired		(14,313)	(6,692)
Acquisition of equity-accounted investments		(20,631)	–
Proceeds from derivatives		189	41
Payments for investments		(18,646)	(39)
Proceeds from investments		284	599
Sub-lease receipts		468	484
<b>Net cash provided by/(used in) investing activities</b>		(84,565)	1,035
<b>Cash flows from financing activities</b>			
Proceeds from borrowings <sup>1</sup>		226,408	11,960
Repayment of borrowings <sup>1</sup>		(176,078)	(82,000)
Payment of borrowing transaction costs		(6,401)	–
Repayment of lease liabilities		(17,653)	(17,682)
Proceeds from issue of shares		–	18,058
Payment for buy-back of shares		(101,723)	–
Payment of costs related to the buy-back of shares		(42)	–
Payment for purchase of treasury shares		(3,133)	(18,490)
Dividends paid to owners of the Company		(29,492)	(14,927)
Dividends paid to non-controlling interest		–	(304)
<b>Net cash used in financing activities</b>		(108,114)	(103,385)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(149,443)	54,315
<b>Cash and cash equivalents at the beginning of the interim period</b>		395,024	264,092
Effect of exchange rate fluctuations on cash held		546	(1,936)
<b>Cash and cash equivalents at the end of the interim period</b>		246,127	316,471

The condensed consolidated statement of cash flows is to be read in conjunction with the notes to the interim period financial statements.

<sup>1</sup> As disclosed in Note 16, Link Group refinanced its senior debt facilities on 1 November 2021. The refinance is disclosed on a net basis in the Condensed Consolidated Statement of Cash Flows.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## PREPARATION OF THIS REPORT

### 1. GENERAL INFORMATION

Link Administration Holdings Limited (the “Company”) is a company incorporated and domiciled in Australia. The Company’s registered office and principal place of business is Level 12, 680 George Street, Sydney NSW 2000, Australia. The consolidated interim financial statements of Link Group as at and for the six months ended 31 December 2021 (the interim period) comprise the Company and its subsidiaries and Link Group’s interest in associates. Link Group is a for-profit entity. Link Group’s purpose is connecting people with their assets – safely, securely and responsibly. Link Group administers financial ownership data and drives user engagement, analysis and insight through technology. We deliver complete solutions for companies, large asset owners and trustees across the globe. Our commitment to market-leading client solutions is underpinned by our investment in people, processes and technology.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated interim financial statements are general purpose condensed financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial statements comply with IAS 34 *Interim Financial Reporting* adopted by the International Accounting Standards Board (IASB).

The consolidated interim financial statements do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with Link Group’s consolidated annual financial statements for the year ended 30 June 2021 (2021 Annual Report). However, selected explanatory notes are included to explain events and transactions that are significant to understanding changes in Link Group’s financial position and performance since the 2021 Annual Report.

The interim financial statements have been prepared on a going concern basis.

Link Group continues to be resilient in response to the challenges brought on by the COVID-19 pandemic across all global markets. During the period, Link Group maintained a focus on safeguarding the well-being of employees, clients and other stakeholders as well as ensuring continuity of service for clients. Link Group’s response was aided by the following.

- Continued investment in new technology and products to enable better servicing of our clients;
- A resilient earnings profile supporting operating cash flow, with approximately 85% of revenue recurring in nature;
- Additional initiatives implemented to reduce costs and support operating cash flow;
- A strong liquidity position supported by cash reserves and committed, undrawn credit facilities; and
- Debt serviceability and leverage remained comfortably within existing bank covenants.

The Directors of Link Administration Holdings Limited consider that Link Group will continue to fulfil all obligations as and when they fall due for the foreseeable future and accordingly consider that Link Group’s interim financial statements should be prepared on a going concern basis.

These interim period financial statements were authorised for issue by the Board of Directors on 24 February 2022.

#### (b) Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments designated at fair value through profit or loss, which are measured at fair value.

#### (c) Functional and presentation currency

These consolidated interim financial statements are presented in Australian Dollars, which is the Company’s functional currency. Link Group’s accounting policies applied in translating the results and financial position of subsidiaries which have a functional currency other than Australian Dollars into the presentation currency were the same as those that applied to the 2021 Annual Report.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## PREPARATION OF THIS REPORT (CONTINUED)

### (d) Use of estimates and judgements

Preparation of the consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying Link Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2021 Annual Report.

### (f) Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Instrument all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

### (e) Changes in accounting policies

The principal accounting policies adopted by Link Group are consistent with those applied to the 2021 Annual Report.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## PREPARATION OF THIS REPORT (CONTINUED)

### 3. RESTATEMENT OF PRIOR PERIOD

#### (a) Nature of prior period restatement

As disclosed in the 2021 Annual Report, during the year ended 30 June 2021, Link Group was made aware of material restatements to the financial statements of its equity-accounted investment, PEXA Group Limited (PEXA, formerly Torrens Group Holdings Pty Ltd), for the years ended 30 June 2019 and 30 June 2020. The restatements arose upon a reissue of PEXA's audited financial statements on 21 May 2021 and relate to PEXA recognising a deferred tax asset arising from unutilised tax losses, which had previously been unrecognised. The restatements had a material impact in Link Group's share of profit of equity-accounted investees, and related tax effect accounting.

#### (b) Effect of prior period restatement

The corrections to PEXA's audited financial statements have been incorporated by Link Group restating each of the financial statement line items in the prior period. The following tables summarise the impact on the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020	AS PREVIOUSLY REPORTED \$'000	CORRECTION \$'000	AS RESTATED \$'000
Share of loss of equity-accounted investees, net of tax	385	2,169	2,554
<b>Profit before tax</b>	35,745	2,169	37,914
Tax expense	(4,479)	(4,066)	(8,545)
<b>Profit for the interim period</b>	31,266	(1,897)	29,369
<b>Total comprehensive income for the interim period</b>	14,111	(1,897)	12,214

EARNINGS PER SHARE	CENTS PER SHARE	CENTS PER SHARE	CENTS PER SHARE
Basic earnings per share	5.82	(0.36)	5.46
Diluted-earnings per share	5.77	(0.35)	5.42

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING RESULTS

### 4. OPERATING SEGMENTS

#### (a) Reportable segments

As disclosed in the 2021 Annual Report, Link Group realigned its global operating model and organisation structure during the financial year ended 30 June 2021 as part of its “Simplify, Deliver, Grow” strategy and to best achieve its strategic priorities. The Technology & Operations (T&O) segment was dissolved and reorganised along global business lines with clearly defined shared services, together with the removal of margins from technology charges, providing greater transparency of performance within each segment.

The Link Group now has four reportable segments described below, which are Link Group’s operating divisions. Each of the divisions offers different products and services and is managed separately because they require different technology and business strategies to service their respective markets and comply with relevant legislative or other requirements. Financial information for each division is provided regularly to Link Group’s Managing Director (the chief operating decision maker). The following summary describes the operations in each of Link Group’s reportable segments.

- **Retirement & Superannuation Solutions (RSS)** – provides core member and employer administration services, combined with a full range of value-added services including an integrated clearing house, financial planning and advice, direct investment options and trustee services.
- **Corporate Markets (CM)** – provides a uniquely integrated range of corporate markets capabilities including shareholder management and analytics, stakeholder engagement, share and unit registry, employee share plans, company secretarial support, as well as various specialist offerings such as insolvency solutions.
- **Banking & Credit Management (BCM)** – provides loan origination and servicing, debt work-out, compliance and regulatory oversight services to a range of clients including retail banks, investment banks, private equity funds and other investors.
- **Fund Solutions (FS)** – provides authorised fund manager/management company, third-party administration and transfer agency services to asset managers and a variety of investment funds.

As required by Australian Accounting Standards, comparative information in the consolidated interim financial statements has been restated to align to the new reportable segments.

Revenues from external clients, revenues from transactions with other segments, measure of profit or loss (Operating EBIT) and total assets are presented below for each reportable segment.

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2021	RSS \$'000	CM \$'000	BCM \$'000	FS \$'000	TOTAL REPORTABLE SEGMENTS \$'000	HEAD OFFICE \$'000	TOTAL LINK GROUP \$'000
Segment revenue	252,217	189,574	66,951	93,580	602,322	–	602,322
Inter-segment eliminations	(6,627)	(1,948)	(37)	(10)	(8,622)	–	(8,622)
<b>Revenue – contracts with clients</b>	<b>245,590</b>	<b>187,626</b>	<b>66,914</b>	<b>93,570</b>	<b>593,700</b>	<b>–</b>	<b>593,700</b>
<b>Operating EBIT</b>	<b>46,249</b>	<b>32,166</b>	<b>(8,073)</b>	<b>10,395</b>	<b>80,737</b>	<b>(10,494)</b>	<b>70,243</b>
<b>Total assets at 31 December 2021</b>	<b>676,710</b>	<b>957,088</b>	<b>110,134</b>	<b>1,052,644</b>	<b>2,796,580</b>	<b>931,935</b>	<b>3,728,515</b>

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2020 <sup>1</sup>	RSS \$'000	CM \$'000	BCM \$'000	FS \$'000	TOTAL REPORTABLE SEGMENTS \$'000	HEAD OFFICE \$'000	TOTAL LINK GROUP \$'000
Segment revenue	258,021	189,006	74,238	87,290	608,555	–	608,555
Inter-segment eliminations	(716)	(10,793)	(17)	(4)	(11,530)	–	(11,530)
<b>Revenue – contracts with clients</b>	<b>257,305</b>	<b>178,213</b>	<b>74,221</b>	<b>87,286</b>	<b>597,025</b>	<b>–</b>	<b>597,025</b>
<b>Operating EBIT</b>	<b>51,082</b>	<b>29,587</b>	<b>(3,231)</b>	<b>8,352</b>	<b>85,790</b>	<b>(6,657)</b>	<b>79,133</b>
<b>Total assets at 30 June 2021</b>	<b>617,849</b>	<b>898,133</b>	<b>174,753</b>	<b>1,505,453</b>	<b>3,196,188</b>	<b>1,080,580</b>	<b>4,276,768</b>

<sup>1</sup> Comparative information has been restated to align to the new reportable segments.



# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING RESULTS (CONTINUED)

### (b) Reconciliation of reportable segments

A reconciliation of information provided on reportable segment measures of profit or loss to the consolidated net profit after tax is provided below.

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 <sup>1</sup> \$'000
<b>Operating EBIT</b>	<b>70,243</b>	79,133
Significant items/One-off costs:		
– Global transformation costs	<b>(15,046)</b>	(8,690)
– Business combination/acquisition & divestment costs	<b>(22,146)</b>	(14,806)
<b>Total significant items</b>	<b>(37,192)</b>	(23,496)
Depreciation expense – non-operating	<b>(278)</b>	(948)
Intangibles amortisation expense – non-operating	<b>(45)</b>	(45)
Intangibles amortisation expense – acquisition related	<b>(22,271)</b>	(23,728)
Gain on financial assets held at fair value through profit and loss	<b>499</b>	560
Share of profit of equity-accounted investees (excluding acquired amortisation), net of tax	<b>12,568</b>	11,343
Share of acquired amortisation of equity-accounted investees, net of tax	<b>(8,435)</b>	(8,789)
Profit on disposal of subsidiaries	<b>–</b>	15,347
Impairment expense	<b>(81,551)</b>	–
Finance income	<b>513</b>	5,996
Finance expense	<b>(16,322)</b>	(17,459)
<b>(Loss)/profit before tax</b>	<b>(82,271)</b>	37,914
Income tax expense	<b>532</b>	(8,545)
<b>(Loss)/profit for the interim period</b>	<b>(81,739)</b>	29,369

### Segment reporting

Segment results that are reported to Link Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note 3.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING RESULTS (CONTINUED)

### 5. EQUITY-ACCOUNTED INVESTMENTS

Equity accounted investments are those over which Link Group has significant influence, but not control. Set out below are the equity-accounted investments of Link Group as at 31 December 2021.

EQUITY-ACCOUNTED INVESTMENTS	PLACE OF BUSINESS	% OWNERSHIP INTEREST 31 DECEMBER 2021	% OWNERSHIP INTEREST 30 JUNE 2021	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
PEXA Group Limited	Australia	42.8	42.8	539,380	535,247

#### (a) Reconciliation of movements in carrying values

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 <sup>1</sup> \$'000
Carrying value at beginning of the interim period	535,247	705,259
Share of profit of equity-accounted investees, net of tax	4,133	2,554
Share of other comprehensive income, net of tax	–	–
Return of capital from equity-accounted investee, converted to shareholder loan	–	(419,460)
Elimination of shareholder loan interest	–	(3,257)
Carrying value at the end of the interim period	539,380	285,096

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note 3.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING RESULTS (CONTINUED)

### 6. REVENUE

#### Disaggregation of revenue

Revenue has been disaggregated by primary geographic location. The tables below also include a reconciliation of the disaggregated revenue with Link Group's reportable segments.

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2021	RSS \$'000	CM \$'000	BCM \$'000	FS \$'000	TOTAL REPORTABLE SEGMENTS \$'000	INTER- SEGMENT ELIMINATIONS \$'000	TOTAL LINK GROUP \$'000
<b>Geographic location</b>							
Australia and New Zealand	249,070	90,660	–	10,610	350,340	(19,783)	330,557
United Kingdom and Channel Islands	3,147	71,347	14,422	66,853	155,769	(740)	155,029
Ireland	–	2,384	38,624	12,047	53,055	–	53,055
Other countries	–	25,183	13,905	4,070	43,158	11,901	55,059
<b>Revenue – contracts with clients</b>	<b>252,217</b>	<b>189,574</b>	<b>66,951</b>	<b>93,580</b>	<b>602,322</b>	<b>(8,622)</b>	<b>593,700</b>
<b>FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2020<sup>1</sup></b>							
<b>Geographic location</b>							
Australia and New Zealand	255,605	88,960	–	9,958	354,523	(10,509)	344,014
United Kingdom and Channel Islands	2,416	69,490	14,362	65,858	152,126	(765)	151,361
Ireland	–	2,360	46,654	11,392	60,406	–	60,406
Other countries	–	28,196	13,222	82	41,500	(256)	41,244
<b>Revenue – contracts with clients</b>	<b>258,021</b>	<b>189,006</b>	<b>74,238</b>	<b>87,290</b>	<b>608,555</b>	<b>(11,530)</b>	<b>597,025</b>

<sup>1</sup> Comparative information has been restated to align to the new reportable segments.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING RESULTS (CONTINUED)

### 7. EARNINGS PER SHARE

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Ordinary shares on issue have been adjusted for the bonus element of new shares issued at a discount to market value during the interim period.

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 <sup>1</sup> \$'000
<b>(Loss)/profit for the interim period attributable to owners of the Company</b>	<b>(81,640)</b>	29,003
	<b>NUMBER OF SHARES<sup>2</sup> '000</b>	<b>NUMBER OF SHARES<sup>2</sup> '000</b>
<b>Weighted average number of ordinary shares (basic)</b>		
Issued ordinary shares at the beginning of the interim period	532,423	530,266
Effect of allotments, issuances and buybacks	(10,455)	1,147
Effect of treasury shares acquired/utilised	7	(703)
Effect of bonus entitlement offer on ordinary shares	–	51
<b>Weighted average number of ordinary shares (basic)</b>	<b>521,975</b>	530,761

#### (b) Diluted earnings per share

Diluted earnings per share is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise Performance Share Rights (PSRs) granted to employees. Dilutive securities have been adjusted for the bonus element of new shares issued at a discount to market value during the interim period.

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 <sup>1</sup> \$'000
<b>(Loss)/profit for the interim period attributable to owners of the Company</b>	<b>(81,640)</b>	29,003
	<b>NUMBER OF SHARES<sup>2</sup> '000</b>	<b>NUMBER OF SHARES<sup>2</sup> '000</b>
<b>Weighted average number of ordinary shares (diluted)</b>		
Basic weighted average number of ordinary shares	521,975	530,761
Effect of dilutive securities	8,314	4,599
Effect of bonus entitlement offer on dilutive securities	–	–
<b>Weighted average number of ordinary shares (diluted)</b>	<b>530,289</b>	535,360
	<b>CENTS PER SHARE</b>	<b>CENTS PER SHARE<sup>1</sup></b>
<b>Basic earnings per share</b>	<b>(15.64)</b>	5.46
<b>Diluted earnings per share</b>	<b>(15.64)</b>	5.42

1 Prior period comparative information has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note 3.

2 The weighted average number of ordinary shares used in the Basic and Diluted earnings per share calculation for the current and comparative interim period were adjusted retrospectively in accordance with AASB 133 *Earnings per Share* following the issue of new shares at a discount to market value during the interim period. When new shares are issued at a discount to market value (bonus element), there is a resulting theoretical dilution of existing ordinary shares on issue, leading to a decrease in basic and diluted earnings per share.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING RESULTS (CONTINUED)

### 8. TAXATION

#### (a) Income tax expense

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 <sup>1</sup> \$'000
<b>Current tax (expense)/benefit</b>		
Current period	(5,454)	(40,210)
Adjustment for prior periods	283	(357)
	(5,171)	(40,567)
<b>Deferred tax (expense)/benefit</b>		
Origination and reversal of temporary differences	7,446	28,694
Adjustment for prior periods	(1,743)	3,328
	5,703	32,022
<b>Income tax benefit/(expense)</b>	532	(8,545)
<b>(Loss)/profit before income tax</b>	(82,271)	37,914
<b>Prima facie income tax expense calculated at 30% on operating profit from ordinary activities:</b>	24,681	(11,374)
Effect of tax rates in foreign jurisdictions	632	(2,920)
Non-deductible expenses	(28,102)	(8,459)
Non-assessable income	5,262	7,537
Recognition/(de-recognition) of previously unrecognised/(recognised) tax losses	–	3,700
(Under)/over provision of tax in respect of prior interim periods	(1,941)	2,971
<b>Income tax benefit/(expense)</b>	532	(8,545)

#### (b) Effective tax rates for Australian and overseas operations

	31 DECEMBER 2021			31 DECEMBER 2020 <sup>1</sup>		
	PROFIT/ (LOSS) BEFORE TAX \$'000	INCOME TAX EXPENSE \$'000	EFFECTIVE TAX RATE	PROFIT BEFORE TAX \$'000	INCOME TAX EXPENSE \$'000	EFFECTIVE TAX RATE
Australian operations	(13,724)	2,417	17.61%	46,588	(6,673)	14.32%
Overseas operations	(68,547)	(1,885)	-2.75%	(8,674)	(1,872)	-21.58%
<b>Link Group</b>	<b>(82,271)</b>	<b>532</b>	<b>0.65%</b>	<b>37,914</b>	<b>(8,545)</b>	<b>22.54%</b>

#### (c) Tax recognised in other comprehensive income and equity

	31 DECEMBER 2021			31 DECEMBER 2020		
	BEFORE TAX \$'000	TAX BENEFIT \$'000	NET OF TAX \$'000	BEFORE TAX \$'000	TAX EXPENSE \$'000	NET OF TAX \$'000
Foreign Currency						
Translation Reserve	6,429	–	6,429	(17,155)	–	(17,155)
	6,429	–	6,429	(17,155)	–	(17,155)

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. Refer to Note 3.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING RESULTS (CONTINUED)

### (d) Unrecognised tax losses

As at 31 December 2021, Link Group had carried forward tax losses unrecognised for deferred tax purposes, available to offset against taxable income in future interim periods, in the following jurisdictions:

- Australian tax losses of \$174.0 million (30 June 2021: \$177.0 million);
- European tax losses of \$23.1 million (30 June 2021: \$14.7 million); and
- Other jurisdiction tax losses of \$1.0 million (30 June 2021: \$0.6 million).

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these losses because it is not probable that conditions will permit their utilisation in the foreseeable future.



# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING ASSETS AND LIABILITIES

### 9. TRADE AND OTHER RECEIVABLES

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
<b>Current</b>		
Trade receivables	164,239	151,452
Less: Expected credit losses	(3,595)	(3,555)
	160,644	147,897
Investment management debtors	112,510	78,297
Contract assets	–	–
Other receivables	12,329	9,194
	285,483	235,388
<b>Non-Current</b>		
Other receivables	1,168	1,651
	1,168	1,651

### 10. TRADE AND OTHER PAYABLES

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
<b>Current</b>		
Trade creditors	36,652	50,405
Investment management creditors	215,727	135,859
Deferred consideration	186	1,109
Accrued operational expenses	59,650	45,041
Contract liabilities	25,006	31,278
IT related creditors	11,859	15,175
Indemnified payables	4,851	4,712
PEXA IPO contribution payable	–	20,631
Other creditors and accruals	25,205	36,385
	379,136	340,595
<b>Non-current</b>		
Contract liabilities	5,952	6,135
Other creditors	1,255	1,244
	7,207	7,379

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING ASSETS AND LIABILITIES (CONTINUED)

### 11. FUND ASSETS AND LIABILITIES

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
<b>Fund assets</b>		
Fund receivables	333,435	864,901
	<b>333,435</b>	864,901
<b>Fund liabilities</b>		
Fund payables	(332,160)	(860,746)
	<b>(332,160)</b>	(860,746)

#### Fund assets and liabilities

These balances relate to investors' purchase or redemption of units in authorised funds of which Link Fund Solutions Limited (Link Group's collective investment scheme administration business) is the Authorised Corporate Director. Link Fund Solutions Limited acts in the role of principal in the transactions, and the balances are due to and from the investors and investment funds. As at 31 December 2021, \$1.2 million (\$333.4 million assets net of \$332.2 million liabilities) of net cash was due from investors and investment funds. The net receivable position arose because Link Fund Solutions Limited was yet to receive settlement from some investors and/or funds. The majority of funds need to be settled within a four-day settlement period.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING ASSETS AND LIABILITIES (CONTINUED)

### 12. PROVISIONS

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
<b>Current</b>		
Provisions	14,809	14,147
<b>Non-current</b>		
Provisions	32,427	37,940

A reconciliation of the carrying amount of each material class of provisions is set out below:

	CLAIMS \$'000	INTEGRATION \$'000	ONEROUS CONTRACTS \$'000	OTHER \$'000	TOTAL \$'000
<b>Balance at 1 July 2021</b>	<b>36,179</b>	<b>2,496</b>	<b>4,502</b>	<b>8,910</b>	<b>52,087</b>
Provisions made during the interim period	1,403	–	3,274	172	4,849
Provisions used during the interim period	(2,196)	(858)	(1,902)	(1,703)	(6,659)
Provisions reversed during the interim period	(2,097)	–	(117)	(1,087)	(3,301)
Foreign exchange translation difference	126	68	54	12	260
<b>Balance at 31 December 2021</b>	<b>33,415</b>	<b>1,706</b>	<b>5,811</b>	<b>6,304</b>	<b>47,236</b>
<b>Current</b>	<b>10,249</b>	<b>–</b>	<b>2,581</b>	<b>1,979</b>	<b>14,809</b>
<b>Non-current</b>	<b>23,166</b>	<b>1,706</b>	<b>3,230</b>	<b>4,325</b>	<b>32,427</b>

#### Provisions

A provision is recognised if, as a result of a past event, Link Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is treated as a finance expense.

**Claims:** Link Group recognises a provision for claims arising from processing errors and other corporate events associated with the handling of administration activities for and on behalf of clients and investors. Provisions are measured at the cost that Link Group expects to incur in settling the claim. The provision also includes an estimate of claims that have been incurred but are not yet reported.

**Integration:** The integration provision includes restructuring costs. The restructuring provision is based on estimates of the future costs associated with redundancies. The provision calculation includes assumptions around the timing and costs of redundancies. A provision for restructuring is recognised when Link Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating costs are not included in the provision.

**Onerous contracts:** A provision for onerous contracts is recognised when the expected benefits to be derived by Link Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, Link Group recognises any impairment loss on the assets associated with that contract.

**Other:** Other provisions are for contractual obligations relating make-good obligations and remediation costs. Make good provisions relate to Link Group's future obligation to remove fixtures and fittings or reinstate leaseholds back to original condition. Remediation cost provisions relate to contractual obligations under client contracts to remediate errors on claims.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING ASSETS AND LIABILITIES (CONTINUED)

### 13. PLANT AND EQUIPMENT

	PLANT & EQUIPMENT \$'000	FIXTURES AND FITTINGS \$'000	RIGHT- OF-USE \$'000	TOTAL \$'000
<b>Cost</b>				
<b>Balance at 1 July 2021</b>	<b>95,084</b>	<b>77,656</b>	<b>251,987</b>	<b>424,727</b>
Acquisitions through business combinations	72	–	118	190
Additions	6,462	29,887	117,905	154,254
Effects of movements in exchange rates	334	162	1,359	1,855
Disposals/write offs	(1,339)	(786)	(31,056)	(33,181)
<b>Balance at 31 December 2021</b>	<b>100,613</b>	<b>106,919</b>	<b>340,313</b>	<b>547,845</b>
<b>Depreciation and impairment losses</b>				
<b>Balance at 1 July 2021</b>	<b>(66,140)</b>	<b>(35,958)</b>	<b>(106,918)</b>	<b>(209,016)</b>
Depreciation charge for the interim period	(6,389)	(3,169)	(13,375)	(22,933)
Impairment expense for the interim period	–	(4,883)	(16,005)	(20,888)
Effects of movements in exchange rates	354	71	(621)	(196)
Disposals/write offs	1,331	784	30,440	32,555
<b>Balance at 31 December 2021</b>	<b>(70,844)</b>	<b>(43,155)</b>	<b>(106,479)</b>	<b>(220,478)</b>
<b>Carrying amount at 31 December 2021</b>	<b>29,769</b>	<b>63,764</b>	<b>233,834</b>	<b>327,367</b>

	PLANT & EQUIPMENT \$'000	FIXTURES AND FITTINGS \$'000	RIGHT- OF-USE \$'000	TOTAL \$'000
<b>Cost</b>				
<b>Balance at 1 July 2020</b>	88,370	86,724	271,286	446,380
Additions	3,351	1,028	13,057	17,436
Effects of movements in exchange rates	(900)	(562)	(2,577)	(4,039)
Disposals/write offs	(1,979)	(934)	(7,779)	(10,692)
<b>Balance at 31 December 2020</b>	<b>88,842</b>	<b>86,256</b>	<b>273,987</b>	<b>449,085</b>
<b>Depreciation and impairment losses</b>				
<b>Balance at 1 July 2020</b>	(58,323)	(37,108)	(100,520)	(195,951)
Depreciation charge for the interim period	(6,367)	(3,878)	(17,228)	(27,473)
Effects of movements in exchange rates	285	367	872	1,524
Disposals/write offs	1,918	933	6,529	9,380
<b>Balance at 31 December 2020</b>	<b>(62,487)</b>	<b>(39,686)</b>	<b>(110,347)</b>	<b>(212,520)</b>
<b>Carrying amount at 31 December 2020</b>	<b>26,355</b>	<b>46,570</b>	<b>163,640</b>	<b>236,565</b>

#### Impairment

During the interim period, Link Group conducted an internal review of its expected usage of certain right-of-use premises assets following the strategic decision and announcement in July 2021 to move to a blended working model for staff globally. The decision means that, until alternative arrangements can be made, certain right-of-use premises assets will be underutilised and are therefore considered not fully recoverable. An impairment expense of \$20.9 million was recognised in relation to right-of-use premises and office fitout assets as a result of the assessment.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING ASSETS AND LIABILITIES (CONTINUED)

### 14. INTANGIBLE ASSETS

	GOODWILL \$'000	CLIENT RELATION- SHIPS \$'000	SOFTWARE \$'000	BRAND NAMES \$'000	TOTAL \$'000
<b>Cost</b>					
<b>Balance at 1 July 2021</b>	<b>1,568,041</b>	<b>501,669</b>	<b>683,023</b>	<b>4,593</b>	<b>2,757,326</b>
Acquisitions through business combinations	11,370	3,489	1	–	14,860
Additions	–	–	24,279	–	24,279
Effects of movements in exchange rates	4,377	1,500	1,149	24	7,050
Disposals/Assets written off	–	–	(9,709)	–	(9,709)
<b>Balance at 31 December 2021</b>	<b>1,583,788</b>	<b>506,658</b>	<b>698,743</b>	<b>4,617</b>	<b>2,793,806</b>
<b>Amortisation and impairment losses</b>					
<b>Balance at 1 July 2021</b>	<b>(282,147)</b>	<b>(237,366)</b>	<b>(435,977)</b>	<b>(3,400)</b>	<b>(958,890)</b>
Amortisation charge for the interim period	–	(20,390)	(24,354)	(201)	(44,945)
Impairment expense for the interim period	(60,663)	–	–	–	(60,663)
Effects of movements in exchange rates	855	(1)	(230)	(12)	612
Disposals/Assets written off	–	–	9,703	–	9,703
<b>Balance at 31 December 2021</b>	<b>(341,955)</b>	<b>(257,757)</b>	<b>(450,858)</b>	<b>(3,613)</b>	<b>(1,054,183)</b>
<b>Carrying amount at 31 December 2021</b>	<b>1,241,833</b>	<b>248,901</b>	<b>247,885</b>	<b>1,004</b>	<b>1,739,623</b>

	GOODWILL \$'000	CLIENT RELATION- SHIPS \$'000	SOFTWARE \$'000	BRAND NAMES \$'000	TOTAL \$'000
<b>Cost</b>					
<b>Balance at 1 July 2020</b>	1,559,260	510,285	678,386	4,520	2,752,451
Acquisitions through business combinations	336	–	–	–	336
Additions	–	–	7,750	–	7,750
Effects of movements in exchange rates	(18,696)	(4,670)	(6,030)	(59)	(29,455)
Disposals/Assets written off	–	(12,269)	(7,118)	–	(19,387)
<b>Balance at 31 December 2020</b>	<b>1,540,900</b>	<b>493,346</b>	<b>672,988</b>	<b>4,461</b>	<b>2,711,695</b>
<b>Amortisation and impairment losses</b>					
<b>Balance at 1 July 2020</b>	(109,667)	(209,333)	(388,150)	(3,056)	(710,206)
Amortisation charge	–	(19,829)	(32,050)	(140)	(52,019)
Effects of movements in exchange rates	3,248	1,557	4,150	44	8,999
Disposals/Assets written off	–	12,269	7,005	–	19,274
<b>Balance at 31 December 2020</b>	<b>(106,419)</b>	<b>(215,336)</b>	<b>(409,045)</b>	<b>(3,152)</b>	<b>(733,952)</b>
<b>Carrying amount at 31 December 2020</b>	<b>1,434,481</b>	<b>278,010</b>	<b>263,943</b>	<b>1,309</b>	<b>1,977,743</b>

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING ASSETS AND LIABILITIES (CONTINUED)

### Change in estimates

During the interim period, Link Group conducted an internal review of its expected usage of core software platforms used in servicing clients, which resulted in an increase to the remaining useful economic lives for some platforms. The revised useful lives reflect the long term expected use of these core software platforms, Link Group's commitment to ongoing enhancement projects underway, and that the technologies underpinning these platforms remain and will continue to be widely used within the broader industries.

The effect of these changes on actual (HY2021) and forecast (FY2022 and beyond) amortisation expense is as follows.

	HY2021 <sup>1</sup> \$'000	FY2022 \$'000	FY2023 \$'000	FY2024 \$'000	FY2025 \$'000	FY2026 \$'000	LATER \$'000
Decrease/(increase) in amortisation expense	3,802	7,604	7,220	2,026	(3,063)	(3,065)	(10,722)

### Impairment

During the interim period, Link Group reassessed the recoverable amount of the Banking & Credit Management (BCM) cash-generating unit following the indicative proposals to acquire BCM received from LC Financial Holdings and the syndicate led by Pepper European Servicing Limited in November 2021. The indicative proposals received were less than the recoverable amount of the BCM cash-generating unit as assessed in Link Group's 2021 Annual Report, giving rise to an indicator of impairment. An impairment expense of \$60.7 million was recognised in relation to goodwill in the BCM cash generating unit to ensure the carrying value of the BCM cash-generating unit does not exceed the fair value (estimated sale price) less costs to sell.

<sup>1</sup> Six months ended 31 December 2021.



# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OPERATING ASSETS AND LIABILITIES (CONTINUED)

### 15. NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) Reconciliation of net profit after tax to net cash inflow from operating activities

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 <sup>1</sup> \$'000
<b>Net (loss)/profit after income tax</b>	<b>(81,739)</b>	29,369
<b>Add/(less) non-cash items</b>		
Depreciation expense	22,933	27,473
Intangibles amortisation expense	44,945	52,019
Contract fulfilment costs amortisation expense	3,474	3,575
Impairment expense	81,551	–
Gain on financial assets held at fair value through profit & loss	(499)	(560)
Share of (profit)/loss of equity-accounted investees, net of tax	(4,133)	(2,554)
Profit on disposal of subsidiaries	–	(15,347)
Equity-settled share based payment expense	9,261	4,863
Unrealised foreign exchange (gain)/loss	230	(3,586)
Unwinding discount on provisions and deferred consideration	–	117
Borrowing cost amortisation	3,067	742
(Gain)/loss on disposal/write off of plant and equipment	(14)	1,301
<b>Net cash inflow from operating activities before changes in assets and liabilities</b>	<b>79,076</b>	97,412
<b>Change in operating assets and liabilities</b>		
Change in trade and other receivables	(17,665)	5,713
Change in other assets	(4,786)	(2,246)
Change in fund assets and fund liabilities	2,867	(3,836)
Change in trade and other payables	26,026	61,584
Change in employee benefits	(843)	4,921
Change in provisions	(5,228)	(7,670)
Change in current and deferred tax balances	(36,211)	787
<b>Net cash inflow from operating activities</b>	<b>43,236</b>	156,665

#### (b) Reconciliation of movement in liabilities to cash flows arising from financing activities

	30 JUNE 2021 \$'000	FINANCING CASH FLOWS \$'000	NON-CASH			31 DECEMBER 2021 \$'000
			BORROWING COST AMORTISATION \$'000	OTHER NON- FINANCING ACTIVITIES \$'000	FOREIGN EXCHANGE MOVEMENT \$'000	
Interest-bearing loans and borrowings – Current	30,952	6,594	–	–	535	38,081
Interest-bearing loans and borrowings – Non-current	1,036,961	20,825	3,067	146,616	1,122	1,208,591
<b>Total liabilities from financing activities</b>	<b>1,067,913</b>	<b>27,419</b>	<b>3,067</b>	<b>146,616</b>	<b>1,657</b>	<b>1,246,672</b>

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. Refer to Note 3.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT

### 16. INTEREST BEARING LOANS AND BORROWINGS

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
<b>Current</b>		
Lease liabilities	38,080	30,952
	<b>38,080</b>	30,952
<b>Non-current</b>		
Lease liabilities	311,152	188,653
Loans	897,439	848,308
	<b>1,208,591</b>	1,036,961

FINANCING ARRANGEMENTS	FACILITY NOTIONAL CURRENCY	INTEREST RATE AT 31 DECEMBER 2021 (P.A.)	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
<b>Total facilities available:</b>				
Non-amortising term loan facility	AUD	1.5% - 1.7%	630,000	550,000
Working capital facility	AUD	1.6% - 1.7%	30,000	30,000
Non-amortising term loan facility	GBP	1.7% - 1.9%	465,030	856,511
Working capital facility	GBP	1.6% - 1.9%	37,202	36,839
			<b>1,162,232</b>	1,473,350
<b>Facilities utilised at reporting date:</b>				
Non-amortising term loan facility	AUD	1.5% - 1.7%	511,500	158,000
Working capital facility	AUD	1.6%	11,520	11,520
Non-amortising term loan facility	GBP	1.7% - 1.9%	390,625	691,620
Working capital facility	GBP	1.6%	183	186
			<b>913,828</b>	861,326
<b>Facilities not utilised at reporting date</b>				
Non-amortising term loan facility	AUD	0.5% - 0.6%	118,500	392,000
Working capital facility	AUD	0.6%	18,480	18,480
Non-amortising term loan facility	GBP	0.5% - 0.6%	74,405	164,891
Working capital facility	GBP	0.6%	37,019	36,653
			<b>248,404</b>	612,024

Facilities utilised at reporting date include \$11.7 million (30 June 2021: \$11.7 million) of guarantees provided to external parties, which have not been drawn down.

Link Group successfully refinanced its senior debt facilities on 1 November 2021. The details of the new facilities available to Link Group are:

- \$315 million of the non-amortising term loan facility is available until 29 October 2024;
- \$315 million of the non-amortising term loan facility is available until 29 October 2026;
- £110 million of the non-amortising term loan facility is available until 29 October 2024;
- £140 million of the non-amortising term loan facility is available until 29 October 2026;
- \$30 million working capital facility available until 29 October 2026; and
- £20 million working capital facility available until 29 October 2026.

Link Group complied with all debt covenants as at 31 December 2021 and expects to comply with all debt covenants and reporting obligations throughout the financial year ending 30 June 2022.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

### 17. CONTINGENT LIABILITIES

There have been no significant changes in contingent liabilities from those disclosed in Link Group's 2021 Annual Report.

From time to time, Link Fund Solutions (LFS) receives enquiries, complaints or claims from investors or third parties in relation to the funds for which it acts, or has acted, as authorised corporate director (ACD) (in relation to authorised funds) or operator (in relation to unregulated funds).

On 17 June 2019, the Financial Conduct Authority (FCA) notified LFS that it was commencing an investigation into LFS as ACD of the LF Woodford Equity Income Fund, now known as the LF Equity Income Fund (the Fund). As the FCA investigation is an ongoing and confidential process, Link Group cannot speculate or make any further comment on it. LFS is also aware that a claim has been issued against it on behalf of 100 investors in the Fund. LFS has not, at the date of signing these consolidated interim financial statements, been served with these proceedings. However, LFS intends to vigorously defend itself against such proceedings should they be served. In addition, LFS has received pre-action letters and correspondence on behalf of other investors in the Fund, but it is not aware of any other claims having been issued in respect of these matters. The FCA has been advised of all these threatened claims. Further, LFS has also received complaints from investors in the Fund, a number of which have been referred to the Financial Ombudsman Service (the "FOS"). LFS has not been notified of any determination by the FOS in respect of any of these complaints. LFS continues to act in the best interests of investors in the Fund as the orderly wind-up of the Fund progresses.

Notwithstanding the above, as at the date of these consolidated interim financial statements, Link Group is not aware of any matter which should be disclosed as a contingent liability in these consolidated interim financial statements.

### 18. INVESTMENT AND FINANCIAL RISK MANAGEMENT

#### (a) Investments

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
Listed equity securities – at fair value through profit or loss	4,959	4,105
Unlisted investments – at fair value through profit or loss	118,667	99,397
	123,626	103,502

The equity securities have been designated at fair value through profit or loss because they are managed on a fair value basis and their performance is actively monitored.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

### (b) Fair value of financial instruments

The following table details Link Group's financial instruments carried at fair value categorised by the fair value hierarchy level:

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
<b>31 December 2021</b>				
<b>Assets</b>				
Listed investments designated at fair value through profit and loss	4,959	–	–	4,959
Unlisted equity securities designated at fair value through profit and loss	–	436	118,231	118,667
	4,959	436	118,231	123,626
<b>30 June 2021</b>				
<b>Assets</b>				
Derivative financial assets	–	273	–	273
Listed investments designated at fair value through profit and loss	4,105	–	–	4,105
Unlisted equity securities designated at fair value through profit and loss	–	767	98,630	99,397
	4,105	1,040	98,630	103,775

There have been no assets transferred between levels during the interim period (2021: none).

**Level 1** investments consist of financial instruments traded in active markets, and are valued based on quoted market prices at the end of the reporting period.

**Level 2** investments consist of unlisted managed investment schemes and derivative financial instruments. Unlisted managed investment schemes are valued based on daily quoted unit redemption prices derived using observable market data. Derivative financial instruments are valued using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

**Level 3** investments include unlisted investments held by Link Group, the valuation for which is deemed to have one or more significant inputs which are not based on observable market data. Significant increases or decreases in future cash flows would increase or decrease, respectively, the fair value of the investments.

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
<b>Reconciliation of movements in level 3 investments</b>		
Opening level 3 investments at the beginning of the interim period	98,630	88,660
Acquisitions	19,005	327
Fair value (Loss)/Gain recognised in profit or loss	(272)	–
Foreign currency retranslation	868	(1,039)
Closing level 3 investments at the end of the interim period	118,231	87,948

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

### 19. CONTRIBUTED EQUITY

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
<b>Issued and paid-up capital</b>		
<b>Balance at the beginning of the interim period</b>	<b>1,917,748</b>	1,889,733
Equity issued under share based payment arrangements	–	18,058
Equity issued under dividend reinvestment plan	–	3,629
Equity bought back and cancelled	<b>(101,723)</b>	–
Share buy-back costs, net of tax	<b>(42)</b>	–
<b>Balance at the end of the interim period</b>	<b>1,815,983</b>	1,911,420

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
<b>Number of shares issued:</b>		
<b>Balance at the beginning of the interim period</b>	<b>536,226</b>	530,328
Equity issued under share based payment arrangements	–	3,680
Equity issued under dividend reinvestment plan	–	945
Equity bought back and cancelled	<b>(23,239)</b>	–
<b>Balance at the end of the interim period</b>	<b>512,987</b>	534,953

### 20. DIVIDENDS

#### Dividends

	2022 INTERIM	2021 FINAL	2021 INTERIM	2020 FINAL
Dividend cents per share	<b>3.0</b>	<b>5.5</b>	4.5	3.5
Franking percentage	<b>100%</b>	<b>100%</b>	60%	50%
Total dividend (\$'000)	<b>15,390</b>	<b>29,492</b>	24,073	18,561
Record date	<b>03.03.2022</b>	<b>01.09.2021</b>	04.03.2021	02.09.2020
Payment date	<b>08.04.2022</b>	<b>20.10.2021</b>	09.04.2021	25.09.2020

Dividends are recognised as a liability in the period in which they are declared. The interim 2022 dividend had not been declared at the reporting date and therefore is not reflected in the consolidated interim period financial statements.

On 24 February 2022, the Directors approved an interim dividend of \$15,389,624, which equates to 3.0 cents per share, 100% franked (2020: \$24,072,877, 4.5 cents per share, 60% franked). The record date for determining entitlements to the interim dividend is 3 March 2022. Payment of the interim dividend will occur on 8 April 2022.

The Link Group Dividend Reinvestment Plan (DRP) will not operate in respect of the 2022 interim dividend.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

### 21. RETAINED EARNINGS

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 <sup>1</sup> \$'000
<b>Retained earnings at the beginning of the interim period</b>	<b>(167,815)</b>	21,237
Net (loss)/profit attributable to equity holders	<b>(81,640)</b>	29,003
Gain on settlement of equity settled share based payments recognised in retained earnings	<b>1,396</b>	1,418
Transactions with non-controlling interest without a change in control recognised in retained earnings	<b>–</b>	1,968
<b>Retained earnings at the end of the interim period</b>	<b>(248,059)</b>	38,549

### 22. SHARE-BASED PAYMENT ARRANGEMENTS

As disclosed Link Group's 2021 Annual Report, share based payments arrangements include the Omnibus Equity Plan (OEP) and the Special Equity Grant (SEG). The terms, conditions and operation of the plans have not significantly changed during the interim period ended 31 December 2021 other than described below.

#### (a) Description of share-based payment arrangements

At 31 December 2021, Link Group had the following share-based payment arrangements.

##### Omnibus equity plan

The Omnibus equity plan (OEP) entitles Executive KMPs, Senior Executives and Senior Leaders to receive Performance Share Rights (PSRs) which, subject to the satisfaction of service-based conditions and performance hurdles, will, if vested, allow participants to receive fully paid ordinary shares in the Company. During the interim period and in accordance with the OEP, LTI PSRs were granted to Executive KMPs, Senior Executives and Senior Leaders on 2 December 2021. The PSRs were divided into two tranches of 75% and 25% and subject to testing against an operating earnings-per-share (EPS) target and relative total shareholder return (relative TSR) respectively.

The terms and conditions of the PSRs granted during the interim period ended 31 December 2021 were as follows.

GRANT DATE/EMPLOYEES ENTITLED	NUMBER OF PSRs	VESTING CONDITIONS	CONTRACTUAL LIFE OF PSRs
LTI issued to Executive KMPs, Senior Executives and Senior Leaders on 2 December 2021	2,204,239	75% against an EPS target and 25% against relative TSR for the three-year performance period commencing 1 July 2021.	Seven years, with last exercise occurring September 2028 (unless the PSRs lapse earlier in accordance with the terms of the invitation).

The number of PSRs issued to each participant was calculated with reference to the 5-day Volume Weighted Average Price (VWAP) following the release of the 2021 full year results and accounted for at fair value in accordance with accounting standards from grant date.

The expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income in relation to the LTI PSRs during the interim period ended 31 December 2021 was \$2.2 million (31 December 2020: \$2.9 million).

Under the terms of the OEP, Executive KMPs, Senior Executives and Senior Leaders had a portion of their FY2021 short term incentive deferred (deferred STI). On 2 December 2021, restricted shares (RSs) or share rights (SRs) were issued to deferred STI participants. Restricted shares or share rights entitle participants to receive fully paid ordinary shares in the Company subject to continued employment for a one or two-year service period.

<sup>1</sup> Prior period comparative information has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note 3.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

The terms and conditions of the deferred STI granted during the interim period ended 31 December 2021 were as follows.

GRANT DATE	NUMBER OF RSs/SRs	VESTING CONDITIONS
Restricted shares issued 2 December 2021	705,492	Subject to continued employment, 50% vesting on 31 August 2022, 50% vesting on 31 August 2023.
Share rights issued 2 December 2021	276,227	Subject to continued employment, 50% vesting on 31 August 2022, 50% vesting on 31 August 2023.

The expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income in relation to the deferred STI during the interim period ended 31 December 2021 was \$1.2 million (31 December 2020: \$nil).

### Special equity grant

On 1 December 2020 the Board, at its discretion, offered restricted shares (RSs) or share rights (SRs) as compensation to employees who participated in the voluntary temporary pay reduction. The restricted shares or share rights entitle participants to receive fully paid ordinary shares in the Company subject to continued employment for a one or two-year service period. On 1 December 2021, 2,761,509 RSs and SRs vested in accordance with the terms of the grant.

The expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income in relation to the special equity grant during the interim period ended 31 December 2021 was \$5.2 million (31 December 2020: \$1.7 million).

### Retention scheme

As disclosed in the 2021 Annual Report, several Executive KMP and Senior Executives have received equity grants as part of a retention scheme to retain key talent during a critical period for Link Group. On 2 December 2021, share rights (SRs) were issued to retention scheme participants. The share rights entitle participants to receive fully paid ordinary shares in the Company subject to continued employment for a specified service period.

The terms and conditions of the retention scheme share rights granted during the interim period ended 31 December 2021 were as follows.

GRANT DATE	NUMBER OF RSs/SRs	VESTING CONDITIONS
Share rights issued 2 December 2021	849,323	Subject to continued employment, 50% vesting on 2 December 2022, 50% vesting on 2 December 2023.
Share rights issued 2 December 2021	99,077	Subject to continued employment, vesting on 2 December 2024.

The expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income in relation to the retention scheme during the interim period ended 31 December 2021 was \$0.6 million (31 December 2020: \$0.2 million).

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

### (b) Measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the LTI PSRs issued during the interim period ended 31 December 2021:

	2 DECEMBER 2021
Fair value at grant date:	
i) EPS tranche at grant date	<b>\$4.46</b>
ii) TSR tranche fair value at grant date	<b>\$2.49</b>
Share price at grant date	<b>\$4.77</b>
Exercise price	–
Expected volatility (weighted average volatility)	<b>30.0%</b>
PSR life (expected weighted average life)	<b>3 years</b>
Holding lock discount:	
i) 1 year	<b>0.0%</b>
ii) 2 year	<b>0.0%</b>
Expected dividends	<b>2.52%</b>
Risk-free interest rate (based on government bonds)	<b>0.45%</b>

The fair value of services received in return for LTI PSRs is based on the fair value of LTI PSRs granted, measured using a Monte Carlo valuation model. Expected volatility is estimated taking into account historic average share price volatility of the Company and certain other ASX listed companies.

### (c) Reconciliation of share rights

The number of share rights on issue during the interim period ended 31 December 2021 was as follows:

	LTI PSRs		SEG SRs		DEFERRED STI & RETENTION SRs	
	31 DECEMBER 2021 '000	31 DECEMBER 2020 '000	31 DECEMBER 2021 '000	31 DECEMBER 2020 '000	31 DECEMBER 2021 '000	31 DECEMBER 2020 '000
<b>On issue at beginning of the interim period</b>	<b>5,505</b>	4,112	<b>469</b>	–	–	6
Granted during the interim period	<b>2,204</b>	2,486	–	521	<b>1,225</b>	–
Lapsed during the interim period	<b>(1,615)</b>	(1,029)	<b>(23)</b>	–	–	–
Vested during the interim period	–	–	<b>(394)</b>	–	–	–
<b>On issue at the end of the interim period</b>	<b>6,094</b>	5,569	<b>52</b>	521	<b>1,225</b>	6



# Notes to the Financial Statements

for the interim period ended 31 December 2021

## GROUP STRUCTURE

### 23. BUSINESS COMBINATIONS

In addition to organic growth, Link Group seeks to grow through acquisitions and leverage the existing systems, skill sets and processes to improve client satisfaction and obtain synergies to drive positive returns for shareholders.

#### Acquisitions

On 6 August 2021, Link Group acquired 100% of Casa4Funds SA for €10 million (\$16.8 million). Casa4Funds, headquartered in Luxembourg, is one of the oldest European independent third-party UCITS Management Companies and Alternative Investment Fund Managers (AIFM) and the acquisition provides additional scale for Link Fund Solutions in Luxembourg, Europe's largest investment fund centre.

#### Provisional acquisition accounting

The fair values of Casa4Fund's assets and liabilities have been recognised on a provisional basis as at 31 December 2021, whereby the accounting balances for the acquisition may be revised in accordance with AASB 3 *Business Combinations*.

The provisional acquisition accounting has been accounted for in the consolidated interim financial statements as follows:

	CASA4FUNDS \$'000
Consideration on settlement	16,827
Less: fair value of net identifiable assets acquired	(5,457)
<b>Goodwill</b>	<b>11,370</b>
<b>Identifiable assets acquired and liabilities assumed:</b>	
Cash and cash equivalents	2,514
Trade and other receivables	31,525
Other assets	919
Plant and equipment	190
Client relationships	3,489
Software	1
Trade and other payables	(31,528)
Interest-bearing loans and borrowings	(403)
Provisions	(158)
Current tax liabilities	(255)
Deferred tax liabilities	(837)
<b>Net assets</b>	<b>5,457</b>

Where new information obtained within one year of the acquisition about the facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional balances that existed at the date of acquisition, the accounting for the acquisition will be revised.

# Notes to the Financial Statements

for the interim period ended 31 December 2021

## OTHER DISCLOSURES

### 24. BANKING & CREDIT MANAGEMENT

On 12 November 2021, Link Group announced it had received a conditional, non-binding indicative proposal from a syndicate led by Pepper European Servicing Limited (PES) to acquire the whole of Link Group's Banking & Credit Management (BCM) business (PES Proposal). Under the PES Proposal, PES would acquire the non-Irish businesses while the other member of the syndicate would acquire the Irish business. The Board granted the syndicate access to due diligence information and considered the proposal in accordance with its fiduciary and statutory obligations.

On 23 November 2021, Link Group announced it had received a conditional, non-binding indicative proposal from LC Financial Holdings (LCFH) to acquire the whole of Link Group's BCM business (LCFH Proposal). The Board granted LCFH access to due diligence information and considered the proposal in accordance with its fiduciary and statutory obligations.

Link Group performed an assessment of AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations* to determine whether the BCM business should be classified as held for sale and disclosed as a discontinued operation in these interim financial statements. It was concluded that the requirements of AASB 5 were not satisfied given the non-binding, indicative nature of offers received, which were still subject to due diligence, regulatory approvals and agreement of terms as at 31 December 2021.

On 8 February 2022 Link Group announced it is working with LCFH in respect of its proposal to acquire the BCM business on an exclusive basis. As a result, the BCM business may be classified as held for sale and disclosed as a discontinued operation in Link Group's 2022 Annual Report should the requirements of AASB 5 be satisfied prior to 30 June 2022.

### 25. SUBSEQUENT EVENTS

#### Banking & Credit Management proposal

On 8 February 2022 Link Group announced it is working with LC Financial Holdings (LCFH) in respect of its proposal to acquire its Banking & Credit Management (BCM) business on an exclusive basis. The syndicate led by Pepper European Servicing Limited (PES) withdrew its interest in acquiring BCM.

#### Impact of COVID-19 on post balance date trading

Whilst the Directors note the ongoing COVID-19 pandemic continues to impact global markets, including jurisdictions that Link Group operates in, Link Group continues to be resilient and has been proactive in response to these challenges. However, the future impact of the COVID-19 pandemic remains uncertain.

Other than the matters described above, in the opinion of the Directors, there has not arisen in the interval between the end of the interim period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of Link Group, the results of those operations, or the state of affairs of Link Group, in future periods.

# Directors' Declaration

1. In the opinion of the Directors of Link Administration Holdings Limited (the Company):
  - (a) the condensed consolidated financial statements and notes that are set out on pages 7 to 38 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of Link Group's financial position as at 31 December 2021 and of its performance for the interim period ended on that date; and
    - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Dated 24 February 2022 at Sydney.



**Michael Carapiet**  
Chair



**Vivek Bhatia**  
Chief Executive Officer & Managing Director

# Independent Auditor's Report



## Independent Auditor's Review Report

To the shareholders of Link Administration Holdings Limited

### Conclusion

We have reviewed the accompanying Interim Financial Report of Link Administration Holdings Limited ("the Company").

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Link Administration Holdings Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the six months period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2021;
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period ended on that date;
- Notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises the Company and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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# Independent Auditor's Report



## Emphasis of matter

We draw attention to Note 3 to the Interim Financial Report, which describes the restatement of comparative information related to the Group's equity accounted investee. Our report is not modified in respect of this matter.

## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Eileen Hoggett

Partner

Sydney

24 February 2022

Brendan Twining

Partner

Sydney

24 February 2022

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Link Administration Holdings Ltd

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