

2020 ANNUAL REPORT

CONNECTING PEOPLE

with their assets

LINKGroup


CONTENTS



01

Overview

02

Our global scale

04

FY2020
Highlights

06

A message
from the Chair



10

A message from
the Managing
Director

14

A spotlight
on our clients
& our people

20

Sustainability Report

A responsible business that safely and securely connects people with their assets

24

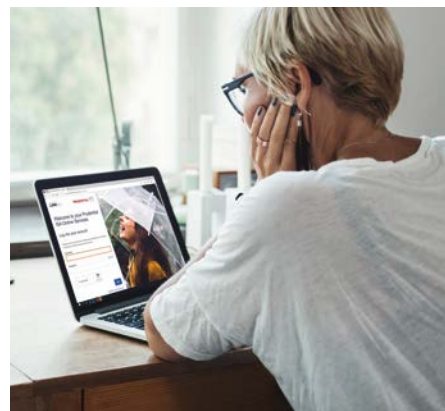
A Responsible
Business

28

Aligning and
Building
our Capability

32

Sustainable
Growth



37

Financial
Report

A global, digitally enabled business connecting millions of people with their assets – responsibly, securely and safely.

From equities, pension and superannuation to investments, property and other financial assets, we partner with thousands of financial market participants to deliver services, solutions and technology platforms that enhance the user experience and make scaled administration simple.

We help manage regulatory complexity, improve data management and provide the tools to connect people with their assets, leveraging analysis, insight and technology.

OUR GLOBAL SCALE¹

18



jurisdictions
at the end of FY2020

Over

6,500



FTE employees globally

Over

6,000



clients globally

Revenue

\$1.23b



Retirement & Superannuation Solutions **33%**

Corporate Markets **23%**

Fund Solutions **11%**

Banking & Credit Management **10%**

Technology & Operations **23%**

¹ All data as at 30 June 2020.



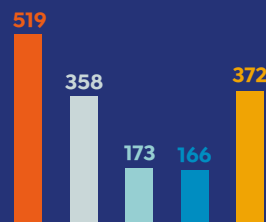
FY2020 HIGHLIGHTS¹

Revenue

\$1,230m

\$1,403m in FY2019

By divisions



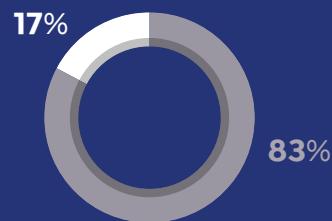
- Retirement & Superannuation Solutions
- Corporate Markets
- Fund Solutions
- Banking & Credit Management
- Technology & Operations

Recurring revenue

\$1,020m

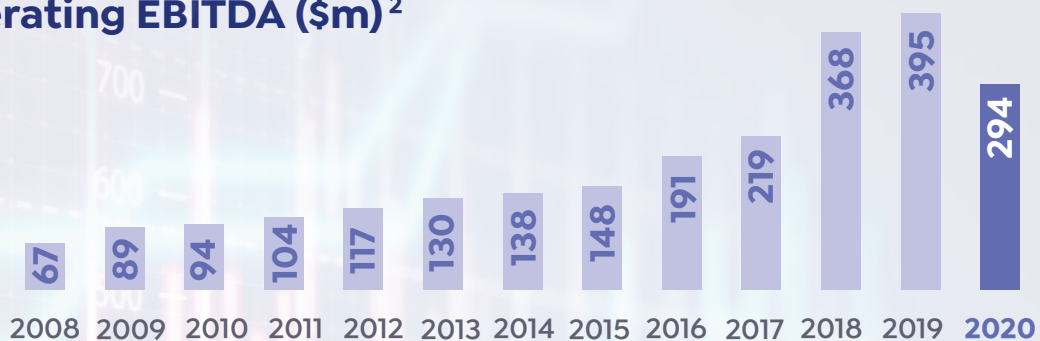
\$1,123m in FY2019

By recurrence



- Recurring
- Non-recurring

Operating EBITDA (\$m)²



Operating
EBITDA

\$294m

\$395m in FY2019

Operating
EBITDA margin

24%

28% in FY2019

Operating NPATA

\$144m

\$198m in FY2019

Operating
EBIT

\$180m

\$291m in FY2019

Operating
EBIT margin

15%

21% in FY2019

Statutory NPAT

\$(114)m

\$318m in FY2019

Final dividend
declared

3.5¢

per share, 50% franked

Total FY2020
dividend

10.0¢

per share, 83% franked

Net operating
cash flow

\$319m

\$383m in FY2019

1 FY2019 & FY2018 information has been restated following initial application of AASB 16 Leases.
2 Operating EBITDA includes public company costs from FY2013. AASB 16 Leases applied from FY2018.



A MESSAGE FROM THE CHAIR

Total dividend

10.0c

83% franked

Revenue

\$1,230m

\$1,403m in FY2019

Statutory NPAT

\$(114)m

\$318m in FY2019

FY2020 has been an unprecedented year for people and businesses globally as the COVID-19 pandemic impacted everyone from a health, social and economic perspective.

The safety and wellbeing of our people across all our businesses and locations was, and remains, our key priority. We are proud of how the Link Group team has responded to this crisis by maintaining service levels for clients, while mobilising to enable the majority of our people to work remotely during COVID-19.

Teams across the business collaborated to deliver the technology required to accommodate new ways of working, and adjust and adapt business operations to provide continued service for our clients. In parallel, we put in place communications and wellbeing initiatives to ensure the health and safety of our people.

We also took early and proactive measures to manage our cash flow and reduce our cost base. These measures ensured that we continued to prudently manage our liquidity and overall financial position.

Pleasingly, PEXA, Australia's first digital property settlement platform, continues to deliver significant growth and earnings. We remain confident about the future of PEXA as it expands and looks for new business opportunities.

We also announced an agreement to acquire Pepper European Servicing (PES) from Pepper Group¹, and entered the fast-growing UK pension administration market through a strategic global partnership and investment in Smart Pension, a leading workplace pension platform provider and master trust in the UK.

¹ Subject to regulatory approval.

A message from the Chair



FINANCIAL PERFORMANCE

While we have been pleased with the milestones achieved this financial year, it has also proved to be challenging.

The speed of this pandemic and the vast amount of change brought with it, together with the business and economic impact on some of Link Group's clients, meant that forecasting revenue and earnings became more challenging.

Our results for FY2020 were as follows:

- Revenue of \$1.2 billion
- Operating NPATA of \$144 million
- Statutory net loss after tax (NPAT) of \$114 million
- Operating earnings per share of 27.1 cents
- Final dividend of 3.5 cents per share (50% franked)

Our financial performance mostly reflects the impact of regulatory changes in our Retirement & Superannuation Solutions (RSS) division and reduced capital markets activity, largely as a result of COVID-19. Additionally, the restrictions on international travel has, in part, slightly delayed our ability to deliver on some aspects of our global transformation program.

YEAR IN REVIEW

FY2020 has been dominated by COVID-19. While it has thrown up some hurdles, the pandemic has also highlighted the resilience and agility of our people.

The work we do in connecting people with their financial assets across the world is an important part of the financial system. During COVID-19, our role was even more critical than normal so that our clients and their end-customers had continuity of service. The agility and scale of Link Group enabled us to pivot quickly and mobilise systems and resources to successfully adapt to the new environment.

This is highlighted by our RSS and Technology & Operations (T&O) teams who responded to an enormous number of calls and established the required processes and systems associated with a Scheme announced by the Australian Government allowing people early access to their superannuation savings, in just a matter of weeks. As at 30 June 2020, Link Group has processed over 1.2 million¹ such requests (over two million as at 27 August 2020) and been able to support our clients to meet the urgent needs of their members.

The collaborative nature of the Link Group team was further highlighted as teams across the globe worked together to enable approximately 90% of our staff to work remotely and provide continuity of business for our clients, all within a very short period of time.

Our new operations hub in Mumbai is a key part of our global transformation program. We now have people working from state-of-the-art premises in this hub, successfully providing operations processing for Corporate Markets and Link Fund Solutions, as well as technology services and support. Pleasingly, our Mumbai team has been able to recruit and on-board staff in the COVID-19 period. This played an important role as part of our globally co-ordinated response to the pandemic and the resultant shift in work practices. We expect this hub to continue to develop and grow in FY2021.

As announced in November 2019, Link Group entered the UK pension market through our partnership and investment in Smart Pension.

In January 2020, Link Group announced an agreement to acquire 100% of PES. PES is a highly complementary fit for Link Group's Banking & Credit Management (BCM) division, increasing scale, revenue diversity and growth opportunities in the loan servicing market. This transaction is subject to certain commercial conditions precedent and regulatory approval.

In our Corporate Markets division, COVID-19 has presented us with the opportunity to showcase our virtual meeting technology. In FY2020, this has been successfully used by over 100 organisations to facilitate virtual Annual General Meetings (AGMs) and general meetings in the UK, Germany, Austria, Australia, New Zealand and Papua New Guinea, replacing or complementing the traditional face-to-face model. We expect this to continue to grow in popularity and for more organisations across different jurisdictions to utilise this technology. Link Group's own AGM will be held virtually on 27 October 2020 and we look forward to connecting with our shareholders in this format.

A RESILIENT BUSINESS WITH SOUND FUNDAMENTALS

FY2020 has demonstrated the resilience of the business in a period of change and challenge. While some of our businesses are adversely impacted by equity market volatility, overall the majority of our contracted revenue is from large institutions to whom we provide non-discretionary services. We have a resilient earnings profile supporting operating cash flow, with 83% of revenue recurring in nature. Debt serviceability and leverage is also comfortably within existing bank covenants.

The management team proactively took prudent steps relatively early in the COVID-19 period, to reduce costs and preserve cash flow in the form of liquidity management, mandatory annual leave and a temporary pay reduction program. This is in line with steps taken by other organisations and has set the business up to see through this uncertain period and emerge on the other side in a strong position.

A NEW CHAPTER

In August 2020, we announced that John McMurtrie would retire as Managing Director, with Vivek Bhatia to succeed John as Managing Director and Chief Executive Officer of Link Group.

Ahead of our ASX listing in 2015, John made a personal commitment to guide the business through the first phase of its operation as a public company. As we enter our next chapter, the Board and John decided that it is an appropriate time for succession.

Driven by John's vision and dedication, Link Group has evolved from a small Australian share registry business into a respected, market-leading global provider of technology-enabled administration solutions, with more than 6,500 employees and some of the world's largest corporations, pension funds and financial institutions among its clients.

John's successor Vivek, is an experienced chief executive with 22 years of experience in insurance, financial services, government and management consulting. Vivek brings extensive experience in strategy and transformation, digital, ventures and innovation.

John and Vivek are both committed to working with the Link Group Board and leadership team to ensure a seamless transition, and we warmly welcome Vivek to the organisation. On behalf of my fellow directors and the entire Link Group team, I would like to thank John for his almost two decades of service at Link Group, and his tireless dedication and commitment during this time.

THE OUTLOOK

The creation of long-term sustainable value remains of paramount importance at Link Group.

While it remains difficult to predict the length and severity of the pandemic, we are committed to our medium to longer-term strategy and goals. Link Group will continue to strengthen our customer focus by expanding our range of services to existing customers as well as rolling out our existing services, products and technology to new customers.

We continue to prioritise the health and safety of our people, together with the continuity of service to our clients as we navigate through COVID-19.

In addition, the Board remains committed to the continued development of a diverse and inclusive culture and workforce, while maintaining strong corporate governance practices including vigilance about information security and data privacy.

On behalf of the Board, I would like to thank everyone in Link Group who has worked so tirelessly during this period, and all of our loyal clients and shareholders during an especially difficult time for everyone, both personally and professionally.

My fellow Board members and I look forward to FY2021 being a safe and positive year for all of us.



Michael Carapiet
Chair

A MESSAGE FROM THE MANAGING DIRECTOR

In a challenging year of uncertainty and rapid change, I am proud of how we tackled FY2020 as an organisation, with the health and wellbeing of our people being our top priority.

In spite of the disruption brought on by COVID-19, we have successfully continued to service our clients while seamlessly transitioning the majority of our people to work remotely, and maintaining our data security and privacy standards. We transitioned approximately 90% of our global workforce to this new way of working in a very short period of time and are pleased to report that this was done with minimal impact on our clients and the services we provide.

In addition to the maintenance of our core services, we also supported our clients to continue to meet their regulatory obligations with innovations such as our virtual meeting technology, holding online only and hybrid AGMs for companies such as Coca-Cola Amatil, GPT Group, Saga and National Bank AG, and facilitated the processing of over 1.2 million¹ requests for early access to superannuation, on behalf of our superannuation fund clients in Australia.

In this environment of volatility and unprecedented pressure, we have delivered a satisfactory underlying financial performance. While there is much to play out in FY2021 in terms of the full impact of the pandemic on the global economy, we are confident that our medium to long-term strategy remains appropriate. We have a sound business with solid fundamentals and diversified earnings and geographic profiles, which positions us well for both the current environment and will benefit us as economies start to recover.

SAFELY AND SECURELY CONNECTING PEOPLE WITH THEIR ASSETS

In FY2019, we took further steps towards becoming a resilient, global organisation. This included establishing the necessary structure and changes to our Executive Leadership Team (ELT) to operate as a more cohesive, integrated global business. We started to reap the benefits of this in FY2020, and anticipate further efficiencies in FY2021 as we continue to increasingly operate as a global business. This is consistent with our vision to be an organisation that is powered by technological innovation to connect millions of people across the globe with their financial assets.

The last few months of FY2020 was understandably overshadowed by the social, health and economic impacts of COVID-19. While this presented challenges in some parts of the business, it also opened opportunities for us in other areas.

With local Governments and health authorities imposing various lockdowns and physical distancing requirements, numerous organisations were faced with the dilemma of how to safely conduct their shareholder and member meetings without compromising the welfare of participants and abiding by COVID-19 requirements. Our Corporate Markets division provided a solution in the form of virtual meeting technology, facilitating either fully virtual or hybrid meetings during the annual reporting season, in lieu of large-scale face-to-face meetings.

As at 30 June 2020, our technology and meeting events team has facilitated over 100 entities, including the largest virtual meeting in Australasia (at the time of this report), to continue to meet their 2020 obligations while also benefiting from reduced operational costs, for example venues and catering. This technology allows for meetings to be held via video conference, teleconference,



Operating EBITDA

\$294m

\$395m in FY2019

Operating NPATA

\$144m

\$198m in FY2019

physically distanced in-person, or a combination of the above while also supporting online voting of meeting resolutions and questions from shareholders anywhere in the world. A further 98 meetings have also been held during the period between 1 July and 27 August 2020.

Another noteworthy achievement during the COVID-19 period was the delivery of new processes, systems and technology to facilitate over 1.2 million¹ transactions for the Early Release of Super (ERS) scheme in Australia, of which over 96% were processed and paid seamlessly and within the five-day timeframe as suggested by the regulator.

This also includes our team responding to an unprecedented number of enquiries via phone and email, much of which was conducted by teams that were working remotely. With 750 call centre specialists, Link Group manages the call centres of 26 superannuation funds, and attended to approximately 1.4 million calls over the pandemic period,² with volume from other channels also increasing by as much as 300%.

Our RSS and T&O teams collaborated with regulators and our superannuation fund clients to develop the system, operational processes and fraud detection tools required for the ERS scheme, within a matter of weeks. The work that the team has done in this area has enabled almost A\$10 billion³ in early access payments to be made to Australians in financial hardship as a result of the pandemic.

Following our decision last financial year to become PEXA's largest investor alongside our consortium partners, we now have a unique exposure to the residential property sector, Australia's largest asset class. PEXA

has gone from strength to strength in FY2020, with the platform now connecting over 150 financial institutions, approximately 8,900 legal and conveyancing firms, six large developers, multiple land registries and state revenue offices across five jurisdictions in Australia in which 96% of Australia's properties are located. To date, more than 75% of all property settlements nationally are completed online via PEXA with more than \$990 billion settled on the platform. The COVID-19 crisis has accelerated conversion to the PEXA digital platform and we expect PEXA to continue to perform strongly over the coming year.

EXTENDING OUR UK AND EUROPEAN FOOTPRINT

The growth of our UK and European operations continued in FY2020, commencing with our partnership and investment in Smart Pension as announced in November 2019. This strategic partnership provides Link Group with an established entry point into the US\$3.5 trillion⁴ UK pensions market, and we are actively working with the Smart Pension team on a joint pipeline of opportunities both in the UK and Australia. We are also bringing to market a number of new product innovations and technology solutions, particularly in the pension and retirement space.

Our BCM business has a scalable loan servicing platform with operational and jurisdictional expansion opportunities, as reflected in our expansion into Italy and the Netherlands over the last few years. In January 2020, we announced the acquisition of PES from Pepper Group for an upfront cash consideration of €165 million

1 As at 30 June 2020.

2 As at 30 June 2020.

3 As at 30 June 2020. Approximately \$16 billion in payments have been made as at 27 August 2020.

4 Based on Towers Watson Global Pension Assets Study 2020. Presents 2019 data.

A message from the Managing Director



(\$277 million) and up to a further €35 million consideration contingent on performance over three years. PES is a highly complementary fit to the BCM division and allows us to create a leading pan-European asset servicer and manager, as well as further diversifying BCM's revenues and client concentration. The transaction is subject to regulatory approval, which we expect to receive in FY2021.

FINANCIAL PERFORMANCE

Despite the impact of the market volatility due to the global pandemic, the business continued to deliver satisfactory underlying financial performance.

Our RSS division quickly and effectively responded to the early release of superannuation, while delivering a creditable financial performance, notwithstanding the volatility of this year. With our expansion into the UK, new product development is a priority for us in the coming year, as is the identification of new market segments into which to enter.

Our Corporate Markets division had a number of client wins, including Tyro Limited and Home Consortium in Australia, Legend Holdings Corporation in Hong Kong and PPHE Hotel Group in the UK. While COVID-19 has reduced market-related activity, as previously outlined it has also presented new innovation opportunities such as virtual meetings.

Link Fund Solutions (LFS) reported stable revenue for FY2020, in spite of the elevated level of costs largely associated with the former Woodford fund, LF Equity Income Fund, which continued its orderly windup and has been making distributions to investors since January 2020. We continue to see further opportunities for the LFS team particularly in the provision of Authorised Fund Manager (AFM/ "ManCo") services in the broader European region.

As previously outlined, BCM will be focused on successfully integrating the PES business and team into the Group, once the acquisition of PES is complete. FY2020 performance has benefited from our strategic decision to broaden our geographic footprint for BCM into Italy and the Netherlands. Growth in these

jurisdictions helped partially offset declining revenue in the more mature markets of Ireland and the UK.

The T&O business continues to perform strongly with good external revenue growth, representing 29% of total revenue for the division, driven largely by consistent demand for communications services and data analytics services.

GLOBAL TRANSFORMATION PROGRAM

At the start of FY2020, we announced that we would be undertaking a global transformation program to deliver \$50 million in annualised savings by the end of FY2022, driven primarily by initiatives in consolidating premises and vendors, centralising our sourcing, operational efficiencies and our global hub strategy.

As part of our global hub strategy, we are creating centres of excellence and strategic hubs in Australia, India, the UK and Ireland. This provides for a more consistent operations experience in all our locations, leverages economies of scale and the ability to quickly flex our services in line with our clients' needs, as well as a "follow the sun" service model. These hubs will allow us to build greater capability within the organisation and provide specialised local services, supported by the strength and scale of Link Group's global operations capability and knowledge base.

The program has progressed well in the first half of FY2020, with our Mumbai hub established and the first tranche of team members now operational and working from our hub, and a Director of Operations in place in India. Approximately \$14.7 million in benefit was also delivered in the year. Unfortunately, COVID-19 has slightly delayed the progress of our transformation program, partly due to the inability to travel internationally and as we focused our attention on the health and welfare of our people and on business continuity programs. Progress on the transformation program has now re-commenced, is broadly tracking well and we remain confident of achieving our target cost savings. In fact, we now see the potential for further cost reduction

opportunities in the form of additional reductions in our global premises' footprint and in reduced levels of travel.

NEW WAYS OF WORKING

There is no doubt COVID-19 has changed the way that organisations across the world operate. As outlined earlier, we are proud of how quickly our people have pivoted and adapted to this new way of working.

We anticipate that the majority of our workforce will move towards a blended model of working remotely and in the office, even after the COVID-19 pandemic has eased. This opens up access to an increased pool of resources and skillsets that are not location-bound, which should reduce staff attrition and the associated costs of recruitment and on-boarding. In addition, our premises requirements and travel expenditure should significantly reduce over the next few years, which will further support us in delivery of our global transformation program targets.

CONTINUED INVESTMENT IN TECHNOLOGY

Technology and innovation have always been at the heart of this organisation, as we utilise technology-enabled solutions to provide secure, accurate, scaled administration services and ancillary products to our clients. We spend over \$250 million each year on supporting, maintaining and delivering our systems and platforms. This includes system refreshes of core applications such as our superannuation administration, share registry, *miraql* and Investor Centre platforms, customer relationship and contact centre solutions, data analytic and connectivity platforms, as well as digital solutions.

ONGOING COMMITMENT TO THE COMMUNITY AND SUSTAINABILITY

We continue to maintain our commitment to contribute to the communities in which we operate and to endeavour to be a responsible business that takes steps to continuously identify, respond to and manage the environmental, social and governance risks and opportunities that are important to us and our stakeholders.

This is the first year we have included our Sustainability Report within this Annual Report, a reflection of how this is an increasingly important part of our overall business strategy. We have also taken steps to better align our sustainability strategy with our purpose, which is connecting people across the globe with their assets. Our aim is to safely, securely and responsibly provide our services and products to our clients and their end customers, while being a good corporate citizen.

We continue to build capability in our people and systems, and diversity in our workforce to deliver best-in-class global client solutions while contributing to our communities in the form of financial and non-financial contributions. We also continue to identify ways to reduce our carbon footprint while innovating and developing technologies that enable us to provide our solutions to clients more efficiently, without compromising our strong commitment to information and data security.

We reinforce in our people the behaviours required for us to become a more sustainable, inclusive organisation through training programs and education, and encourage our suppliers and partners to uphold the same commitment to building a sustainable future.

This year COVID-19 limited the ability of our people to contribute in the form of volunteering and other non-financial contributions. Some of our key fundraising events were deferred or moved to virtual formats. In spite of this, we were able to contribute over \$380,000 in both financial and non-financial support to our charitable and community partners and look forward to increasing our support this coming year. Further details on our sustainability and community initiatives can be found in the sustainability section of this report.

IN CLOSING

I would like to thank all our people for their resilience and hard work during what can only be described as an unprecedented year for everyone. It has been through working together that we have been able to navigate through the pandemic, while also continuing to deliver for our clients.

We also acknowledge all of our clients and thank them for their support in this challenging environment. It is moments like these that illustrate how important it is to work in close partnership with each other to ensure that we continue to deliver and meet our mutual commitments.

While we wait to see what the future holds in terms of the long-term impact of COVID-19, we remain confident in our medium to long-term strategy. The resilience displayed by our people in both maintaining business continuity while also focusing on innovation and delivering market-leading technology platforms and services, is key to achieving our long-term strategic goals.

As mentioned in the Chair's message, I will be working closely with my successor, the Board, the Executive Leadership Team and the broader Link Group team to ensure a seamless transition over the next few months.

With this being my last report as the Managing Director, I would like to sincerely thank every single person at Link Group for their commitment and loyalty. It has truly been a privilege to lead this business for almost two decades and to have had the pleasure of meeting and working with some of the industry's best.

While there are many others to thank for their support over my years at Link Group, I would like to take this opportunity to extend my personal thanks and appreciation to the Link Group Board, our clients and shareholders. Your support has helped build Link Group into the organisation that it is today.

I wish everyone a safe and successful year ahead.



John McMurtrie
Managing Director

A SPOTLIGHT ON OUR CLIENTS & OUR PEOPLE



THEMA SALANDY

SENIOR MANAGER,
COMPANY MATTERS, UK

Thema joined Link Group in 2012 as a graduate trainee and has progressed through the business, becoming a Senior Manager in 2018. During this time, Thema worked towards a qualification as a Chartered Company Secretary and recently began further study by undertaking a Graduate Diploma in Law. The flexibility offered by Link Group allows Thema to balance her career while also working towards a post graduate legal qualification.

As a senior member of the Company Matters team in the UK, Thema has until recently worked on in-house projects for Link Group, and is involved in the many corporate transactions undertaken as a business following a strong growth trajectory.

Always ready for a challenge whether in her studies or work, Thema has spent two secondments working overseas in Poland and then in Hungary where she managed a large team delivering UK company secretarial services.

“Link Group provides an inclusive environment that empowers employees to thrive. I particularly enjoy being part of a strong, collaborative and diverse team. We are continuously challenged to take on new opportunities whilst being supported to achieve and redefine our career goals.”



1ST FULLY VIRTUAL ANNUAL GENERAL MEETING (AGM)

Long-standing Link Group client, Coca-Cola Amatil Limited (Amatil) recently hosted their 116th and first fully virtual Annual General Meeting (AGM) using Link Group proprietary virtual meeting technology.

The Amatil AGM was the largest virtual meeting in Australasia this meeting season with 828 attendees joining from around the world and participating online.

Amatil who have historically hosted their AGM as a physical meeting, found themselves in the same position as a lot of other companies this year, in need of an alternative solution when it came time to plan their AGM. With the ever-changing implications of COVID-19, Amatil opted to host their AGM as a fully virtual meeting for the first time to meet their 2020 obligations.

The virtual AGM was held in Amatil's Head Office in North Sydney, with Sydney-based board members in attendance, observing social distancing measures. Overseas board members were able to take part in the meeting from Japan and India, which added an extra layer of complexity to the planning process. After planned rehearsals, all board members were able to participate in the meeting either via video link or teleconference.

Shareholders were provided with registration instructions via an online guide and FAQ's were posted on the ASX and Amatil's website prior to the meeting, to ensure a smooth event. Shareholders, proxy holders, auditors and directors were all able to securely connect, vote on resolutions and ask questions during the meeting. This particular AGM had both phone and



online question capability ensuring that no shareholder was disenfranchised. Eight questions were received from online attendees who were able to type their questions in real-time, moderated by a representative from Amatil. The entire meeting was supported by Link Group's events team which included dedicated meeting experts, onsite technicians and a bridge operator, to ensure the AGM was secure and of the highest quality.

Amatil's attendees increased fivefold compared to the previous year, with 828 attendees joining the meeting, including 568 international employees. There were 49 voting shareholders which was consistent with previous years.

Amatil commented: "The transition from physical AGM to fully virtual was a success in unique and challenging circumstances. The team at Link Group were on-hand from start to finish to ensure everything ran smoothly."

With the benefits of holding a virtual meeting including greater shareholder engagement and accessibility plus reduced operational costs for venues, catering and travel, companies can be assured that while there may be uncertainty around the adoption of a new technology in an equally uncertain time, Link Group's experienced events team can be counted on to offer support and guidance.



CRISTIANO PORRATI

HEAD OF LEGAL, RISK AND COMPLIANCE, ITALY

Cristiano joined Link Group in Italy, in May 2018 as Head of Legal, Risk and Compliance. Cristiano has spent most of his career in the Italian insurance market within a variety of roles such as Legal Director, Compliance Officer and Risk Manager.

An attorney since 2002, Cristiano's mission is to establish a robust legal, risk management and compliance framework for Link Group's presence in Italy. He enjoys putting his experience to work at Link Group to enable sustainable growth of the recently established business in Italy.

His firm belief is that legal and control functions play an important role in the sustainable growth of any company, and close collaboration with other parts of the business is a key driver to achieve common goals. Cristiano values the sense of collaboration and team work at Link Group, both within his own team as well as within the broader, global group.

"You can really contribute your ideas at Link Group. All voices are heard and most of all listened to, which is not always common in other organisations. Link Group in Italy is a clear example of how the impact of a small but enthusiastic team can be felt within the wider group."

“We were looking for a provider that could offer us a seamless and flexible service, advanced technology and speed of implementation. Link Group received a positive reference from our investor and based on our own experience, we knew we could trust them to partner with us and to contribute to our success.”

Paul Wessels
MANAGING DIRECTOR, TULP



PROVIDING ORIENTATION AND UNDERWRITING SERVICES FOR RESIDENTIAL MORTGAGES

De Nederlandse (Tulp) is a Dutch mortgage provider that specialises in long-term, fixed interest loans to Dutch home owners who are looking to buy, enhance or re-finance their residential homes.

Tulp has worked with Link Group's Banking and Credit Management division in the Netherlands for the last five years, with Link Group providing origination and underwriting services for their residential mortgages.

When Tulp decided to enter the growing buy-to-let market, they were looking for an innovative joined-up solution, and to appoint a single provider to support them end-to-end in the loan cycle from origination and underwriting, through to servicing and work-out. The ideal solution needed to be customer-focused, provide easy

access to information and use the latest technology to add value and intelligence at every stage of the loan cycle. In addition, the solution also needed to be flexible, easily implemented and tailored for the complexities of the buy-to-let mortgage market.

Another key consideration when choosing a partner was the requirements of the investor who would be securitising the portfolios. This large international investment firm wanted to work with a single, multi-jurisdictional service provider that could support it across multiple geographies.

As one of Europe's largest independent servicers, Link Group was uniquely positioned to meet all of Tulp's requirements, with its newly launched end-to-end loan service in the Netherlands.

The newly formed solution was developed by bringing together the necessary capabilities through a number of strategic acquisitions, including Novalink for arrears management, Flexfront and Nationaal Hypotheek Loket (NHL) for origination and underwriting. The service builds on the knowledge, skills and best practice from a number of jurisdictions in which Link Group operates, including the Netherlands, UK and Ireland.

This solution now offers consumers, brokers, lenders and investors better access to information through an easy-to-use portal, apps as well as a more efficient, digitised and automated process. Even the most complex buy-to-let loan can now be underwritten in less than one minute.



PRUFUND ISA LAUNCH

Prudential UK & Europe is a part of M&G plc, a leading savings and investments business, which has been helping customers find innovative solutions to manage and grow their wealth for over 170 years.

In February 2015, Prudential partnered with Link Group to launch a new insured product inside an Individual Savings Account (ISA) wrapper known as Prudential ISA. This linked in with the existing multi-asset PruFund already offered by Prudential.

Following the successful launch of the PruFund ISA, significant growth in investors and assets under management (now exceeding £5.2 billion), Link Group has entered into a long-term partnership with Prudential and during the 2019/2020 financial year developed the digital capability for ISA applications to be completed online and automatically submitted to the administration platform with various payment methods available. This solution offers enhanced functionality that gives financial advisers greater visibility over their clients' investment with real-time case tracking capability, as well as a simpler application process with signatureless processing (particularly important given the global pandemic).

The experience for investors is also available digitally with registered users able to login to view valuations and correspondence rather than via traditional physical mail.

Douglas Law, Product Owner of Prudential ISA at M&G Plc, said:

“We have worked closely with the team at Link Group to develop a leading digital proposition that enhances the financial adviser and investor journeys whilst allowing reductions in charges incurred by end investors. Link Group achieved this with a focussed delivery team and regular check points, which gave us confidence that they would deliver on their promises. Since we have been live, the Prudential Digital ISA has been a huge success, but we are already developing further enhancements delivered on a regular basis to keep this offering up to date and continually improve the digital experience. Link Group has repaid our faith in them, a true partnership.”

By focusing on client-centricity, delivering on promises made and working in close partnership with Prudential, we have delivered an exceptional product and servicing model that supports Prudential's 170-year heritage and importantly set the stage for business growth in the future.



NADINE DEY

CLIENT PARTNER, RETIREMENT & SUPERANNUATION SOLUTIONS, AUSTRALIA

Nadine has worked in Relationship Management roles for the last 15 years, having joined Link Group as part of an acquisition. Nadine is currently appointed as Client Partner within our Retirement and Superannuation Solutions division in Australia.

Nadine is accountable for the strategic relationship of one of our largest superannuation funds and works with other teams within Link Group to ensure we deliver strong operational results, high levels of client satisfaction and provide customised programs, projects and solutions to meet our clients' needs.

Throughout her time at Link Group, Nadine has serviced many superannuation clients and has gained a plethora of experience in this space. As a mother to a young family, she has also found Link Group to be a supportive and flexible workplace, allowing her to continue to pursue career opportunities while remaining flexible in her work arrangement.

“I am passionate about forming and driving successful client relationships. I enjoy the responsibility and diversity of my role, the teams that I work with, and working in an industry and environment which is constantly changing.”

INNOVATION IN SUPERANNUATION – RUSSELL INVESTMENTS GOALTRACKER™

In FY20, Russell Investments launched an exciting innovation in superannuation, with support from Link Group. GoalTracker™ brings mass personalisation to the superannuation industry, providing a highly personalised goal-based investment solution and member experience.

Just as the fitness industry has been transformed by devices making it easy for users to set and achieve individual fitness goals, GoalTracker™ makes it easy for members to engage with their super and get on track for their retirement goals.

After helping a member set a personal retirement income goal, GoalTracker™ determines how they are tracking toward their goal, and personalises an investment strategy for the individual. Considering up to ten individual data points, GoalTracker™ selects the optimal mix of assets to improve the chance of achieving their goal, then reviews the mix quarterly and automatically adjusts as necessary.

Members can see how they're tracking to their goal at any time and actions to take if they fall behind. The program uses behaviour-based trigger communications to keep them engaged along their journey.

Over the course of many months, Russell Investments and Link Group worked to design and test staged implementations of GoalTracker™.

Specific Application Programming Interface (API) services were developed by Link Group to connect member related data to the investment models developed by Russell Investments, which were then linked to Link Group's proprietary core superannuation platform to perform the appropriate calculations and keep member records up to date.

Link Group's data team, Empirics assisted in the development and delivery of GoalTracker™ including connecting data with subsequent communication triggers, reporting and marketing campaigns.

On 28 March 2020, there was a launch of the GoalTracker™ default investment strategy, which involved replacing the current MySuper product for approximately 50,000 members of the Russell Investment Master Trust.

By 30 July, members were able to begin inputting their retirement goals into the product interface to create their own personalised investment strategy. Complex formulas working in the background help determine an appropriate investment strategy mix which is then regularly updated to help members reach their retirement goals. The solution is proactive, communicating with members and providing nudges along the way to keep them on track.

With the critical last months of development impacted by the COVID-19 pandemic, the teams involved adapted to new ways of working while undertaking extensive testing to ensure that delivery of the final product was of the highest standard.

GoalTracker™ has already been recognised by being awarded the Chant West 2020 Innovation Award. Link Group is proud to have partnered with Russell to deliver this highly complex project and key aspect of their Australian superannuation strategy.

The release of GoalTracker™ is the culmination of many months of collaboration to complete a complicated innovation delivery, designed to improve the outcomes for over 70,000 master trust members and related employers.





“Russell Investments is delighted with the effort, diligence and hard work of the project team and know that this launch was very much reliant on our strong partnership.”

Jodie Hampshire
RUSSELL INVESTMENTS



HENRY CHIK

HEAD OF CRM – ASIA, ORIENT CAPITAL

Henry joined Orient Capital in 2013 as Head of CRM, Asia. Leading a proactive and professional team, Henry provides share register analysis, Investor Relations intelligence and proxy services to listed companies in Hong Kong and Singapore. Henry’s PR background has provided a firm footing in his role and he is particularly passionate about connecting with and supporting the local Investor Relations community.

With a strong focus on delivering a service of exceptional quality to each and every client, Henry’s philosophy is to work with enthusiasm and curiosity. Although there can be challenging days, Henry is motivated by the drive to seek out solutions to these challenges and to find opportunities that fuels our growth.

In working for Link Group, Henry appreciates the support of his like-minded colleagues and has always found the CRM team to be an amazing group of talented, positive and fun-loving people.

“Working as a team is key in Orient Capital. We firmly believe that by working closely together, we can provide a high level of service and an excellent client experience regardless of whether we are located in different regions and time zones.”

WE ARE A RESPONSIBLE BUSINESS THAT SAFELY AND SECURELY CONNECTS PEOPLE WITH THEIR ASSETS

Our Sustainability and Corporate Social Responsibility (CSR) strategy aims to support Link Group's purpose of connecting people with their assets by doing so safely and securely, and as a responsible business. Link Group's Sustainability and CSR strategy has continued to evolve since our first report in FY2016. As we increasingly become an integrated global organisation, we have enhanced our strategy by taking a more consistent and focused approach across our businesses and the jurisdictions in which we operate.

Our Sustainability Commitment

We strive to act responsibly, support our clients, contribute to employee wellbeing, diversity and inclusion and deliver mutual business and social benefits in the communities we operate in.

Our sustainability strategy comprises three core pillars:



PILLAR 1

A Responsible Business

This pillar focuses on our strong governance foundation. It demonstrates our business ethics and respect for human rights that we adopt in our approach to all aspects of our business, including our general operations, information security, privacy, business continuity and supplier management. We are also committed to acting responsibly with regards to the impact our operations have on the environment to help build a sustainable future.

SDG ALIGNMENT



Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs.



PILLAR 3

Sustainable Growth

Our third pillar demonstrates how Link Group builds a sustainable future by continuing to innovate and create new solutions for our clients. We invest in technology and platforms to deliver superior technology-enabled administration solutions, continue to identify ways to reduce our carbon footprint and positively contribute to the communities we operate in through our CSR strategy LinkTogether For Good.

SDG ALIGNMENT



Obtaining a quality education is the foundation to improving people's lives and sustainable development.



Climate change is a global challenge that affects everyone, everywhere.



PILLAR 2

Aligning and Building our Capability

Our second pillar captures the continued investment we are making in our people and our systems to deliver global client solutions. This includes supporting employee wellbeing, development, engagement, career progression, collaboration, ensuring diversity, inclusion and gender equity.

SDG ALIGNMENT



Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

About this section

This section is published on 25 September 2020 as part of Link Group’s Annual Report. This section covers the sustainability and CSR activities of Link Group across all its controlled entities during the period 1 July 2019 to 30 June 2020. Where appropriate, this section references events that have occurred since the end of the financial reporting period, but prior to publication.

This report covers more than 40 operations (offices) in the 18 jurisdictions in which we operated during the year unless otherwise stated. Please refer to the Annual Report for all major changes that occurred during the year.

REPORTING

Link Group’s FY2020 sustainability and CSR disclosures have been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. We have selected our disclosures related to those that are the most material to our business and/or of the greatest importance and relevance to our stakeholders. For a full list of disclosures referenced in this report, please refer to the GRI Content Index available at www.linkgroup.com/sustainability.

Link Group has an internal sustainability data verification process to verify the integrity of any disclosures of this section. The information is validated by the responsible executives and our CSR and Sustainability Manager. As per our policy, no external assurance was sought for our sustainability disclosures within this report.






This year we have adopted the Greenhouse Gas (GHG) Protocol, a Corporate Accounting and Reporting Standard¹ to manage our GHG risks and our emissions disclosures, ensuring consistency and the use of standardised approaches and principles.

ALIGNING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) seek to address the world’s most significant development challenges. The SDGs are a set of 17 goals that are based on human rights and define global sustainable development priorities and aspirations for 2030.

By aligning to the SDGs, Link Group can show how it is contributing to sustainability in a global context. Link Group’s Sustainability and CSR strategy contributes to progressing the following four of the 17 goals:

ALIGNMENT TO SDGs

<p>Community Impact</p>  <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>	<p>Quality education</p>  <p>Link Group believes that education is crucial to improving communities and building a sustainable future. LinkTogether For Good focuses on providing education support to the disadvantaged and vulnerable in our communities. A global focus to create positive local impact. Our vision is to position Link Group at the centre of the communities we operate in.</p>
<p>Diversity, Inclusion and Gender Equity</p>  <p>Achieve gender equality and empower all women and girls.</p>	<p>Gender equality</p> <p>Link Group is committed to creating an environment where our people belong, thrive and achieve together as part of a diverse, inclusive and engaged workforce. We continue to invest in our people’s development so they can succeed in their roles and grow their careers. We remain focused on achieving gender balance of 40:40:20 at all levels of the organisation.</p>
<p>Conduct, Ethics and Respect for Human Rights</p>  <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>Decent work and economic growth</p> <p>Link Group respects and promotes human rights and effective management of issues relating to modern slavery and human rights risks. We are committed to operating our business in a responsible and sustainable manner.</p>
<p>Environmental Performance</p>  <p>Take action to combat climate change and its impacts.</p>	<p>Climate action</p> <p>We continue to support our long-term sustainability by understanding and addressing the material financial impacts of climate-related risks and opportunities. This includes considering ways to deliver savings through reduced energy consumption and business impacts related to the global transition to a lower-carbon economy.</p>

¹ <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>



MATERIALITY AND STAKEHOLDER ENGAGEMENT

Material topics

Link Group's approach is structured around areas considered to be material to our business. In particular, we place a strong focus on risk management and sustainable business practices. This means that we aim to make integrity, information and data security, privacy and compliance part of everything we do.

In FY2020 we further considered materiality in the context of emerging global trends, the SDGs, current and emerging risks, and the impact of the COVID-19 pandemic. Our Sustainability and CSR strategy continues to reflect Link Group's significant or material economic, environmental and social impacts, and those that are most likely to influence the assessments and decisions of our stakeholders, including investors.

Material topics¹

Market transformation, digital disruption, privacy, data safety & cyber security, energy consumption, responsible supply chain management, our people's health & safety, employee development & wellbeing, diversity, inclusion and gender equity, human rights, conduct & ethics, community relations.

Stakeholder engagement

Link Group engages with a broad range of stakeholders and works collaboratively to manage business risks and opportunities.

Link Group's stakeholders include shareholders, clients and their customers, our people, suppliers, community partners, regulators and various governments. We are committed to engaging openly, honestly and at regular intervals with our stakeholders to understand their expectations and concerns. We aim to be transparent, responsive and accountable to our stakeholder groups.

Method of stakeholder engagement

We utilise a blend of indirect and direct engagement for our internal and external stakeholders.

We engage with our people through surveys to understand how we can become a better place to work and to assist us in attracting and retaining talent. Dedicated email boxes are also available for our people to provide feedback on any number of topics at any time.

We engage with our external stakeholders in a number of ways, including and not limited to:

- interactions with key regulatory, government and industry bodies, such as ASIC, ASX and APRA in Australia, TISA and TA Forum in the UK, and other organisations including IA, ICSA, Deutsche Investor Relations Verband (DIRK), Irish Funds Industry Association, Association of the Luxembourg Fund Industry (ALFI), and Middle East IR Association (MEIRA)
- regular participation in key industry meetings, conferences and forums
- regular client meetings to review our performance and identify issues and future needs; and
- direct communication from fund members, shareholders and investors.

¹ In accordance with the GRI reporting standards the internal boundary for all material topics is Link Group, which includes all its controlled entities. The external boundary for all material topics includes our external impacts particularly the needs of our external stakeholders.

Sustainability Report

PILLAR 1



A Responsible Business



SDG
ALIGNMENT

Link Group believes high standards of governance and corporate responsibility are essential for achieving business objectives, sustaining long-term financial performance and creating value for our customers, shareholders and key stakeholders. We are also committed to acting responsibly with regards to the impact our operations have on the environment.

Our corporate governance framework drives our principles in how we operate, with the aim to create sustainable value for our shareholders and build a strong foundation for business growth. The framework includes internal controls, risk management processes and corporate governance policies to promote responsible management and conduct.

We comply with the ASX Corporate Governance Council's Principles and Recommendations (Third Edition). For more information on our corporate governance practices, please see our 2020 Corporate Governance Statement and related key governance documents, at <https://linkgroup.com/corporategovernance.html>.

INFORMATION SECURITY, RISK MANAGEMENT AND DATA PRIVACY

As custodians of data for thousands of market participants globally and the Personal Identifiable Information that we hold on their behalf, Link Group has a duty and responsibility to protect this information. We have a responsibility to safeguard information and prevent its misuse. Managing and protecting data is critical to maintaining the trust and confidence of our stakeholders and in safely connecting people with their financial assets across the world.

We have robust controls in place including a large number that are designed to embed a culture of vigilance and awareness of information and data security, including:

- privacy and data protection risk assessments
- a systematic information security management system independently reviewed and audited on an annual basis
- restricted access controls for particular systems and functions
- organisation-wide clean desk policy
- regular training on privacy and data protection; and
- information security and privacy policies and a code of conduct that outline potential disciplinary action for policy breaches.

These measures reinforce privacy and data protection as a key part of Link Group's culture.

Best practice standards and principles

In addition to the controls previously mentioned, Link Group aligns to best practice international standards for risk management and various international and regional standards for information security/cybersecurity.

Our risk management framework is aligned to international risk management guidelines (ISO 31000:2018) and provides a consistent approach for identifying, analysing, evaluating, treating, monitoring and reporting risks at all levels of the organisation.

Our information security management system aligns to global and regional standards and principles to create a robust and mature framework for information security management. We align to a number of industry recognised standards such as ISO 27001:2013 and National Institute of Standards and Technology (NIST) cybersecurity resilience framework. We have completed a global audit process resulting in our continued ISO27001 certification in FY2020 in Australia, India including Link Intime and Banking & Credit Management in Ireland. In other jurisdictions including the UK, Netherlands and Germany, we are currently aligned to ISO27001:2013 and

will be working towards ISO27001:2013 certification in the future.

There are a number of other global standards and principles we align to which include relevant Privacy Act and Data Protection laws across all jurisdictions, COBIT 5, GDPR, CIS Top 20, Mitre Att&ck Framework, and OWASP Top 10.

Further, in the regions below there are specific standards that we also align to:

- **Australia:** ASAE 3402/ GS007, APRA Prudential Standard CPS234, and ASD Essential 8.
- **UK/Ireland:** ISAE 3402, ISAE 3000, AAF01/06, and NSCS Cyber Essentials.

Over
3,800
people

in our global business are covered under our ISO27001:2013 certification scope. This equates to approximately 57%¹ global coverage. FY2023 Target: 80% operations certified to ISO27001:2013

Our ongoing commitment to deliver robust governance and risk management can be found in our [Risk Committee Charter](https://linkgroup.com/docs/LG-Risk-Committee-Charter.pdf)² and [Risk Management Policy](https://linkgroup.com/docs/LG-Risk-Management-Policy.pdf)³.

LINK GROUP'S ALERT FRAUD PROTECTION SERVICE

Through our insights in administering large amounts of data and assets on behalf of our clients, our information security, risk and data analytics teams combined their skillsets to develop a proprietary tool to proactively identify and prevent fraud.

ALERT is an industry leading fraud protection service that integrates seamlessly with our existing systems to combine advanced data analytics

and smart automation technology, to scan customer transactional and behavioural data.

Each customer receives an ongoing risk score based on their daily activity. Unusual account activity raises the risk score which in turn causes an event. This allows us to secure the account from performing any further transactions. A Link Group team member is then able to investigate and validate the account holder's identity. We are then able to take proactive, additional steps to verify the activity and / or a customer's identity, before allowing a transaction to continue or new transactions to take place.

ALERT⁴ member protection service

15

major industry super funds utilising it

9million

members monitored

450million

data points analysed daily

\$35million

of fraud prevented over the past two financial years

¹ As at 30 June 2020, based on total headcount excluding contractors and temps.

² <https://linkgroup.com/docs/LG-Risk-Committee-Charter.pdf>.

³ <https://linkgroup.com/docs/LG-Risk-Management-Policy.pdf>.

⁴ As at 30 June 2020.

Sustainability Report

Link Group's ability to leverage our insights, scale, capability and specialist expertise across multiple industry sectors has supported us to develop this unique offering. Our intent is to continue to commercialise this innovation and provide this service to new industries and sectors, across both existing and new clients.

APPROACH TO TAX

In accordance with the [Tax Risk Governance Policy](#)¹, Link Group continues to adopt a prudent and low risk approach to taxation through the following:

Managing tax risks

We are committed to transparently complying with and disclosing all our tax obligations, by focusing

on accurate compliance reporting and engaging with tax authorities. Provided the risk of any transaction is within our low tax risk appetite, we seek to gain clarity within the law and evaluate any potential tax outcomes.

Tax planning

Link Group does not sanction or support any activities which seek to aggressively structure tax affairs. We do implement efficient tax planning to support the business and reflect the commercial and economic activity, in accordance with the low tax risk appetite.

Tax transparency

We are committed to transparently disclosing our tax obligations and payments made in Australia and overseas. Link Group has published its

UK tax strategy and reports additional tax information as outlined in the Australian Tax Transparency Code.

Relationships with tax authorities

We maintain open, transparent and positive working relationships with tax authorities and regulators around the world. All correspondence with tax authorities is handled by qualified tax personnel within Link Group.

International related party dealings (IRPD)

We acknowledge our responsibility to comply with transfer pricing regulations for all IRPD. To meet these requirements, we have a Transfer Pricing policy, processes around IRPD invoices and regular IRPD reporting.

BREAKDOWN OF TAX PAID (\$'000)

Unaudited breakdown of all tax payments for year ended 30 June 2020	Corporate income tax \$'000	Employer payroll tax ² \$'000	Total tax payments borne \$'000	Goods & services/ value added tax \$'000	Employee payroll tax ³ \$'000	Other tax \$'000
Australia and New Zealand	35,927	14,019	49,946	47,458	72,955	–
United Kingdom and Channel Islands	3,289	10,788	14,076	11,182	26,210	–
Ireland	2,469	9,385	11,854	2,824	13,774	–
Other countries	3,084	3,834	6,917	5,762	1,251	86

BUSINESS CONTINUITY AND COVID-19

Our Business Continuity Management approach outlines our core systems, activities, processes, people and timetables, as well as alternative work locations and contacts.

COVID-19 required a significant and rapid change for our business, our people and the communities we operate in. The health, safety and wellbeing of our people was paramount. We commenced engaging our BCP plans in the interest of conducting scenario testing as a cautionary response to the growing COVID-19 concern. This scenario testing proved helpful as the pandemic

took hold and we had to mobilise our plans to address COVID-19.

Link Group proactively responded to rapidly changing local government and health authorities' guidelines to keep our people safe and to minimise any disruption of service to our clients and their customers. Shifting to remote working and virtual teams became the new normal for many of our people as the majority of our workforce worked remotely during the pandemic. In a matter of weeks, we enabled approximately 90% of our people with the ability to work remotely. We also quickly pivoted our processes to be able to continue to provide our services remotely.

There were some Link Group critical functions that needed to continue to be performed from our offices. For these functions we put in place appropriate measures guided by local health and regulatory authorities, including physical distancing, cleaning protocols, personal protective equipment where required and proactively utilised BCP sites to support split team working arrangements.

We conducted employee surveys during the COVID-19 period to help us understand how our people were feeling about our new or altered ways of working, as well as their on-going work preferences.

1 Available from <https://linkgroup.com/corporategovernance.html>.

2 Employer payroll taxes are calculated with respect to employee payroll headcount or similar and the liability is levied to Link Group. For example, payroll tax paid to Australian states, Fringe Benefits Tax in Australia or National Insurance Contributions in the United Kingdom.

3 Employee payroll taxes refers to monies withheld from employee's wages that are considered individual personal taxation, often referred to as Pay As You Go (PAYG) or Pay As You Earn (PAYE).

SUPPLIER RELATIONSHIPS

Link Group seeks to improve the sustainability of our supply chain as a responsible business. We encourage our suppliers to conduct business in an ethical and sustainable manner and to share our sustainability commitments where possible within their operations.

We continue to engage with our major suppliers to understand how we can better work together to identify factors in our operations (including our supply chain) and their supply chains related to modern slavery risks. In 2020, our supplier questionnaire was issued to 70¹ suppliers globally, which represents almost 70% of total global supplier spend, to understand priority alignment of sustainable practices, identify types of modern slavery related risks, collaborate to address any risks identified, improve transparency across shared supply chains and identify areas for further due diligence.

Our supply chain

The majority of our supply chain is with contracted, preferred suppliers. This includes those related to information technology and the provision of professional services, which are our key suppliers. Other suppliers include those related to the provision of stationery, correspondence services, shipping, professional subscriptions, facilities services, travel, catering and marketing (branded and unbranded goods not for resale). Collectively, the above make up the majority of our supplier contracts and these relationships are managed by contract owners and senior managers in Link Group and overseen by Finance and Risk & Compliance.

To continue to deliver services and procure goods in a sustainable and

responsible manner, Link Group is strengthening its supplier governance activities, including agreed standards for our major suppliers within contracts and continued due diligence activities for all our new and existing suppliers.

Human rights

Across our supply chain and within our operations, we aim to operate as a responsible and ethical business with respect for human rights. We continue to encourage our suppliers to conduct business in an ethical manner, and to share our commitments in supporting human rights and in eliminating modern slavery in their organisation and supply chain where possible.

Through our compliance training we aim to reinforce our non-tolerance of unfair treatment, including discrimination and harassment.

Our commitment to respecting and supporting human rights is aligned to the UN Guiding Principles on Business and Human Rights and is outlined in our Code of Conduct and Ethics and Human Rights Policy.²

Modern slavery

Link Group takes the risk of modern slavery seriously. We have conducted research to identify the key areas for potential human rights risks within our supply chain and mapped our suppliers¹ against these, to establish a baseline for identifying potential human rights risks.

The Modern Slavery Act 2015 (UK) requires companies operating in the UK who supply goods or services with annual global turnover exceeding £36 million to publish an annual 'slavery and human trafficking statement'. To respond to the legislation, each year we produce our Modern Slavery Act Statement³ which is available on our website.

In December 2018, Australia implemented similar legislation to the UK and on 1 January 2019, the *Modern Slavery Act 2018* (Cth) came into force. This Act requires entities based, or operating, in Australia with annual consolidated revenue exceeding A\$100 million to produce an annual statement. As a result, we will produce one global Modern Slavery Statement to fulfil our obligations under both the UK and Australian legislation.

Our first reporting period for the Australian legislation will be for FY2020 and we will produce a combined statement to meet the Australian Government deadline of 31 March 2021.



1 There are approximately over 2,500 total suppliers globally in our direct (tier 1) supply chain.

2 Both available from <https://linkgroup.com/corporategovernance.html>.

3 <https://www.linkassetsservices.com/policy-statements/uk-modern-slavery-policy>.



PILLAR 2



Aligning and Building our Capability



SDG ALIGNMENT

Link Group continues to invest in our people and our systems to deliver global client solutions. We aim to foster diverse teams that enhance our capability to innovate and create solutions for our clients across global markets and build a highly connected and capable global workforce operating in an inclusive, flexible and modern workplace. Link Group is committed to providing a working environment that promotes the physical safety, mental health and wellbeing of its people as a key priority.

INVESTING IN OUR PEOPLE

At Link Group, we are committed to creating a high performing company where difference is valued and each person can realise their potential and contribute to Link Group's success. Our aim is for Link Group to be a place where our people belong, thrive and achieve together.

A benefit of being a global organisation is the ability to provide a wide range of development and career opportunities to our people. This helps us attract quality candidates to Link Group,

bring out the best in our people and build the capabilities and skills we need to continue to deliver innovative solutions for our clients.

Inclusive and equitable workforce

We recognise embracing and harnessing individual differences and gender equality brings the breadth of perspective and depth of experience critical to our success. We also strive to be an organisation where our people are reflective of the diverse clients we support as well as their customers throughout the world.

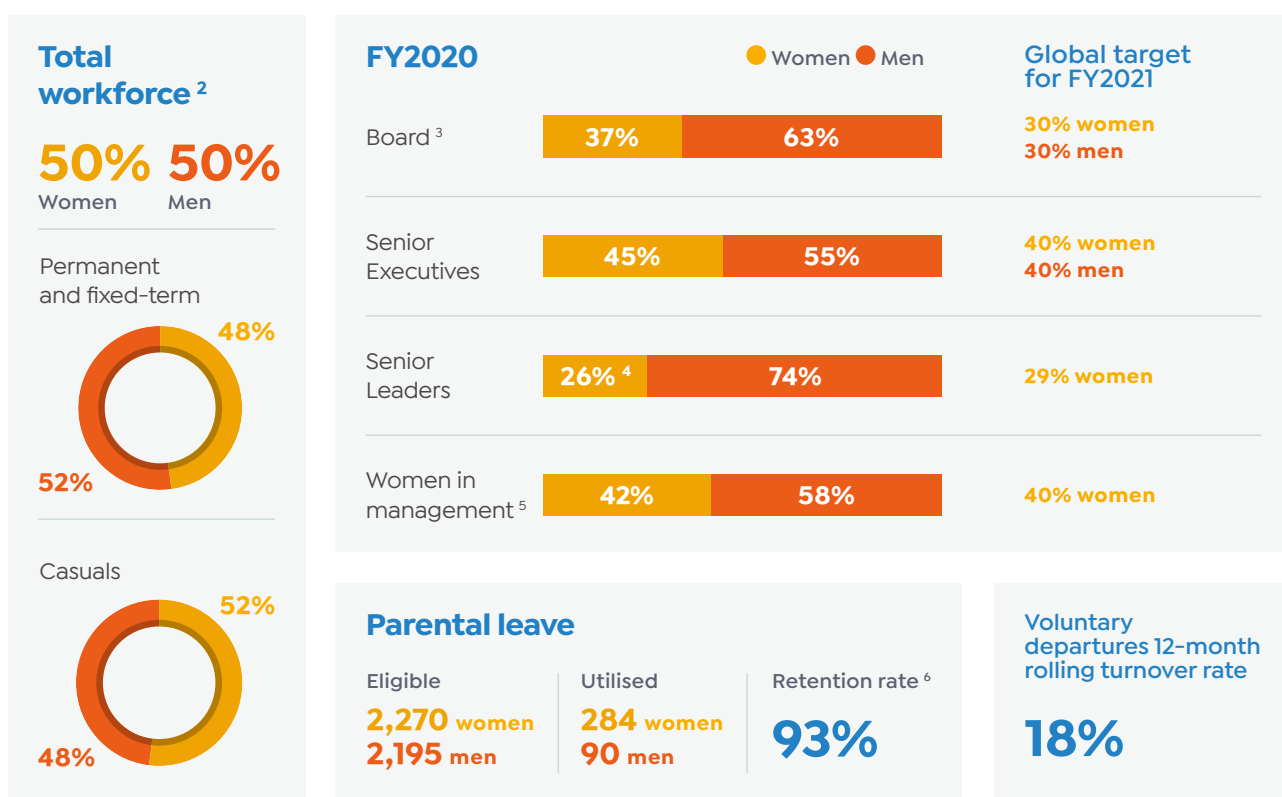
Link Group remains committed to achieving gender balance and equity across all levels of management and the wider organisation. We continue to progress the integration of people processes to drive global consistency, reduce any bias and provide equity and opportunity for all our people. In FY2020, we launched our global

performance framework, including the calibration of performance ratings to support fair and equitable assessment of performance across businesses and across gender. Our global talent management and succession process includes gender analysis of our talent pool and succession pipeline.

We remain focused on improving the representation of women across our Senior Leaders while maintaining a balanced representation across the other management levels and wider organisation. In FY2020, the Board set a measurable objective to achieve 30% of each gender for directors for FY2021.

AN INCLUSIVE AND EQUITABLE WORKFORCE

FY2020: gender equity balance¹



EMPLOYEE STATUS ⁸	HEADCOUNT	FTE'S
Permanent	5,996	5,825
Fixed-term	505	496
Parental	117	107
Casual	80	77

1 As at 30 June 2020 includes 15 countries where Link Group operates globally, not including UAE.
 2 Total workforce excludes temporary and contractor employees.
 3 Board includes the Managing Director. Senior Executives includes the Managing Director and members of the Executive Leadership Team globally as at 30 June 2020.
 4 Target not met due to relatively low turnover at the Senior Leader level.

5 Comprises women in senior leader roles (global) and people management roles in AU, NZ, UK, IE.
 6 Percentage of employees retained who returned from, or are still on parental leave.
 7 Proportion of permanent + fixed term 90.78%, temp + contractor 6.47%, parental leave 1.63%, casual 1.12%.
 8 Only includes employees who are directly hired by Link Group. Temporary and contractor employees are engaged through a third party.

Sustainability Report

Wellbeing

Throughout COVID-19, the health, safety and wellbeing of our people has been our key priority. In FY2020, Link Group accelerated the rollout of its online interactive Wellness Hub to all locations globally, enabling our people access to a range of health and wellbeing resources, activities, benefits and support.

The Wellness Hub supports our people virtually with a number of helpful resources specific to the challenges of the pandemic and remote working in a centralised portal, readily available for staff to access.

FlexTogether

At Link Group, we believe that providing our people with flexibility in the way they work throughout their career contributes to a more inclusive work environment, drives employee engagement, wellbeing, retention and the achievement of business outcomes.

In FY2020 we launched FlexTogether – our Flexible Working Policy which encourages our people to work more flexibly beyond more formal arrangements. Creating this positive working environment is an important driver of our inclusive workplace, supporting our people to balance their priorities in life.

LINK ACADEMY: CONTINUING TO STRENGTHEN EMPLOYEE DEVELOPMENT

Online learning plays a key role in equipping our people globally with the knowledge and skills they need to perform their roles.

In FY2020, we launched Link Academy, a global online learning platform to broaden and increase our online learning content, to equip our people globally with the knowledge and skills needed to perform their roles. Link Academy offers courses in leadership, business skills, compliance and technology, putting development at our people's fingertips, enabling them to access self-paced online learning at any time, no matter where they are located. The launch gave our people access to all their training centrally in the one portal, and continue to build their capability remotely during COVID-19. At Link Group, we take compliance seriously, with training of our staff a critical part of keeping data safe. All our people globally undertake regular compliance training as part of our annual mandatory training. Training covers topics such as anti-money laundering, data protection, fraud and corruption awareness and equal employment opportunities. This training is mandatory for all our people including contractors. New employees are also required to complete mandatory compliance training when they commence at Link Group.

Over **10** hours

facilitated face-to-face training per participating FTE¹ employees

Over **5.5** hours

compliance training per FTE employee

Over **54,532** hours

total training hours, globally

Over **7.5** hours

average total training per employee¹, globally



¹ Excludes temporary and contractor employees.

EMPLOYEE RELATIONS

Grievances

Creating a culture of trust, safety and transparency, where all employees feel free to speak up, is essential for the achievement of Link Group's goals and business strategy. Our Speak Up framework encourages our people to raise issues or conduct that concerns them. This includes the behaviour and conduct of Link Group people as well as our clients and customers.

Our Speak Up framework is underpinned by our [Code of Conduct & Ethics](#) and our [Whistleblower policy](#). We take all reports of harassment, discrimination, bullying and any form of misconduct very seriously.

Our grievance procedure facilitates the appropriate investigation and resolution of complaints. Workplace grievances: 99 workplace grievances filed with human resources globally during FY2020, of which 99 were addressed and 93 resolved prior to 30 June 2020.

We support the rights of our people to bargain collectively and maintain productive engagement with trade unions, as well as negotiating directly with our people. We generally pay above-award rates. Employees covered by collective bargaining agreements globally¹ is 36%.

INVESTING IN OUR SYSTEMS

Innovation and collaboration are key priorities for Link Group. Our investment in people and systems gives us the tools, knowledge and capability to develop global client solutions. An example of a global client solution is our virtual meeting capabilities as described previously in this Annual Report.

We also aim to provide our people with a workplace where they can connect anytime, anywhere, on any device, with ease. FlexTogether is enabled through the progressive deployment of technology solutions to support productivity and connectivity, and enhances our peoples' end-user

experience with technology. This flexibility has never been more important with the onset of COVID-19, which enabled over 90% of our people to work remotely to provide continuity of services to our clients.

Over the year, we have been deploying several key technology solutions to support flexible working. These include:

- Improved mobility – investing in mobile devices, primarily laptops, to enable as many of our people as possible to work more flexibly over time
- Enhanced collaboration – providing greater access to the Office 365 toolset (or collaboration tools)
- Secure access – delivering a new secure desktop environment to enable our people to work remotely without the need for Citrix and/or VPN.

This new environment will be a more reliable, secure, faster, connected and simpler way of working.

¹ Excludes temporary and contractor employees.





PILLAR 3



Sustainable Growth



Link Group builds a sustainable future by continuing to innovate and create new solutions for our clients. We invest heavily in technology to create new technology-enabled administration solutions to support our clients now and into the future. We also continue to identify ways to reduce our carbon footprint and positively contribute to our communities.



SDG
ALIGNMENT

ENVIRONMENTAL PERFORMANCE

The key principles that serve as the foundation for our Sustainability and CSR strategy are focused on a people-centric framework that is robust, integrated, diverse and designed around our hub locations with scalability and longevity in mind. Link Group produces mainly intangible, technology-based products and services requiring limited use of natural resources. Our direct environmental impact largely relates to the resources we consume in our offices and our travel footprint. We seek to manage these impacts by monitoring and reducing resource use, through the maintenance of innovative and sustainable workplaces.

Link Group is focused on improving its environmental performance through the development of a dedicated strategy to reduce our impact year on year. This year we have adopted the GHG Protocol, a Corporate Accounting and Reporting Standard¹ to manage our GHG risks, enabling consistency and the use of standardised approaches and principles. This will help Link Group to build an effective climate strategy to manage and reduce GHG emissions including setting appropriate GHG targets as our business continues to grow.

We are also working to incorporate a climate-resilience strategy into our operations to assess the feasibility and commence planning to implement the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

FY2020 Highlights

Emissions



Total emissions
(CO₂e)

8,124 tonnes

↓ 19% from FY2019²

Emissions intensity (CO₂e)
per FTE

1.17 tonnes

↓ 22% from FY2019

Travel



Total distance
flown

8.8m km⁴

↓ 30% from FY2019⁵

Emissions

2,165t of CO₂e

↓ 38% from FY2019⁵

Rail travel total distance
travelled

1.54m km

↓ 35% from FY2019

Rail travel emissions

50.4t of CO₂e

↓ 52% from FY2019

Office space



Proportion of sustainably-rated³
office space globally

70%

↑ 10% from FY2019

Electricity consumption
globally reduced by

↓ **10%**

from FY2019, more than half, 5.5% is
attributable to our global hub strategy

Internal paper consumption

↓ **31%**

from FY2019

A 100% PLASTIC FREE AND BIODEGRADABLE MAILING SOLUTION

Our external paper use for Australian client mailing products represents 74% of our total global external paper use, and is 100% PEFC Accredited sustainably sourced with chain of custody. All of our window faced envelopes are also 100% plastic free and all other packaging, such as those bulky mailings like Scheme Booklets and Annual Reports that require plastic wrap are 100% biodegradable. Since February this year, our window faced envelopes are produced with glassine windows, which is plant based compostable and utilises vegetable based inks and dyes.

GLOBAL HUB DELIVERY AND ENERGY EFFICIENT LEASING STRATEGY

In January 2020 Link Group moved into its new Leeds office, Central Square, which achieved a certified BREEAM rating Outstanding, the highest available rating. BREEAM is the world's leading sustainability assessment method for master planning projects, infrastructure and buildings. Central Square is the first UK office building to utilise a low carbon syngas unit for combined heat and power which will generate the total hot water demand and provide electricity to the building. It features water conservation measures in the shower and bathroom facilities. Hermantes Studio designed an amazing interior space for Link Group that has been shortlisted for MIXOLOGY 2020 – Project of the Year: Workplace interiors over 70,000sq ft.



1 <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>.

2 Note restatement of total emissions due to recalculation error of FY2019 scope 1 and scope 3 and adoption of GHG protocol corporate reporting standards for emissions calculation to establish FY2019 as baseline year for our global footprint comparison. FY2019: 10,068 tonnes of CO₂e.

3 Definition of sustainably-rated buildings refers to LEED-certified to gold or above, BREEAM-certified excellent or above, or NABERS Level 5 or above. The UK buildings we occupy are compliant with the Energy Savings Opportunity Scheme (ESOS). Phase 3 of the scheme will be completed in 2023.

4 Flight data for South Africa is based on actual flights taken and calculated km based on departure and destination location. This represents 0.5% of total km travelled by Link Group as at 30 June 2020.

5 Note restatement of total distance flown for FY2019 and flight emissions for FY2019 due to calculation error. FY2019: 12.6KM, 3,493 tonnes of CO₂e.

Sustainability Report

EMISSIONS FROM ENERGY USE AND TRAVEL

In FY2020, Link Group's total emissions¹ were 8,124 tonnes of CO₂e representing a 19% reduction from FY2019. This is primarily due to a reduction in Scope 2 and Scope 3 emissions largely attributed to the impact of the COVID-19 pandemic and our global hub strategy. Our Scope 3 emissions decreased by 37% compared with FY2019 as international borders closed, resulting in business flights ceasing in March 2020. Similarly, our emissions intensity decreased by 22% compared to FY2019 to 1.17 tonnes of CO₂e per FTE.

COVID-19 has accelerated our business adoption of virtual, collaborative tools and technology. We envisage that post-pandemic, we will continue to encourage the use of these virtual tools and conferencing technology, to help reduce the need for business travel.

Our office leasing strategy seeks to occupy energy-efficient buildings that allow us to continue to reduce our energy consumption and emissions. The leasing strategy combined with our global hubs will improve our capacity to provide enhanced service across multiple jurisdictions, continue to reduce our carbon footprint, and establish a strong foundation for us to grow, support our clients and develop as a global organisation. It will also support our clients' growth ambitions. During FY2020 we reduced our office footprint in Hungary, UK, Switzerland, the Netherlands, Jersey, Germany and

Luxembourg as part of our continued global hub delivery.

The energy consumed in our offices was almost entirely grid electricity, with less than 3% provided by gas in our European offices. FY2020 Scope 2 emissions are 5,843 tonnes of CO₂e and reduced 10% from FY2019, and we consumed a total of 9.59m kWh of electricity, a 10% reduction from FY2019. Approximately 4.5%² can be attributed to lower occupancy during the pandemic, and the remaining 5.5% due to our continued focus on reducing energy use in all Link Group's locations globally including our continued global hub delivery.

Resource efficiency

We continue to raise staff awareness and improve our resource efficiency and waste production³ across our locations. Our resource and waste strategy focuses on our e-waste production and its disposal method and responsibly managing our paper consumption.

In FY2020, we recycled and reused 12.88 tonnes of e-waste. Our internal paper consumption was 42 tonnes and decreased by 31% compared to FY2019, attributable to reduced office occupancy during COVID-19. The environmental impact of our paper consumption continues to be addressed through an ongoing commitment to use certified sustainable⁴ or recycled paper stock. 91% of our internal paper consumption is certified sustainable or recycled paper stock. 26% of our total internal paper consumption

is certified carbon neutral. In FY2020 we recycled 226 tonnes of paper.

A total of 742 tonnes of paper was consumed externally on behalf of our clients. We continue to encourage our clients to adopt improved sustainable approaches in communicating with their customers either electronically or through an ongoing commitment to use certified sustainable or recycled paper stock. In FY2020 82% of our external paper consumption consisted of certified sustainable or recycled paper stock.



1 As at 30 June 2020, includes all office hubs globally. Our total emissions include Scope 1 (direct) emissions combusted on-site within office buildings (natural gas), Scope 2 (indirect) GHG emissions from the consumption of purchased electricity within office buildings we occupy as tenants and have operational control; and Scope 3 (indirect) corporate travel emissions from flights globally and ground travel (UK only). Our emissions disclosures cover our reporting requirements for FY2020 under the UK Streamlined Energy and Carbon Reporting framework (SECR).

2 Calculated by projecting the electricity consumption from our FY20 office closures over a full 12 months and added this to our total FY20 electricity consumption to calculate a projected total of electricity consumption and deducted the amount due to office closures to calculate reduction attributable to COVID-19 versus our office global hub delivery.

3 Due to internal sustainability data verification process we are not disclosing FY2020 waste data and proportion of general waste recycled due to incomplete data.

4 Definition of certified sustainable refers to paper that is certified FSC/PEFC/ISO14001, carbon neutral or plantation grown.

COMMUNITY IMPACT

At Link Group, supporting the communities in which we operate has long been part of our ethos.

As part of our global CSR strategy, LinkTogether For Good, we believe that education is crucial to improving communities and building a sustainable future. Our CSR strategy focusses on supporting education for disadvantaged and vulnerable people in the communities we operate in through local national partnerships.

We are proud to continue to support numerous charitable causes across

various regions. LinkTogether For Good reinforces our contribution by aligning our community initiatives towards this single global cause to increase our impact and reach.

Over the next few years, we will progressively align our community initiatives towards this central theme of education, in the form of both financial and non-financial support.

This year, COVID-19 placed various constraints on our ability to participate in volunteering events and initiatives relative to previous years, resulting in a reduction in our total charitable donations.

In FY2020 we engaged a number of organisations globally who align to our global cause LinkTogether For Good.

Total charitable donations¹

\$381,100+



Jack and Jill Foundation

Helps children under the age of five years who have a significant neurodevelopmental delay involving severe learning difficulties.



basis.point

Their vision is to help make a sustainable and tangible difference to the lives of those living in poverty, particularly young people, by supporting charities which focus on education.



Akshar Gyan

Educational and Charitable Trust social welfare organization working to provide quality education to underprivileged children.



Sprj Kanyashala Trust

The Trust has worked determinedly in the spheres of education and women welfare activities, especially for needy, underprivileged women by providing them access to free/subsidised education so that they may have an equal opportunity to participate in socio-economic activities and be liberated and empowered.



Grandparents raising Grandchildren

Provide support services to grandparents raising grandchildren to protect and promote the wellbeing and development of children in their care. Offer education and training including parenting and learning workshops.



GO Foundation

It works to create a brighter future for Indigenous Australians and provides mentoring, leaderships, networks and support to GO students on their journey from Kindergarten to Employment.



¹ Amount provided via employee and corporate donations, sponsorships, workplace giving and in-kind support to charitable organisations. As at 30 June 2020, unless otherwise stated. Calculation for in-kind support is total number of volunteer hours per country times the Link Group country average hourly FTE rate.



FINANCIAL REPORT CONTENTS

SECTION

01 Directors' Report

Directors and Company Secretaries	38
Executive Key Management Personnel (KMP)	42
Principal Activities	45
Dividends	45
Review of Operations	45
Operating and Financial Review	46
Remuneration Report	72
Other Information	96
Lead Auditor's Independence Declaration	99

SECTION

02 Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income	100
Consolidated Statement of Financial Position	102
Consolidated Statement of Changes in Equity	103
Consolidated Statement of Cash Flows	105

SECTION

03 Notes to the Financial Statements

Preparation of this Report		Capital Structure, Financing and Risk Management	
1. General information	106	17. Interest-bearing loans and borrowings	132
2. Basis of preparation	106	18. Finance costs	133
3. Changes in significant accounting policies	108	19. Contingent liabilities	134
Operating Results		20. Investments and Financial risk management	135
4. Operating segments	110	21. Contributed equity	140
5. Revenue	113	22. Reserves	141
6. Administrative and general expenses	115	23. Retained earnings	143
7. Earnings per share	116	24. Share-based payment arrangements	144
8. Taxation	117	Group Structure	
Operating Assets and Liabilities		25. Business combinations	146
9. Trade and other receivables	121	26. Assets held for sale	148
10. Trade and other payables	122	27. Controlled entities	148
11. Fund assets and liabilities	122	28. Equity-accounted investments	152
12. Provisions	123	29. Parent entity disclosures	153
13. Employee benefits	124	Other disclosures	
14. Plant and equipment	125	30. Related parties	154
15. Intangible assets	127	31. Auditor's remuneration	154
16. Notes to the statement of cash flows	131	32. Subsequent events	155
		33. New standards and interpretations not yet adopted	155

SECTION

04 Directors' Declaration 156

SECTION

05 Independent Auditor's Report 157

Additional Shareholder Information 162

Three-Year Summary 164

DIRECTORS AND COMPANY SECRETARIES

The Directors present their report together with the consolidated financial statements of Link Group, being Link Administration Holdings Limited ("the Company") and its Controlled Entities, for the financial year ended 30 June 2020 and the auditor's report thereon.

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

DIRECTOR

EXPERIENCE AND BACKGROUND



Michael Carapiet

Independent Chair and
Non-Executive Director

Appointed 26.06.2015

Michael Carapiet was appointed as a Director and Chair of the Company in 2015. He is an ex-officio member of all Board Committees.

Michael is Chair of Insurance & Care NSW (icare), Smartgroup Corporation Limited and Adexum Capital Limited. He was previously Chair of SAS Trustee Corporation and a Director of Southern Cross Media Group Limited.

Michael has also served on Commonwealth Government boards including Infrastructure Australia, Clean Energy Finance Corporation and Export Finance Insurance Corporation.

Michael has over 30 years of experience in banking and financial services and holds a Master of Business Administration from Macquarie University, Sydney.



John McMurtrie, AM

Managing Director

Appointed 16.02.2007

John McMurtrie joined Link Group in 2002 as Managing Director.

John has over 40 years of business experience, more than 35 of which have been in the financial services industry, covering both the public and private sectors.

John's previous senior appointments include Executive General Manager of ASX's Investors and Companies division and Chief Executive Officer of UBS Australia. He was previously Chair of Sydney Water Corporation and was the inaugural Chair of the National Electricity Code Administrator (NECA).

John holds a Master of Economics and Bachelor of Economics (Hons) from the University of Adelaide. In January 2019, John was awarded a Member of the Order of Australia for significant service to the community through philanthropic initiatives, and to the finance industry.

On 7 August 2020, Link Group announced that John will retire as Executive and Managing Director in early 2021.



Glen Boreham, AM

Independent
Non-Executive Director

Appointed 23.09.2015

Glen Boreham was appointed a Non-Executive Director of the Company in 2015. He is Chair of the Technology & Operations Committee and a member of the Human Resources and Remuneration Committee.

Glen is a Director of Cochlear Limited and Southern Cross Media Group Limited and Chair of the Advisory Board of IXUP Limited.

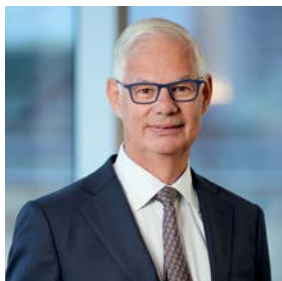
Previously, Glen was the Managing Director of IBM Australia and New Zealand. He has also previously served as Chair of Screen Australia, Advance and the Industry Advisory Board for the University of Technology, Sydney, as well as Deputy Chair of the Australian Information Industry Association and as a Director of the Australian Chamber Orchestra.

Glen holds a Bachelor of Economics from the University of Sydney and an Honorary Doctorate from the University of Technology Sydney. In January 2012, Glen was awarded a Member of the Order of Australia for services to business and the arts.

DIRECTORS AND COMPANY SECRETARIES (CONTINUED)

DIRECTOR

EXPERIENCE AND BACKGROUND



Andrew (Andy) Green, CBE

Independent Non-Executive Director

Appointed 09.03.2018

Andy Green was appointed a Non-Executive Director of the Company in 2018. He is Chair of the Risk Committee and a member of the Technology & Operations Committee.

Andy is Chair of Simon Midco Ltd the holding company of Lowell Group and Senior Independent Director of Airtel Africa plc.

He is a Commissioner at the UK's National Infrastructure Commission and Vice Chair of The Disasters Emergency Committee and a trustee of WWF UK.

Andy's earlier career at BT Group (formerly British Telecom) spanned more than 20 years, including as CEO of Global Services. He also previously served as Group Chief Executive of IT and management consultancy company Logica plc, and as Senior Independent Director at ARM Holdings plc.

Andy holds a Bachelor of Science in Chemical Engineering with first class honours from Leeds University.



Peeyush Gupta, AM

Independent Non-Executive Director

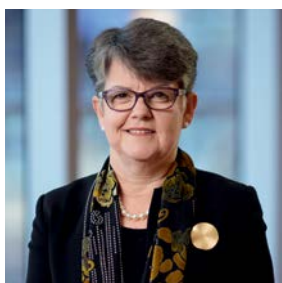
Appointed 18.11.2016

Peeyush Gupta was appointed Non-Executive Director of the Company in 2016. He is a member of each of the Risk and Audit Committees.

With over 30 years of experience in the wealth management industry, Peeyush was previously co-founder and the inaugural CEO of IPAC Securities Limited, a wealth management firm spanning financial advice and institutional portfolio management. He has extensive corporate governance experience, having served as a Director on listed corporate, not-for-profit, trustee and responsible entity boards since the 1990s.

Peeyush is currently the Chair of Charter Hall Direct Property Management Limited and Long Wale REIT and a Non-Executive Director of National Australia Bank, Insurance & Care NSW (icare), SBS and Quintessence Labs Pty Ltd. He is also a member of the Western Sydney University Board of Trustees.

Peeyush holds a Masters of Business Administration (Finance) from the Australian Graduate School of Management and has completed the Advanced Management Program at Harvard Business School. He is a Fellow of the Australian Institute of Company Directors. In January 2019, Peeyush was awarded a Member of the Order of Australia for significant service to business, and to the community, through governance and philanthropic roles.



Anne McDonald

Independent Non-Executive Director

Appointed 15.07.2016

Anne McDonald was appointed a Non-Executive Director of the Company in 2016. She is a member of each of the Audit Committee and Human Resources and Remuneration Committee.

Previously a partner at Ernst & Young for 15 years, Anne has over 35 years of business experience in finance accounting, auditing, risk management and governance. She is an experienced director and has pursued a fulltime career as a Non-Executive Director since 2006.

Anne is the Chair of Water New South Wales, a Non-Executive Director of St Vincent's Health Australia Limited and a Non-Executive Director of Transport Asset Holdings Entity of New South Wales. She was previously Chair of Specialty Fashion Group, and a Non-Executive Director of Spark Infrastructure Group, GPT Group and a number of other businesses.

Anne is a Chartered Accountant, a graduate of the Australian Institute of Company Directors and holds a Bachelor of Economics from the University of Sydney.

DIRECTORS AND COMPANY SECRETARIES (CONTINUED)

DIRECTOR

EXPERIENCE AND BACKGROUND

**Sally Pitkin**

**Independent
Non-Executive Director**

Appointed 23.09.2015

Dr Sally Pitkin was appointed a Non-Executive Director of the Company in 2015. She is Chair of the Human Resources and Remuneration Committee and a member of the Risk Committee.

Sally has 20 years of experience as a Non-Executive Director and board member across a wide range of industries in both private and public sectors, including listed companies, highly regulated industries, professional services and commercialisation of new technology.

Sally is Chair of Super Retail Group Limited and a Non-Executive Director of The Star Entertainment Group Limited. She is also a Directors of the Australian Institute of Company Directors and a Member of the Senate of the University of Queensland.

Formerly a senior corporate partner at a national legal firm, Sally has extensive corporate and banking law experience. She holds a PhD in Governance from the University of Queensland and a Master and Bachelor of Laws from the Queensland University of Technology.

**Fiona Trafford-Walker**

**Independent
Non-Executive Director**

Appointed 23.09.2015

Fiona Trafford-Walker was appointed a Non-Executive Director of the Company in 2015. She is Chair of the Audit Committee and a member of the Technology & Operations Committee.

Fiona was most recently an Investment Director at Frontier Advisors (Frontier). She was the inaugural Managing Director at Frontier and held that role for 11 years until 2011 when she became the Director of Consulting until 2017. Fiona played a critical role in growing Frontier and has over 28 years of experience in advising institutional investors on investment and governance-related issues.

Fiona is a Director of Perpetual Limited and Prospa Group Ltd, and Chair of Prospa's Audit and Risk committee. Fiona is also a Director of Victorian Funds Management Corporation.

Fiona holds a Master of Finance from RMIT University and a Bachelor of Economics from James Cook University. Fiona is also a Graduate of the Australian Institute of Company Directors.

Company Secretaries

Janine Rolfe was appointed General Counsel and Joint Company Secretary on 1 May 2017. Link Group announced that Janine resigned as Joint Company Secretary on 5 August 2020, but will continue as General Counsel until 2021. In 2006, Janine established Company Matters Pty Limited, a wholly-owned subsidiary of Link Group, a leading governance and company secretarial service consultancy. Prior to this, Janine was a company secretary and legal counsel at Qantas Airways Limited and before that a solicitor at Mallesons Stephen Jaques (now King & Wood Mallesons). Janine holds a Bachelor of Economics and a Bachelor of Laws (Hons) from the University of Sydney.

Emma Lawler was appointed Joint Company Secretary on 13 May 2019. Emma has more than 20 years' corporate governance and company secretarial experience in public and private, listed and unlisted entities. Emma's previous role was Senior Governance Consultant with Company Matters Pty Limited. Emma's roles prior to joining Company Matters in 2008, included Head of Strategy & Consolidation Risk Solutions, BT Financial Group, Company Secretary at Westpac Banking Corporation and Company Secretary for the former NSW State Rail Authority. Emma holds a Bachelor of Business from the University of Technology and a Graduate Diploma of Applied Corporate Governance. Emma is also a Fellow of the Governance Institute of Australia.

DIRECTORS AND COMPANY SECRETARIES (CONTINUED)

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

	BOARD		RISK AND AUDIT COMMITTEE ¹		RISK COMMITTEE ¹		AUDIT COMMITTEE ¹		HUMAN RESOURCES AND REMUNERATION COMMITTEE		TECHNOLOGY AND OPERATIONS COMMITTEE		NOMINATION COMMITTEE	
	H	A	H	A	H	A	H	A	H	A	H	A	H	A
M Carapiet ²	14	14	–	2*	2	2	2	2	5	5	3	3	1	1
J McMurtrie	14	13	–	2*	–	2*	–	2*	–	5*	–	3*	1	–
G Boreham	14	14	–	2*	–	–	–	–	5	5	3	3	1	1
A Green	14	14	–	2*	2	2	–	2*	–	5*	2	3*	1	1
P Gupta	14	14	2	2	2	2	2	2	–	3*	–	1*	1	1
A McDonald	14	14	2	2	–	2*	2	2	3	5*	–	3*	1	1
S Pitkin	14	14	2	2	2	2	–	2*	5	5	–	2*	1	1
F Trafford-Walker	14	14	2	2	–	2*	2	2	–	5*	3	3	1	1

H Number of meetings held during the period in which the Director or Committee Member was appointed to the Board or Committee.

A Number of meetings attended by the Director. All Directors are entitled to attend Committee meetings in an ex-officio capacity and attendance in an ex-officio capacity has been noted with an asterisk (*).

The Managing Director, John McMurtrie is a Member of the Nomination Committee but is not a Member of any other Committee given he is an Executive Director.

The Board also convenes Special Committee meetings from time to time as may be required. There were two special purpose Board Committee meetings held during the year. The members were Michael Carapiet and John McMurtrie who both attended each meeting.

¹ The Risk & Audit Committee was replaced with a separate Risk Committee and Audit Committee effective 1 December 2019. Committee membership was also changed at this time.

² Michael Carapiet is an ex-officio member of each of the Board Committees and a member of the Nominations Committee.

EXECUTIVE KEY MANAGEMENT PERSONNEL (KMP)

The Executive KMP of the Company at any time during or since the end of the financial year are:

CONTINUING EXECUTIVE KMP

EXPERIENCE AND BACKGROUND



John McMurtrie, AM

Managing Director

See Directors section for more detail.



Andrew MacLachlan

Chief Financial Officer

Andrew MacLachlan was appointed Chief Financial Officer on 1 January 2019.

Andrew joined Link Group in 2009 and was Deputy Chief Financial Officer from 2013 to 2018.

Andrew has over 25 years' of experience in Finance and Accounting. His previous roles include Chief Financial Officer at Fero Group Pty Limited, Chief Financial Officer at Evans and Tate Limited and various roles at Singtel Optus and KPMG.

Andrew is a member of Chartered Accountants Australia and New Zealand and holds a Bachelor of Economics (Accounting and Finance) from Macquarie University.



Paul Gardiner

Chief Technology
& Operations Officer

Paul Gardiner was appointed Chief Technology & Operations Officer in 2019.

Prior to this Paul was CEO of both Corporate Markets and Technology & Innovation. Paul joined Link Group in 2006 when Orient Capital was acquired by Link Group from ASX Limited.

Paul has over 15 years' of experience in operations, data analytics and digital technology, having joined Orient Capital in 2001.

Paul holds a Bachelor of Commerce and a Higher Diploma in Marketing Practice from the National University of Ireland, Galway and a Masters of Business Studies (Management Information Systems) from University College, Dublin.

EXECUTIVE KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)



Chris Addenbrooke

Chief Executive Officer,
Fund Solutions

Chris Addenbrooke was appointed as Global Chief Executive Officer of Fund Solutions in July 2019. Prior to this Chris was CEO of the fund solutions business having joined Link Group in November 2017 when Capita Asset Services was acquired by Link Group from Capita plc.

Previous positions include Technical Director of BWD Rensburg (now part of Franklin Templeton) from 1987 to 2001. In 1988 Chris formed both Northern Registrars and Northern Administration and was Managing Director until 2003. Following the acquisition of Northern Administration and Northern Registrars by Capita, Chris was appointed CEO of Capita Registrars.

Chris has over 30 years in financial services, operations, IT, transfer agency, registration and fund governance, having joined the Water Authorities Superannuation Fund in 1979.

Chris represents Link Group on a number of industry committees including the UK Markets Advisory Group and the TA Forum.



Robbie Hughes

Chief Executive Officer,
Banking & Credit
Management

Robbie Hughes is the Chief Executive Officer of Banking & Credit Management. Robbie joined Link Group in November 2017 when Capita Asset Services was acquired by Link Group from Capita plc.

Robbie has over 30 years' experience in the financial services industry, which began in the pensions industry before moving to banking. His previous roles include Managing Director at Capmark Services, which was acquired by Capita PLC in 2009, where his focus was on growth through international expansion and acquisitions. He also held senior positions at GMAC Commercial Mortgage Europe, and Bank of Ireland.

Robbie holds a Master of Business Administration from Dublin City University.



Dee McGrath

Chief Executive
Officer, Retirement &
Superannuation Solutions

Dee McGrath joined Link Group as Chief Executive Officer of Retirement & Superannuation Solutions in May 2019.

Dee has over 20 years' of experience in the financial services and technology industry. Dee's previous senior appointments include National Australia Bank, Visa and HP, and prior to joining Link Group was Managing Partner, Global Business Services at IBM.

Dee was a Member of the Board of IBM Australia, Bluewolf Australia and Oniqua Holdings. Dee's qualifications include business studies, economics and strategic planning and is currently a member of Chief Executive Women.

EXECUTIVE KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)



Lysa McKenna

Co-Chief Executive Officer, Corporate Markets

Lysa McKenna was appointed Co-Chief Executive Officer of Corporate Markets in January 2020.

Lysa joined Link Group in 2006 and was Chief Executive Officer of Link Market Services from 2017 to 2019, before taking overall responsibility of Corporate Markets, Asia Pacific in 2019.

Lysa has over 20 years' experience in the financial services industry, including positions at Computershare, Doyle Pension Management and Mercer.

Lysa is a Qualified Financial Advisor (QFA) and Fellow of the Life Insurance Association of Ireland, and a graduate of the Australian Institute of Company Directors (AICD).

Lysa holds a Bachelor of Social Sciences, Politics and Social Policy and a Higher Diploma in Business Studies, from University College Dublin.



Susan Ring

Co-Chief Executive Officer, Corporate Markets

Susan Ring was appointed Co-Chief Executive Officer of Corporate Markets in January 2020.

Susan joined Link Group in November 2018. Her entire career has been in the financial services industry, with over 25 years' experience across insurance, pensions, and employee benefits. Her previous roles include Chief Executive Officer at Capita Employee Solutions and Unum Limited.

Susan holds a BA (Hons) Degree and is professionally qualified as a Chartered Director, a Fellow of the Institute of Directors and also Pensions Management Institute.

EXECUTIVES THAT CEASED TO BE KMP

EXPERIENCE AND BACKGROUND



Anthony O'Keeffe

Chief Executive Officer, Link Asset Services

Anthony O'Keeffe was the Chief Executive Officer of Link Asset Services (LAS) and held the position until 30 June 2019.

Anthony joined Link Group in November 2017 when Capita Asset Services was acquired by Link Group from Capita plc.

Anthony has over 25 years' of experience in the financial services industry via his previous employment with Royal & Sun Alliance and subsequently Capita. He previously sat on the Capita plc Executive Board as Executive Officer of Capita Asset Services.

Anthony holds a BA (Hons) Degree in Business Studies and is professionally qualified as a member of the Institute of Internal Auditors.

PRINCIPAL ACTIVITIES

Link Group's principal activities during the course of the financial year were connecting people with their assets including equities, pension and superannuation, investments, property and other financial assets. Link Group does this by partnering with thousands of financial market participants to deliver services, solutions and technology platforms that enhance the user experience and make scaled administration simple.

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

DIVIDENDS

Dividends paid by the Company during the financial year were:

	CENTS PER SHARE	TOTAL AMOUNT	FRANKED/UNFRANKED	DATE OF PAYMENT
Final 2019	12.5	\$66,743,828	100% franked	10.10.2019
Interim 2020	6.5	\$34,503,849	100% franked	09.04.2020

In addition, dividends approved or paid by the Company since the end of the financial year were \$18,561,496, which equates to 3.5 cents per share, 50% franked. The record date for determining entitlements to the final dividend is 2 September 2020. Payment of the final dividend will occur on 25 September 2020.

The Link Group Dividend Reinvestment Plan (DRP) will operate in respect of the 2020 final dividend. The DRP election deadline is 3 September 2020.

REVIEW OF OPERATIONS

The net loss of Link Group for the financial year was \$113.9 million (2019: net profit of \$318.1 million³).

Operating EBITDA, which excludes certain significant items, for the financial year ended 30 June 2020 was \$293.8 million (2019: \$394.6 million³). A reconciliation of Operating EBITDA to the net profit of Link Group is included in Note 4 to the financial statements and further explanation of the results is included in the Operating and Financial Review section within this report.

Operating NPATA, which excludes certain significant items and acquired amortisation, for the financial year ended 30 June 2020 was \$144.0 million (2019: \$197.8 million³).

Notwithstanding the net loss after tax, Link Group showed resilience 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 as outlined in the Operating and Financial Review.

³ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

OPERATING AND FINANCIAL REVIEW

1. HIGHLIGHTS

Revenue

\$1,230m

↓ 12% from FY2019

Operating EBITDA

\$294m

↓ 26% from FY2019

Operating NPATA

\$144m

↓ 27% from FY2019

Statutory NPAT

(\$113.9m)

↓ 136% from FY2019

Basic earnings
per share**(21.8)cps**

↓ 136% from FY2019

Net operating Cash
Flow Conversion**108%**Strong conversion rate
up 11 points from FY2019

2. BASIS OF PREPARATION

This OFR^{1,2} is designed to assist shareholders' understanding of Link Group's business performance and the factors underlying our financial results and financial position. It complements the financial disclosures in the Financial Statements. The OFR covers the period from 1 July 2019 to 30 June 2020 (FY2020), including a comparative prior year (FY2019). A full reconciliation of the adjustments made to the statutory results is disclosed in more detail in section 5.2.

Consistent with previous disclosures, Link Group uses certain measures to manage and report on the business that are not recognised under Australian Accounting Standards or International Financial Reporting Standards (IFRS), collectively referred to as 'non-IFRS financial measures'. These non-IFRS financial measures are summarised in Appendix 1 of this OFR.

Given the extent of Significant items in the current and prior year statutory results, the Directors believe it will assist the readers' understanding of performance to compare year-on-year results on an Operating before Significant items basis. Therefore, unless otherwise stated, all of the analysis is presented on an Operating basis, with reconciliation back to statutory results provided in section 5.(b).

- 1 All financial amounts contained in this OFR are expressed in Australian Dollars and rounded to the nearest \$0.1 million, unless otherwise stated. Some numerical figures included have been subject to rounding adjustments. Any discrepancies between totals and sums of components in figures or tables contained in this OFR are due to rounding.
- 2 All prior year comparatives have been restated to reflect Link Group's new global structure, specifically, realigning the acquired 'Link Administration Services (LAS) Group' to Link Group's existing business units and introducing Banking and Credit Management and Fund Solutions as standalone business units.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

3. OVERVIEW OF RESULTS

FY2020 was an unprecedented year of rapid change for Link Group, during which we showed resilience in the face of the COVID-19 pandemic and moved to a global operating model with solid progress made on the Global Transformation program, culminating in the establishment of two strategic hubs in Leeds and Mumbai, augmenting existing hubs in Sydney, Melbourne, and Maynooth. In addition to the pandemic-related impact largely felt in the 4th quarter (Q4), lower financial measures compared to FY2019 also reflect the divestment of Corporate and Private Client Solutions (CPCS) in June 2019, the impact of regulatory change and client losses in Retirement and Superannuation Solutions and the effect of Brexit-related uncertainty on Non-Recurring Revenue activity in Corporate Markets.

The net loss of Link Group for FY2020 was \$113.9 million, which was down 136% on FY2019's net profit of \$318.1 million. This reduction in net profit was largely the result of including an impairment charge of \$107.8 million in relation to Corporate Markets EMEA and the impact of one-off gains in the prior year (related to the profit on sale of CPCS and the fair value revaluation gain on PEXA) not repeated in FY2020.

In addition, in Q4, lower equity markets had a direct impact on pre-tax earnings as a result of depressed asset values, adverse impact on capital markets related revenue and new business pipelines and delays in realising cost savings from the Global Transformation program.

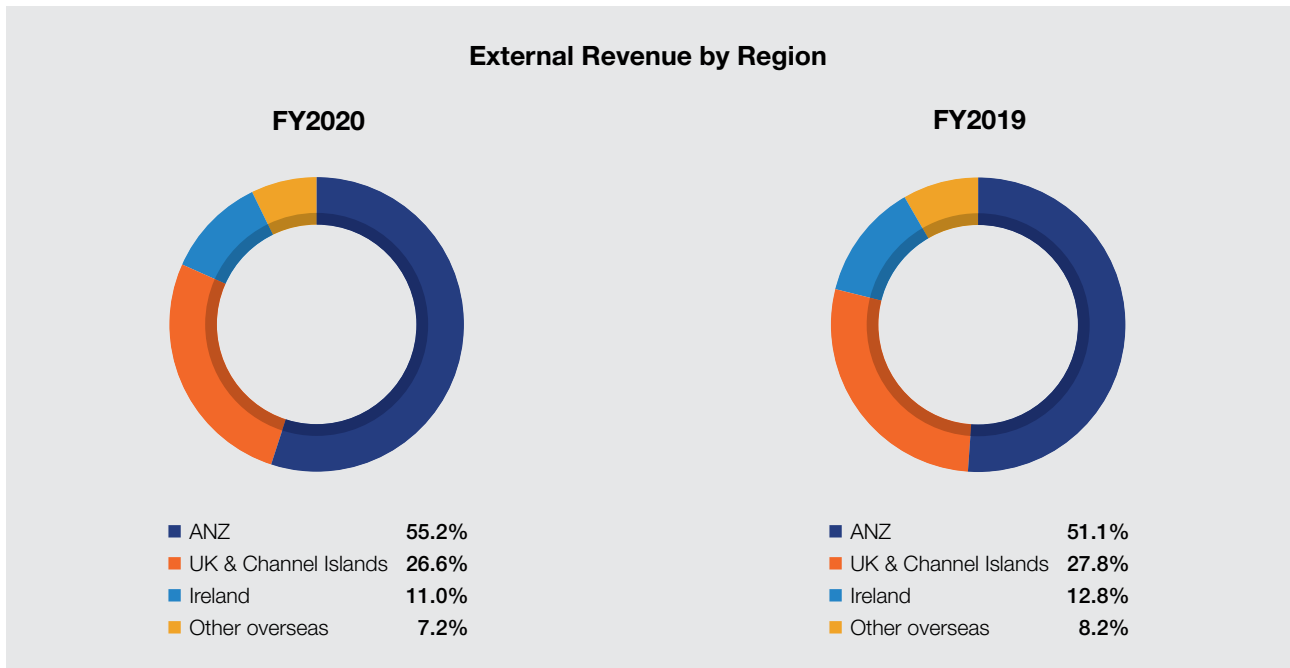
Notwithstanding this statutory loss after tax, Link Group showed resilience in response to the challenges brought on by the COVID-19 pandemic across all global markets. During this period, we maintained a focus on safeguarding the well-being of employees, as well as ensuring continuity of service for clients. Link Group's response was aided by the following.

- The majority of contracted revenue is with large financial institutions derived from non-discretionary services.
- A resilient earnings profile supporting operating cash flow, with approximately 80% of revenue recurring in nature, however, some business units saw market volatility impacting Non-Recurring Revenue.
- A liquidity position supported by cash reserves and committed, undrawn credit facilities.
- Debt serviceability and leverage remained comfortably within existing bank covenants.
- Additional initiatives were implemented to reduce costs and support operating cash flow recognising the increased activities in Retirement and Superannuation Solutions.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Link Group's revenue by geographic region (as illustrated below in Figure 1) reflects our position as a global business with revenue derived from outside Australia and New Zealand (ANZ) at 44% compared to 49% in FY2019, largely as a result of the disposal of CPCS in FY2019.

Figure 1: Revenue by region



Link Group continued to execute on other elements of our growth strategy in FY2020 as follows.

- Increased sales of products and services to existing clients to help mitigate the impact of previously announced client losses in Retirement and Superannuation Solutions and competitive pressures in Corporate Markets.
- New investment in technology platforms and innovative products and services with capital expenditure increasing by 33% to \$107.3 million during the year.
- Extending our UK and European footprint with entry into the UK pensions market through an investment in Smart Pension (Retirement and Superannuation Solutions) and the announced acquisition of Pepper European Servicing (PES) (Banking and Credit Management), the latter being subject to regulatory approval.
- Savings related to the Global Transformation program continued to be realised and are on track to achieve our medium term forecast operating cost reductions.
- Property Exchange Australia Limited (PEXA) beginning to make a material contribution to Link Group's Operating NPATA as volumes continue to grow and operational leverage is realised.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

4. GROWTH STRATEGY

Drivers of growth

1	2	3	4	5
Growing with our clients in attractive markets	Product and service innovation	Integration and efficiency benefits	Client, product and regional expansions	Identifying adjacent market opportunities

FY2020 Success

<ul style="list-style-type: none"> • Key client renewals (HESTA) • Continuing to win clients in LFS (UK and Australia) 	<ul style="list-style-type: none"> • Virtual AGMs used to facilitate physically distanced and virtual annual general meetings for clients • API portal enabling Link Group and our clients to tailor and transform the user experience for their customers (eg. Member portals, mobile apps) 	<ul style="list-style-type: none"> • Delivered annual efficiency benefits of \$14.7 million as part of the Global Transformation program. Global transformation program on track but behind expectations due to Covid-19 disruption • Mumbai and Leeds hubs established 	<ul style="list-style-type: none"> • Established pension administration business in UK in 2020. Link Group currently administering over 700k members in the UK • Executed PES transaction in January 2020 creating a leading European debt servicer (subject to regulatory approval) 	<ul style="list-style-type: none"> • PEXA recapitalisation expected to complete in 1H2021
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FY2021 Strategic focus

<ul style="list-style-type: none"> • Capitalise on growth opportunities created by financial services Royal Commission in Australia 	<ul style="list-style-type: none"> • Deliver integrated and increased product suite in the UK • Broaden the range of products per customer across business units 	<ul style="list-style-type: none"> • Continue to execute on the Global Transformation program 	<ul style="list-style-type: none"> • Build presence in UK pension administration market • Build on LFS presence in Luxembourg • PES completion 	<ul style="list-style-type: none"> • Continue to explore value accretive acquisitions
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OPERATING AND FINANCIAL REVIEW (CONTINUED)

5. SOLID FINANCIAL RESULTS AND PLATFORM FOR FURTHER GROWTH

Link Group delivered a satisfactory overall financial performance despite the adverse impact of the global pandemic. The Retirement and Superannuation Solutions division quickly and effectively responded to the Federal Government's Early Release of Superannuation scheme whilst also delivering a better revenue performance than previous guidance. In addition, we continued to win new annuity business in Corporate Markets, Fund Solutions and Banking and Credit Management and we remain committed to delivering previously announced savings from the Global Transformation program by the end of FY2022.

We have also maintained a prudent financial position. The financial year ended with comfortable leverage, substantial debt serviceability capacity and high levels of cash-flow generation. Consistent with our stated objectives and the needs of the market and client base, Link Group continued to invest in our technology platforms and product and service innovation during FY2020. Table 1 below contains an overview of Link Group's financial results.

Table 1: Statutory & Operating financial results

	IN \$M	FY2020	FY2019	VARIANCE (%)
Statutory Results	Revenue	1,230.4	1,403.5	(12)
	(Loss)/profit before tax	(101.4)	413.9	(124)
	Statutory NPAT	(113.9)	318.1	(136)
	Earnings per share (cents)	(21.8)	59.6	(136)
Operating Results	Operating EBITDA	293.8	394.6	(26)
	EBITDA after significant items	246.3	336.8	(27)
	Operating EBIT	179.7	291.5	(38)
	NPATA	(37.8)	374.5	(110)
	Operating NPATA	144.0	197.8	(27)
	Operating Earnings per share (cents)	27.1	37.2	(27)

(a) Statutory NPAT

Statutory Net Profit after Tax (Statutory NPAT) reflected a loss of \$113.9 million compared to a prior year Statutory NPAT result of \$318.1 million. The lower Statutory NPAT result in FY2020 reflects:

- prior year post-tax effect fair value gain of \$124.6 million (\$178.0 million pre-tax) relating to Link Group's investment in PEXA;
- prior year post-tax effect profit of \$103.6 million (\$107.4 million pre-tax) on disposal of the CPCS business;
- recognition of an impairment charge relating to Corporate Markets EMEA of \$107.8 million;
- lower Operating EBIT contribution from all business units; and
- partially offset by a reduced equity accounted loss after tax relating to PEXA as it grew revenue and underlying earnings substantially during the year.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

(b) Operating NPATA

Link Group considers Operating NPATA to be a meaningful measure of after-tax profit as it excludes the impact of Significant items (including the impairment loss and prior year profit on sale of CPCS and PEXA fair value gain) and the large amount of non-cash amortisation of acquired intangibles reflected in NPAT. The measure includes the tax-effected depreciation and amortisation expense relating to all capital expenditure and the original cost of acquired software that is integral to the ongoing operating performance of the business.

Operating NPATA of \$144.0 million was down 27% on the prior year result of \$197.8 million reflecting:

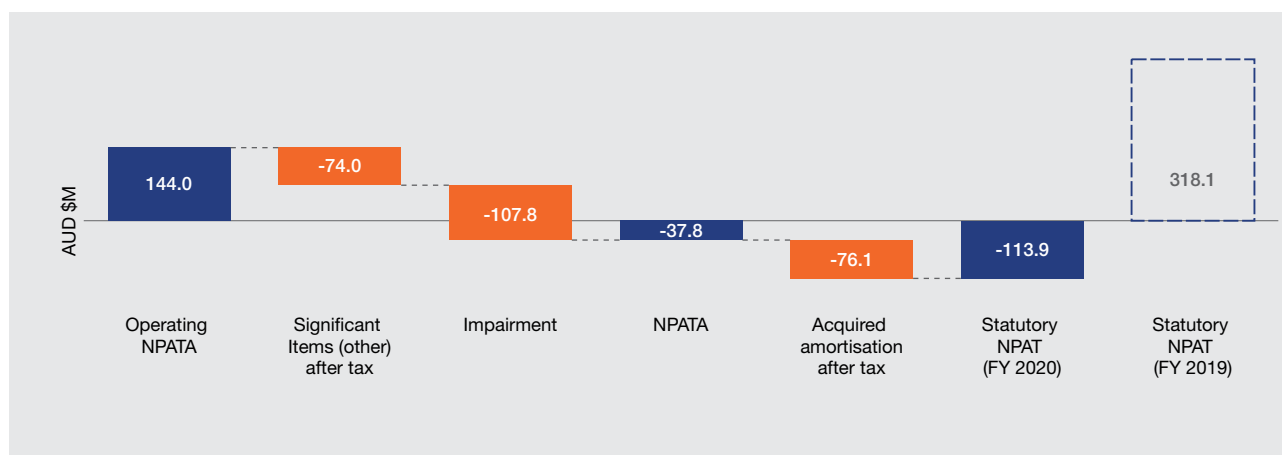
- lower Operating EBIT performance in all Business Units; and
- higher depreciation and amortisation;

partially offset by:

- stronger PEXA performance reflecting revenue growth as penetration increased and operational leverage was realised; and
- lower interest and tax expense.

Figure 2 below provides a reconciliation of Operating NPATA to Statutory NPAT.

Figure 2: Reconciliation of Operating NPATA to Statutory NPAT^{3,4}

**(c) Financial Performance by Division**

Link Group's Operating EBITDA result was \$293.8 million, which was down 26% on the prior year result of \$394.6 million. Operating EBITDA margins of 23.9% compared to 28.0% in FY2019 reflects the impact of a changing revenue mix (i.e. lower levels of higher margin Non-Recurring Revenue) resulting from client losses and regulatory change, temporary market uncertainty driven by the COVID-19 pandemic and Brexit, coupled with increased cost of investment in IT and data security and transition to cloud-based IT infrastructure.

³ 'Significant Items (other) after tax' includes significant items both above and below the EBITDA line.

⁴ This reconciliation reflects significant items after tax. Note Table 8 reflects significant items before tax.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Table 2: FY2020 Revenue and Operating EBIT by reporting segment

IN \$M	FY2020	FY2019	VARIANCE (%)
Revenue			
Retirement and Superannuation Solutions	518.6	550.8	(6)
Corporate Markets	358.0	368.8	(3)
Fund Solutions	173.0	162.7	6
Banking and Credit Management	165.7	168.7	(2)
Technology & Operations	372.2	334.0	11
Corporate and Private Client Solutions	0.0	140.7	(100)
Gross Revenue	1,587.4	1,725.7	(8)
Eliminations	(357.0)	(322.3)	11
Total Revenue	1,230.4	1,403.5	(12)
Recurring Revenue %	83%	80%	

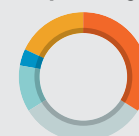
% of Gross Revenue



Retirement & Superannuation Solutions	33%
Corporate Markets	23%
Fund Solutions	11%
Banking & Credit Management	10%
Technology & Operations	23%

IN \$M	FY2020	FY2019	VARIANCE (%)
Operating EBIT			
Retirement and Superannuation Solutions	65.4	108.3	(40)
Corporate Markets	61.7	79.9	(23)
Fund Solutions	22.1	26.5	(16)
Banking and Credit Management	8.2	12.0	(32)
Technology & Operations	34.2	44.9	(24)
Corporate and Private Client Solutions	0.0	31.9	(100)
Head Office	(11.8)	(12.1)	(2)
Total Operating EBIT	179.7	291.5	(38)
Operating EBIT margin %	15%	21%	

% of Operating EBIT*



Retirement & Superannuation Solutions	34%
Corporate Markets	32%
Fund Solutions	12%
Banking & Credit Management	4%
Technology & Operations	18%

* Excludes (\$11.8m) contribution from Head Office

Retirement and Superannuation Solutions

Retirement and Superannuation Solutions revenue decreased 6% year-on-year to \$518.6 million resulting from a reduction in both Recurring Revenue and Non-Recurring Revenue.

Notwithstanding some previously announced client losses that adversely impacted results for the year, overall client retention⁵ remained above 94%.

Table 3: Retirement and Superannuation Solutions Revenue, Operating EBITDA and Operating EBIT

IN \$M	FY2020	FY2019	VARIANCE (%)
Revenue	518.6	550.8	(6)
Operating Expenses	(440.2)	(429.3)	(3)
Operating EBITDA	78.4	121.5	(36)
Depreciation & Amortisation	(13.0)	(13.2)	2
Operating EBIT	65.4	108.3	(40)
Recurring Revenue	87%	87%	
Operating EBITDA margin	15%	22%	
Operating EBIT margin	13%	20%	

⁵ Client retention represents the proportion of annual revenue from clients that have not been lost in the last 12 months.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Recurring Revenue of \$450.0 million (or 86.8% of the total Retirement and Superannuation Solutions revenue) was down \$30.8 million or 6% on the prior year.

Key contributing factors in FY2020 include:

- full year and part year impact of some client exits and mergers with non-Link Group administered funds;
- initial in year revenue impact of the 'Protecting Your Superannuation' (PYS) legislation on member numbers;
- fee discounts provided to a small number of clients on renewal;
- growth in overall member numbers (excluding eligible rollover fund activity) of 1.7%⁶ and an increase in our top four clients' members (who represented approximately 66% of the total) of 5.6%;
- part-year impact of client wins;
- indexation-linked price increases; and
- addition of UK pensions business.

Non-Recurring Revenue of \$68.6 million represents 13% of total Retirement and Superannuation Solutions revenue decreasing by 2% compared to the prior year largely resulting from a one-off revenue relating to early termination and eligible rollover fund activity not repeated in FY2020, partly offset by higher project revenue driven by legislative change activity. This is a strong result and consolidates the considerable growth achieved in recent years.

Funds regularly work with Link Group to enhance their product offerings and boost engagement with members or to meet regulatory and compliance objectives. These activities are referred to as fee-for-service projects and represent the bulk of Non-Recurring Revenue in Retirement and Superannuation Solutions.

Fee-for-service revenue projects completed during FY2020 included significant regulatory and legislative change programs particularly related to PYS legislation, 'Putting Members' Interests First' (PMIF) legislation, Early Release of Superannuation scheme, insurance changes and unitisation.

Retirement and Superannuation Solutions' Operating EBIT was \$65.4 million, which was \$42.9 million or 40% lower than the prior year. The decrease on the prior year largely reflects the full year impact of previously announced client exits and fund mergers (including AustSafe, CareSuper, TWU Super and EISS) and the initial in year PYS revenue impact. Cost efficiencies achieved in the prior year and the part-year impact of cost savings made during FY2020 helped offset reductions to recurring revenue (as discussed above) and some additional costs related to fee for service activities and an increased share of T&O and Group function costs.

Corporate Markets

The Corporate Markets revenue model is centred on providing an integrated suite of products and services to Corporate Markets clients across the various jurisdictions where Link Group has a presence, with overseas jurisdictions accounting for approximately 67% of total Corporate Markets revenue in FY2020.

Table 4: Corporate Markets Revenue, Operating EBITDA and Operating EBIT

IN \$M	FY2020	FY2019	VARIANCE (%)
Revenue	358.0	368.8	(3)
Operating Expenses	(274.7)	(267.3)	3
Operating EBITDA	83.3	101.5	(18)
Depreciation & Amortisation	(21.6)	(21.6)	(0)
Operating EBIT	61.7	79.9	(23)
Recurring Revenue	70%	68%	
Operating EBITDA margin	23%	28%	
Operating EBIT margin	17%	22%	

During FY2020, Corporate Markets revenue was \$358.0 million. That was 3% lower than the prior year mainly reflecting a reduction in Non-Recurring Revenue activity.

⁶ Based on growth in total billable members excluding lost clients, eligible rollover funds and redundancy trusts from 1 July 2019 to 30 June 2020.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Recurring Revenue of \$251.1 million was \$1.6 million ahead of prior year, increasing as a proportion of Total Revenue to 70%. Recurring Revenue performance can be attributed mainly to the following factors:

- solid organic growth within our client base of ~9% in our major regions; and
- strong client retention of >95%;

partially offset by:

- impacts of Brexit and COVID-19 on Non-Recurring Revenue; and
- continued competitive fee pressure.

Corporate Markets services approximately 6,550 clients across all of its jurisdictions as at 30 June 2020, up from 6,350 in the prior year, due to organic growth from client wins. Providing investors with a broader range of digital communications has been a key focus for Corporate Markets, and this has been supported by the increased adoption of virtual meetings during COVID-19. Globally in FY2020, Link Group has facilitated more than 100 virtual meetings. Globally, Corporate Markets won 452 new clients from competitors as a result of expanding our product range, and from new IPOs, with Link Group winning 19 out of 41 IPOs (during a low period of IPOs in the market).

Non-Recurring Revenue decreased to \$106.9 million, which is a \$12.4 million reduction on the previous year, reflecting lower levels of corporate actions, share dealing, margin income, investor relations support services and European treasury debt service activity, partly due to the impact of COVID-19 and prior to that, ongoing Brexit uncertainty. Additionally, FY2019 included two large corporate actions in the UK (Sky/Comcast and Standard Life Aberdeen) not repeated in FY2020.

Operating EBIT decreased to \$61.7 million, which was \$18.3 million or 23% down on the previous year, due to the impact of reduced levels of higher margin Non-Recurring Revenue, continued pricing pressure in core registry services across all jurisdictions and higher operating costs. Operating EBIT was adversely impacted by the COVID-19 pandemic. The main impacts seen relate to reductions in margin income (due to interest rate reductions), corporate actions, cancelled dividends and AGM postponements, coupled with higher levels of doubtful debts provisioning.

Technology & Operations

Technology & Operations revenue of \$372.2 million comprises internal revenue (from IT recharges to Retirement and Superannuation Solutions, Corporate Markets, Fund Solutions and Banking and Credit Management) of \$260.3 million and external revenue of \$111.9 million from value-added services (including data analytics, digital solutions and digital communications) and licensing in-house administration software.

Table 5: Technology & Operations Revenue, Operating EBITDA and Operating EBIT

IN \$M	FY2020	FY2019	VARIANCE (%)
Revenue	372.2	334.0	11
Operating Expenses	(281.1)	(246.3)	14
Operating EBITDA	91.1	87.6	4
Depreciation & Amortisation	(56.9)	(42.7)	33
Operating EBIT	34.2	44.9	(24)
External Revenue	29%	27%	
Operating EBITDA margin	24%	26%	
Operating EBIT margin	9%	13%	

Technology & Operations' total revenue grew to \$372.2 million which was 11.5% higher than the previous year. The growth on the prior year is due to strong growth in both internal and external revenue, with higher external revenue from increased sales of products and services to both existing and new customers across its various business lines, including:

- increase in fee-for-service project-related work for new projects and products;
- increased volumes of new e-communications and traditional print services related to regulatory and Federal budget work; and
- new business wins.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

As a percentage of overall Technology & Operations revenue, external revenue increased from 27% to 29%.

Technology & Operations Operating EBIT fell to \$34.2 million, which was \$10.7 million or 24% lower than the prior year. The reduction in Operating EBIT compared to the prior year reflects:

- higher costs related to the internal restructure and centralisation of IT services;
- increased investment in IT and data security;
- transition to cloud based IT infrastructure; and
- higher depreciation and amortisation including right of use amortisation related to the new Mumbai hub;

partially offset by:

Global Transformation program savings (albeit lower than internal expectations)

Fund Solutions

Fund Solutions has performed well under challenging circumstances in FY2020, underpinned by growth in average assets under management (AuM) resulting from new clients, new funds and growth in existing funds. Higher AuM has been the main driver of increased revenue of \$173.0 million, up 6% from \$162.7 million in the prior year.

Table 6: Fund Solutions Revenue, Operating EBITDA and Operating EBIT

IN \$M	FY2020	FY2019	VARIANCE (%)
Revenue	173.0	162.7	6
Operating Expenses	(143.0)	(131.0)	9
Operating EBITDA	30.0	31.8	(6)
Depreciation & Amortisation	(7.9)	(5.3)	48
Operating EBIT	22.1	26.5	(16)
Recurring Revenue	92%	92%	
Operating EBITDA margin	17%	20%	
Operating EBIT margin	13%	16%	

Recurring revenue was up 7% on prior year mainly attributable to higher average AuM in the UK and Ireland. During the period, Fund Solutions earned revenue from 27 new fund launches across the UK and Ireland, of which six sub-funds relate to the provision of the operator service to the Wales Pension Partnership and ACCESS (Local Government Pension Schemes). Over the same period, there were also 16 fund closures or transfers out which broadly reflect the cessation of unsustainable funds with sub-optimal Net Asset Value sizes. Assets under management at 30 June 2020 amounted to £102.5 billion and reflect Fund Solutions' position as the leading independent authorised fund manager in the UK.

Fund Solutions' Operating EBIT for the period was \$22.1 million with a margin of 13%, which was down on the prior year. The decrease in Operating EBIT compared to prior year largely reflects higher costs associated with the ongoing Woodford investigation. Operating EBIT was also adversely impacted by the COVID-19 pandemic in Q4 due to the impact on UK and global equity markets, which reduced average AuM and revenue. Net new money flows were also down as a result of economic uncertainty and poor investor sentiment.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Banking and Credit Management

Banking and Credit Management has continued to add new portfolios during FY2020, partially offsetting portfolio run-off, the sale of a debt portfolio by one of its clients and the impact of COVID-19 in Q4 on the new business pipeline.

Table 7: Banking & Credit Management Revenue, Operating EBITDA and Operating EBIT

IN \$M	FY2020	FY2019	VARIANCE (%)
Revenue	165.7	168.7	(2)
Operating Expenses	(143.7)	(145.4)	(1)
Operating EBITDA	22.0	23.3	(6)
Depreciation & Amortisation	(13.8)	(11.4)	21
Operating EBIT	8.2	12.0	(32)
Recurring Revenue	89%	87%	
Operating EBITDA margin	13%	14%	
Operating EBIT margin	5%	7%	

Banking and Credit Management revenue of \$165.7 million was down 2% from \$168.7 million in the prior year due to:

- lower revenue in the UK and Ireland mostly as a result of portfolio run-off and sale of a debt portfolio, partially offset by the on-boarding of a new client portfolio;
- lower liquidations and one-off fees particularly in Q4 due to COVID-19; and
- lower new business pipeline opportunities in Q4 due to COVID-19;

partially offset by:

- higher revenue owing to the full year impact of the NHL and Flexfront acquisitions in the Netherlands where strong growth in mortgage origination volumes (resulting from the historically low interest rate environment) was also experienced.

Assets under administration at 30 June 2020 amounted to \$131.9 billion.

Banking and Credit Management's Operating EBIT for the period was \$8.2 million which represented a margin of 5%, which is 2% points down on the prior year. The decrease in Operating EBIT compared to prior year reflects the revenue result discussed above coupled with higher depreciation and amortisation charges including client migration related amortisation. Operating EBIT was also adversely impacted by the COVID-19 pandemic due to the impact on the new business pipeline and some impact on loan origination activity following market volatility.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

(d) Significant items

Total Significant items expense of \$258.0 million was lower than the prior year gain of \$120.3 million. The table below reflects the impact of significant items on each line item.

Table 8: Summary of Significant items

IN \$M	FY2020	FY2019	VARIANCE (%)
Significant Items/One-off costs			
Business Combinations Costs	(13.6)	(18.3)	(26)
Global Transformation Program	(31.3)	(38.7)	(19)
Global RSS Tender Costs	(2.6)	–	nmf ⁷
Client migration costs	–	(0.8)	nmf
Total Significant Items (impacting EBITDA)	(47.5)	(57.8)	(18)
Depreciation and amortisation	(5.3)	(0.9)	nmf
Acquired amortisation	(52.9)	(54.4)	(3)
Impairment of Intangibles	(107.8)	0.0	nmf
Total Significant Items (impacting EBIT)	(213.5)	(113.1)	89
Net finance expense	(1.8)	(0.6)	nmf
(Loss)/Gain on Assets Held at Fair Value	(23.0)	178.0	nmf
(Loss)/Gain on Disposal of Subsidiary	0.0	107.4	nmf
(Loss)/Profit from Equity Accounted Investments	(35.0)	(14.4)	nmf
Total Significant Items (impacting NPBT)	(273.2)	157.3	nmf
Tax benefit/(expense)	15.2	(37.0)	nmf
Total Significant Items (impacting NPAT)	(258.0)	120.3	nmf

The decrease in Significant items impacting EBITDA was largely due to a natural decline in Global Transformation Program costs. Business combination costs included \$13.6 million in FY2020.

The increase in Significant items impacting EBIT includes a higher depreciation and amortisation expense from duplicate rent costs resulting from having excess capacity during the premises consolidation process in the UK, coupled with an impairment expense of \$107.8 million recognised in relation to the Corporate Markets EMEA CGU. This CGU comprises of Link Group's Corporate Markets business in the UK and Channel Islands, Ireland and Germany, but excludes South Africa, given it is currently held for sale. The value in use has reduced from prior periods following a reduction in forecast cash flows, primarily as a result of reduced capital markets related revenue streams and lower interest rates expected following the economic impact of the COVID-19 pandemic.

The increase in Significant items impacting NPBT includes the tax effected acquired amortisation and other one off items in PEXA (\$35.0 million) and the loss on assets held at fair value (\$22.9 million) which reflects the revaluation of Link Group's 13.1% ownership interest in Leveris Limited. As at 30 June 2020, the investment had a fair value of \$16.6 million (compared to \$39.1 million in the prior year) after accounting for the revaluation and foreign exchange fluctuations.

The gain on assets held at fair value in FY2019 related to Link Group's investment in PEXA which was revalued from \$5.00 per share to \$11.72 per share, whilst the gain on disposal of a subsidiary in FY2019 reflected the profit on sale of the CPCS business in June 2019. The income tax benefit reflects the tax effect of the above items.

⁷ 'nmf' denotes a % variance that is not meaningful.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

(e) Other expenses below EBITDA

Table 9: Other expenses below EBITDA

IN \$M	FY2020	FY2019	VARIANCE (%)
EBITDA after Significant Items	246.3	336.8	(27)
Depreciation and Amortisation	119.3	104.1	16
EBITA	127.0	232.7	(45)
Acquired Amortisation	(52.9)	(54.4)	(3)
Impairment of Intangibles	(107.8)	0.0	nmf
EBIT	(33.7)	178.4	nmf
Net Finance Expense	(33.2)	(37.4)	(11)
(Loss)/Gain on Assets Held at Fair Value	(23.0)	178.0	nmf
(Loss)/Gain on Disposal of Subsidiary	0.0	107.4	nmf
(Loss)/Profit from Equity Accounted Investments	(11.4)	(12.5)	(9)
NPBT	(101.4)	413.9	(125)
Tax Expense	(12.5)	(95.8)	(87)
NPAT	(113.9)	318.1	(136)
Add Back Acquired Amortisation and Impairment of Intangibles	76.1	56.4	35
NPATA	(37.8)	374.5	(110)
Add Back Significant Items After Tax	181.8	(176.7)	(203)
Operating NPATA	144.0	197.8	(27)

Depreciation and Amortisation

Depreciation and amortisation expense increased by 16% to \$119.3 million compared with the prior year largely due to higher levels of capital expenditure in both the current and prior years.

Acquired amortisation reflects the amortisation of client lists and the revaluation impact of acquired intangible assets resulting from business combinations. Acquired amortisation decreased by 3% to \$52.9 million compared with the prior year. This reflected assets from prior year acquisitions reaching the end of their useful lives in FY2019 and FY2020.

Net Finance Expense

Net finance expense of \$33.2 million is lower by \$4.2 million on the previous year's net finance expense due to a combination of higher interest income (on higher levels of cash), lower interest expense, and an FX gain in the current year (compared to a loss in the prior year). Lower interest expense reflects a lower average level of debt and lower interest rates.

Profit/(Loss) from Equity Accounted Investments

Loss from equity accounted investments decreased by 9% to \$11.4 million compared with the previous year's loss, reflecting Link Group's 44.2% share of the stronger operating result of Torrens Group Holdings Pty Ltd (PEXA's parent entity).

Tax Expense

Tax expense of \$12.5 million is 87% lower than the prior year's tax expense. The effective tax rate of (12.3%) is lower than the prior year reflecting the impact of the \$107.8 million impairment charge and \$23.1 million fair value adjustment.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

6. SOLID BALANCE SHEET AND CASH FLOW CONVERSION

Link Group maintained a solid balance sheet in FY2020 with a moderate level of gearing (31.8%⁸) as at 30 June 2020. The business generates high levels of cash while also maintaining a substantial ongoing investment in enhancing our proprietary systems and in new products and services.

(a) Balance Sheet

The cash balance of \$264.1 million as at 30 June 2020 reflects the impact of pre-emptive drawdowns across March and April totalling \$188.9 million, bolstering short-term liquidity given the volatile economic conditions which resulted from the COVID-19 pandemic. In addition, cash is retained to cover short-term investment management payables related to the Fund Solutions business in the UK. Cash balances in the prior year were elevated reflecting the completion of the CPCS sale in late June 2019.

Table 10: Summary Balance Sheet

IN \$M	AS AT 30 JUNE	
	FY2020	FY2019
Assets		
Cash	264.1	560.2
Trade & Other Receivables	238.9	244.8
Other Current Assets	675.6	1,023.5
Total Current Assets	1,178.6	1,828.5
Deferred Tax Asset	56.5	52.0
Other Non Current Assets	3,104.4	3,233.4
Total Non Current Assets	3,160.8	3,285.4
TOTAL ASSETS	4,339.5	5,113.9
Liabilities		
Trade & Other Payables	275.2	261.3
Interest Bearing Liabilities	35.9	30.0
Other Current Liabilities	678.6	1,052.8
Total Current Liabilities	989.7	1,344.2
Interest Bearing Liabilities	1,227.0	1,393.5
Deferred Tax Liability	145.4	150.4
Other Non Current Liabilities	62.1	74.4
Total Non Current Liabilities	1,434.5	1,618.3
TOTAL LIABILITIES	2,424.2	2,962.5
NET ASSETS	1,915.3	2,151.4
Equity		
Contributed Equity	1,889.7	1,909.1
Reserves	16.7	15.3
Retained Earnings	4.3	223.7
Non-Controlling Interest	4.6	3.2
TOTAL EQUITY	1,915.3	2,151.4

8 Gearing ratio calculated as Senior Debt/(Market Capitalisation + Senior Debt). Senior Debt consists of long-term borrowings and excludes right-of-use liabilities.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Interest-bearing liabilities have decreased by \$160.7 million compared with the prior year. This largely reflects prior year increases in debt drawn to fund our equity accounted investment in PEXA in January 2019 and prior to the repayment of debt with the proceeds of the CPCS business sale.

Total contributed equity decreased to \$1,889.7 million from \$1,909.1 million in the prior year as a result of the on-market buyback of shares during FY2020.

(b) Cash flow

Cash flow conversion continues to be a key focus of the business and Link Group achieved a strong operating cash conversion rate of 108%, up by 11% on the previous year.

Table 11: Summary Pro forma cash flow

IN \$M	FY2020	FY2019	VARIANCE (%)
Operating EBITDA	293.8	394.6	(26)
Changes in Fund Assets & Liabilities	(0.8)	(12.7)	nmf
Changes in Working Capital	25.6	1.5	nmf
Net Operating Cash Flow	318.6	383.4	(17)
Cash Impact of Significant Items	(51.7)	(49.4)	5
Tax	(44.7)	(69.2)	(35)
Interest	(32.6)	(35.0)	(7)
Net Cash Provided by Operating Activities	189.6	229.8	(17)
Capital Expenditure	(107.3)	(80.7)	33
Right of use asset payments	(29.8)	(33.2)	(10)
Free Cash Flow (available for capital management)	52.5	115.9	(55)
Other investing activities	(87.0)	(52.7)	65
Dividends Paid	(101.8)	(81.3)	25
Other financing Activities	(149.6)	311.7	nmf
Net (decrease)/Increase in Cash	(285.8)	293.7	nmf
Net Operating Cash Flow Conversion	108%	97%	

Working capital movement of \$25.6 million reflects favourable movement in trade and other payables (including investment management fee invoices in FS), higher provisions (doubtful debts and claims), and improved trade and other receivables performance, partially offset by lower employee provisions (increased annual leave usage) and higher contract fulfilment assets (client on boarding spend).

Capital expenditure is a key driver of future productivity, product growth and cost efficiency. The business uses a benchmark of 3-5% of Link Group revenue to guide capital expenditure initiatives. In FY2020, capital expenditure was \$107.3 million, representing 9% of revenue and above our benchmark. The main reasons for the increase in capital expenditure include, but are not limited to, the following:

- Fit-out of two new global hubs in Mumbai, India and Leeds, UK;
- Software investment projects across Retirement and Superannuation Solutions and Corporate Markets including our core CRM, contact centre, CX datahub and miracle™ platforms;
- Re-platforming project in the Australian Fund Solutions business; and
- New banking software technology implementation in Banking and Credit Management (Netherlands).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

(c) Net debt

The total leverage ratio has increased to 2.7 times. This reflects the impact of a lower Operating EBITDA performance discussed previously, coupled with an increase in net debt arising from acquisition related costs (i.e. investment in Smart Pension in the UK) and higher levels of capital expenditure. The interest cover ratio has increased to 12.1 times, reflecting lower Operating EBITDA performance which has been more than offset by lower interest costs.

Link Group has \$420.7 million of undrawn committed facilities available, with a further \$250.0 million uncommitted AUD facility. This level of cash and available facilities provides capacity for various growth activities in FY2021.

Table 12: Summary of net debt

IN \$M	FY2020	FY2019
Cash and Cash Equivalents	(264.1)	(560.2)
Long Term Debt	1,014.5	1,157.1
Net Debt	750.4	596.9
Pro forma debt ratios		
Total leverage ratio ⁹	2.7x	1.9x
Interest cover ratio ¹⁰	12.1x	11.5x

⁹ Leverage calculated in accordance with Link Group's debt agreement.

¹⁰ Interest cover calculated in accordance with Link Group's debt agreement.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

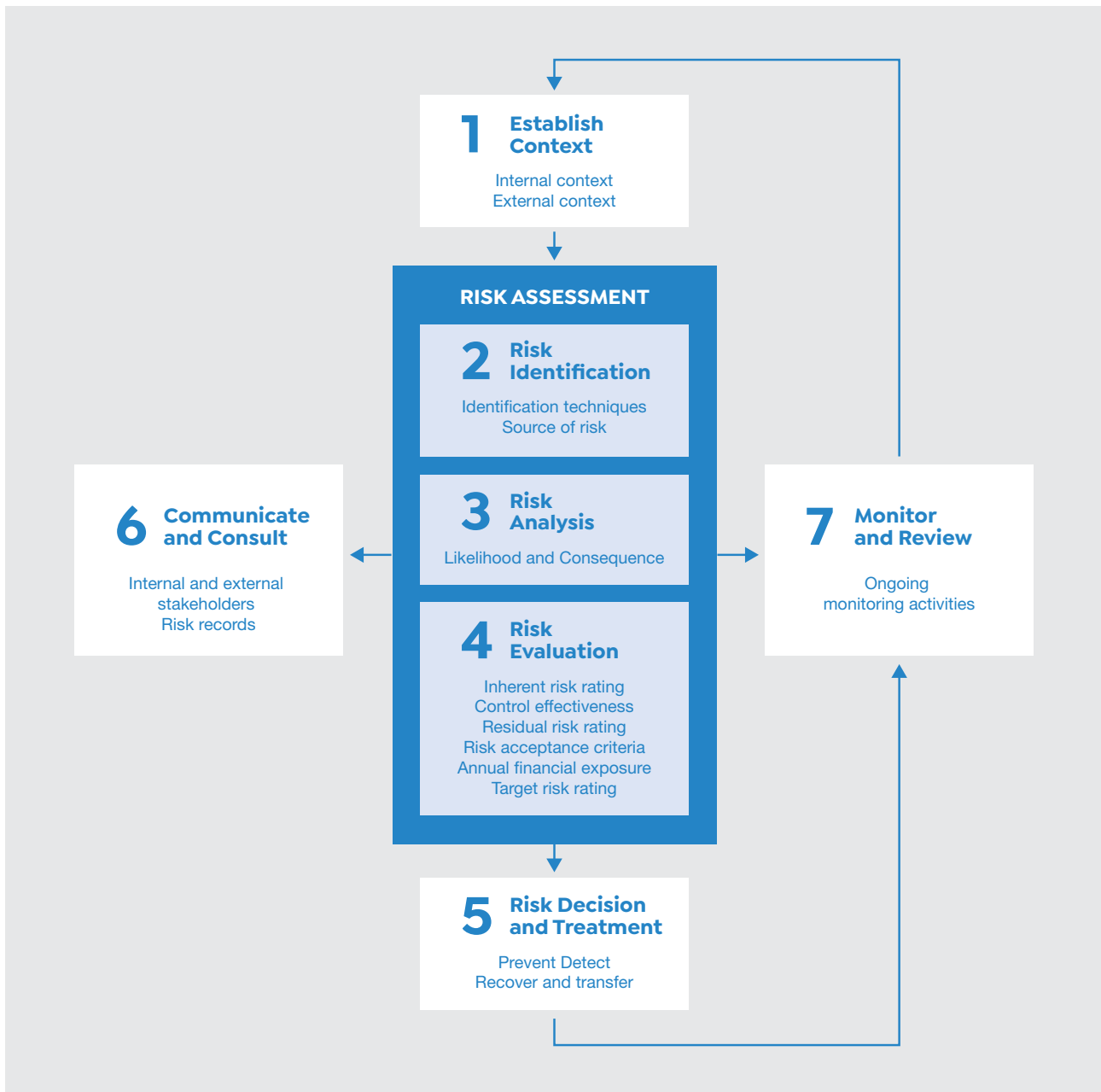
7. PRO-ACTIVE MANAGEMENT OF RISKS

Risk Management Framework

Link Group's risk management framework is aligned to international risk management guidelines (ISO 31000:2018). The framework promotes the achievement of Link Group's objectives by integrating policies, processes, procedures and systems with our structures and people. The Board's Risk Committee oversees, reviews and supervises the framework, and promotes a risk management culture.

The framework provides a consistent approach for identifying, analysing, evaluating, treating and monitoring risks and understanding the risk environment within which Link Group operates. It supports the integration of risk into decision making and operational processes.

The following diagram illustrates the key elements of the risk management framework.



OPERATING AND FINANCIAL REVIEW (CONTINUED)

(a) Changes to the Risk Profile

Link Group continues to focus on identifying and adopting global best practices used to identify, assess, manage, and control risks across our businesses. The following changes to our organisation and risk profile occurred during FY2020.

Move towards Global Centres of Excellence:

- Supports integration and transformation initiatives;
- Facilitates development of global best practice;
- Increases reliance on locations where Link Group has historically had a smaller presence; and
- Enables a truly global organisation.

Governance Enhancements:

- Separated the Board's Risk and Audit Committee into a Risk Committee and an Audit Committee in order to allow more time to overview, review, and supervise the Risk Management Framework;
- Installed an Executive Risk Committee to assess, review, and recommend mitigation strategies for risks across Link Group;
- Established a Business Initiatives Committee to review and approve new business initiatives that impact Link Group's risk profile;
- Implemented a global Project Approval Committee to approve allocation of funding to projects and initiatives and to track their implementation and monitor realisation of expected benefits;
- Further embedded the Link Group Approvals Framework across the business globally.

Control Enhancements:

- Enhanced information and cyber security controls and monitoring address increased level of risk resulting from an increase in cyber threats and from the remote working environment established in light of the COVID-19 pandemic.

Key Management Personnel:

- Reduced key person risk.

The Directors and Management understand and continually reassess existing and emerging risks (both short-term and long-term) that may be applicable to the Link Group's business, including climate risk. While Link Group considers that climate change is unlikely to have a direct, material impact on our financial performance or financial outcomes described, we acknowledge that its impact may increase in future, and that it is increasing in its significance for clients, investors and regulators globally. For more information about how we manage environmental, social, governance and climate-related risk, please refer to our Sustainability Report.

(b) Key Risks

Some of the more significant risks faced by Link Group and how they are being managed are considered below in more detail. In addition to these key risks, there are other generic risks inherent to all businesses, including Link Group's, such as:

- our exposure to the macro-economic environment, political and regulatory risk;
- our systems, technology and operational quality;
- pandemic; and
- our ability to attract and retain key personnel.

Link Group considers these key risks in operating our business and actively manages them.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

(c) COVID-19 Risk Factor

The COVID-19 pandemic event will continue to have profound global health, social and economic impacts. Link Group is not immune from this and considers COVID-19 to be a material risk factor that has the potential to alter (positively or negatively) almost all other risks that Link Group faces.

For example:

- **Regulatory Change** – In response to the COVID-19 threat, we have seen authorities in all of the jurisdictions that Link Group operates impose new health regulations (such as social distancing) that we must comply with and that impacts the way we conduct business. Negative impacts might include reduced office capacity, or further lockdowns might reduce our operational capacity and hinder our Global Transformation. A positive impact might be relaxation of regulations to permit Annual General Meetings to be conducted digitally, a core service offering for Link Group, and this could increase revenue opportunities.
- **Macro Economic Environment** – COVID-19 is not the only risk factor that impacts markets. However, its impacts precipitated an economic crisis in FY20, and its ongoing impacts remain a source of uncertainty and volatility that continues to influence demand, supply, revenues, cash flow, employment, dividends and markets globally. That volatility may increase or decrease the volume of corporate actions and/or Link Group's Non-Recurring Revenue opportunities in FY21 and beyond.
- **Information and Cyber security** – Individuals/Groups using the COVID-19 pandemic opportunistically to develop new methods of attack and continue to use traditional methods and common attack vectors (such as malware, viruses, e-mail attachments, web pages, pop ups, instant messages, text messages, social engineering, etc), increasing the risk of fraud. Our ability to prevent, detect and mitigate these changes can impact Link Group's reputation and financial performance.

This is not intended to be an exhaustive list or to replace our description of material risks. Rather, it is intended to convey that COVID-19, as a material risk factor, has the potential to impact any and all of the risks we disclose, which if negative and materialise, could adversely affect the achievement of the financial performance or financial outcomes described.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

RISK CATEGORY	DESCRIPTION OF THE RISK AND ITS IMPACT	HOW WE RESPOND
Information and Cyber security	<p>Description</p> <p>Link Group's core products and services inherently involve appropriate management of information.</p> <p>Link Group's ability to ensure the confidentiality, integrity and availability of information that it holds, may provide a competitive advantage or may be detrimental to Link Group, as it attempts to enable efficient and secure businesses.</p> <p>The COVID-19 pandemic has resulted in an increase to our Information and Cyber security risks as the majority of our people were required to work remotely and perpetrators looked to take advantage of the uncertainty and geographically dispersed workforce.</p> <p>Impact</p> <p>Clients expect Link Group to securely store and make use of accurate information irrespective of whether our people are working in our offices or remotely. Failure to meet these expectations may result in breach of confidence, contract or regulation, which may have a negative impact on Link Group's reputation, financial performance and ability to achieve our strategic objectives.</p>	<p>Link Group has in place a global information security management system aligned to the international best practice standard ISO27001, APRA CPS234 and the NIST cyber security resilience framework at a cost of over \$10 million per annum. Some key controls include:</p> <ul style="list-style-type: none"> • employing 'privacy by design' principles in the design, development and deployment of policies, processes, procedures, systems, infrastructure, products and services; • proactive management of identified vulnerabilities, with controls in place to prevent, detect, mitigate and report breaches, including privacy and data breach response plans and regulatory reporting mechanisms; • monitoring of internal and external system traffic; • regular external penetration testing; • user access controls to restrict access to premises, information and systems; and • mandatory privacy and information security training to all staff at least annually. <p>Link Group maintains close ties with the information and cyber security community and government authorities in a number of jurisdictions in which it operates.</p>

OPERATING AND FINANCIAL REVIEW (CONTINUED)

RISK CATEGORY	DESCRIPTION OF THE RISK AND ITS IMPACT	HOW WE RESPOND
Political and regulatory environment	<p>Description</p> <p>Link Group's businesses are influenced and affected by laws, regulations and government policy in each of the jurisdictions in which our clients operate.</p> <p>Political and/or regulatory change, and Link Group's ability to comply with regulations, could enable or inhibit our business objectives.</p> <p>Impact</p> <p>Changes could affect the ability to achieve business objectives and financial performance. For example, by:</p> <ul style="list-style-type: none"> • limiting or removing authority to operate; • changing how a business operates; and/or • altering resource requirements, operating efficiency and profitability. <p>Changes may also provide an opportunity for Link Group to generate additional revenue streams by supporting its clients in their regulatory compliance obligations including the following.</p> <ol style="list-style-type: none"> 1. In Australia, legislative changes permitting early withdrawal from super funds has had and will continue to have a material impact on operating volumes and the numbers of members administered by Link Group. 2. In Australia, the Protecting Your Superannuation Legislation continues to have a material impact on operating volumes, the number of members administered by Link Group and operating margins in the Retirement and Superannuation Solutions division. 3. Certain proposed regulatory changes in Australia and other jurisdictions in which Link Group operates provide opportunities to develop additional products and services for our clients. 4. Regulations requiring changes to the capital requirements and structure of banks, particularly in Europe, could lead to selling of portfolios of non-performing loans that would provide opportunities in our Banking and Credit Management business. 	<p>Link Group:</p> <ul style="list-style-type: none"> • engages with government, regulatory authorities and industry; • actively monitors, assesses and manages the impacts of changes to laws, regulation and government policy; • designs processes, procedures and systems consistent with the stated policy principles within each jurisdiction; • works with clients to assist in preparation for, and mitigation of, the impact of change; and • has a diversified geographic and jurisdictional presence. <p>Link Group's businesses are supported by specialist Risk & Compliance professionals in each of the jurisdictions in which we operate. We are supported by internal and external legal counsel and expert third party advisors, as required.</p> <p>Link Group has a regulatory change framework in place to identify our clients' regulatory requirements and, where feasible, develop and implement solutions to assist them. To manage legislative change in superannuation, including Protecting your Superannuation and the Early Release of Superannuation scheme, Link Group collaborates with clients and applies selected commercial contractual protections (e.g. volume clauses).</p>

OPERATING AND FINANCIAL REVIEW (CONTINUED)

RISK CATEGORY	DESCRIPTION OF THE RISK AND ITS IMPACT	HOW WE RESPOND
<p>Principal risk</p>	<p>Description</p> <p>Link Group's ability to comply with relevant obligations may result in regulatory and consumer exposures, contrary to our objectives to operate profitable, risk managed, compliant businesses.</p> <p>Impact</p> <p>Link Group primarily provides services to/for clients as an agent (where we are indirectly accountable), but also provides services to clients as principal (where we are directly liable). The Fund Solutions business acts as principal, primarily in Europe, and has direct regulatory obligations. Willingness to assume principal risk may provide a high barrier to entry, which could be a competitive advantage for Link Group. However, material failure by Link Group to discharge our principal obligations may negatively affect financial performance (compensation, pecuniary penalties, lost earnings) and reputation. It may also give rise to regulatory penalties or removal of authority to operate the relevant business.</p>	<p>Link Group mitigates this risk through:</p> <ul style="list-style-type: none"> robust risk management and compliance frameworks focused on identifying, assessing, monitoring and controlling risk; skilled and qualified staff; documented processes and procedures; assurance programs and Internal Audit function; professional lines of insurance; proactive engagement with regulators; in the case of Fund Solutions, governance mechanisms and processes are in place to ensure its fiduciary obligations are being fulfilled; at least annual compliance training for impacted staff; effective internal complaints mechanism and dispute resolution systems to identify consumer concerns; ensuring compensation is appropriate with the level of risk taken in services and products provided; and a strong corporate governance structure and culture, including local legal entity boards with direct regulatory accountability as required.
<p>Client base, retention and arrangements</p>	<p>Description</p> <p>Link Group may experience greater or less success in attracting new clients, cross-selling products and services, retaining existing clients and scope of services on commercial terms and benefit from client merger activity than expected/desired.</p> <p>Some factors may include:</p> <ul style="list-style-type: none"> scope and quality of service; increased competition; industry consolidation; business and regulatory environment; strength of relationships; and/or technological disruption and innovation. <p>Impact</p> <p>The key industries in which Link Group operates are all competitive markets and are expected to remain competitive. This may affect organic growth capability and the scope and quality of products and services. It may also influence resourcing, margins and financial performance.</p>	<p>Link Group manages this risk through:</p> <ul style="list-style-type: none"> development of long-term relationships premised on strategic partnership; competitive, diversified and integrated product and service offerings; dedicated client relationship managers; market and product benchmarking and evaluations; reputation and brand equity; management of contracted service delivery, including prompt rectification of issues; and commercial contractual protections. <p>Link Group actively monitors and invests in innovation and new technologies. It has invested over \$400 million in delivering technology-driven solutions for our clients and continues to partner with industry leaders to expand the range of value-added services for clients to further enhance competitive advantage.</p>

OPERATING AND FINANCIAL REVIEW (CONTINUED)

RISK CATEGORY	DESCRIPTION OF THE RISK AND ITS IMPACT	HOW WE RESPOND
Benefit realisation from acquisition, integration and transformation	<p>Description</p> <p>The benefits of investment, acquisition, integration, migration, relocation, consolidation or transformation in a timely and commercial manner could be less than or greater than expected.</p> <p>Some factors may include:</p> <ul style="list-style-type: none"> • appropriateness of each plan; • accuracy of the calculation of expected benefits; • quality and efficiency of execution; • market conditions and client receptivity; and • unexpected intervening events. <p>Impact</p> <p>The extent to which expected synergies and other benefits are realised can affect Link Group's financial performance, organisational efficiency, allocation of resources and strategic plans.</p>	<p>Having successfully executed and integrated more than 40 business combinations over the past 15 years, Link Group has significant experience delivering on the expected benefits. This is achieved principally through:</p> <ul style="list-style-type: none"> • established and robust processes encapsulating people, systems, products and clients; • partnering with organisations and employing people with appropriate skills, expertise, and experience to optimise each specific opportunity; • disciplined project governance controls; • initial strategic and financial analysis; • contingency factoring; • sound due diligence practices; and • contractual protections.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

8. FY2021 OUTLOOK

Delivering uninterrupted service to our clients. Focused cash flow management and prudent cost control.

Trading Update

- July 2020 trading continuing momentum from Q4 2020. Resilience remains a feature
- Global transformation activity in advancing
- Early Release Super program is expected to conclude by end of CY 2020. To date the program has resulted in c.83,000 account closures
- HESTA contract renewed

Strategy Update

- PEXA: shareholders loans in place, cash returns expected 1H 2021
- BCM: PES expected to complete in January 2021, subject to ongoing regulatory approval process
- CM: South Africa divestment expected to complete 1H 2021, subject to regulatory approval

Priorities

- **Service Delivery**
- **Global Transformation**
- **Balance Sheet and Capital Management**
- **Execute on shareholder value initiatives**

John McMurtrie will retire as Managing Director of Link Group in early 2021 and will be succeeded by Vivek Bhatia.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

APPENDIX 1: NON-IFRS DEFINITIONS

Link Group uses a number of non-IFRS financial measures in this OFR to evaluate the performance and profitability of the overall business. The principal non-IFRS financial measures that are referred to in this OFR are as follows.

FY	is financial year ended 30 June (in the applicable year).
Recurring Revenue	is revenue arising from contracted core administration servicing and registration services, corporate and trustee services, transfer agency, stakeholder engagement services, share registry services and shareholder management and analytics services that are unrelated to corporate actions. Recurring Revenue is expressed as a percentage of total revenue. Recurring Revenue is revenue the business expects to generate with a high level of consistency and certainty year-on-year. Recurring Revenue includes contracted revenue which is based on fixed fees per member, per client or shareholder. Clients are typically not committed to a certain total level of expenditure and as a result, fluctuations for each client can occur year-on-year depending on various factors, including number of member accounts in individual funds or the number of shareholders of corporate market clients.
Non-Recurring Revenue	is revenue the business expects will not be earned on a consistent basis each year. Typically, this revenue is project related and can also be ad hoc in nature. Non-Recurring Revenue includes corporate actions (including print and mail), call centre, capitals markets investor relations analytics, investor relations web design, extraordinary general meetings, share sale fees, off-market transfers, employee share plan commissions and margin income revenue. Non-Recurring Revenue also includes fee for service (FFS) project revenue, product revenue, revenue for client funded FTE, share sale fees, share dealing fees, one-off and other variable fees.
Gross Revenue	is the aggregate segment revenue before elimination of intercompany revenue and recharges such as Technology and Innovation recharges for IT support, client-related project development and communications services on-charged to clients. Link Group management considers segmental Gross Revenue to be a useful measure of the activity of each segment.
Operating EBITDA	is earnings before interest, tax, depreciation and amortisation and Significant items. Management uses Operating EBITDA to evaluate the operating performance of the business and each operating segment prior to the impact of Significant items, the non-cash impact of depreciation and amortisation and interest and tax charges, which are significantly impacted by the historical capital structure and historical tax position of Link Group. Link Group also presents an Operating EBITDA margin which is Operating EBITDA divided by revenue, expressed as a percentage. Operating EBITDA margin for business segments is calculated as Operating EBITDA divided by segmental Gross Revenue, while Link Group Operating EBITDA margin is calculated as Operating EBITDA divided by revenue. Management uses Operating EBITDA to evaluate the cash generation potential of the business because it does not include Significant items or the non-cash charges for depreciation and amortisation. However, the Company believes that it should not be considered in isolation or as an alternative to net Operating free cash flow.
EBITDA	is earnings before interest, tax, depreciation and amortisation.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Operating NPATA	is net profit after tax and after adding back tax affected Significant items and acquired amortisation. Acquired amortisation comprises the amortisation of client lists and the revaluation impact of acquired intangibles such as software assets, which were acquired as part of business combinations. Link Group management considers Operating NPATA to be a meaningful measure of after-tax profit as it excludes the impact of Significant items and the large amount of non-cash amortisation of acquired intangibles reflected in NPAT. This measure includes the tax effected amortisation expense relating to acquired software which is integral to the ongoing operating performance of the business. Link Group also presents Operating NPATA margin which is Operating NPATA divided by revenue, expressed as a percentage. Operating NPATA margin is a measure that Link Group management uses to evaluate the profitability of the overall business.
Operating earnings per share	is Operating NPATA divided by the weighted average number of ordinary shares outstanding for the period. Link Group management considers Operating earnings per share to be a meaningful measure of after-tax profit per share as it excludes the impact of Significant items and the large amount of non-cash amortisation of acquired intangibles reflected in basic earnings per share. This measure includes the tax effected amortisation expense relating to acquired software which is integral to the ongoing operating performance of the business.
Significant items	refer to items which are considered to have a material financial impact and are not part of the normal operations of the Group. Significant items are used in both profit and loss and cash flow presentation. These items typically relate to events that are considered to be 'one-off' and are not expected to re-occur. Significant items are broken down into; Business combination/acquisition & divestment costs, Global Transformation costs, and other one-offs costs.

Although Link Group believes that these measures provide useful information about the financial performance of Link Group, they should be considered as supplemental to the information presented in accordance with Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way Link Group calculated these measures may differ from similarly titled measures used by other companies.

REMUNERATION REPORT

Introduction from the Chair of the Human Resources and Remuneration Committee

Dear Shareholder,

On behalf of the Board, I present the Remuneration Report for the financial year ended 30 June 2020. This Report has been prepared on a consistent basis to previous years for ease of reference.

Our Remuneration Report received a vote in favour of 97.96% at the 2019 AGM. We have taken into account shareholder feedback in presenting the FY2020 remuneration outcomes and proposed changes for FY2021. Our aim is to continue to align remuneration structures and decisions with sustainable shareholder value creation.

FY2020 was significantly impacted by the unprecedented challenges presented by the COVID-19 pandemic. While over 80% of Link Group's earnings are recurring in nature, some areas of the business were negatively affected by equity market volatility and impact on business confidence. Against this backdrop, Operating NPATA was \$144.0 million representing a 27% reduction on the prior year.

This Operating NPATA performance did not meet the Short Term Incentive (STI) target and therefore the gateway for STI payments was not met. While pre-financial related performance against individual Key Performance Indicators (KPIs) of Executive KMP was generally strong, including safeguarding the well-being of our employees and supporting our clients, other stakeholders and operations across all business units during the pandemic, no KMP received a STI payment in FY2020.

In FY2020, the remuneration measures foreshadowed in the FY2019 Remuneration Report were implemented and additional key remuneration issues were addressed, principally in response to the COVID-19 pandemic. These are summarised below:

- The Managing Director and Executive KMP were not awarded any Fixed Pay increases for FY2020;
- The previously agreed annual 2.5% increase to Non-Executive Director fees for FY2019, FY2020 and FY2021 were suspended for FY2020 and therefore there was no increase to the base Non-Executive Director fees for FY2020;
- The maximum STI opportunity for the Managing Director and Executive KMP was reduced to 150% of Target STI from 200% of Target STI;
- Operating NPATA was used as the STI gateway measure to reflect underlying earnings and to align to the LTI measure. In addition, a managing risk & compliance gateway was introduced for Executive KMP;
- The Chairman took a 50% fee reduction and the Managing Director a Fixed Pay reduction of 50% for up to six months effective 1 May 2020;
- Non-Executive Directors took a fee reduction of 20% for up to six months effective 1 May 2020;
- The Executive Leadership Team including Executive KMP took a Fixed Pay reduction of 20% for up to six months effective 1 May 2020;
- Senior Leaders and other employees took a Fixed Pay reduction of between 10% and 15% for up to six months effective 1 May 2020 and 1 June 2020 respectively;
- No LTI vested from the FY2018 grant as EPS and TSR performance hurdles were not met;
- Executive KMP were not awarded any STI payments in FY2020. Should any STI be awarded in FY2021, 50% of any STI awarded to the Executive Leadership Team (ELT), including the Managing Director, will be deferred for up to two years into Link Group shares;
- Chris Addenbrooke, Chief Executive Officer, Fund Solutions and Robbie Hughes, Chief Executive Officer, Banking & Credit Management are included as Key Management Personnel (KMP) following the implementation of the global operating model and structure effective 1 July 2019; and
- Susan Ring and Lysa McKenna are included as KMP following their appointments as co-CEOs of Corporate Markets effective 1 January 2020.

REMUNERATION REPORT (CONTINUED)

The following will apply for FY2021:

- In order to recognise their contribution, employees who accepted a temporary pay reduction (implemented in response to the COVID-19 pandemic), excluding the Managing Director, will receive a one off equity grant of Link Group ordinary shares equivalent to the amount of the salary foregone. The grant to Executive KMP will be subject to a service condition of up to two years;
- No Executive KMP will be awarded any Fixed Pay increases relating to FY2021;
- The Board is committed to competitive market pay and the attraction and retention of key employees and as such will consider reviews of remuneration to support this when appropriate;
- The Board will take the impact of COVID-19 into consideration in the determination of any STI award with the finalisation of financial targets delayed to October 2020; and
- The previously approved annual 2.5% increase to Non-Executive Director fees for FY2019, FY2020 and FY2021 will remain suspended for FY2021 and therefore there will be no increase to the base Non-Executive Director fees for FY2021.

We welcome your feedback on our FY2020 Remuneration Report.

Yours sincerely,



Sally Pitkin
Human Resources & Remuneration Committee Chair

REMUNERATION REPORT (CONTINUED)

ABOUT THIS REMUNERATION REPORT

The Remuneration Report (Report) summarises the remuneration of Link Group's KMP; namely Directors and Executive KMP that are named in this Report for the year ended 30 June 2020. This Report has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001* and has been audited.

1. OVERVIEW OF THE EXECUTIVE KMP REMUNERATION APPROACH

1.1 Remuneration principles & philosophy

Link Group applies the following principles when developing and implementing remuneration decisions. The decisions made about remuneration should:

- support competitive market pay;
- support the attraction and retention of capable and committed employees;
- reinforce the alignment of behaviours and outcomes to Link Group values and strategic imperatives;
- align remuneration with sustainable shareholder value creation and returns;
- align remuneration with prudent risk taking and Link Group's long-term financial soundness;
- motivate individuals to pursue Link Group's long-term growth and success;
- demonstrate a clear relationship between Link Group's overall performance and the performance of individuals;
- support gender pay equity; and
- comply with all relevant legal, tax and regulatory provisions.

REMUNERATION REPORT (CONTINUED)

1.2 FY2020 remuneration framework

Link Group's remuneration framework is designed to reward Executive KMP for achievement of Link Group strategy and shareholder value creation. Figure 1 outlines the components of Executive KMP remuneration and their purpose.

Figure 1: FY2020 Executive KMP remuneration framework

FY2020 EXECUTIVE KMP REMUNERATION FRAMEWORK				
Fixed Remuneration Cash, superannuation, non-monetary				
STI 50% received as Cash	STI 50% deferred into Link shares (holding lock of 1 year for 50% of deferred STI and 2 years for remaining 50%)			
LTI Performance rights convert to shares after 3 years (50% shares delivered)			1 year holding lock (25% shares delivered)	2 year holding lock (25% shares delivered)
Year 1	Year 2	Year 3	Year 4	Year 5
FY2020 EXECUTIVE KMP REMUNERATION COMPONENTS				
Fixed	Variable "at risk"			
Fixed remuneration	Short-term incentive (STI)	Long-term incentive (LTI)		
PURPOSE AND ALIGNMENT				
Market competitive, to attract and retain key talent to Link Group.	To drive achievement of the short-term financial, strategic and operational objectives as agreed by the Board. To support alignment to creation of sustainable shareholder value through deferral.		To reward and incentivise Executive KMP to drive the sustainable creation of shareholder value, within Link Group's prudent risk management framework.	
VALUE TO INDIVIDUAL DETERMINED BY				
Fixed remuneration is targeted around the median of the market. The market is defined around similar listed companies (based on revenue, comparable industries, and business size) in the country where the Executive is based. Fixed remuneration may deviate from the market median depending on individual alignment to corporate values, experience, capabilities, performance, and location.	Operating NPATA gateway determines capacity to pay. Awards based on Link Group and business unit financial performance and individual performance against specified KPIs. KPIs include financial and pre-financial targets. Board discretion to moderate award for factors such as alignment to corporate values and prudent risk taking. Stretch STI up to 150% of target based on stretch Operating NPATA targets.		Vesting is based on achievement of: Operating earnings per share (EPS) performance against targets (75% of opportunity). Total shareholder return (TSR) relative to constituents of a S&P/ASX index (25% of opportunity).	

REMUNERATION REPORT (CONTINUED)

EXECUTIVE KMP REMUNERATION IN FY2020

What changes to executive remuneration have been made in FY2020 and why?

The Board reviewed FY2020 remuneration for the Executive KMP in the context of the scale, complexity and geographical reach of Link Group, and market benchmarking data. As foreshadowed in the FY2019 Remuneration Report, no Executive KMP received a Fixed Pay increase in FY2020.

As a result of the COVID-19 pandemic, the Managing Director and all Executive KMP accepted a Fixed Pay reduction for up to six months of 50% and 20% respectively effective 1 May 2020.

For FY2020, 50% of any STI payment would have been delivered as Link Group shares and would have been subject to a holding lock of up to two years. No STI payments were made for FY2020.

How is Link Group's performance reflected in FY2020 remuneration outcomes?

In FY2020 the Operating NPATA gateway on the STI was not achieved and therefore the Managing Director and Executive Leadership Team, which includes Executive KMP, will not receive any STI for FY2020.

The FY2018 LTI grant was tested at the end of FY2020, resulting in no vesting of the relative TSR component and no vesting of the EPS component, as these performance hurdles were not achieved.

A critical component of Link's growth strategy is through acquisitions, which require a disciplined application to the Group's acquisition framework and the successful integration of the business and realisation of efficiency benefits. Many of the acquisitions are dilutive in the short term but provide for future growth. The impact of transactions is considered on a case by case basis in line with agreed transaction principles outlined in Section 3.1.

The Board considered the impact of the equity investment in Property Exchange Australia (PEXA) against these transaction principles and determined that no adjustments would be made to FY2019 or subsequent financial year LTI targets or the number of PSRs on issue. In addition, it was agreed that the acquired amortisation, net of tax, be added back to the NPATA contribution from PEXA in determining the Operating NPATA for Link Group and that the fair value gain be excluded.

In respect of the sale of the CPCS business, there was no adjustment to the targets for the FY2018 PSRs granted in calendar year 2017 on the basis that CPCS did not influence the base year and the CPCS business was sold prior to the commencement of FY2020. Given that CPCS was sold in FY2019, the Board further determined that any CPCS contribution be excluded from the base year target for the FY2019 PSRs granted in calendar year 2018 and the FY2020 PSRs granted in calendar year 2019.

Further detail on performance outcomes is provided in Section 2.2.

How is fixed remuneration determined and how is it positioned relative to the market?

Fixed remuneration generally includes base salary, superannuation and may include non-monetary benefits.

Fixed remuneration is targeted around the median of the market. The market is defined as companies of similar size and/or industry in the country in which the Executive is based. Consideration is generally given to listed companies with market capitalisation 50% to 200% of Link Group's 12-month average market capitalisation.

Fixed remuneration is generally reviewed against the market annually, however, there is no guaranteed annual increase.

REMUNERATION REPORT (CONTINUED)

EXECUTIVE KMP REMUNERATION IN FY2020

What proportion of target remuneration is 'at risk' and why is it considered appropriate for the business?

Target total remuneration is positioned between the median and 75th percentile of the market.

A significant portion of Executive KMP remuneration is 'at risk' subject to both short and long-term performance hurdles. The 'at risk' components directly align executive pay with our strategic imperatives and shareholder value creation.

The proportion of total target remuneration 'at risk' for Executive KMP ranges from 55% to 73%.

Is clawback available on 'at-risk' remuneration?

The Board has the discretion to determine that some portion or all of an employee's unvested or vested short-term incentive (STI) and long-term incentive (LTI) awards be forfeited if, in the Board's opinion, adverse circumstances affecting the performance, reputation or risk profile of Link Group have come to the Board's attention which, had they been known at the time when the STI or LTI was made, would have caused the Board to make a different award or no award.

What is the target remuneration mix for each executive KMP for FY2020?

EXECUTIVE KMP	TOTAL FIXED REMUNERATION %	TARGET STI %	LTI GRANT %	TOTAL VARIABLE REMUNERATION %
John McMurtrie	30%	30%	40%	70%
Chris Addenbrooke	35%	35%	30%	65%
Paul Gardiner	40%	30%	30%	60%
Robbie Hughes	27%	28%	45%	73%
Andrew MacLachlan	40%	30%	30%	60%
Dee McGrath	45%	33%	22%	55%
Lysa McKenna	45%	33%	22%	55%
Susan Ring	37%	36%	27%	63%

What are the performance measures (including gateway) on the STI plan and how do they align with the business strategy?

An Operating NPATA gateway must be met before any STI is paid. The Board determines an annual Operating NPATA target, taking into consideration our longer-term growth strategy.

Operating NPATA, which reflects the underlying earnings of the business and excludes the impact of non-cash acquired amortisation and the after-tax impact of one off significant items, is a key measure of success for our business and part of our growth strategy. Including Operating NPATA as a gateway supports affordability of the plan in a given year.

Payments made under the STI plan are subject to the achievement of a balanced scorecard of individual measures comprising both financial and pre-financial measures aligned to our strategic imperatives.

Measures vary by role and across financial years but broadly fall under the categories of Business, Financial & Strategy, Customer & Stakeholder, People & Leadership and Operational Excellence.

The Board has discretion to moderate payment for factors such as alignment to corporate values, compliance and prudent risk taking. The finalisation of the FY2021 financial targets has been delayed to October 2020 due to the COVID-19 pandemic.

Further detail is included in Section 2.2.

REMUNERATION REPORT (CONTINUED)

EXECUTIVE KMP REMUNERATION IN FY2020

What is the target and maximum STI opportunity each Executive KMP can earn under the STI plan?	<p>The target STI opportunity for Executive KMP represents an opportunity to earn around 32% of total target remuneration. Target STI ranges from 75% to 100% of fixed remuneration.</p> <p>Executive KMP have the opportunity to earn up to 150% of their target STI where the Operating NPATA is 110% of budget. This represents the maximum STI.</p>
What percentage of STI is deferred and for how long?	<p>50% of any STI awarded to the ELT, including the Managing Director, will be deferred into Link shares. The deferred shares are subject to a holding lock, half of which are deliverable after one year and the remainder after two.</p>
How is the LTI aligned to the business strategy?	<p>The Omnibus Equity Plan measures performance over a three-year period against Operating EPS targets (75%) and relative TSR performance targets (25%), with no re-testing.</p> <p>The Operating EPS measure strongly aligns to the purpose of the plan to support our growth strategy and has strong alignment to sustainable shareholder value. Our key focus is on delivering earnings growth to our shareholders. The use of Operating EPS as a performance measure is further reinforced by Link's growth strategy being underpinned by a disciplined approach to acquisitions as well as organic growth in our existing businesses. This strategy requires dealing effectively with the inherent complexity in managing an acquisition's pipeline and the need to integrate well and achieve synergies.</p> <p>Link Group acknowledges that TSR performance relative to a basket of constituents is important to some investors. However, in the absence of a sizeable group of comparable industry peers, we also acknowledge that comparison to a broad S&P/ASX index constituents group can give arbitrary results that are not reflective of the Company's performance. The lower weighting on TSR is reflective of this possibility.</p> <p>One-half of any vested award is available to the participant at the end of the performance period. The remaining vested award is subject to an additional holding lock, of which 50% is available after a further year and 50% after two years. The Board has determined that the combination of the three-year vesting period and subsequent two-year holding lock provides participants alignment to Link Group's long-term growth strategy.</p> <p>The relative TSR component of the LTI granted in FY2020 is measured against 62 constituents of the S&P/ASX 100, excluding materials, utilities, industrials and energy companies. The Board retains discretion to make adjustments for any unintended remuneration outcomes arising from a relative TSR measure.</p> <p>Further detail is included in Section 3.1.</p>
How are EPS targets determined?	<p>The Operating EPS targets in relation to LTI grants are set with reference to the Group's growth strategy. The macroeconomic environment, market and industry peer practice and stakeholder expectations are also considered. The target range set provides appropriate stretch to executives and achievement provides strong returns to shareholders.</p> <p>For the purpose of the LTI, Operating EPS is calculated by dividing the Group's Operating NPATA by the undiluted weighted average number of shares on issue throughout the Performance Period. Operating NPATA reflects the underlying earnings of the business and excludes the impact of non-cash acquired amortisation and the after-tax impact of one off significant items. The Board has discretion to include or exclude items from the calculations. A reconciliation of the Operating NPATA to statutory NPAT is set out in Figure 2 of the Operating and Financial Review.</p>

REMUNERATION REPORT (CONTINUED)

EXECUTIVE KMP REMUNERATION IN FY2020

What are the minimum shareholding requirements for Executive KMP? Have Executive KMP met the requirements?	Executive KMP are required to hold a minimum shareholding of one year's fixed remuneration within five years of the date they are appointed as a KMP. Deferred STI and vested LTI subject to a holding lock count towards this requirement. All Executive KMP with five or more years in an Executive KMP role are in compliance with the minimum shareholding requirement. See Table 12 for further detail.
Are there any Fixed Pay changes to Executive KMP remuneration proposed in FY2021?	The temporary Fixed Pay reductions that came into effect on 1 May 2020 as a result of the impact of the COVID-19 pandemic for the Managing Director and Executive KMP will continue into FY2021. We will not be awarding any Fixed Pay increases to the Managing Director and Executive KMP for FY2021 notwithstanding that the current Fixed Pay for the Managing Director is below market.
What are the One-Off Equity Grant conditions for Executive KMP?	Executive KMP (excluding the Managing Director) will receive a grant of restricted shares to recognise their contribution to agreeing to a temporary pay reduction and to support retention. The grant will be made once the temporary pay reductions cease. The award value at grant for Executive KMP will be no more than the actual Fixed Pay reduction and will be subject to a service condition with 50% being delivered one year after being awarded and the remaining 50% after two years. The number of restricted shares granted is based on the value available to each participant divided by the five trading day volume weighted average market price (VWAMP) for Link Group shares from the date of announcement of Link Group's full year results.

NON-EXECUTIVE DIRECTOR REMUNERATION IN FY2020 AND FY2021

Were there any changes to Non-Executive Director remuneration in FY2020? Are there any proposed changes in FY2021?	Non-Executive Director (NED) base fees were last adjusted in FY2019. NED base fees were increased by 2.5% from 1 July 2018 as part of a three-year program to increase fees by 2.5% in FY2019, FY2020 and FY2021. The Board has decided in light of the COVID-19 pandemic to continue the FY2020 suspension of the increase to base fees for FY2021. Following a review of the committee structures, changes were implemented to separate the audit and risk responsibilities into separate committees to increase the focus on risk management. Committee fees, which were effective from 1 December 2019, are detailed in Table 10. The Chair fee reflects a single payment, with no additional fees paid to the Chair for Committee work. There will be no changes to the NED fee pool in FY2021.
What are the minimum shareholding requirements for Non-Executive Directors?	NEDs are required to hold a minimum shareholding of one time the NED annual base fee (not including Committee membership or the higher fee for the Committee Chair) within three years after the date of their appointment.
Have Non-Executive Directors met the requirements?	All NEDs are in compliance with the minimum shareholding requirement.

REMUNERATION REPORT (CONTINUED)

2. SUMMARY INFORMATION

2.1 Key Management Personnel

The names and titles of KMP are set out below. There have been no other changes to KMP following the end of the financial year.

NAME	POSITION	STATUS	TERM AS KMP
NON-EXECUTIVE DIRECTORS			
Michael Carapiet	Independent Chair and Non-Executive Director	Full year	
Glen Boreham, AM	Independent Non-Executive Director	Full year	
Andrew (Andy) Green	Independent Non-Executive Director	Full year	
Peeyush Gupta, AM	Independent Non-Executive Director	Full year	
Anne McDonald	Independent Non-Executive Director	Full year	
Sally Pitkin	Independent Non-Executive Director	Full year	
Fiona Trafford-Walker	Independent Non-Executive Director	Full year	
EXECUTIVE KMP			
John McMurtrie, AM	Executive Director and Managing Director	Full year	
Chris Addenbrooke	Chief Executive Officer, Link Fund Solutions	Full year	
Paul Gardiner	Chief Executive Officer, Technology and Operations	Full year	
Robbie Hughes	Chief Executive Officer, Banking and Credit Management	Full year	
Andrew MacLachlan	Chief Financial Officer	Full year	
Dee McGrath	Chief Executive Officer, Retirement & Superannuation Solutions	Full year	
Lysa McKenna	Co-Chief Executive Officer, Corporate Markets (APAC)	Part year	Commenced 1 January 2020
Susan Ring	Co-Chief Executive Officer, Corporate Markets (EMEA) and CEO Retirement & Superannuation Solutions	Part year	Commenced 1 January 2020

2.2 FY2020 Overview – alignment between performance and Executive KMP remuneration

In FY2020, our Executive KMP remuneration consisted of fixed remuneration, short-term incentives (STIs) and a grant of Performance Share Rights (PSRs) under the LTI plan. The short and long-term incentive plans align remuneration outcomes to Link Group's strategic objectives, and reward superior business performance and sustainable shareholder value creation. Given the Operating NPATA STI gateway was not achieved, no STIs were awarded to Executive KMP in FY2020. In addition to the above remuneration elements, the Executive KMP presently hold an estimated 3% of Link Group's share capital.

Tables 1, 2 and 3 provide further detail of our performance against our strategic goals in FY2020.

For FY20, Executive KMP performance has been contextualised by the strong leadership demonstrated during the COVID-19 pandemic. No STI payments were awarded as the Operating NPATA gate was not met, and the Board did not elect to exercise any upward discretion to make awards.

REMUNERATION REPORT (CONTINUED)

Table 1: KPI Performance of Executive KMP

MEASURE	OUTCOME	DESCRIPTION
Company Financial Performance	Below target	Link Group reported Operating NPATA was \$144.0 million in FY2020 (\$197.8 million in FY2019). The Operating NPATA gateway of \$151.7 million was not met in FY2020.
Divisional Financial Performance	Below target	All divisions performed below their target Operating EBITDA budget.
Strategy	At target	<p>The global operating model and organisation structure was implemented.</p> <p>R&SS business expanded internationally with the investment in and partnership with SMART Pension. From 1 January 2020, Link Group is administering for approximately 0.5 million members of the SMART Master Trust in the UK.</p> <p>FY20 was Link Group's first full year with a 44% stake in PEXA which provides exposure to the property market, Australia's single largest asset class. PEXA's performance in FY2020 was driven by strong uptake across multiple states, with national transfer market penetration at 77% in June 2020.</p> <p>Announcement of Pepper European Servicing (PES) acquisition, subject to regulatory approval in FY2021, will grow the BCM business in both existing and new European jurisdictions.</p>
Customer and Stakeholder	At target	<p>Business development through new clients and new services are key drivers of Link Group's growth strategy. Key highlights included:</p> <ul style="list-style-type: none"> • Launching first virtual only AGM for clients in Australia, the United Kingdom (UK) and Germany; • Completing the rollout of the digital platform for our largest Funds Solutions client in the UK; • Managing one of Australia's largest employee share scheme grants during COVID-19; • Retaining major clients across all businesses; • Processing over 1.35 million requests for early access superannuation payments valued at over \$9 billion; and • Continuing global development of Link Group's brand. <p>Key governance objectives were achieved in FY2020 including meeting all required reporting deadlines, quarterly risk management reporting and execution of the Link Group corporate governance framework to drive good corporate governance principles in how we operate to create sustainable value for shareholders.</p>

REMUNERATION REPORT (CONTINUED)

MEASURE	OUTCOME	DESCRIPTION
People and Leadership	At target	<p>Link Group recognises its people are paramount to the ongoing success of the business. In FY2020:</p> <ul style="list-style-type: none"> there was lower employee turnover; the wellbeing of our employees was addressed effectively, particularly in response to the COVID-19 pandemic; progress was made against diversity targets with balanced gender participation achieved at management and ELT level; a talent management and succession planning process was implemented for senior roles; Link Academy was launched providing on-line training solutions to all employees; the Link Wellness hub rollout was extended to all jurisdictions globally; and a global performance management process and scorecard was implemented.
Operational Excellence	At target	<p>Rapid response to COVID-19 pandemic included continuity of service to clients with 83% of employees able to consistently work remotely.</p> <p>Despite the impact of COVID-19, the global transformation program achieved operational efficiency savings in excess of \$14.7 million with the hub strategy being progressed including the build out of Leeds and Mumbai hubs. Mumbai hub operations commenced with capacity for up 1,200 seats to be filled over the next two years. As at 30 June 2020, around 230 FTEs were in place.</p> <p>Continued rollout of productivity and workflow automation systems and tools across various business units to improve efficiency and accuracy.</p>

Table 2: FY2020 STI Outcomes Summary

EXECUTIVE KMP	GATEWAY NOT MET			STRATEGIC GOALS			TOTAL STI AWARDED
	COMPANY FINANCIAL	DIVISIONAL FINANCIAL	STRATEGY	CUSTOMER AND STAKEHOLDER	PEOPLE AND LEADERSHIP	OPERATIONAL EXCELLENCE	
John McMurtrie	Not Met	N/A	Largely Met	Largely Met	Largely Met	Partially Met	0
Chris Addenbrooke	Not Met	Not Met	Largely Met	Largely Met	Largely Met	Partially Met	0
Paul Gardiner	Not Met	Not Met	Largely Met	Largely Met	Largely Met	Partially Met	0
Robbie Hughes	Not Met	Not Met	Largely Met	Largely Met	Largely Met	Partially Met	0
Andrew MacLachlan	Not Met	N/A	Largely Met	Largely Met	Largely Met	Partially Met	0
Dee McGrath	Not Met	Not Met	Largely Met	Largely Met	Largely Met	Partially Met	0
Lysa McKenna	Not Met	Not Met	Largely Met	Largely Met	Largely Met	Partially Met	0
Susan Ring	Not Met	Not Met	Largely Met	Largely Met	Largely Met	Partially Met	0

REMUNERATION REPORT (CONTINUED)

Table 3: STI amounts awarded

EXECUTIVE KMP	STI TARGET (\$)	STI ACHIEVED (% OF TARGET)	STI FORFEITED (%)	STI STRETCH COMPONENT	STI TO BE PAID IN CASH (\$)
John McMurtrie	\$1,100,000	0	100%	N/A	0
Chris Addenbrooke	\$452,918	0	100%	N/A	0
Paul Gardiner	\$502,500	0	100%	N/A	0
Robbie Hughes	\$460,808	0	100%	N/A	0
Andrew MacLachlan	\$450,000	0	100%	N/A	0
Dee McGrath	\$468,750	0	100%	N/A	0
Lysa McKenna	\$300,000	0	100%	N/A	0
Susan Ring	\$384,891	0	100%	N/A	0

Chris Addenbrooke and Susan Ring are based in the UK and accordingly are remunerated in GBP. Robbie Hughes is based in Ireland and is remunerated in EUR. Their STI Targets reflect historic arrangements and have been converted to AUD using the prevailing exchange rates that were used to prepare the financial statements for FY2020.

FY2018 LTI Grant Outcome

The Omnibus Equity Plan measures performance over a three-year period against Operating EPS targets (75%) and relative TSR performance targets (25%).

FY2018 EPS Grant Outcome

EPS PSRs are subject to a compound annual growth rate in Operating EPS of between a threshold target of 7% and a stretch target of 12%.

Table 4: FY2018 EPS Grant Outcome

		2020	2017	CAGR %
Operating NPATA	(\$millions)	144.0	123.8	5.2%
Weighted average number of ordinary shares	(millions)	531.7	359.8	13.9%
Operating EPS	(cents)	27.1	34.4	(7.7)%

Using the vesting scale outlined in section 3.1, 0% of the PSR's subject to the EPS hurdle vested in FY2020. The Board considered the impact of various transactions using the agreed transactions principles and, in regards to the major transactions during the performance period, decided not to make any adjustment to the FY2018 targets for the equity investment in PEXA, the LAS acquisition, the disposal of the CPCS business and equity raising activities during FY2018.

REMUNERATION REPORT (CONTINUED)

FY2018 TSR Grant Outcome

TSR takes into account the change in Link Group's share price over the relevant performance period, as well as the dividends paid (dividends are assumed to be reinvested in Link Group shares).

Over the performance period, Link Group was ranked in the 17th percentile within the peer group. Using the vesting scale outlined in section 3.1, no PSR's subject to the TSR hurdle vested in FY2020.

Table 5 outlines the financial performance of Link Group.

Table 5: Five-year performance of Link Group

		2020	2019	2018	2017	2016
EPS	(cents)	(21.81)	59.6	27.86	22.59	12.11
Operating EBITDA	(\$millions)	293.8	394.6	368.3	219.0	190.6
Operating NPATA	(\$millions)	144.0	197.8	203.2	123.8	95.1
Net Profit (loss) after tax	(\$millions)	(113.9)	318.1	139.8	85.2	42.5
Change in share price to 30 June	(\$)	(0.90)	(2.33)	(0.57)	0.03	1.80
Declared Dividends	(cps)	19.0	20.5	20.5	14.0	8.0

Note that FY2018 and FY2019 Operating EBITDA comparatives have been re-stated to comply with AASB16 Leases and assist with comparability to FY2020.

REMUNERATION REPORT (CONTINUED)

Actual Remuneration Received

Table 6 shows the actual cash remuneration paid or payable to Executive KMP for services provided in FY2020 and FY2019 and deferred payments received. The table below does not include the accounting value of equity that was expensed, but not realised, under the LTI.

Table 6: Actual remuneration received in FY2020 and FY2019

	YEAR	FIXED REMUNERATION (\$)	STI AWARDED ^{1,2} (\$)	DEFERRED STI REALISED (\$)	LTI REALISED (\$)	TERMINATION BENEFITS (\$)	TOTAL REMUNERATION (\$)
EXECUTIVE KMP³							
John McMurtrie	2020	1,005,886	–	–	553,784	N/A	1,559,670
	2019	1,035,217	–	–	–	N/A	1,035,217
Chris Addenbrooke⁴	2020	497,799	237,474	–	–	N/A	735,273
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Paul Gardiner	2020	626,664	–	–	165,182	N/A	791,846
	2019	662,315	–	–	–	N/A	662,315
Robbie Hughes⁴	2020	448,485	231,975	–	–	N/A	680,460
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Andrew MacLachlan⁴	2020	551,553	–	–	97,342	N/A	648,895
	2019	297,162	–	–	N/A	N/A	297,162
Dee McGrath^{4,5}	2020	598,735	–	–	137,603	N/A	736,338
	2019	78,220	–	N/A	N/A	N/A	78,220
Lysa McKenna⁴	2020	176,165	–	–	–	N/A	176,165
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Susan Ring⁴	2020	188,403	–	–	–	N/A	188,403
	2019	N/A	N/A	N/A	N/A	N/A	N/A

1 Chris Addenbrooke was eligible to participate in a retention bonus of GBP 379,500 (gross), payable in three equal payments in April 2018, April 2019 and April 2020. The amount reflected represents the final tranche of this incentive.

2 Robbie Hughes was eligible to participate in a retention bonus of EUR 422,400 (gross), payable in three equal payments in April 2018, April 2019 and April 2020. The amount reflected represents the final tranche of this incentive.

3 Chris Addenbrooke and Susan Ring are based in the UK and accordingly are remunerated in GBP. Robbie Hughes is based in Ireland and remunerated in EUR. Their LTI targets reflect historic arrangements. Remuneration has been converted to AUD using the prevailing exchange rates that were used to prepare the financial statements for FY2020.

4 Remuneration for KMP is included from the date they are designated as KMP. For Chris Addenbrooke and Robbie Hughes, this is 1 July 2019. For Dee McGrath, this is her commencement date of 20 May 2019. For Lysa McKenna and Susan Ring, this is 1 January 2020. For Andrew MacLachlan, his commencement date was 1 January 2019.

5 Dee McGrath was issued with 65,325 shares on commencement. The amount included under LTI Realised reflects 25,453 restricted shares which were released from a holding lock. The remainder of the shares are held under a holding lock.

REMUNERATION REPORT (CONTINUED)

2.3 Executive KMP statutory remuneration table

Table 7 presents the remuneration for Executive KMP for FY2020 and comparative information for FY2019. The information presented in Table 7 has been prepared in accordance with the Australian Accounting Standards and accordingly differs from the information presented in the actual remuneration received in Table 6 in Section 2.2.

Table 7: Executive KMP statutory remuneration

NAME	YEAR	SALARY AND FEES \$	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS		OTHER LONG-SERVICE BENEFITS		TERMINATION BENEFITS \$	EQUITY BASED PAYMENTS		% OF REMUNERATION RELATED TO PERFORMANCE	VALUE OF PSRS AS A % OF REMUNERATION
			STI ⁶ \$	OTHER BENEFITS \$	SUPER-ANNUATION BENEFITS \$	LONG SERVICE LEAVE \$	LTI \$	TOTAL \$					
John McMurtrie	2020	1,005,886	-	12,936	21,003	19,880	N/A	N/A	280,975	1,340,680	0%	21%	
	2019	1,035,217	-	12,529	25,000	-	N/A	N/A	265,823	1,338,569	0%	20%	
Chris Addenbrooke ⁷	2020	461,072	79,158	74,383	5,541	-	N/A	N/A	74,067	694,221	11%	11%	
	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Paul Gardiner	2020	626,664	-	12,397	21,003	12,117	N/A	N/A	98,620	770,801	0%	13%	
	2019	662,315	-	12,298	20,531	33,127	N/A	N/A	84,595	812,866	0%	10%	
Robbie Hughes ⁸	2020	448,485	77,325	37,876	67,273	-	N/A	N/A	143,990	774,949	10%	19%	
	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Andrew MacLachlan	2020	551,553	-	12,904	25,000	23,082	N/A	N/A	87,407	699,946	0%	12%	
	2019	297,162	-	6,396	13,617	8,574	N/A	N/A	(25,896)	299,853	0%	(9%)	
Dee McGrath ⁹	2020	598,735	-	8,489	21,003	-	N/A	N/A	377,160	1,005,387	0%	38%	
	2019	78,220	-	946	5,133	58	N/A	N/A	68,478	152,835	0%	45%	
Lysa McKenna	2020	176,165	-	6,560	10,501	3,895	N/A	N/A	34,159	231,280	0%	15%	
	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Susan Ring	2020	188,403	-	917	9,418	-	N/A	N/A	46,122	244,860	0%	19%	
	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Anthony O'Keefe ¹⁰	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
	2019	556,468	405,505	342,366	76,434	-	30,718	39,783	1,451,274	5,762,124	0%	3%	
Total	2020	4,056,963	156,483	166,462	180,742	58,974	-	1,142,500	432,783	4,055,397	3%	20%	
	2019	2,629,382	405,505	374,535	140,715	41,759	30,718	432,783	4,055,397	4,055,397	0%	11%	

6 No Executive KMP received a Company STI in relation to FY2020.

7 Chris Addenbrooke was eligible to participate in a retention bonus of GBP 379,500 (gross), payable in three equal payments in April 2018, April 2019 and April 2020. The incentive amount under the STI in the table represents the company expense for this payment in FY2020. He also received a Cash in Lieu of Pension payment shown in Other Benefits relating to both FY2019 and FY2020, which is a mechanism in the UK for those whose annual contributions are above the Pension Annual Allowance.

8 Robbie Hughes was eligible to participate in a retention bonus of EUR 422,400 (gross), payable in three equal payments in April 2018, April 2019 and April 2020. The incentive amount under the STI in the table represents the company expense for this payment in FY2020.

9 The amount included in LTI for Dee McGrath includes restricted shares issued to her on commencement. The shares were issued under a holding lock.

10 Anthony O'Keefe ceased as a KMP on 30 June 2019. Figures included in the table are for year on year comparison. STI amount for Mr O'Keefe includes an accrued cash retention bonus and the expense relating to an STI adjustment from the prior year.

REMUNERATION REPORT (CONTINUED)

3. DETAILED REMUNERATION INFORMATION

3.1 Detail of Executive KMP remuneration framework

Table 8 outlines the detail of the FY2020 STI and LTI arrangements.

Table 8: FY2020 approach

STI	
Opportunity	<p>Any STI awarded is subject to the achievement of annual targets.</p> <p>The target STI opportunity for Executive KMP represents an opportunity to earn around 32% of total target remuneration. Target STI ranges from 75% to 100% of fixed remuneration.</p> <p>Executive KMP have the opportunity to earn up to 150% of their target STI where the Operating NPATA is 110% of budget. This represents the maximum STI. A sliding scale applies between 100% and 110% achievement of the Operating NPATA target to determine the STI pool accrual. The actual STI pool as well as the quantum of an individual KMP's STI is performance based and subject to Board discretion.</p> <p>50% of any STI paid is delivered as cash with the remaining 50% awarded in the form of Link Group shares with a holding lock of up to two years.</p>
Gateway	<p>A minimum level of Operating NPATA must be achieved before any STI is paid. This level is set by the Board annually once the Budget is approved.</p> <p>In FY2020, the STI Gateway Operating NPATA target for Executive KMP was \$151.7 million. This gateway was not adjusted for any COVID-19 impact.</p> <p>As the STI gateway target was not met, no Executive KMP received a STI in FY2020.</p>
Performance measures	<p>Allocation of the STI is by achievement of a balanced scorecard of relevant corporate, business unit (where relevant) and individual measures aligned to our strategic objectives comprising a combination of Operating NPATA, business Operating EBIT and individual strategic goals. Goals vary by role and across financial years but broadly fall under the categories of Company Performance, Strategic Priorities, Divisional Financial Performance, Customer & Stakeholder, People & Leadership and Operational Excellence.</p> <p>In providing a final assessment of performance against goals, the Board may in their discretion also take into consideration the Executive KMP's alignment to Link Group's core values and culture, behaviours, compliance, and prudent risk taking. The Board may in their discretion also take into consideration the impact of circumstances either positive or negative that arise through the reviewing period such as an acquisition or disposal event, fraud, information security or privacy breach, reputational damage, client wins or losses and other events.</p> <p>For FY2020, the weighting of financial (Operating NPATA and Operating EBITDA) to pre-financial goals (Strategic and Operational goals) was 55%/45% for the Managing Director and 60%/40% for other Executive KMP. Further detail is provided in Section 2.2.</p>
STI Deferral	<p>In FY2020, deferral of 50% of any earned STI into equity is mandatory for Executive KMPs. Deferral is into Link Group shares which are subject to a holding lock for a period of up to two years.</p>
Clawback	<p>The Board has the discretion to determine that some portion or all of an employee's unvested or vested short-term incentive (STI) and long-term incentive (LTI) awards be forfeited if, in the Board's opinion, adverse circumstances affecting the performance, reputation or risk profile of Link Group have come to the Board's attention which circumstances, had they been known at the time when the STI or LTI was made, would have caused the Board to make a different award or no award. No Board discretion in relation to clawback was applied in FY2020.</p>
Termination	<p>The Board has the discretion to determine the treatment of deferred STI in the event an Executive KMP ceases employment during the vesting period.</p>

REMUNERATION REPORT (CONTINUED)

LTI – OMNIBUS EQUITY PLAN

Award vehicle Awards are delivered in the form of PSRs. No dividends are paid during the performance period. Participants are entitled to receive dividends and to exercise voting rights attaching to those shares post-vesting while the shares are subject to the holding lock.

A cash-settled alternative (through the issue of indeterminate rights) is included in the Omnibus Equity Plan.

Opportunity The maximum grant value of LTI opportunities represents 22% to 45% of the total target remuneration package for Executive KMP, or 50% to 161% of fixed remuneration.

The number of performance rights granted is determined based on the opportunity available to each participant divided by the five trading day VWAMP for Link Group shares from the date of announcement of Link Group's full year results.

Performance measures The following performance measures apply for FY2020 grants under the LTI:

Operating EPS (75%) – EPS is calculated by dividing Link Group's Operating NPATA by the undiluted weighted average number of shares on issue throughout the performance period. The Board has discretion to include or exclude items from the calculations. Franking credits are excluded from the calculations. Operating NPATA is a measure consistently used internally and by which both Management and the market tracks Link Group's performance. Operating NPATA reflects the underlying earnings of the business and excludes the impact of non-cash acquired amortisation as well as the after tax impact of one off significant items. While an internal measure, it receives assurance at each level within the business. The use of EPS as a performance measure reinforces Link's growth strategy which is underpinned by a disciplined approach to acquisitions as well as organic growth in our existing businesses. This strategy requires dealing effectively with the inherent complexity in managing an acquisitions pipeline and the need to integrate well and achieve synergies. PSRs are subject to a compound annual growth rate in EPS of between a threshold target of 7% and a stretch target of 12%. This target range provides appropriate stretch to executives, is competitive against the ranges set by industry peers and achievement should result in strong returns to shareholders.

Our key focus is on delivering earnings growth to our shareholders. The EPS measure strongly supports the aim of the LTI principles in supporting our growth strategy.

TSR (25%) – relative to the constituents of the S&P/ASX 100, excluding materials, utilities, industrials and energy companies. Our starting comparator group, before consideration of any corporate actions during the vesting period, is 55 companies for the FY2020 grant.

TSR takes into account the change in Link Group's share price over the relevant performance period, as well as the dividends paid (dividends are assumed to be reinvested in Link Group shares).

Link Group acknowledges that TSR performance relative to a basket of constituents is important to some investors. However, in the absence of a sizeable group of comparable industry peers, we also acknowledge that comparison to a broad S&P/ASX index constituents group can give arbitrary results that are not reflective of the Company's performance. The lower weighting on TSR is reflective of this.

REMUNERATION REPORT (CONTINUED)

LTI – OMNIBUS EQUITY PLAN

Vesting schedule

The vesting schedule for the EPS portion is as follows:

EPS PERFORMANCE OUTCOME	PERCENTAGE OF PERFORMANCE RIGHTS THAT WILL VEST
Compound annual growth rate of less than 7%	0%
Compound annual growth rate of 7%	50%
Compound annual growth rate between 7% and 12%	Pro-rata between 50% and 100%
Compound annual growth rate of 12% or more	100%

The vesting schedule for the TSR portion is as follows:

LINK GROUP'S RELATIVE TSR RANKING	PERCENTAGE OF PERFORMANCE RIGHTS THAT WILL VEST
Link Group ranks below the 50th percentile	0%
Link Group ranks at the 50th percentile	50%
Link Group ranks between the 50th and 75th percentile	Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile)
Link Group ranks at or above the 75th percentile	100%

Transaction impact

As a framework for assessing the treatment of transactions, the Board uses a number of principles against which to assess the impact of a transaction on the LTI:

1. preserve the value of the awards held by employees;
2. reward for the success of the transaction;
3. maintain the level of stretch expected when the original targets were set;
4. be consistent with general market/shareholder expectations; and
5. maintain the integrity of each year's remuneration as awarded.

Each transaction is assessed against these criteria on a case by case basis.

Performance period and holding lock

Performance is measured over a three-year period. Awards lapse at the end of three years to the extent performance measures are not met. There is no retesting of awards.

One-half of any vested award is available to the participant at the end of the performance period. A holding lock applies to the remaining 50%; one-half of which is then available after a further one and two years respectively. Shares are delivered upon PSRs vesting and are held by a trustee while the holding lock applies.

Clawback

Under the Omnibus Equity Plan, the Board has the discretion to determine that some portion or all of an employee's unvested or vested short-term incentive (STI) and long-term incentive (LTI) awards be forfeited if, in the Board's opinion, adverse circumstances affecting the performance, reputation or risk profile of Link Group have come to the Board's attention which circumstances, had they been known at the time when the STI or LTI was made, would have caused the Board to make a different award or no award.

Termination

In the event of a cessation of employment for a 'qualifying reason' (for example, death, serious injury, disability or illness, genuine retirement or retrenchment), equity will be retained 'on-foot' and will be tested against performance hurdles at the original vesting date alongside other participants, having regard to the portion of the performance period served, unless otherwise determined by the Board.

REMUNERATION REPORT (CONTINUED)

LTI – OMNIBUS EQUITY PLAN

Change of control	The Board has the discretion to vest outstanding awards taking into account the portion of the vesting period and performance against hurdles at the time of the change of control and any replacement equity offered by third parties. There is no acceleration of awards in respect of a potential change of control.
Treatment of dividends	Participants are not eligible to receive dividends on PSRs until rights are vested and converted into shares. Dividends apply to shares subject to a holding lock.
Hedging policy	Executive KMP are not permitted to hedge unvested award nor awards subject to a holding lock.
Minimum Shareholding Requirement	Executive KMP are required to hold a minimum of one year's annual fixed remuneration within five years of the date that they are appointed as a KMP. Deferred STI and vested LTI subject to a holding lock count towards this requirement.

3.2 Key terms of employment contracts

The key employment terms for the Executive KMP are summarised in Table 9. All Executive KMP have continuing contracts.

Table 9: Employment terms

	ANNUAL LEAVE ENTITLEMENT	NOTICE PERIOD COMPANY AND EMPLOYEE
EXECUTIVE KMP		
John McMurtrie	30 days	12 months
Chris Addenbrooke	25 days	12 months
Paul Gardiner	20 days	12 months
Robbie Hughes	29 days	6 months
Andrew MacLachlan	20 days	12 months
Dee McGrath	20 days	6 months
Lysa McKenna	20 days	6 months
Susan Ring	27 days	6 months

All employment contracts contain:

- total remuneration packages (including mandatory superannuation or pension contributions), plus car parking and any related FBT liability (where applicable) as a discretionary benefit that can be removed at any time;
- express provisions protecting Link Group's confidential information and intellectual property; and
- post-employment restrictions covering non-competition, non-solicitation of clients and non-poaching of employees for a maximum of 12 months.

Under the terms of all employment contracts, either party is entitled to terminate employment by giving written notice in accordance with the relevant contract notice period. Link Group may, at its election, make a payment in lieu of that notice based on the Executive KMP's base remuneration package.

Link Group may also terminate employment immediately and without further payment where the employee commits serious misconduct and on other similar grounds.

Any termination payments are paid within applicable legislative requirements.

REMUNERATION REPORT (CONTINUED)

3.3 Non-Executive Director fees and statutory remuneration table

Non-Executive Director fee policy

The pool for payment of Non-Executive Directors' (NED) fees is capped by the Company at \$2 million per annum. NED fees are set with reference to relevant market data. The Board reviews fees annually and seeks benchmarking data using the same comparator groups used for the Executive KMP, being Australian-listed companies of similar size and/or industry. Consideration is given to S&P/ASX 200 entities with market capitalisation 50% to 200% of Link Group's 12-month average market capitalisation and specific peer companies. The Board also reviews NED remuneration with reference to the scale, complexity and geographical reach of Link Group.

NEDs receive an annual fee for Board membership and for service as the Chair or a Member of Board Committees. The Chair of the Board does not receive any fees for serving as a Member of Board Committees and NEDs do not receive fees for serving on the Nominations Committee. NEDs are eligible to receive a travel allowance for overseas board meetings. In FY2020, only UK based Andy Green received a travel allowance for his return trips to Australia. NEDs do not participate in any variable or incentive plans and do not receive retirement benefits other than superannuation.

Following a review of the committee structures, the audit and risk responsibilities were separated to enable a greater focus on risk management. The committee structures and fees effective from 1 December 2019 are detailed in Table 10.

Table 10: Non-Executive Director fees^{11,12}

	2020 (FROM 1 DECEMBER 2019)		2019	
	CHAIR FEE	MEMBER FEE	CHAIR FEE	MEMBER FEE
Base fees	\$365,600	\$168,100	\$365,600 ¹³	\$168,100
Committee				
Risk and Audit Committee ¹⁴	N/A	N/A	\$35,875	\$17,938
Risk Committee	\$32,000	\$16,000	N/A	N/A
Audit Committee	\$32,000	\$16,000	N/A	N/A
Human Resources and Remuneration Committee	\$32,000	\$16,000	\$28,700	\$14,350
Technology and Operations Committee ¹⁵	\$32,000	\$16,000	\$28,700	\$14,350
Nominations Committee	–	–	–	–

11 Amounts are exclusive of GST and inclusive of any required superannuation payments (where applicable).

12 Amounts are full fees, prior to any temporary reduction applied as a result of COVID-19 measures.

13 The Chair's fee is delivered as a single payment. The Chair receives no additional fees for any Committee work undertaken.

14 The Risk and Audit Committee was separated into two separate committees from 1 December 2019 to increase the focus on risk management.

15 The Technology and Operations Committee was previously named the Technology and Innovation Committee.

01 Directors' Report

REMUNERATION REPORT (CONTINUED)

Fees paid to NEDs during FY2020 and FY2019 were:

Table 11: Statutory remuneration for Non-Executive Directors

NAME	YEAR	FEES \$	SUPERANNUATION BENEFITS \$	TOTAL \$
Michael Carapiet	2020	336,797	–	336,797
	2019	365,600	–	365,600
Glen Boreham	2020	206,834	–	206,834
	2019	211,150	–	211,150
Andrew (Andy) Green ¹⁶	2020	277,241	–	277,241
	2019	289,755	–	289,755
Peeyush Gupta	2020	171,298	16,273	187,571
	2019	169,898	16,140	186,038
Anne McDonald	2020	171,298	16,273	187,571
	2019	169,898	16,140	186,038
Sally Pitkin	2020	209,022	–	209,022
	2019	214,738	–	214,738
Fiona Trafford-Walker	2020	209,824	–	209,824
	2019	218,325	–	218,325
Total	2020	1,582,314	32,546	1,614,860
	2019	1,639,364	32,280	1,671,644

Minimum shareholding requirements

The Board has adopted a Minimum Shareholding Policy to assist in aligning the interests of all Directors with our shareholders. Each NED must hold a minimum number of shares, equivalent to one times the NED annual base fee (not including Committee membership or the higher fee for the Committee Chair). The minimum shareholding requirement must be met within three years after the date of their appointment. At the time of publication of this Report, all NEDs with three or more years' service are in compliance with the minimum shareholding requirements.

¹⁶ Andy Green is based in the UK and accordingly is remunerated in GBP. His annual fee for serving as a Director of the Company is £102,500. In addition, he receives a travel allowance of £5,575 for each return trip to Australia to attend Board meetings. Mr Green also received an annualised fee of £40,000 for serving as Chair of the Link Asset Services (LAS) Advisory Forum, which advised the Board on strategic, operational and risk matters in relation to the LAS business. The LAS Advisory Forum was disbanded on 1 December 2019, and the respective fee ceased.

REMUNERATION REPORT (CONTINUED)

3.4 Remuneration governance

The Human Resources and Remuneration Committee (the Committee) assists the Board with oversight of Link Group's human resources and remuneration strategies and supporting policies and practices for our employees and NEDs and monitoring the implementation and effectiveness of the strategy, policies and practices.

Figure 3 outlines the relationship between the Board, Committee, Management and external advisors. The Committee comprises independent NEDs appointed by the Board.

Figure 3



During FY2020, no remuneration recommendations were provided by any external advisors.

REMUNERATION REPORT (CONTINUED)

3.5 Additional required disclosures

Table 12 outlines the grant of PSRs for Executive KMP in FY2020.

Table 12: PSRs

	TOTAL NUMBER OF PSRS AS AT 1 JULY 2019	PSRS GRANTED IN FY2020	GRANT DATE	EXPIRY DATE FOR PSRS GRANTED IN FY2020	EXERCISE PRICE FOR PSRS GRANTED IN FY2020	FAIR VALUE OF PSRS GRANTED IN FY2020		TOTAL NUMBER OF PSRS VESTED DURING THE YEAR	TOTAL NUMBER OF PSRS FORFEITED /LAPSED OR EXPIRED DURING THE YEAR	TOTAL NUMBER OF PSRS AS AT 30 JUNE 2020
						EPS	TSR			
EXECUTIVE KMP¹⁷										
John McMurtrie	472,142	269,009	18.12.2019	18.12.2026	Nil	5.01	2.80	75,835	52,157	613,159
Chris Addenbrooke	99,614	72,902	18.12.2019	18.12.2026	Nil	5.01	2.80	–	–	172,516
Paul Gardiner	161,197	92,166	18.12.2019	18.12.2026	Nil	5.01	2.80	22,620	15,559	215,184
Robbie Hughes	176,195	134,911	18.12.2019	18.12.2026	Nil	5.01	2.80	–	–	311,106
Andrew MacLachlan	93,449	82,537	18.12.2019	18.12.2026	Nil	5.01	2.80	13,330	9,168	153,488
Dee McGrath	–	57,317	18.12.2019	18.12.2026	Nil	5.01	2.80	–	–	57,317
Lysa McKenna	70,886	–	N/A	N/A	N/A	N/A	N/A	–	–	70,886
Susan Ring	89,963	–	N/A	N/A	N/A	N/A	N/A	–	–	89,963

All PSRs granted during FY2020 vest over a service period covering 1 July 2019 to 30 June 2022.

Movements in shareholdings

The movement during the reporting period in the number of ordinary shares in Link Administration Holdings Limited held, directly, indirectly or beneficially, by each NED and Executive KMP, including their related parties, is set out in Table 13.

Table 13: Shareholding movement

	BALANCE AT 1 JULY 2019	RECEIVED ON EXERCISE OF OPTIONS/ RIGHTS	PURCHASED/ ACQUIRED	DISPOSED	BALANCE AT 30 JUNE 2020
Michael Carapiet	1,647,160	–	320,000	–	1,967,160
Glen Boreham	100,989	–	19,532	–	120,521
Andrew (Andy) Green	26,030	–	–	–	26,030
Peeyush Gupta	44,885	–	1,843	–	46,728
Anne McDonald	32,267	–	604	–	32,871
Sally Pitkin	70,517	–	15,000	–	85,517
Fiona Trafford-Walker	29,944	–	1,229	–	31,173
John McMurtrie, AM	13,881,830	75,835	200,000	–	14,157,665
Chris Addenbrooke	48,041	–	–	–	48,041
Paul Gardiner	463,538	22,620	291,900	–	778,058
Robbie Hughes	49,850	–	–	–	49,850
Andrew MacLachlan	68,067	13,330	14,735	–	96,132
Dee McGrath ¹⁸	65,325	–	–	–	65,325
Lysa McKenna	48,639	–	4,008	–	52,647
Susan Ring	–	–	–	–	–

17 Lysa McKenna and Susan Ring were designated as KMP on 1 January 2020. Their share rights have been included from this date.

18 On commencement Dee McGrath was granted 65,325 restricted shares which vest over four vesting dates, commencing 31 October 2019 and ending 30 August 2022.

REMUNERATION REPORT (CONTINUED)

Loans to Key Management Personnel and their related parties

There were no loans to KMP during the year.

Other transactions with Key Management Personnel

A number of Link Group's NEDs are directors of other entities, which will, from time to time, transact with Link Group. The terms and conditions of the transactions with these entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel-related entities on an arm's length basis. Those transactions are the provision of Link Group services to companies of which some of the NEDs were directors, such as registry services.

From time to time, Directors of Link Group, or their related entities, may purchase services from Link Group. These purchases are on the same terms and conditions as those entered into by other Link Group employees or clients and are engaged on an arm's length basis. These services relate to some NEDs being members of superannuation funds to which Link Group provides services.

OTHER INFORMATION

Significant Changes in State of Affairs**Entry in to UK pension market – Smart Pension**

On 13 November 2019, Link Group announced a strategic global partnership and minority investment in Smart Pension – a leading UK workplace pension provider. As at 30 June 2020, the partnership included Link Group acquiring an ownership interest of 17.4% in Smart Pension Limited and a 100% controlling interest in Smart Pension Administration Limited for £40.0 million (\$75.0 million). Link Group's investment in Smart Pension provides Link Group with access to Smart Pension's platform in the UK, with exclusive utilisation of this platform in certain jurisdictions across Europe and Asia. Link Group has also taken on the administration for Smart's UK workplace pension operation, including the administration of the fast growing Smart Pension Master Trust.

Other changes in state of affairs

In August 2019, Link Group repaid \$194.0 million of its AUD non-amortising loan facility and £118.0 million of its GBP non-amortising loan facility using proceeds from the sale of the CPCS business on 28 June 2019. Link Group pre-emptively drew down \$127 million of its AUD non-amortising loan facility and £34.3 million of its GBP non-amortising loan facility during March and April 2020 as a precautionary measure to ensure availability of cash during the COVID-19 pandemic for operations and previously announced acquisitions that are yet to complete given they are subject to regulatory approval.

On 29 May 2020, Link Group extended the term of its fully drawn \$275.0 million AUD non-amortising loan facility by two years to 25 January 2024. All other terms and conditions of the facilities remain substantially the same.

On 29 August 2019, Link Group announced its intention to undertake an on-market buy-back of up to 53,395,062 shares (being approximately up to 10% of Link Group's issued ordinary shares). During the year ended 30 June 2020, Link Group bought-back and cancelled 3,622,175 shares for a total consideration of \$19.4 million.

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 financial year ended 30 June 2020.

Events Subsequent to Reporting Date**PEXA capital return**

In July 2020, Torrens Group Holding's Board (i.e. the PEXA Holdco Board) approved a \$950 million capital return financed by shareholder debt (Link Group's 44.2% share is approximately \$420 million). This will result in a loan receivable being recognised by Link Group in FY2021 (and corresponding reduction in the value of its equity accounted investment). Interest income will accrue on the loan (offsetting the interest expense Torrens Group will recognise). Torrens Group is expected to commence refinancing its debt in FY2021 such that it will raise the first tranche external debt in order to repay shareholder debt, presently scheduled to be completed by the end of the 2020 calendar year.

On-market share buy-back

On 26 August 2020 the Directors resolved to cease the on-market share buy-back announced to the ASX on 29 August 2019.

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. The future impact of the COVID-19 pandemic remains uncertain.

Retirement of Managing Director

On 7 August 2020 Link Group announced that John McMurtrie will retire as Managing Director of Link Group in early 2021 and will be succeeded by Vivek Bhatia as Managing Director and Chief Executive Officer. Vivek Bhatia, currently QBE Chief Executive Officer, Australia Pacific, was the standout candidate from an extensive international executive search as part of a planned succession process. John will work with Vivek over the coming months to ensure a smooth transition.

Other than the matters described above, in the opinion of the Directors, there has not arisen in the interval between the end of the financial year 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 financial years.

OTHER INFORMATION (CONTINUED)

Likely Developments

Further information about the likely developments in the operations of Link Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to Link Group.

Environmental Regulation

Link Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes Link Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to Link Group.

Indemnification and Insurance

The Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, each Director and officer in respect of certain losses and liabilities (including all reasonable legal expenses) which the Director or officer may incur as a result of, or by reason of being a Director or officer of Link Group or a related body corporate.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

In accordance with the provisions of the *Corporations Act 2001*, the Company has a Directors' and officers' liability policy which covers all Directors and officers of Link Administration Holdings Limited and its Controlled Entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

During the financial year, the Company has not paid any premium in respect of a contract to insure the auditor of the Company or any of the auditor's related entities.

Corporate Governance

The Board implements high standards of corporate governance, taking into account the Company's size, structure and nature of its operations. Link Group's Corporate Governance Statement reports against the Third Edition of the ASX Corporate Governance Council's Principles and Recommendations. The Corporate Governance Statement is approved by the Board and the most current version is available on the Link Group website at <http://linkgroup.com/about-us.html>.

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 financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Non-audit services

During the year KPMG, Link Group's auditor, performed certain other services in addition to the audit of the financial statements amounting to \$675,918 (2019: \$308,626). The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Details of the amounts paid to KPMG for audit and non-audit services provided during the year are disclosed in Note 31 to the financial statements.

OTHER INFORMATION (CONTINUED)

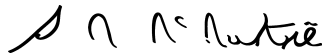
The Lead Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 99 and forms part of the Directors' Report for the financial year ended 30 June 2020.

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

Dated 27 August 2020 at Sydney.



Michael Carapet
Chair



John McMurtrie
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 audit of Link Administration Holdings Limited for the financial year ended 30 June 2020 there have been:

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

KPMG

Eileen Hoggett
Partner

Sydney
27 August 2020

02 Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the financial year ended 30 June 2020

	NOTE	2020 \$'000	2019 ¹ \$'000
Revenue – contracts with clients	5	1,230,401	1,403,465
Expenses:			
Employee expenses		(599,171)	(692,438)
Occupancy expenses		(28,432)	(22,945)
IT costs		(118,417)	(108,880)
Administrative and general expenses	6	(224,611)	(223,917)
Acquisition and capital management related expenses		(13,455)	(18,466)
		(984,086)	(1,066,646)
Depreciation expense	14	(55,397)	(54,015)
Intangibles amortisation expense	15	(110,133)	(99,164)
Contract fulfilment cost amortisation expenses		(6,738)	(5,281)
		(172,268)	(158,460)
(Loss)/Gain on financial assets held at fair value through profit and loss	20	(23,179)	177,981
Share of loss of equity-accounted investees, net of tax	28	(11,385)	(12,457)
Profit on disposal of subsidiaries		48	107,449
Impairment expense	15	(107,751)	–
Finance income		2,009	753
Finance costs	18	(35,190)	(38,196)
Net finance costs		(33,181)	(37,443)
(Loss)/profit before tax		(101,401)	413,889
Tax expense	8(a)	(12,497)	(95,749)
(Loss)/profit for the year		(113,898)	318,140
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit re-measurement		(12)	(164)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(2,279)	20,769
Other comprehensive income, net of tax		(2,291)	20,605
Total comprehensive income for the year		(116,189)	338,745

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

¹ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

02 Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the financial year ended 30 June 2020 (continued)

	NOTE	2020 \$'000	2019 ² \$'000
Profit attributable to:			
Owners of the Company		(115,996)	316,892
Non-controlling interest		2,098	1,248
(Loss)/profit for the year		(113,898)	318,140
Total comprehensive income attributable to:			
Owners of the Company		(118,079)	337,461
Non-controlling interest		1,890	1,284
Total comprehensive income for the year		(116,189)	338,745
EARNINGS PER SHARE			
		CENTS PER SHARE	CENTS PER SHARE ²
Basic earnings per share	7	(21.81)	59.59
Diluted-earnings per share	7	(21.67)	59.30

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

² Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

02 Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	NOTE	30 JUNE 2020 \$'000	30 JUNE 2019 RESTATED ³ \$'000	1 JULY 2018 RESTATED ³ \$'000
Current assets				
Cash and cash equivalents		264,092	560,176	265,512
Trade and other receivables	9	238,937	244,830	302,348
Derivative financial assets	20	363	–	–
Other assets		33,849	37,318	36,112
Current tax assets		18,459	234	5,850
Fund assets	11	616,982	985,900	576,016
Assets held for sale	26	5,931	–	–
Total current assets		1,178,613	1,828,458	1,185,838
Non-current assets				
Investments	20	93,198	51,349	144,230
Derivative financial assets	20	330	–	–
Equity-accounted investments	28	691,228	702,613	–
Plant and equipment	14	250,429	268,932	295,525
Intangible assets	15	2,042,245	2,188,936	2,457,074
Deferred tax assets	8(d)	56,472	51,976	61,810
Other assets		26,937	21,611	16,903
Total non-current assets		3,160,839	3,285,417	2,975,542
Total assets		4,339,452	5,113,875	4,161,380
Current liabilities				
Trade and other payables	10	275,154	261,328	285,941
Interest bearing loans and borrowings	17	35,945	30,038	32,521
Provisions	12	18,391	14,765	18,835
Employee benefits	13	38,650	44,670	47,551
Current tax liabilities		4,870	7,773	31,630
Fund liabilities	11	614,883	985,633	589,312
Liabilities held for sale	26	1,794	–	–
Total current liabilities		989,687	1,344,207	1,005,790
Non-current liabilities				
Trade and other payables	10	8,583	29,244	16,986
Interest-bearing loans and borrowings	17	1,226,952	1,393,515	1,071,132
Provisions	12	48,074	39,915	45,759
Employee benefits	13	5,450	5,286	5,761
Deferred tax liabilities	8(d)	145,435	150,350	117,766
Total non-current liabilities		1,434,494	1,618,310	1,257,404
Total liabilities		2,424,181	2,962,517	2,263,194
Net assets		1,915,271	2,151,358	1,898,186
Equity				
Contributed equity	21	1,889,733	1,909,140	1,875,538
Reserves	22	16,669	15,256	17,402
Retained earnings	23	4,263	223,739	3,208
Total equity attributable to equity holders of the parent		1,910,665	2,148,135	1,896,148
Non-controlling interest		4,606	3,223	2,038
Total equity		1,915,271	2,151,358	1,898,186

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

³ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

02 Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2020

	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 2019 ⁴	1,909,140	15,256	223,739	2,148,135	3,223	2,151,358
Net loss after tax	-	-	(115,996)	(115,996)	2,098	(113,898)
Defined benefit remeasurement	-	(12)	-	(12)	-	(12)
Foreign currency translation differences, net of tax	-	(2,071)	-	(2,071)	(208)	(2,279)
Total other comprehensive income, net of income tax	-	(2,083)	-	(2,083)	(208)	(2,291)
Total comprehensive income for the interim period	-	(2,083)	(115,996)	(118,079)	1,890	(116,189)
Transfer from retained earnings to reserves	-	104,173	(104,173)	-	-	-
Transactions with shareholders						
Dividends declared during the year	-	(101,248)	5	(101,243)	(507)	(101,750)
Equity settled share based payments	-	967	688	1,655	-	1,655
Treasury shares acquired	-	(396)	-	(396)	-	(396)
Buy-back and cancellation of share capital, net of costs	(19,407)	-	-	(19,407)	-	(19,407)
Total contributions by and distributions to owners	(19,407)	(100,677)	693	(119,391)	(507)	(119,898)
Balance at 30 June 2020	1,889,733	16,669	4,263	1,910,665	4,606	1,915,271

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

⁴ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

02 Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2020 (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
Balance at 30 June 2018 – Restated⁵	1,875,538	17,402	3,208	1,896,148	2,038	1,898,186
Net profit after tax ⁵	–	–	316,892	316,892	1,248	318,140
Defined benefit remeasurement	–	(164)	–	(164)	–	(164)
Foreign currency translation differences, net of tax ⁵	–	20,733	–	20,733	36	20,769
Total other comprehensive income, net of income tax⁵	–	20,569	–	20,569	36	20,605
Total comprehensive income for the year⁵	–	20,569	316,892	337,461	1,284	338,745
Transfer from retained earnings to reserves	–	96,462	(96,462)	–	–	–
Transactions with shareholders						
Dividends declared during the year	–	(114,063)	–	(114,063)	(759)	(114,822)
Equity settled share based payments	–	2,333	101	2,434	–	2,434
Treasury shares acquired	–	(3,467)	–	(3,467)	–	(3,467)
Non-controlling interest on acquisition of subsidiaries	–	(3,980)	–	(3,980)	660	(3,320)
Issue of share capital, net of costs of raising capital and tax	33,602	–	–	33,602	–	33,602
Total contributions by and distributions to owners	33,602	(119,177)	101	(85,474)	(99)	(85,573)
Balance at 30 June 2019⁵	1,909,140	15,256	223,739	2,148,135	3,223	2,151,358

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

⁵ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

02 Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2020

	NOTE	2020 \$'000	2019 ⁶ \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		1,369,711	1,587,788
Cash payments in the course of operations		(1,051,088)	(1,204,412)
		318,623	383,376
Cash payments for global transformation, acquisition/divestment and other one-off costs		(51,718)	(49,379)
Interest received		1,700	2,149
Dividends received		386	368
Borrowing costs paid		(34,700)	(37,491)
Income taxes paid		(44,683)	(69,229)
Net cash provided by operating activities	16(a)	189,608	229,794
Cash flows from investing activities			
Payments for plant and equipment		(33,147)	(6,195)
Payments for software		(74,134)	(74,468)
Proceeds from disposal of subsidiaries, net of cash disposed		–	413,092
Acquisition of subsidiary, net of cash acquired		(5,634)	(22,649)
Acquisition of equity-accounted investments		–	(404,802)
Payments for derivatives		(633)	–
Payments for investments		(69,560)	(38,308)
Proceeds from investments		1,509	–
Sub-lease receipts		263	–
Payment of indemnified liabilities		(12,926)	–
Net cash used in investing activities		(194,262)	(133,330)
Cash flows from financing activities			
Proceeds from borrowings		308,557	333,000
Repayment of borrowings		(437,615)	(16,262)
Payment of borrowing transaction costs		(721)	(1,609)
Repayment of lease liabilities		(29,848)	(33,188)
Payment for buy-back of shares		(19,407)	–
Payment for purchase of treasury shares		(396)	(3,467)
Dividends paid to owners of the Company		(101,243)	(80,494)
Dividends paid to non-controlling interest		(507)	(759)
Net cash (used in)/provided by financing activities		(281,180)	197,221
Net (decrease)/increase in cash and cash equivalents		(285,834)	293,685
Cash and cash equivalents at the beginning of the financial year		560,176	265,512
Effect of exchange rate fluctuations on cash held		(8,283)	979
Cash and cash equivalents reclassified as held for sale	26	(1,967)	–
Cash and cash equivalents at the end of the financial year		264,092	560,176

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

⁶ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

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 financial statements of Link Group as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries and Link Group’s interest in associates. Link Group is a for-profit entity. Link Group is a market leading provider of technology-enabled administration solutions. Link Group’s principal activities during the course of the year were connecting people with their assets including equities, pension and superannuation, investments, property and other financial assets. Link Group does this by partnering with thousands of financial market participants to deliver services, solutions and technology platforms that enhance the user experience and make scaled administration simple.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

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

Notwithstanding the net loss after tax, Link Group showed resilience 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. Link Group’s response was aided by the following:

- The majority of contracted revenue is with large financial institutions derived from non-discretionary services.
- A resilient earnings profile supporting operating cash flow, with approximately 80% of revenue recurring in nature.
- A liquidity position supported by cash reserves and committed, undrawn credit facilities.
- Debt serviceability and leverage remained comfortably within existing bank covenants.
- Additional initiatives were implemented to reduce costs and support operating cash flow recognising the increased activities in Retirement and Superannuation Solutions.

The Directors of the Company consider it probable 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 financial statements should be prepared on a going concern basis.

The consolidated financial statements were approved by the Board of Directors on 27 August 2020.

(b) Basis of measurement

The 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 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 are described in Note 2(e).

03 Notes to the Financial Statements

PREPARATION OF THIS REPORT (CONTINUED)

(d) Use of estimates and judgements

Preparation of the consolidated 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following notes to the financial statements:

- Note 8(e) Utilisation of tax losses
- Note 12 Provisions
- Note 15 Key assumptions in impairment testing for cash generating units (CGUs) containing goodwill
- Note 20 Fair value of level 3 financial instruments
- Note 24 Share-based payments; and
- Note 25 Business combinations

Whilst COVID-19 has not had an impact on any of Link Group's accounting policies, the impact of COVID-19 has been considered in applying Link Group's accounting policies including where management has made judgements, estimates and assumptions. To the extent relevant, the impact of COVID-19 has been considered and disclosed throughout the notes to the consolidated financial statements, including:

- Note 9 Assumptions within our expected credit losses on trade and other receivables;
- Note 15 Impact on cash flows forecasts used for impairment testing for CGUs containing goodwill; and
- Note 20 Impact on the fair value assessment of Level 3 investments

(e) Foreign currency

Foreign currency transactions

Transactions, assets and liabilities in foreign currencies are translated to the respective functional currencies of Link Group entities using the following applicable exchange rate:

FOREIGN CURRENCY AMOUNT	APPLICABLE EXCHANGE RATE
Transactions	Date of transaction
Monetary assets and liability	Reporting date
Non-monetary assets and liability measured at fair value	Date fair value is determined

Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at the following applicable exchange rates:

FOREIGN CURRENCY AMOUNT	APPLICABLE EXCHANGE RATE
Asset and liabilities	Reporting date
Income and expenses	Date of transaction

On consolidation, foreign exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income and presented in equity in the Foreign Currency Translation Reserve. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented in equity in the Foreign Currency Translation Reserve.

(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.

PREPARATION OF THIS REPORT (CONTINUED)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by Link Group are consistent with those of the previous financial year, except for the adoption of new and amended accounting standards on 1 July 2019 as set out as set out below.

This note explains the impact of the adoption of AASB 16 *Leases* on Link Group's consolidated financial statements and discloses any changes in accounting policies that have been applied from 1 July 2019 where they are different to those applied in prior periods.

(a) Nature of revised accounting policies

Classification

At the inception of a contract, Link Group assesses whether the contract is, or contains, a "lease" in accordance with the requirements of AASB 16. Criteria include that:

- the contract must convey the right to control the use of an identifiable asset;
- Link Group must have right to obtain substantially all the economic benefits from the asset; and
- Link Group must have the right to direct the use of the asset.

Measurement

As a lessee

Link Group recognises a right-of-use asset and a lease liability at commencement date. Right-of-use assets are initially measured at cost, which comprises:

- the right-of-use lease liability;
- plus identifiable initial direct costs incurred to enter the lease;
- less lease incentives received; and
- plus estimated costs to dismantle/make-good at the end of the lease.

Right-of-use assets are subsequently depreciated on a straight-line basis over the useful life of the asset, and are periodically reduced by impairment losses where the carrying value exceeds future benefits. Right-of-use assets are recognised as a separate category within plant and equipment in Link Group's consolidated statement of financial position.

Right-of-use lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or Link Group's incremental borrowing rate. Right-of-use lease liabilities are subsequently measured using the effective-interest method, with lease payments applied as repayments of the liability, and periodic interest expense recognised in finance costs. Right-of-use lease liabilities are recognised in interest-bearing loans and borrowings in Link Group's consolidated statement of financial position

Short-term leases and leases of low value assets

Link Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less, and leases of low value assets. Link Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Link Group is not currently a lessor under any contract.

(b) Effect of revised accounting policies

Link Group initially applied AASB 16 *Leases* from 1 July 2019 using the full retrospective restatement method. As a result, the information presented for comparative periods has been restated in accordance with Link Group's revised accounting policies. Link Group has presented a third consolidated statement of financial position as at the beginning of the comparative period as required under Australian Accounting Standards when retrospective changes in accounting policy have a material effect on information presented in that statement.

03 Notes to the Financial Statements

PREPARATION OF THIS REPORT (CONTINUED)

The following tables summarise the impact of the transition to AASB 16 on the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019 and the Consolidated Statement of Financial Position as at 1 July 2018 and 30 June 2019:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019	AS REPORTED \$'000	AASB 16 APPLICATION \$'000	AS REPORTED APPLYING AASB 16 \$'000
Expenses:			
Occupancy expenses	(60,964)	38,019	(22,945)
Administrative and general expenses	(225,340)	1,423	(223,917)
Depreciation expense	(20,076)	(33,939)	(54,015)
Profit on disposal of subsidiaries	105,392	2,057	107,449
Finance costs	(27,038)	(11,158)	(38,196)
Profit before tax	417,487	(3,598)	413,889
Tax expense	(97,263)	1,514	(95,749)
Profit for the year	320,224	(2,084)	318,140

EARNINGS PER SHARE	CENTS PER SHARE	CENTS PER SHARE	CENTS PER SHARE
Basic earnings per share	59.98	(0.39)	59.59
Diluted-earnings per share	59.69	(0.39)	59.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	AS AT 30 JUNE 2019			AS AT 1 JULY 2018		
	AS REPORTED \$'000	AASB 16 APPLICATION \$'000	AS REPORTED APPLYING AASB 16 \$'000	AS REPORTED \$'000	AASB 16 APPLICATION \$'000	AS REPORTED APPLYING AASB 16 \$'000
Total current assets	1,828,458	–	1,828,458	1,185,838	–	1,185,838
Plant and equipment	74,819	194,113	268,932	91,734	203,791	295,525
Deferred tax assets	48,037	3,939	51,976	59,069	2,741	61,810
Total non-current assets	3,087,365	198,052	3,285,417	2,769,010	206,532	2,975,542
Total assets	4,915,823	198,052	5,113,875	3,954,848	206,532	4,161,380
Trade and other payables	267,937	(6,609)	261,328	293,081	(7,140)	285,941
Interest bearing loans and borrowings	23	30,015	30,038	530	31,991	32,521
Total current liabilities	1,320,801	23,406	1,344,207	980,939	24,851	1,005,790
Trade and other payables	82,299	(53,055)	29,244	73,268	(56,283)	16,986
Interest bearing loans and borrowings	1,153,536	239,980	1,393,515	821,907	249,225	1,071,132
Provisions	42,768	(2,853)	39,915	49,758	(3,999)	45,759
Total non-current liabilities	1,434,239	184,071	1,618,310	1,068,461	188,943	1,257,404
Total liabilities	2,755,040	207,477	2,962,517	2,049,399	213,795	2,263,194
Net assets	2,160,783	(9,425)	2,151,358	1,905,451	(7,263)	1,898,186
Reserves	15,366	(110)	15,256	17,434	(32)	17,402
Retained earnings	233,054	(9,315)	223,739	10,439	(7,231)	3,208
Total equity attributable to equity holders of the parent	2,157,560	(9,425)	2,148,135	1,903,411	(7,263)	1,896,148
Total equity	2,160,783	(9,425)	2,151,358	1,905,449	(7,263)	1,898,186

OPERATING RESULTS

4. OPERATING SEGMENTS

(a) Reportable segments

From 1 July 2019 Link Group realigned its operating model and organisation structure to best achieve its strategic goals and leverage the benefits of being an international organisation. As a result, Link Group now has five reportable segments described below, which are Link Group's operating divisions. Each of the divisions offer different products and services and are 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.
- **Technology & Operations ("T&O")** – provides core services of development and maintenance of proprietary IT systems and platforms, back office support functions, and value-added services of data analytics, digital solutions and digital communications. T&O supports Link Group's other segments, as well as a number of external clients.

As required by Australian Accounting Standards, comparative information has been restated to align to the new reportable segments.

Corporate & Private Client Services ("CPCS"), which was Link Group's finance and accounting, entity management, trust and company services (including inter-generational transfers) business, was sold on 28 June 2019. Whilst not a reportable segment under the Link Group's current structure, the results are included in the comparative segment information.

03 Notes to the Financial Statements

OPERATING RESULTS (CONTINUED)

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

	RSS \$'000	CM \$'000	BCM \$'000	FS \$'000	T&O \$'000	CPCS ⁷ \$'000	TOTAL REPORTABLE SEGMENTS \$'000	HEAD OFFICE \$'000	TOTAL LINK GROUP \$'000
FOR THE YEAR ENDED 30 JUNE 2020									
Segment revenue	518,598	357,978	165,656	172,980	372,237	-	1,587,449	-	1,587,449
Inter-segment eliminations	-	(5,715)	-	(114)	(351,219)	-	(357,048)	-	(357,048)
Revenues from external clients	518,598	352,263	165,656	172,866	21,018	-	1,230,401	-	1,230,401
Operating EBITDA	78,406	83,255	21,969	29,981	91,102	-	304,713	(10,919)	293,794
Operating EBIT	65,436	61,658	8,165	22,107	34,179	-	191,545	(11,826)	179,719
Impairment expense	-	(107,751)	-	-	-	-	(107,751)	-	(107,751)
Total assets at 30 June 2020	495,213	850,121	371,946	1,202,639	323,432	-	3,243,351	1,096,101	4,339,452
FOR THE YEAR ENDED 30 JUNE 2019 - RESTATED⁸									
Segment revenue	550,793	368,774	168,749	162,734	333,961	140,703	1,725,714	-	1,725,714
Inter-segment eliminations	-	(4,389)	-	(885)	(309,659)	(7,316)	(322,249)	-	(322,249)
Revenues from external clients	550,793	364,385	168,749	161,849	24,302	133,387	1,403,465	-	1,403,465
Operating EBITDA	121,510	101,499	23,333	31,756	87,616	40,725	406,439	(11,806)	394,633
Operating EBIT	108,325	79,943	11,960	26,450	44,947	31,916	303,541	(12,066)	291,475
Total assets at 30 June 2019⁹	517,834	990,828	354,672	1,586,692	323,556	-	3,773,582	1,340,293	5,113,875

⁷ The Corporate & Private Client Services ("CPCS") business was sold on 28 June 2019.

⁸ Comparative information has been restated to align to the new reportable segments.

⁹ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

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.

	2020 \$'000	2019 ¹⁰ \$'000
Operating EBITDA	293,794	394,633
Significant items/One-off costs:		
• Global transformation costs	(31,321)	(38,685)
• Business combination/acquisition & divestment costs	(13,566)	(18,341)
Other one-off costs	(2,592)	(788)
Total significant items	(47,479)	(57,814)
Depreciation expense	(55,397)	(54,015)
Intangibles amortisation expense – non-acquisition related	(57,199)	(44,750)
Intangibles amortisation expense – acquisition related	(52,934)	(54,414)
Contract fulfilment costs amortisation expense	(6,738)	(5,281)
(Loss)/Gain on financial assets held at fair value through profit and loss	(23,179)	177,981
Share of profit of equity-accounted investees (excluding acquired amortisation), net of tax	19,204	787
Share of acquired amortisation of equity-accounted investees, net of tax	(30,589)	(13,244)
Profit on disposal of subsidiaries	48	107,449
Impairment expense	(107,751)	–
Finance income	2,009	753
Finance expense	(35,190)	(38,196)
(Loss)/profit before tax	(101,401)	413,889
Income tax expense	(12,497)	(95,749)
Net (loss)/profit after tax	(113,898)	318,140

(c) Geographic information

Link Group had total revenue and non-current assets attributed to the following geographic locations.

	REVENUE		NON-CURRENT ASSETS	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 ¹⁰ \$'000
Australia and New Zealand	679,642	717,718	1,642,791	1,698,609
United Kingdom and Channel Islands	326,916	409,145	1,277,574	1,370,727
Ireland	134,203	160,866	41,765	33,689
Other countries	89,640	115,736	48,709	79,067
	1,230,401	1,403,465	3,010,839	3,182,092

In presenting the geographic information, revenue and non-current assets are allocated based on the country in which the legal entity is domiciled. Non-current assets allocated by country include plant and equipment, intangible assets, equity-accounted investments and other assets.

¹⁰ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

OPERATING RESULTS (CONTINUED)

(d) Major clients

Link Group had one (2019: one) major client in the RSS segment, which generated revenues of \$129.0 million (2019: \$146.8 million).

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.

5. REVENUE

Revenue

Revenue is recognised as performance obligations are satisfied over time. Clients obtain control of services as they are delivered, and revenue is recognised over time as those services are provided. Invoices are generally issued on a monthly basis and are payable within 7 to 30 days. As such, there is not considered to be any significant financing component within each contract.

Where Link Group has a right to consideration from a client in an amount that corresponds directly with the value of performance completed to date (for example, a service contract billed for a fixed amount for each hour of service provided), Link Group recognises revenue in the amount to which it has a right to invoice to client.

Link Group may also recognise revenue derived at a point in time, generally when Link Group's performance obligation is linked to a particular event. Revenue is recognised when Link Group has an unconditional right to payment under the terms of the contract.

Contract fulfilment costs

Costs directly related to a contract that generate or enhance Link Group's resources to satisfy performance obligations in the future, and that are expected to be recovered, are recognised as an asset. Contract fulfilment costs are amortised on a straight line basis over the expected life of the contract.

Any recoveries of those contract fulfilment costs from client are classified as contract liabilities and amortised over the same period where they do not relate to a separate performance obligation.

03 Notes to the Financial Statements

OPERATING RESULTS (CONTINUED)

(a) 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.

	RSS \$'000	CM \$'000	BCM \$'000	FS \$'000	T&O \$'000	CPCS ¹¹ \$'000	TOTAL REPORTABLE SEGMENTS \$'000	INTER- SEGMENT ELIMINATIONS \$'000	TOTAL LINK GROUP \$'000
FOR THE YEAR ENDED 30 JUNE 2020									
Geographic location									
Australia and New Zealand	516,685	129,874	-	18,282	293,716	-	958,557	(278,915)	679,642
United Kingdom and Channel Islands	1,913	163,758	32,194	130,297	55,863	-	384,025	(57,109)	326,916
Ireland	-	4,380	105,417	24,397	19,117	-	153,311	(19,108)	134,203
Other countries	-	59,966	28,045	4	3,541	-	91,556	(1,916)	89,640
Revenues from contracts with clients	518,598	357,978	165,656	172,980	372,237	-	1,587,449	(357,048)	1,230,401
FOR THE YEAR ENDED 30 JUNE 2019 - RESTATED¹²									
Geographic location									
Australia and New Zealand	550,793	125,741	-	18,524	258,799	-	953,857	(236,139)	717,718
United Kingdom and Channel Islands	-	181,813	35,951	119,273	55,559	82,635	475,231	(66,086)	409,145
Ireland	-	3,857	118,751	24,933	19,210	13,325	180,076	(19,210)	160,866
Other countries	-	57,363	14,047	4	393	44,743	116,550	(814)	115,736
Revenues from contracts with clients	550,793	368,774	168,749	162,734	333,961	140,703	1,725,714	(322,249)	1,403,465

11 The Corporate & Private Client Services ("CPCS") business was sold on 28 June 2019.

12 Comparative information has been restated to align to the new reportable segments.

03 Notes to the Financial Statements

OPERATING RESULTS (CONTINUED)

(b) Contract balances

The following table provides information about contract assets and contract liabilities from contracts with clients.

	2020 \$'000	2019 \$'000
Contract assets (included in trade and other receivables)	–	–
Contract liabilities – current (included in trade and other payables)	(28,400)	(15,861)
Contract liabilities – non-current (included in trade and other payables)	(7,688)	(9,062)
	(36,088)	(24,923)

Contract assets primarily relate to Link Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to trade receivables when Link Group's contractual entitlement to the consideration becomes unconditional. This usually occurs when Link Group has a contractual right to issue an invoice to the client.

Contract liabilities primarily relate to consideration received in advance from client for services for which revenue is recognised over time.

(c) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from client contracts.

	2020 \$'000	2019 \$'000
Aggregate amount of revenue allocated to client contracts that are partially or fully unsatisfied as at year end, which will be recognised on a straight line basis consistent with the length of each client contract.	1,349,952	1,332,516

Link Group expects that approximately 36% of revenue allocated to the unsatisfied contracts as at 30 June 2020 (2019: 34%) will be recognised during the next financial year. The majority of the remaining 64% (2019: 66%) will be recognised as revenue between 1 July 2021 and 30 June 2025 (2019: 1 July 2020 and 30 June 2024).

As permitted under AASB 15, revenue allocated to unsatisfied performance obligations is not disclosed for contracts that are for periods of one year or less. Unsatisfied performance obligations also excludes client contracts entered into subsequent to 30 June 2020 or any future contract renewals that may occur.

6. ADMINISTRATIVE AND GENERAL EXPENSES

	2020 \$'000	2019 ¹³ \$'000
Costs recharged to clients	(88,919)	(86,843)
Professional & consulting expenses	(52,079)	(49,153)
Office expenses	(12,236)	(14,386)
Insurance costs	(15,878)	(17,279)
Travel expense	(8,574)	(12,832)
Other expenses	(46,925)	(43,424)
	(224,611)	(223,917)

13 Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

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 year.

	2020 \$'000	2019 ¹⁴ \$'000
(Loss)/profit for the year attributable to owners of the Company	(115,996)	316,892
	NUMBER OF SHARES ¹⁵ '000	NUMBER OF SHARES ¹⁵ '000
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at the beginning of the financial year	533,576	529,543
Effect of allotments, issuances and buybacks	(2,082)	2,299
Effect of treasury shares acquired	234	(66)
Effect of bonus entitlement offer on ordinary shares	–	4
Weighted average number of ordinary shares (basic)	531,728	531,780

(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 year.

	2020 \$'000	2019 ¹⁴ \$'000
(Loss)/profit for the year attributable to owners of the Company	(115,996)	316,892
	NUMBER OF SHARES ¹⁵ '000	NUMBER OF SHARES ¹⁵ '000
Weighted average number of ordinary shares (diluted)		
Basic weighted average number of ordinary shares	531,728	531,780
Effect of dilutive PSRs	3,463	2,622
Effect of bonus entitlement offer on dilutive PSRs	–	–
Weighted average number of ordinary shares (diluted)	535,191	534,402
Basic earnings per share (cents)	(21.81)	59.59
Diluted earnings per share (cents)	(21.67)	59.30

14 Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

15 The weighted average number of ordinary shares used in the Basic and Diluted earnings per share calculation for the current and comparative year 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 year. 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.

03 Notes to the Financial Statements

OPERATING RESULTS (CONTINUED)

8. TAXATION

(a) Income tax expense

	2020 \$'000	2019 ¹⁶ \$'000
Current tax expense		
Current year	(22,635)	(59,730)
Adjustment for prior years	(405)	1,942
	(23,040)	(57,788)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	13,882	(36,474)
Adjustment for prior years	(3,339)	(1,487)
	10,543	(37,961)
Tax expense	(12,497)	(95,749)
(Loss)/profit before income tax	(101,401)	413,889
Prima facie income tax expense calculated at 30% on operating profit from ordinary activities:	30,420	(124,167)
Effect of tax rates in foreign jurisdictions	(9,199)	14,126
Non-deductible expenses	(33,742)	(14,455)
Non-assessable income	3,066	26,091
Recognition/(de-recognition) of previously unrecognised/(recognised) tax losses	702	2,200
(Under)/over provision of tax in respect of prior years	(3,744)	456
Income tax expense	(12,497)	(95,749)
Movement in temporary differences	(13,882)	36,474
Utilisation of recognised tax losses	2,507	6,827
Income tax payable on current year profits	(23,872)	(52,448)

(b) Effective tax rates for Australian and overseas operations

	2020			2019 ¹⁶		
	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	35,471	(10,279)	28.98%	269,439	(85,275)	31.65%
Overseas operations	(136,872)	(2,218)	(1.62%)	144,450	(10,474)	7.25%
Link Group	(101,401)	(12,497)	(12.32%)	413,889	(95,749)	23.13%

The effective tax rate for the year ended 30 June 2020 for overseas operations and for Link Group was impacted by the following material factors:

- Loss before tax of \$107.8 million related to goodwill impairment expense (Note 15), which did not give rise to an income tax benefit;
- Loss before tax of \$23.0 million relating to the fair value of Link Group's investment in Leveris Limited (Note 20(a)) which did not give rise to an income tax benefit; and
- Income tax expense of \$5.2 million relating to the change of future United Kingdom tax rate from 17% to 19%.

After adjusting for the above factors, overseas operations had an effective tax rate of 17.85%, and Link Group had an effective tax rate of 25.01%.

¹⁶ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

OPERATING RESULTS (CONTINUED)

(c) Tax recognised in other comprehensive income and equity

	2020			2019 ¹⁷		
	BEFORE TAX \$'000	TAX EXPENSE \$'000	NET OF TAX \$'000	BEFORE TAX \$'000	TAX BENEFIT \$'000	NET OF TAX \$'000
Foreign Currency						
Translation Reserve	(2,452)	173	(2,279)	23,599	(2,830)	20,769
	(2,452)	173	(2,279)	23,599	(2,830)	20,769

(d) Deferred tax assets/(liabilities)

	2020 \$'000	2019 ¹⁷ \$'000
Deferred tax asset:		
Provisions & accruals	31,359	31,041
Other	16,231	15,479
Tax losses	8,882	5,456
	56,472	51,976
Deferred tax liability:		
Intangible assets	(73,826)	(74,193)
Plant, equipment & software	(7,606)	(11,504)
Other	(64,003)	(64,653)
	(145,435)	(150,350)

	BALANCE AT 1 JULY 2019 ¹⁷ \$'000	ACQUIRED IN BUSINESS COMBINATION \$'000	RECOGNISED IN PROFIT OR LOSS \$'000	RECOGNISED IN OCI \$'000	BALANCE AT 30 JUNE 2020 \$'000
Deferred tax asset:					
Provisions & Accruals	31,041	-	373	(55)	31,359
Other	15,479	-	(327)	1,079	16,231
Tax losses	5,456	-	4,073	(647)	8,882
	51,976	-	4,119	377	56,472
Deferred tax liability:					
Intangible assets	(74,193)	(1,306)	2,171	(498)	(73,826)
Plant, equipment & software	(11,504)	-	3,819	79	(7,606)
Other	(64,653)	-	435	215	(64,003)
	(150,350)	(1,306)	6,425	(204)	(145,435)

¹⁷ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

OPERATING RESULTS (CONTINUED)

	BALANCE AT 1 JULY 2018 ¹⁸ \$'000	AASB 15 TRANSITION ADJUSTMENT \$'000	ACQUIRED IN BUSINESS COMBINATION \$'000	RECOGNISED IN PROFIT OR LOSS ¹⁸ \$'000	RECOGNISED IN OCI ¹⁸ \$'000	SOLD ON DISPOSAL OF SUBSIDIARIES \$'000	BALANCE AT 30 JUNE 2019 ¹⁸ \$'000
Deferred tax asset:							
Provisions & Accruals	33,416	–	–	(1,846)	126	(655)	31,041
Other	16,495	366	250	(1,364)	(268)	–	15,479
Tax losses	11,533	–	–	(6,290)	213	–	5,456
	61,444	366	250	(9,500)	71	(655)	51,976
Deferred tax liability:							
Intangible assets	(89,515)	–	–	11,091	(2,836)	7,067	(74,193)
Plant, equipment & software	(17,836)	–	–	5,986	–	346	(11,504)
Other	(7,208)	(3,207)	(1,620)	(52,365)	(65)	(188)	(64,653)
	(114,559)	(3,207)	(1,620)	(35,288)	(2,901)	7,225	(150,350)

(e) Unrecognised tax losses

As at 30 June 2020 Link Group had carried forward tax losses unrecognised for deferred tax purposes, available to offset against taxable income in future years, in the following jurisdictions:

- Australian tax losses of \$193.0 million (2019: \$198.8 million);
- UK tax losses of \$6.3 million (2019: \$ Nil million); and
- Other jurisdiction tax losses of \$0.6 million (2019: \$2.1 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.

Significant accounting estimate and judgement

Judgement is required in determining whether it is probable future conditions will permit utilisation of carried forward tax losses. Deferred tax assets in respect of Link Group's carried forward tax losses have not been recognised to the extent it is not probable that conditions will permit their utilisation in the foreseeable future.

(f) Franking credits

	2020 \$'000	2019 \$'000
Amount of franking credits available to shareholders for subsequent financial years	3,065	11,759

The ability to use the franking credits is dependent on the ability to declare dividends. The Company seeks to maintain a surplus franking credit balance at 30 June each year by considering the amount of current year income tax related payments when determining the franking of dividends.

¹⁸ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

OPERATING RESULTS (CONTINUED)

Current tax

Current tax is the expected tax payable or receivable on the taxable income for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries and jointly controlled entities to the extent it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which Link Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

On 11 March 2020 the United Kingdom government reversed its decision to decrease the corporation tax rate from 19% to 17% from 1 April 2020. The United Kingdom corporation tax rate will remain 19%. Deferred tax balances in respect of Link Group's United Kingdom subsidiaries previously calculated assuming 17% have been adjusted to reflect the tax rate expected to be applicable when the temporary difference is reversed.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Tax consolidation or grouping

Australia

The Company and its wholly-owned Australian subsidiaries are part of a tax consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Link Administration Holdings Limited. Members of the Australian tax-consolidated group have entered into a tax sharing agreement that requires wholly-owned subsidiaries to make contributions to the head entity for current tax liabilities. Under the tax funding agreement, the subsidiaries reimburse the Company for their portion of Link Group's current tax liability and recognise this payment as an inter-entity payable/receivable in their financial statements. The Company reimburses the subsidiaries for any deferred tax asset arising from unused tax losses and/or tax credits.

Overseas

The Company also has wholly-owned subsidiaries in the following foreign jurisdictions which have made the following elections with the relevant local taxation authority:

- United Kingdom and Jersey subsidiaries have elected to apply tax grouping rules to share tax losses and/or tax payments in the United Kingdom and Jersey; and
- Other countries subsidiaries have elected to form a tax group (or adopt fiscal unity) in relevant European countries.

OPERATING ASSETS AND LIABILITIES

9. TRADE AND OTHER RECEIVABLES

	2020 \$'000	2019 \$'000
Trade receivables	167,966	170,622
Less: Expected credit losses	(5,008)	(2,736)
	162,958	167,886
Investment management debtors	67,130	67,922
Contract assets	–	–
Other debtors	8,849	9,022
	238,937	244,830

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs less provision for doubtful debts. Trade receivables are generally due after 7 to 30 days. Link Group has no significant concentration of credit risk. Trade and other receivables are spread across a large number of different clients.

As at 30 June 2020, management have assessed the expected credit losses for trade and other receivables. A provision for credit losses has been made for the expected non-recoverable trade receivable amounts arising from services provided. As at 30 June 2020, the expected credit losses relating to recoverability of trade and other receivables have been assessed in the context of the COVID-19 pandemic and its impact on the economic conditions of the industries in which Link Group's clients operate.

Investment management debtors consist of amounts due from authorised funds, receivable by Link Fund Solutions Limited (the Authorised Corporate Director) in respect of managing these authorised funds.

03 Notes to the Financial Statements

OPERATING ASSETS AND LIABILITIES (CONTINUED)

10. TRADE AND OTHER PAYABLES

	2020 \$'000	2019 ¹⁹ \$'000
Current		
Trade creditors	38,518	30,458
Investment management creditors	102,096	88,392
Deferred consideration	8,173	3,571
Accrued operational expenses	54,611	58,379
Contract liabilities	28,400	15,861
IT related creditors	9,589	16,656
Indemnified payables	3,942	–
Other creditors and accruals	29,825	48,011
	275,154	261,328
Non-current		
Deferred consideration	–	4,504
Indemnified payables	–	15,678
Contract liabilities	7,688	9,062
Other creditors	895	–
	8,583	29,244

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Investment management creditors consist of amounts due to authorised funds, payable by Link Fund Solutions Limited (the Authorised Corporate Director) in respect of managing these authorised funds.

11. FUND ASSETS AND LIABILITIES

	2020 \$'000	2019 \$'000
Fund assets		
Fund receivables	616,982	985,900
	616,982	985,900
Fund liabilities		
Fund payables	(614,883)	(985,633)
	(614,883)	(985,633)

Fund assets and liabilities

These balances relate to investors' purchase or redemption of units in authorised funds of which Link Fund Solutions Limited (Link Asset Services' 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 30 June 2020, \$2.1 million (\$617.0 million assets net of \$614.9 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 4-day settlement period.

¹⁹ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

OPERATING ASSETS AND LIABILITIES (CONTINUED)

12. PROVISIONS

	2020 \$'000	2019 ²⁰ \$'000
Current		
Provisions	18,391	14,765
Non-current		
Provisions	48,074	39,915

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
Balance at 1 July 2019²⁰	43,185	4,049	1,709	5,737	54,680
Incurred/acquired through business combinations	-	-	-	-	-
Provisions made during the year	10,545	3,211	6,392	8,279	28,427
Provisions used during the year	(8,446)	(2,132)	(756)	-	(11,334)
Provisions reversed during the year	(3,528)	(391)	(923)	(16)	(4,858)
Foreign exchange translation difference	(85)	(98)	(169)	(98)	(450)
Balance at 30 June 2020	41,671	4,639	6,253	13,902	66,465
Current	9,400	2,864	2,059	4,068	18,391
Non-current	32,271	1,775	4,194	9,834	48,074

Significant accounting estimate and judgement

Judgement is required in determining the expected outflow of economic benefits required to settle provisions. Provisions are based on expected obligations at reporting date under current legal and contractual requirements and using estimates based on past experience.

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.

²⁰ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

OPERATING ASSETS AND LIABILITIES (CONTINUED)

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.

13. EMPLOYEE BENEFITS

	2020 \$'000	2019 \$'000
Current		
Employee entitlements	38,650	44,670
Non-current		
Employee entitlements	5,450	5,286

Long-term employee benefits

Link Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value and the fair value of any related assets is deducted.

Short-term employee benefits

Liabilities for employee benefits for wages, salaries, and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that Link Group wholly expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax (where applicable).

03 Notes to the Financial Statements

OPERATING ASSETS AND LIABILITIES (CONTINUED)

14. PLANT AND EQUIPMENT

	PLANT & EQUIPMENT \$'000	FIXTURES AND FITTINGS \$'000	RIGHT- OF-USE \$'000	TOTAL \$'000
Cost				
Balance at 1 July 2019	81,355	73,198	263,326	417,879
Acquisitions through business combinations	16	50	–	66
Additions	10,508	15,853	13,548	39,909
Effects of movements in exchange rates	(1,088)	(482)	(2,532)	(4,102)
Transfers to assets held for sale	(1,802)	(216)	(1,142)	(3,160)
Disposals/write offs	(619)	(1,679)	(1,914)	(4,212)
Balance at 30 June 2020	88,370	86,724	271,286	446,380
Depreciation and impairment losses				
Balance at 1 July 2019	(48,623)	(31,111)	(69,213)	(148,947)
Depreciation charge for the year	(12,358)	(7,998)	(35,041)	(55,397)
Effects of movements in exchange rates	543	157	1,281	1,981
Transfers to assets held for sale	1,496	165	539	2,200
Disposals/write offs	619	1,679	1,914	4,212
Balance at 30 June 2020	(58,323)	(37,108)	(100,520)	(195,951)
Carrying amount at 30 June 2020	30,047	49,616	170,766	250,429

03 Notes to the Financial Statements

OPERATING ASSETS AND LIABILITIES (CONTINUED)

	PLANT & EQUIPMENT \$'000	FIXTURES AND FITTINGS \$'000	RIGHT- OF-USE ²¹ \$'000	TOTAL \$'000
Cost				
Balance at 1 July 2018	79,004	76,432	258,505	413,941
Acquisitions through business combinations	179	156	–	335
Additions	4,336	1,624	53,814	59,774
Effects of movements in exchange rates	564	320	1,813	2,697
Disposals/write offs	(2,728)	(5,334)	(50,806)	(58,868)
Balance at 30 June 2019	81,355	73,198	263,326	417,879
Depreciation and impairment losses				
Balance at 1 July 2018	(38,888)	(24,814)	(54,714)	(118,416)
Depreciation charge for the year	(11,574)	(8,502)	(33,939)	(54,015)
Effects of movements in exchange rates	(160)	(71)	(670)	(901)
Disposals/write offs	1,999	2,276	20,110	24,385
Balance at 30 June 2019	(48,623)	(31,111)	(69,213)	(148,947)
Carrying amount at 30 June 2019	32,732	42,087	194,113	268,932

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The expected useful life and the depreciation methods are listed below:

ITEM	USEFUL LIFE	DEPRECIATION METHOD
Office equipment	3–8 years	Straight-line
Fixture and fitting	2–10 years	Straight-line
Leased plant and equipment	3–10 years	Straight-line
Right-of-use assets	Non-cancellable lease period	Straight-line

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

21 Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

OPERATING ASSETS AND LIABILITIES (CONTINUED)

15. INTANGIBLE ASSETS

	GOODWILL \$'000	CLIENT RELATIONSHIPS \$'000	SOFTWARE \$'000	BRAND NAMES \$'000	TOTAL \$'000
Cost					
Balance at 1 July 2019	1,565,738	505,834	613,177	4,543	2,689,292
Acquisitions through business combinations	-	6,872	-	-	6,872
Additions	-	-	73,131	-	73,131
Effects of movements in exchange rates	(5,998)	(2,421)	(3,321)	(23)	(11,763)
Transfers to assets held for sale	(480)	-	(866)	-	(1,346)
Disposals/Assets written off	-	-	(3,735)	-	(3,735)
Balance at 30 June 2020	1,559,260	510,285	678,386	4,520	2,752,451
Amortisation and impairment losses					
Balance at 1 July 2019	(2,512)	(167,313)	(327,801)	(2,730)	(500,356)
Amortisation charge	-	(43,659)	(66,126)	(348)	(110,133)
Impairment expense	(107,751)	-	-	-	(107,751)
Effects of movements in exchange rates	596	1,639	1,310	22	3,567
Transfers to assets held for sale	-	-	732	-	732
Disposals/Assets written off	-	-	3,735	-	3,735
Balance at 30 June 2020	(109,667)	(209,333)	(388,150)	(3,056)	(710,206)
Carrying amount at 30 June 2020	1,449,593	300,952	290,236	1,464	2,042,245
	GOODWILL \$'000	CLIENT RELATIONSHIPS \$'000	SOFTWARE \$'000	BRAND NAMES \$'000	TOTAL \$'000
Cost					
Balance at 1 July 2018	1,783,496	544,024	538,662	4,466	2,870,648
Acquisitions through business combinations	19,796	5,797	1,887	-	27,480
Additions	-	-	76,631	-	76,631
Effects of movements in exchange rates	28,326	7,945	3,274	77	39,622
Disposals/Assets written off	(265,880)	(51,932)	(7,277)	-	(325,089)
Balance at 30 June 2019	1,565,738	505,834	613,177	4,543	2,689,292
Amortisation and impairment losses					
Balance at 1 July 2018	(2,512)	(132,295)	(276,410)	(2,357)	(413,574)
Amortisation charge	-	(44,611)	(54,219)	(334)	(99,164)
Effects of movements in exchange rates	-	(1,226)	(494)	(39)	(1,759)
Disposals/Assets written off	-	10,819	3,322	-	14,141
Balance at 30 June 2019	(2,512)	(167,313)	(327,801)	(2,730)	(500,356)
Carrying amount at 30 June 2019	1,563,226	338,521	285,376	1,813	2,188,936

03 Notes to the Financial Statements

OPERATING ASSETS AND LIABILITIES (CONTINUED)

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the cost of the acquisition over Link Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial measurement, goodwill is measured at cost less accumulated impairment losses.

Client relationships

Client relationships acquired in business combinations are recognised initially at fair value, and are subsequently amortised according to the expected useful life of these relationships.

Software

Link Group capitalises in-house developed software that meets business and client needs and enables operational efficiencies to be achieved.

Development expenditure is capitalised only if development costs are directly attributable, can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and Link Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Other software development costs are expensed as incurred.

Brand Names

Brand names acquired in business combinations are recognised initially at fair value, and are subsequently amortised according to the expected useful life of the brand name.

Amortisation

Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets, except when another systematic basis measuring the pattern in which the economic benefits of a software asset are consumed can be reliably measured. In such cases, amortisation is charged on that systematic basis over the estimated useful life of that asset. The estimated useful lives for the current and comparative periods are as follows:

ITEM	USEFUL LIFE	AMORTISATION METHOD
Software	2–5 years	Straight-line
Client relationships	3–20 years	Straight-line
Brand Names	5–10 years	Straight-line

(a) Impairment testing for CGUs containing goodwill

On 1 July 2019, Link Group revised its Operating Segments (refer Note 4). For the purpose of impairment testing, goodwill is allocated to Link Group's cash-generated units ("CGUs"). Each of Link Group's Operating Segments is considered a CGU, except for Corporate Markets, which is split between APAC and EMEA CGUs. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

CGUS FOR THE YEAR ENDED 30 JUNE	2020 \$'000	2019 \$'000
Retirement & Superannuation Solutions	279,266	n/a
Corporate Markets APAC	254,494	n/a
Corporate Markets EMEA	221,519	n/a
Banking & Credit Management	246,394	n/a
Fund Solutions	354,103	n/a
Technology & Operations	93,817	n/a
Fund Administration	n/a	279,267
Corporate Markets Australia & New Zealand	n/a	252,318
Corporate Markets Overseas	n/a	54,289
Technology & Innovation	n/a	39,275
Link Asset Services	n/a	938,077
Total goodwill	1,449,593	1,563,226

OPERATING ASSETS AND LIABILITIES (CONTINUED)

The carrying amounts of Link Group's goodwill and intangible assets are tested annually for impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The goodwill and any other intangible assets with indefinite lives acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised in profit and loss if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amounts of CGUs were determined through value in use calculations. The value in use calculations applied a post-tax discounted cash flow model, based on five-year cash flow forecasts endorsed by the Board and an appropriate terminal value. Management has considered the economic conditions and uncertainty due to the COVID-19 pandemic when determining the cash flow forecasts. The forecast assumptions are based on the information available as at 30 June 2020. While operations across Link Group were impacted to varying degrees during the second half of the financial year, Link Group has, in the main, remained resilient to date. Cash flows after the fifth year were projected at growth rates of:

CGUS FOR THE YEAR ENDED	2020	2019
Retirement & Superannuation Solutions	2.5%	n/a
Corporate Markets APAC	2.7%	n/a
Corporate Markets EMEA	2.0%	n/a
Banking & Credit Management	2.0%	n/a
Fund Solutions	2.1%	n/a
Technology & Operations	2.4%	n/a
Fund Administration	n/a	2.5%
Corporate Markets Australia & New Zealand	n/a	2.5%
Corporate Markets Overseas	n/a	3.1%
Technology & Innovation	n/a	2.5%
Link Asset Services	n/a	2.0%

The value in use calculations employed a range of pre-tax discount rates from 8.47% to 10.06% (2019: 8.76% to 11.80%). These rates relate to the risks in the respective segments and countries in which they operate. The discount rate used reflects management's estimate of the time value of money and Link Group's weighted average cost of capital (WACC), which is calculated separately for each CGU.

Corporate Markets EMEA CGU impairment

The Corporate Markets EMEA CGU comprises of Link Group's Corporate Markets business in the UK and Channel Islands, Ireland and Germany. South Africa has been excluded given it is currently held for sale, refer to Note 26.

An impairment expense of \$107.8 million was recognised in relation to the Corporate Markets EMEA CGU as a result of the value in use calculations and in relation to specific businesses. The value in use of the Corporate Markets EMEA CGU, determined as \$454.9 million using a pre-tax discount rate of 8.47% (2019: no comparative under prior year CGU structure), has reduced following a reduction in forecast cash flows. The Corporate Markets EMEA CGU has felt the impact of COVID-19 more than other CGUs due to its higher percentage of non-recurring revenue and exposure to market based related demand for revenue streams such as corporate actions, share trading income. The impairment expense has been allocated against goodwill.

OPERATING ASSETS AND LIABILITIES (CONTINUED)

Sensitivity analysis

The carrying amount of the Corporate Markets EMEA CGU is equivalent to its value in use after a total impairment charge of \$107.8 million. Any adverse change to the following key assumptions would result in the carrying amount exceeding the value in use:

- discount rate;
- five-year cash flow forecast; and
- terminal growth rate.

Management considered the following reasonably possible changes in the key assumptions, leaving all other assumptions unchanged. The sensitivity analysis presented is prepared on the basis that the reasonably possible change in each key assumption would not have a consequential impact on other assumptions. The associated impact on the impairment assessment is presented in the table below.

	CM EMEA \$'000
Discount rate +0.5%	(36,780)
Discount rate -0.5%	43,233
Five-year cash flow forecast +5%	22,743
Five-year cash flow forecast -5%	(22,743)
Terminal growth rate +0.5%	35,429
Terminal growth rate -0.5%	(30,184)

Management is of the opinion that the above reasonably possible changes in the key assumptions on which the recoverable amount of Link Group's other CGUs are based would not cause their carrying amounts to exceed their value in use.

Significant accounting estimate and judgement

Judgement is required in estimating recoverable amounts of cash generating units (CGUs) to which intangible assets with an indefinite useful life (goodwill) are allocated. All key assumptions applied in value in use calculation were determined using the past experiences of Link Group and an assessment of current economic conditions. Where possible, assumptions were validated against external sources of information.

03 Notes to the Financial Statements

OPERATING ASSETS AND LIABILITIES (CONTINUED)

16. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2020 \$'000	2019 ²² \$'000
Net (loss)/profit after income tax	(113,898)	318,140
Add/(less) non-cash items		
Depreciation expense	55,397	54,015
Intangibles amortisation expense	110,133	99,164
Contract fulfilment costs amortisation expense	6,738	5,281
Loss/(gain) on financial assets held at fair value through profit & loss	23,179	(177,981)
Share of loss of equity-accounted investees, net of tax	11,385	12,457
Profit on disposal of subsidiaries	(48)	(107,449)
Impairment expense	107,751	–
Equity-settled share based payment expense	1,655	2,434
Unrealised foreign exchange loss	(1,269)	223
Unwinding discount on provisions and deferred consideration	427	30
Borrowing cost amortisation	1,520	1,501
Loss on disposal/write off of plant and equipment	–	10
Net cash inflow from operating activities before changes in assets and liabilities	202,970	207,825
Change in operating assets and liabilities		
Change in trade and other receivables	4,886	28,248
Change in other assets	(8,397)	(13,320)
Change in fund assets and fund liabilities	(790)	(12,704)
Change in trade and other payables	19,125	859
Change in employee benefits	(5,809)	(1,905)
Change in provisions	9,809	(5,729)
Change in current and deferred tax balances	(32,186)	26,520
Net cash inflow from operating activities	189,608	229,794

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

	30 JUNE 2019 ²² \$'000	FINANCING CASH FLOWS \$'000	NON-CASH			30 JUNE 2020 \$'000
			BORROWING COST AMORTISATION \$'000	OTHER NON- FINANCING ACTIVITIES \$'000	FOREIGN EXCHANGE MOVEMENT \$'000	
Interest-bearing loans and borrowings – Current	30,038	6,704	–	(199)	(598)	35,945
Interest-bearing loans and borrowings – Non-current	1,393,515	(166,352)	1,520	13,181	(14,912)	1,226,952
Total liabilities from financing activities	1,423,553	(159,648)	1,520	12,982	(15,510)	1,262,897

22 Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT

17. INTEREST BEARING LOANS AND BORROWINGS

	2020 \$'000	2019 ²³ \$'000
Current		
Lease liabilities	35,945	30,038
	35,945	30,038
Non-current		
Lease liabilities	215,301	239,979
Loans	1,011,651	1,153,536
	1,226,952	1,393,515

FINANCING ARRANGEMENTS	FACILITY NOTIONAL CURRENCY	INTEREST RATE AT 30 JUNE 2020 (P.A.)	2020 \$'000	2019 \$'000
Total facilities available:				
Non-amortising term loan facility	AUD	1.9% – 2.3%	550,000	550,000
Working capital facility	AUD	1.7% – 1.9%	30,000	30,000
Non-amortising term loan facility	GBP	1.8%	832,438	840,116
Working capital facility	GBP	1.7% – 1.8%	35,804	36,134
			1,448,242	1,456,250
Facilities utilised at reporting date:				
Non-amortising term loan facility	AUD	1.9% – 2.3%	305,000	317,000
Working capital facility	AUD	1.7%	12,903	13,194
Non-amortising term loan facility	GBP	1.8%	709,452	840,116
Working capital facility	GBP	1.7%	190	190
			1,027,545	1,170,500
Facilities not utilised at reporting date				
Non-amortising term loan facility	AUD	0.7% – 0.9%	245,000	233,000
Working capital facility	AUD	0.7%	17,097	16,806
Non-amortising term loan facility	GBP	0.7%	122,986	–
Working capital facility	GBP	0.7%	35,614	35,944
			420,697	285,750

Facilities utilised at reporting date includes \$13.1 million (2019: \$13.4 million) of guarantees provided to external parties, which have not been drawn down. Refer to Note 19.

Link Group made pre-emptive drawdowns from its available facilities in March (\$113.8 million) and April 2020 (\$81.5 million) in response to economic volatility due to the COVID-19 pandemic, and to ensure Link Group had sufficient cash to meet operating requirements and to complete the Pepper European Services acquisition (refer Note 25), which at 30 June 2020 was still subject to regulatory approval.

²³ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

As at 30 June 2020, the terms of the facilities under the Syndicated Loan Agreement were as follows:

- \$275 million of the AUD non-amortising term loan facility available to 25 January 2024;
- \$275 million of the AUD non-amortising term loan facility available to 25 January 2024;
- \$30 million AUD working capital facility to 25 January 2024;
- £465 million GBP non-amortising term loan facility available to 2 November 2022; and
- £20 million working capital facility available to 2 November 2022.

Link Group also has access to an uncommitted facility of \$250.0 million under the Syndicated Loan Facility until 2 November 2022, provided the facility is established prior to 2 November 2020. This is an uncommitted revolving credit facility for general corporate purposes to fund acquisitions permitted under the facility (and related advisory fees, costs and expenses) and growth capital expenditure and to refinance existing debt of an acquired target.

18. FINANCE COSTS

	2020 \$'000	2019 ²⁴ \$'000
Loan interest expense	(23,283)	(24,618)
Lease liabilities interest expense	(10,467)	(11,158)
Amortisation of capitalised borrowing costs	(1,520)	(1,501)
Foreign exchange (gain)/loss	521	(801)
Other	(441)	(118)
	(35,190)	(38,196)

24 Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

19. CONTINGENT LIABILITIES

Link Group has granted bank guarantees, letters of credit and performance guarantees in the favour of:

TYPE/COUNTERPARTY	BENEFICIARY	REASON	2020 \$'000	2019 \$'000
Bank guarantee – Westpac	Pacific Custodians Pty Limited	Regulatory financial licence	10,000	10,000
Letter of credit – Westpac	STRATE Limited	Regulatory financial licence	753	878
Letter of credit – Westpac	Railway Pension Nominees Limited	Property lease	630	795
Bank guarantee – Westpac	ASX Settlement & Transfer Corp	Contractual obligation	500	500
Bank guarantee – Westpac	GESB Superannuation	Contractual obligation	1,000	1,000
Letter of credit – Westpac	Australian Securities & Investments Commission	Contractual obligation	20	20
Bank guarantee – HSBC	Kryalos Societa di Gestione del Risparmio S.p.A	Property lease	190	190

Australian Financial Services Licence (AFSL) Performance Bond

A Guarantee for \$10 million (2019: \$10 million) is held with Westpac on behalf of a subsidiary of Link Group, Pacific Custodians Pty Limited, as a requirement of the subsidiary's Australian Financial Services Licence (AFSL) requirements (AFSL Performance Bond).

Other contingent liabilities

There are three outstanding claims that have been made upon Link Market Services (South Africa) Pty Limited relating to the issuance/non-issuance of replacement share certificates. The maximum amount of these claims is the equivalent of approximately \$2.7 million, however Link Group is defending these matters and believes, based on its legal advice, that it has a solid basis for such defence and any liability is both uncertain and not possible to quantify.

Other

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). As disclosed on 18 June 2019, the Financial Conduct Authority (FCA) notified LFS that it was commencing an investigation into LFS as ACD to the LF Woodford Equity Income Fund, now known as the LF Equity Income Fund (Fund). As the FCA investigation is an ongoing and confidential process, Link Group cannot speculate or make any further comment on it. As at the date of these consolidated financial statements there has been no enquiry, complaint or claim received by LFS regarding its role in relation to any funds, including the Fund, which should be disclosed as a contingent liability in these consolidated financial statements. LFS continues to act in the best interests of investors in the Fund as the orderly wind-up of the Fund progresses.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

20. INVESTMENT AND FINANCIAL RISK MANAGEMENT

(a) Investments

	2020 \$'000	2019 \$'000
Listed equity securities – at fair value through profit or loss	2,907	3,150
Unlisted investments – at fair value through profit or loss	90,291	48,199
	93,198	51,349

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.

During the year Link Group paid £40.0 million in relation to its strategic global partnership and investment in Smart Pension. £37.0 million (\$69.4 million) was allocated an investment in Smart Pension Limited (Smart), and £3.0 million (\$5.6 million) was allocated to the purchase of Smart Pension Administration Limited in a business combination (see note 25). Link Group's total ownership of Smart is 17.4%. The investment in Smart is carried within unlisted investments at a fair value with gains or losses recognised through profit or loss given Link Group does not have significant influence over Smart. As at 30 June 2020, the investment had a fair value of \$66.2 million after accounting for foreign exchange fluctuations.

Link Group continues to account for its 13.1% (2019: 13.1%) ownership interest in Leveris Limited (Leveris) within unlisted investments at a fair value, with gains or losses recognised through profit or loss given Link Group does not have significant influence over Leveris. During the year Link Group revalued its initial investment of €25.0 million (\$39.7 million) down to €10.1 million (\$16.7 million) based on an independent expert valuation and management's assessment of fair value as at 30 June 2020. The revaluation takes into account the current economic environment and the impact of the COVID-19 pandemic. As at 30 June 2020, the investment had a fair value of \$16.7 million (2019: \$39.7 million) after accounting for the revaluation and foreign exchange fluctuations.

(b) Financial Risk Management Overview

Link Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Link Group has established risk management policies that identify and analyse the risks faced by Link Group, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

Credit Risk

Credit risk is the risk of financial loss to Link Group if a client or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets less any provisions for impairment represents Link Group's maximum credit exposure.

Link Group's exposure to credit risk arises predominantly through its cash and cash equivalents, trade and other receivables, and fund assets.

- Cash and cash equivalent amounts as well as transactions involving derivative financial instruments are all held or maintained by banks and financial institutions with high credit ratings.
- Trade Receivables are monitored in line with Link Group's credit policy. The credit quality of clients is assessed by taking into account their financial position, past experience and other relevant factors. Based on the above process, Link Group considers that all unimpaired trade and other receivables are collectible in full.
- Fund assets relate to investors' purchase or redemption of units in investment funds of which Link Fund Solutions Limited (Link Group's collective investment scheme administration business) is an Authorised Corporate Director. Link Group has a limited exposure to credit risk as fund assets and fund liabilities are usually settled within four business days. Link Group has rights regarding net settlement, enabling uncollectable balances to be recovered, refer to Note 11.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period was as follows:

	2020 \$'000	2019 \$'000
Neither past due nor impaired	211,880	224,254
Past due 1–30 days	14,082	10,588
Past due 31–60 days	6,538	4,536
Past due over 61 days	6,437	5,452
	238,937	244,830

Movements in the allowance for impairment in respect of trade and other receivables during the year are disclosed in Note 9.

Liquidity Risk

Liquidity risk is the risk that Link Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Link Group manages its liquidity risk by maintaining adequate cash reserves and available committed credit lines combined with continuous monitoring of actual and forecast cash flows on a short, medium and long term basis. See Note 17 for details of Link Group's unused facilities at year end.

Remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments were as follows. The amounts include both interest and principal cash flows undiscounted and based on contractual maturity (without reference to the repricing schedule) and therefore the totals will differ from those disclosed in the statement of financial position. It is noted that the interest repayments are based on forward interest rates and as such these amounts could vary, however it is not expected that they will do so significantly from the amounts stated below.

	CARRYING AMOUNT \$'000	TOTAL \$'000	< 1 YEAR \$'000	1-2 YEARS \$'000	2-5 YEARS \$'000	> 5 YEARS \$'000
30 June 2020						
<i>Non-interest bearing</i>						
Trade and other payables	283,737	283,737	275,154	3,603	4,341	639
Fund liabilities	614,883	614,883	614,883	–	–	–
<i>Interest bearing</i>						
Loans and borrowings	1,262,897	1,374,752	69,705	64,809	1,129,068	111,170
Total non-derivative liabilities	2,161,517	2,273,372	959,742	68,412	1,133,409	111,809
30 June 2019						
<i>Non-interest bearing</i>						
Trade and other payables ²⁵	290,572	290,572	261,328	24,740	4,504	–
Fund liabilities	985,633	985,633	985,633	–	–	–
<i>Interest bearing</i>						
Loans and borrowings ²⁵	1,423,553	1,568,329	66,009	67,518	1,295,011	139,791
Total non-derivative liabilities²⁵	2,699,758	2,844,534	1,312,970	92,258	1,299,515	139,791

The Company and a number of the subsidiaries are guarantors to Link Group's loans and borrowings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Link Group's income or carrying value of its holdings of financial instruments as at the year end.

Foreign currency risk

Foreign currency risk is the risk that the carrying value or future cash flows associate with a financial instrument will fluctuate because of changes in foreign exchange rates.

²⁵ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

(a) Specific foreign currency items

On 2 November 2017, Link Group drew down from its £465 million non-amortising term loan facility (refer Note 17), and Link Group designated the term loan facility as a hedge of the net investment in its UK subsidiaries. The fair value and carrying amount of the term loan facility at 30 June 2020 was \$709.5 million (2019: \$840.1 million). A foreign exchange gain of \$13.6 million (2019: loss of \$14.8 million) on translation of the term loan facility to AUD at the end of the financial year is recognised in other comprehensive income and accumulated in the foreign currency translation reserve on consolidation. The hedge was considered 100% effective throughout the year.

(b) Other foreign currency items

In addition to the specific items mentioned above, entities within Link Group typically enter into transactions and recognise assets and liabilities that are denominated in their functional currency. Whilst a number of entities within Link Group hold financial instruments in a currency which is not their local functional currency, these balances are not considered material and do not expose Link Group to significant foreign currency risk.

Link Group is exposed to foreign currency risk when net investments in foreign subsidiaries are translated to Link Group's reporting currency, the Australian Dollar (AUD). The effects of any exchange rate movements in respect of the net investment in foreign subsidiaries are recognised in the foreign currency translation reserve on consolidation.

Sensitivity testing was performed by flexing the value of the AUD against foreign currencies to which Link Group is exposed by 10% (2019: 10%). The assumed 10% change was chosen based on historical and reasonably possible movements of official exchange rates.

	PROFIT/(LOSS) AFTER TAX		NET ASSETS	
	2020 \$'000	2019 ²⁶ \$'000	2020 \$'000	2019 ²⁶ \$'000
AUD +10%/GBP	10,182	(13,567)	(26,508)	(60,466)
AUD -10%/GBP	(10,182)	13,567	26,507	60,102
AUD +10%/EUR	4,562	862	(32,990)	(36,010)
AUD -10%/EUR	(4,562)	(862)	32,990	35,926
AUD +10%/Other currencies	(167)	(604)	(6,483)	(5,613)
AUD -10%/Other currencies	167	604	6,497	5,572

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Link Group is exposed to interest rate risk attaching specifically to Link Group's financial assets and liabilities as well as through the maintenance of paying agent and escrow bank accounts administered on behalf of clients. Link Group's primary financial assets impacted by changes in variable interest rates include cash and cash equivalents. Link Group's primary financial liabilities impacted by interest rate movements include interest bearing loans and borrowings.

A sensitivity analysis was performed to assess the impact interest rates have on Link Group's statement of financial performance, including the impact of hedging and escrow bank accounts. Sensitivity testing was performed by increasing interest rates by 0.5% (2019: 0.5%) as at reporting date which would result in a favourable impact on Link Group's loss/profit before tax of \$1.7 million (2019: favourable impact of \$1.9 million 29). A decrease of 0.5% (2019: 0.5%) would have an adverse impact on Link Group's profit before tax of \$0.2 million (2019: adverse impact of \$0.1 million 29). The assumed 0.5% (2019: 0.5%) change was chosen based on historical and reasonably possible movements of official interest rates. The method of calculation has not changed from the prior period.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Link Group's exposure to price risk arises primarily from the listed and unlisted equity securities it holds, which have been designated at fair value through profit or loss.

26 Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

A 5% increase/(decrease) (2019: 5%) in the fair value of Link Group's listed and unlisted investments would increase/(decrease) Link Group's profit before tax by \$4.7 million (2019: \$2.6 million). The assumed 5% change was chosen based on historical and reasonably possible movements in equity markets.

(c) Capital management

The Board's policy is to maintain a capital base so as to provide shareholder and other stakeholder confidence and to sustain future development of the business. Capital consists of total equity less amounts accumulated in equity in relation to cash flow hedges, dividend reserves and other reserves.

Link Group monitors the ratio of net financial indebtedness to operating earnings before interest, tax, depreciation and amortisation, (Operating EBITDA). Net debt is calculated as interest bearing liabilities less cash and cash equivalents. Link Group also monitors the interest cover ratio, which is calculated by dividing Operating EBITDA by interest expense.

(d) Fair value of financial instruments

The following table details Link Group's fair value amounts of financial instruments categorised by the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
30 June 2020				
Assets				
Derivative financial assets	–	693	–	693
Listed investments designated at fair value through profit and loss	2,907	–	–	2,907
Unlisted equity securities designated at fair value through profit and loss	–	1,631	88,660	90,291
	2,907	2,324	88,660	93,891
30 June 2019				
Assets				
Listed investments designated at fair value through profit and loss	3,150	–	–	3,150
Unlisted equity securities designated at fair value through profit and loss	–	3,023	45,176	48,199
	3,150	3,023	45,176	51,349

There have been no assets transferred between levels during the year (2019: 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.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

	2020 \$'000	2019 \$'000
Reconciliation of movements in level 3 investments		
Opening level 3 investments at the beginning of the financial year	45,176	136,622
Acquisitions	69,983	40,299
Fair value (Loss)/Gain recognised in profit or loss	(22,996)	177,998
Investments reclassified to equity-accounted investments	–	(310,268)
Foreign currency retranslation	(3,503)	525
Closing level 3 investments at the end of the financial year	88,660	45,176

Significant accounting estimate and judgement

Judgement is required in measuring level 3 investments at fair value. All key assumptions applied in fair value measurements were determined using the past experiences of Link Group and management. Where possible, assumptions were validated against external sources of information such as independent arms-length transactions, or independent expert valuations.

The following table sets out the carrying amount and fair value of financial assets and financial liabilities:

FAIR VALUE VS CARRYING AMOUNTS	2020		2019 ²⁷	
	FAIR VALUE \$'000	CARRYING AMOUNT \$'000	FAIR VALUE \$'000	CARRYING AMOUNT \$'000
Assets				
<i>Financial assets measured at fair value through profit and loss</i>				
Derivative financial assets	693	693	–	–
Investments	93,198	93,198	51,349	51,349
<i>Financial assets measured at amortised cost</i>				
Cash and cash equivalents	264,092	264,092	560,176	560,176
Trade and other receivables	238,937	238,937	244,830	244,830
Fund assets	616,982	616,982	985,900	985,900
	1,213,902	1,213,902	1,842,255	1,842,255
Liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Trade and other payables	283,737	283,737	290,572	290,572
Interest bearing loans and borrowings	1,262,897	1,262,897	1,423,553	1,423,553
Fund liabilities	614,883	614,883	985,633	985,633
	2,161,517	2,161,517	2,699,758	2,699,758

The fair values of interest bearing loans and borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is floating at current market rates.

Financial instruments – Recognition/derecognition

A financial instrument is recognised when Link Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if Link Group's contractual rights to the cash flows from the financial assets expire or if Link Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Financial liabilities are derecognised if Link Group's obligations specified in the contract expire or are discharged or cancelled.

²⁷ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

Measurement

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below.

Financial assets measured at fair value through profit or loss

Financial instruments at fair value through profit or loss are measured at fair value, with changes recognised in the statement of comprehensive income under “gains or losses on financial assets held at fair value through profit and loss”.

Financial assets measured at amortised cost

Other financial instruments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables and interest-bearing loans and borrowings are classified as financial liabilities. Trade and other receivables and cash and cash equivalents are classified as financial assets. Cash and cash equivalents comprise cash balances and call deposits.

Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Any impairment losses are recognised in profit or loss.

21. CONTRIBUTED EQUITY

	2020 \$'000	2019 \$'000
Issued and paid-up capital		
Balance at the beginning of the year	1,909,140	1,875,538
Equity bought back and cancelled	(19,387)	–
Equity issued under dividend reinvestment plan	–	33,569
Equity raising and share buy-back costs, net of tax	(20)	33
Balance at the end of the year	1,889,733	1,909,140
Number of shares issued:		
Balance at the beginning of the year	533,951	529,543
Equity bought back and cancelled	(3,623)	–
Equity issued under dividend reinvestment plan	–	4,408
Balance at the end of the year	530,328	533,951

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any related income tax benefit.

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

22. RESERVES

CONSOLIDATED	SHARE COMPEN- SATION RESERVE \$'000	TREASURY SHARE RESERVE \$'000	DISTRI- BUTABLE PROFITS RESERVE \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	ACQUISITION RESERVE \$'000	DEFINED BENEFIT RESERVE \$'000	PRE- ACQUISITION PROFITS PAID RESERVE \$'000	TOTAL \$'000
Balance at 1 July 2019 ²⁸	10,022	(2,698)	114,487	37,071	(12,552)	(1,341)	(129,733)	15,256
Other comprehensive income	-	-	-	(2,071)	-	(12)	-	(2,083)
Transfer from retained earnings to reserves	-	-	104,173	-	-	-	-	104,173
Transactions with shareholders								
Dividends declared from distributable profits reserve	-	-	(101,248)	-	-	-	-	(101,248)
Equity settled share based payments	(1,807)	2,774	-	-	-	-	-	967
Treasury shares acquired	-	(396)	-	-	-	-	-	(396)
Balance at 30 June 2020	8,215	(320)	117,412	35,000	(12,552)	(1,353)	(129,733)	16,669

28 Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

CONSOLIDATED	SHARE COMPEN- SATION RESERVE \$'000	TREASURY SHARE RESERVE \$'000	DISTRI- BUTABLE PROFITS RESERVE \$'000	FOREIGN CURRENCY TRANSLATION RESERVE ²⁹ \$'000	ACQUISITION RESERVE \$'000	DEFINED BENEFIT RESERVE \$'000	PRE- ACQUISITION PROFITS PAID RESERVE \$'000	TOTAL ²⁹ \$'000
Balance at 1 July 2018	8,458	–	132,088	16,338	(8,572)	(1,177)	(129,733)	17,402
Other comprehensive income	–	–	–	20,733	–	(164)	–	20,569
Transfer from retained earnings to reserves	–	–	96,462	–	–	–	–	96,462
Transactions with shareholders								
Dividends declared from distributable profits reserve	–	–	(114,063)	–	–	–	–	(114,063)
Equity settled share based payments	1,564	769	–	–	–	–	–	2,333
Treasury shares acquired	–	(3,467)	–	–	–	–	–	(3,467)
Non-controlling interest on acquisition of subsidiaries	–	–	–	–	(3,980)	–	–	(3,980)
Balance at 30 June 2019	10,022	(2,698)	114,487	37,071	(12,552)	(1,341)	(129,733)	15,256

Share compensation reserve

The reserve for own shares represents the cost of ordinary shares held by an equity compensation plan that will be issued to settle entitlements under share based payment plans. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Treasury share reserve

The treasury share reserve comprises the cost of the Company's shares held by Link Group. Treasury shares are carried at cost and held for the purposes of the settling share-based payment arrangements at a future date, refer Note 24. At 30 June 2020, Link Group held 62,582 (2019: 375,000) of the Company's shares.

Distributable profits reserve

The distributable profits reserve is available to enable the payment of future dividends.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of Link Group. Where Link Group hedges foreign currency risk on net investments in foreign subsidiaries, foreign exchange gains/losses on translation of the hedging instrument are recognised in other comprehensive income and accumulated in the foreign currency translation reserve on consolidation.

²⁹ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

Acquisition reserve

The acquisition reserve represents the purchase of non-controlling interests where there is no change in control. The accounting standards prescribe that the value of such acquisitions should be accounted for as equity transactions instead of accounting for them as an adjustment to goodwill.

Defined benefit reserve

The defined benefit reserve represents the re-measurement of the net defined benefit liability and comprises the actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest).

Pre-acquisition profits paid reserve

The pre-acquisition profits paid reserve represents dividends paid on consolidation from pre and post-acquisition profits in a prior period.

Dividends

	2020 INTERIM	2019 FINAL	2019 INTERIM	2018 FINAL
Dividend cents per share	6.5	12.5	8.0	13.5
Franking percentage	100%	100%	100%	100%
Total dividend (\$'000)	34,504	66,744	42,575	71,488
Record date	05.03.2020	05.09.2019	25.02.2019	23.08.2018
Payment date	09.04.2020	10.10.2019	09.04.2019	10.10.2018

Dividends are recognised as a liability in the period in which they are declared. The final 2020 dividend has not been declared at the reporting date and therefore is not reflected in the consolidated financial statements.

On 27 August 2020, the Directors approved a final dividend of \$18,561,496, which equates to 3.5 cents per share, franked at 50% in respect of the financial year ended 30 June 2020. The record date for determining entitlements to the dividend is 2 September 2020. Payment of the dividend will occur on 25 September 2020.

23. RETAINED EARNINGS

	2020 \$'000	2019 ³⁰ \$'000
Retained earnings at the beginning of the financial year³⁰	223,739	3,208
Net profit attributable to equity holders	(115,996)	316,892
Transfer from retained earnings to distributable profits reserve	(104,173)	(96,462)
Gain on settlement of dividend reinvestment plan recognised in retained earnings	5	–
Gain on settlement of equity settled share based payments recognised in retained earnings	688	101
Retained earnings at the end of the year	4,263	223,739

30 Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

24. SHARE-BASED PAYMENT ARRANGEMENTS

The fair value of the share based payments is determined at grant/service commencement date and is recognised as an expense, with a corresponding increase in reserves, over the vesting period. The amount expensed is adjusted based on the related service and non-market performance conditions which are expected to be met, resulting in the amount recognised being based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The impact of any changes to the estimates of non-market vesting conditions are adjusted each reporting period to reflect the most current expectation of vesting.

(a) Description of share-based payment arrangements

At 30 June 2020, 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 financial year and in accordance with the OEP, LTI PSRs were granted to Executive KMPs, Senior Executives and Senior Leaders on 18 December 2019. The PSRs are divided into 2 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 financial year ended 30 June 2020 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 18 December 2019	1,758,204	75% against an EPS target and 25% against relative TSR for the three-year performance period commencing 1 July 2019.	Seven years, with last exercise occurring September 2026 (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 2019 full year results and accounted for at fair value in accordance with accounting standards from grant date.

The expense recognised in the consolidated statement of profit or loss and other comprehensive income in relation to the LTI PSRs during the year ended 30 June 2020 was \$1.2 million (2019: \$1.5 million).

Broad-based employee share plan

All Australian based qualifying employees of Link Group are entitled to participate in the Tax Exempt Share Plan (Exempt Plan), which gives the employees the right to be issued up to \$1,000 worth of fully paid ordinary shares for \$Nil financial consideration. The Exempt Plan enables qualified employees to receive ordinary shares free of income tax provided conditions in the current Australian tax legislation are satisfied. These shares cannot be sold until the earlier of three years after the date of issue or the time the employee ceases employment with Link Group. The plan operates at the discretion of the Board and is subject to Link Group performance, and was not offered to employees during the year ended 30 June 2020.

The expense recognised in the consolidated statement of profit or loss and other comprehensive income in relation to the Exempt Plan during the year ended 30 June 2020 was \$Nil (2019: \$2.2 million).

03 Notes to the Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

(b) Measurement of grant date fair values

Significant accounting estimate and judgement

Judgement is required in determining the fair value of PSRs, which was determined at grant date based upon an independent valuation. The amount expensed is adjusted based on the related service and non-market performance conditions which are expected to be met.

The following inputs were used in the measurement of the fair values at grant date of the LTI PSRs issued during the year ended 30 June 2020:

	18 DECEMBER 2019
Fair value at grant date:	
i. EPS tranche at grant date	\$5.01
ii. TSR tranche fair value at grant date	\$2.80
Share price at grant date	\$5.67
Exercise price	–
Expected volatility (weighted average volatility)	25%
PSR life (expected weighted average life)	3 years
Holding lock discount:	
i. 1 year	5%
ii. 2 years	7.5%
Expected dividends	3.53%
Risk-free interest rate (based on government bonds)	0.74%

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 performance share rights

The number of performance share rights on issue during the financial year ended 30 June 2020 was as follows:

	LTI PSRS		STI DEFERRAL PSRS	
	2020 '000	2019 '000	2020 '000	2019 '000
On issue at beginning of the year	3,116	1,915	6	–
Granted during the year	1,758	1,501	–	111
Lapsed during the year	(409)	(300)	–	–
Vested during the year	(353)	–	–	(105)
On issue at the end of the year	4,112	3,116	6	6

GROUP STRUCTURE

25. BUSINESS COMBINATIONS

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

All business combinations are accounted for by applying the acquisition method. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Link Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Consideration transferred includes the fair values of the assets, liabilities and contingent liabilities, including liabilities incurred by Link Group to the previous owners of the acquiree and equity interests issued by Link Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the Business Combination.

Significant accounting estimate and judgement

Judgement is required in measuring the fair value of identifiable assets acquired and liabilities assumed for each acquisition. All key assumptions applied in fair value measurements were determined using the past experiences of Link Group and management. Where possible, assumptions were validated against external sources of information.

Acquisitions

On 1 January 2020 Link Group acquired 100% of Link Pension Administration Limited (formerly Smart Pension Administration Limited), a pension administration business based in the UK. The acquisition formed part of a broader transaction in which Link Group also acquired a non-controlling interest in Smart Pension Limited (refer Note 20), enabling Link Group to enter the UK pension administration market. The acquisition of Link Pension Administration Limited was valued at £3.0 million (\$5.6 million).

Provisional acquisition accounting

The fair values of the following assets and liabilities have been recognised on a provisional basis as at 30 June 2020, whereby the accounting balances for the acquisition may be revised in accordance with AASB 3 *Business Combinations*:

- intangible assets (excluding goodwill), predominantly client relationships, have been determined provisionally pending completion of fair value calculations; and
- the fair value of net identifiable assets acquired may be impacted by the completion of the newly acquired subsidiaries 30 June 2020 financial statement audits and tax returns.

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 provisions that existed at the date of acquisition, the accounting for the acquisition will be revised.

03 Notes to the Financial Statements

GROUP STRUCTURE (CONTINUED)

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

	LINK PENSION ADMINISTRATION \$'000
Consideration on settlement	5,634
Less: fair value of net identifiable assets acquired	(5,634)
Goodwill	–
Identifiable assets acquired and liabilities assumed:	
Trade and other receivables	33
Other assets	17
Plant and equipment	66
Client relationships	6,872
Trade and other payables	(48)
Deferred tax liabilities	(1,306)
Net assets	5,634

Prior year provisional acquisition accounting

The fair values of the assets and liabilities acquired in the FlexFront B.V., Nationaal Hypotheek Loker B.V. and TSR Darashaw Consultants Private Limited business combinations were recognised on a provisional basis as at 30 June 2019. No new information was obtained about the facts and circumstances that existed at the date of the acquisitions, meaning no adjustments to any amounts recognised or the accounting for the acquisitions were required. The measurement period for these business combinations is now closed.

Pending acquisitions

On 31 January 2020, Link Group announced it had entered into a binding agreement to acquire Pepper European Servicing (PES) from Pepper Group for an upfront consideration of \$277 million, with a further €35 million deferred consideration payable dependent on PES meeting certain Assets under Management thresholds and growth milestones. PES provides end-to-end loan servicing, advisory and asset management services across both residential and commercial segments in the UK, Ireland and continental Europe. The transaction is subject to mandatory regulatory approvals and is expected to complete in the second half of calendar 2020.

03 Notes to the Financial Statements

GROUP STRUCTURE (CONTINUED)

26. ASSETS HELD FOR SALE

On 26 August 2019 Link Group entered into a binding agreement to sell its 74.85% interest in Link Market Services South Africa (LMSSA) to JSE Limited for a cash free, debt free consideration of ZAR 224.5 million (\$18.9 million). As at 30 June 2020, the transaction is subject to mandatory regulatory approvals, which are expected to be achieved in the first half of financial year 2021. Accordingly, LMSSA assets and liabilities associated with the sale have been presented as a disposal group held for sale as at 30 June 2020.

(a) Assets and liabilities of disposal group held for sale

	30 JUNE 2020 \$'000
Cash and cash equivalents	1,967
Trade and other receivables	1,919
Current tax assets	321
Other assets	28
Plant and equipment	960
Intangible assets	614
Deferred tax assets	122
Assets held for sale	5,931
Trade and other payables	1,004
Interest bearing loans and borrowings	618
Employee benefits	60
Current tax liabilities	23
Deferred tax liabilities	89
Liabilities held for sale	1,794
Net assets held for sale	4,137

No gain or loss has been recognised in Link Group's Statement of Profit or Loss, and there is no cumulative income or expenses included in other comprehensive income relating to the disposal group. LMSSA is included within the Corporate Markets reportable segment.

27. CONTROLLED ENTITIES

SUBSIDIARIES	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST CONSOLIDATED 2020	% OWNERSHIP INTEREST CONSOLIDATED 2019
Australia and New Zealand			
Link Administration Pty Limited	Australia	100	100
Link Digital Solutions Pty Limited	Australia	100	100
Link Market Services Group Pty Limited	Australia	100	100
Link Market Services Holdings Pty Limited	Australia	100	100
Link Market Services Limited	Australia	100	100
Pacific Custodians Pty Limited	Australia	100	100
Link MS Services Pty Limited	Australia	100	100
Link Share Plans Pty Limited	Australia	100	100
Orient Capital Pty Limited	Australia	100	100

03 Notes to the Financial Statements

GROUP STRUCTURE (CONTINUED)

SUBSIDIARIES	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST CONSOLIDATED 2020	% OWNERSHIP INTEREST CONSOLIDATED 2019
Corporate File Pty Limited	Australia	100	100
Open Briefing Pty Limited	Australia	100	100
Australian Administration Services Pty Limited	Australia	100	100
AAS Superannuation Services Pty Limited	Australia	100	100
Link Group Technology Pty Limited	Australia	100	100
Atune Financial Solutions Pty Limited	Australia	100	100
Primary Superannuation Services Pty Limited	Australia	100	100
The Superannuation Clearing House Pty Limited	Australia	100	100
Complete Corporate Solutions Pty Limited	Australia	100	100
Company Matters Pty Ltd	Australia	100	100
The Australian Superannuation Group (WA) Pty Ltd	Australia	100	100
Link DigiCom Pty Limited	Australia	100	100
Link Business Services Pty Ltd	Australia	100	100
Link Administration Services Pty Limited	Australia	100	100
Link Advice Pty Limited	Australia	100	100
Link Super Pty Limited	Australia	100	100
P.S.I Superannuation Management Pty Limited	Australia	100	100
Empirics Marketing Pty Limited	Australia	51.3	51.3
FuturePlus Financial Services Pty Limited	Australia	100	100
Link Property Holdings Pty Limited	Australia	100	100
Link Property Pty Limited	Australia	100	100
FuturePlus Legal Services Pty Limited	Australia	100	100
Accrued Holdings Pty Limited	Australia	51.3	51.3
Synchronised Software Pty Limited	Australia	100	100
Link Administration Support Services Pty Limited	Australia	100	100
Superpartners Pty Limited	Australia	100	100
Link Administration Resource Services Pty Limited	Australia	100	100
Link Fund Solutions Pty Limited	Australia	100	100
Adviser Network Pty Limited	Australia	100	100
Link Land Registry Services Pty Limited	Australia	100	100
WO Nominees A/C Non Taxable Pty Limited	Australia	100	100
WO Nominees A/C Company Pty Limited	Australia	100	100
WO Nominees A/C Fund Pty Limited	Australia	100	100
Link Administration Holdings Employee Share Trust ³¹	Australia	–	–
Link Market Services (New Zealand) Limited	New Zealand	100	100
Pacific Custodians (New Zealand) Limited	New Zealand	100	100

31 Link Group has determined it controls the employee share trust that administers its share based payment arrangements (refer Note 24), despite having no ownership interest in the entity.

03 Notes to the Financial Statements

GROUP STRUCTURE (CONTINUED)

SUBSIDIARIES	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST CONSOLIDATED 2020	% OWNERSHIP INTEREST CONSOLIDATED 2019
United Kingdom and Channel Islands			
Link Group Administration Limited (formerly Link Market Services (EMEA) Limited)	United Kingdom	100	100
Link Group Service Company Limited (formerly Link EMEA Service Company Limited)	United Kingdom	100	100
D.F. King Ltd	United Kingdom	100	100
Orient Capital Limited	United Kingdom	100	100
Link Group Corporate Director Limited	United Kingdom	100	100
Link Group Corporate Secretary Limited	United Kingdom	100	100
Asset Checker Limited	United Kingdom	50	50
Crown Northcorp Limited	United Kingdom	100	100
Jessop Fund Managers Limited	United Kingdom	100	100
LFI (Nominees) Limited	United Kingdom	100	100
Link Alternative Fund Administrators Limited	United Kingdom	100	100
Link Asset Services (Holdings) Limited	United Kingdom	100	100
Link Asset Services (London) Limited	United Kingdom	100	100
Link Asset Services (UK) Limited	United Kingdom	100	100
Link Company Matters Limited	United Kingdom	100	100
Link Financial Group Limited	United Kingdom	100	100
Link Financial Investments Limited	United Kingdom	100	100
Link Fund Administrators Limited	United Kingdom	100	100
Link Fund Solutions Limited	United Kingdom	100	100
Link Market Services Limited	United Kingdom	100	100
Link Market Services Trustees (Nominees) Limited	United Kingdom	100	100
Link Market Services Trustees Limited	United Kingdom	100	100
Link Mortgage Services Limited	United Kingdom	100	100
Link Share Plan Services Limited	United Kingdom	100	100
Link Treasury Services Limited	United Kingdom	100	100
Northern Registrars Limited	United Kingdom	100	100
Personal Pension Management Ltd	United Kingdom	100	100
Rooftop Mortgages Limited	United Kingdom	100	100
Sinclair Henderson Fund Administration Limited	United Kingdom	100	100
Stentiford Close Registrars Limited	United Kingdom	100	100
Whale Rock Accounting Limited (dissolved 18 February 2020)	United Kingdom	–	100
Whale Rock Company Secretariat Limited (dissolved 18 February 2020)	United Kingdom	–	100
Whale Rock Directors Limited (dissolved 18 February 2020)	United Kingdom	–	100
Whale Rock Secretaries Limited (dissolved 18 February 2020)	United Kingdom	–	100
Link Pension Administration Limited (acquired 1 January 2020)	United Kingdom	100	–
Financial Administrators (Guernsey) Limited	Guernsey	100	100

03 Notes to the Financial Statements

GROUP STRUCTURE (CONTINUED)

SUBSIDIARIES	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST CONSOLIDATED 2020	% OWNERSHIP INTEREST CONSOLIDATED 2019
Link Market Services (Guernsey) Limited	Guernsey	100	100
Link Nominees 1 Limited	Guernsey	100	100
Link Nominees 2 Limited	Guernsey	100	100
Link Market Services (Jersey) Limited	Jersey	100	100
Link Market Services (Isle of Man) Limited	Isle of Man	100	100
Europe			
Link Market Services GmbH	Germany	100	100
Link Market Services (Frankfurt) GmbH	Germany	100	100
Link Asset Services GmbH	Germany	100	100
Orient Capital GmbH (effective 18 June 2020)	Germany	100	–
Link ASI Limited	Ireland	100	100
Link CTI Limited	Ireland	100	100
Link Fund Administrators (Ireland) Ltd	Ireland	100	100
Link Fund Manager Solutions (Ireland) Limited	Ireland	100	100
Link IRG (BC) Limited	Ireland	100	100
Link Registrars Limited	Ireland	100	100
Link Group Administration Pty Limited (incorporated 17 January 2020)	Ireland	100	–
Link Group Service Company Pty Limited (incorporated 20 February 2020)	Ireland	100	–
Link Fund Solutions (Luxembourg) S.A.	Luxembourg	100	100
Link Asset Services B.V.	Netherlands	100	100
Link Asset Services (Netherlands) B.V.	Netherlands	100	100
FlexFront B.V.	Netherlands	100	100
Nationaal Hypotheek Loker B.V. (merged 30 June 2020)	Netherlands	–	100
Link Asset Services (France) SAS (incorporated 6 November 2019)	France	100	–
Other countries			
Link Investor Services Pty Limited	South Africa	74.9	74.9
Link Market Services South Africa (Pty) Limited	South Africa	74.9	74.9
Pacific Custodians (Nominees) (RF) Pty Limited	South Africa	74.9	74.9
Link Intime India Private Limited	India	100	100
Sharex Dynamic (India) Pvt Ltd	India	100	100
TSR Darashaw Consultants Private Limited	India	75	75
Link Administration Services Private Limited (incorporated 11 February 2020)	India	100	–
PNG Registries Pty Limited	Papua New Guinea	100	100
Link Market Services (Hong Kong) Pty Limited	Hong Kong	100	100

Subsidiaries are entities controlled by the Company. Control exists when Link Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed on acquisition when necessary to align them with the policies adopted by Link Group.

03 Notes to the Financial Statements

GROUP STRUCTURE (CONTINUED)

28. 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 30 June 2020.

EQUITY-ACCOUNTED INVESTMENTS	PLACE OF BUSINESS	% OWNERSHIP INTEREST 2020	% OWNERSHIP INTEREST 2019	2020 \$'000	2019 \$'000
Torrens Group Holdings Pty Ltd (formerly LMC BidCo Pty Ltd)	Australia	44.2	44.2	691,228	702,613

(a) Summarised financial information for equity-accounted investments

The following table summarises the financial information of Torrens Group Holdings Pty Ltd (PEXA's parent entity) as included in its own consolidated financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of Link Group's interest in Torrens Group Holdings. The information for 2019 includes the results of Torrens Group Holdings only for the period from 16 January 2019 to 30 June 2019, the period for which Torrens Group Holdings was classified as an associate of Link Group.

PEXA SUMMARY BALANCE SHEET AS AT 30 JUNE 2020	2020 \$'000	2019 \$'000
Cash and cash equivalents	70,199	42,444
Other current assets	33,297	13,512
Non-current assets	1,659,693	1,693,177
Current liabilities	(34,318)	(29,949)
Non-current liabilities	(164,212)	(128,754)
Net Assets (100%)	1,564,659	1,590,430
Link Group's share of net assets (44.2%)	691,226	702,611
Elimination of unrealised downstream transactions	2	2
Carrying value of equity-accounted investment	691,228	702,613
PEXA SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020	2020 \$'000	2019 \$'000
Revenue	155,587	54,199
Depreciation expense	(2,364)	(280)
Intangibles amortisation expense – non-acquisition related	(3,363)	399
Intangibles amortisation expense – acquisition related	(56,664)	(25,568)
Finance income	2,501	1,373
Income tax expense	(16,919)	(4,412)
Profit/(loss) for the year	(25,771)	(28,202)
Other comprehensive income for the year	–	–
Total comprehensive income for the year	(25,771)	(28,202)
Link Group's share of comprehensive income (44.2%)	(11,385)	(12,459)
Elimination of unrealised downstream transactions	–	2
Link Group's share of comprehensive income	(11,385)	(12,457)

03 Notes to the Financial Statements

GROUP STRUCTURE (CONTINUED)

(b) Reconciliation of movements in carrying values

	2020 \$'000	2019 \$'000
Carrying value at beginning of the year	702,613	–
Acquisition	–	715,070
Share of loss of equity-accounted investees, net of tax	(11,385)	(12,457)
Share of other comprehensive income	–	–
Less dividends/distributions received	–	–
Carrying value at the end of the year	691,228	702,613

29. PARENT ENTITY DISCLOSURES

In accordance with the *Corporations Act 2001*, these consolidated financial statements present the results of the consolidated entity only. As at, and throughout, the financial year ended 30 June 2020 the ultimate parent entity of Link Group was Link Administration Holdings Limited.

	2020 \$'000	2019 \$'000
Result of parent entity		
Profit for the year	104,173	96,462
Other comprehensive income	–	–
Total comprehensive income for the year	104,173	96,462
Financial position of parent entity at year end		
Current assets	13,689	4,013
Total assets	1,947,268	1,972,716
Current liabilities	109	7,962
Total liabilities	109	7,962
Total equity of the parent entity comprising of:		
Contributed equity	1,889,733	1,909,140
Share compensation reserve	8,215	10,022
Distributable profits reserve	117,412	114,487
Accumulated losses	(68,201)	(68,895)
Total equity	1,947,159	1,964,754

The parent entity has net current assets of \$13.5 million (2019: deficiency of \$3.9 million), primarily due to the \$10.3 million income tax receivable (2019: \$7.9 million provision for income tax) it carries as head of the Link Administration Holdings tax consolidated group. The current tax asset/liability is funded by other members of the tax consolidated group, shown as inter-company receivables in non-current assets. Link Group has \$188.9 million (2019: \$484.3 million³²) net current assets and \$264.1 million (2019: \$560.2 million) cash and cash equivalents as at 30 June 2020.

Other than those disclosed in Note 19, the parent entity has no contingent liabilities, contractual commitments or guarantees with third parties as at 30 June 2020 (2019: none).

32 Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

03 Notes to the Financial Statements

OTHER DISCLOSURES

30. RELATED PARTIES

Key Management Personnel compensation

The aggregate Key Management Personnel (“KMP”) compensation comprised the following:

	2020 \$	2019 \$
Short term employee benefits	5,962,222	5,496,608
Post-employment benefits	213,288	206,922
Other long term benefits	58,974	127,478
Share based payments	1,142,500	298,680
Termination benefits	–	625,585
	7,376,984	6,755,273

31. AUDITOR’S REMUNERATION

	2020 \$	2019 \$
Audit of the financial statements		
Auditor of the Company – KPMG Australia	941,091	1,028,536
Other network firms – KPMG international	1,105,481	1,319,995
Assurance related services		
Auditor of the Company – KPMG Australia	604,629	576,606
Other network firms – KPMG international	311,794	292,443
Other services		
Auditor of the Company – KPMG Australia	415,000	256,385
Other network firms – KPMG international	260,918	52,241
	3,638,913	3,526,206

“Other services” includes accounting and other services provided during the financial year.

Auditor’s remuneration relating to entities acquired in a business combination during the financial year is disclosed only in respect of the period those entities were controlled by Link Group.

OTHER DISCLOSURES (CONTINUED)

32. SUBSEQUENT EVENTS

PEXA capital return

In July 2020, Torrens Group Holding's Board (i.e. the PEXA Holdco Board) approved a \$950 million capital return financed by shareholder debt (Link Group's 44.2% share is approximately \$420 million). This will result in a loan receivable being recognised by Link Group in FY2021 (and corresponding reduction in the value of its equity accounted investment). Interest income will accrue on the loan (offsetting the interest expense Torrens Group will recognise). Torrens Group is expected to commence refinancing its debt in FY2021 such that it will raise the first tranche external debt in order to repay shareholder debt, presently scheduled to be completed by the end of the 2020 calendar year.

On-market share buy-back

On 26 August 2020 the Directors resolved to cease the on-market share buy-back announced to the ASX on 29 August 2019.

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. The future impact of the COVID-19 pandemic remains uncertain.

Retirement of Managing Director

On 7 August 2020 Link Group announced that John McMurtrie will retire as Managing Director of Link Group in early 2021 and will be succeeded by Vivek Bhatia as Managing Director and Chief Executive Officer. Vivek Bhatia, currently QBE Chief Executive Officer, Australia Pacific, was the standout candidate from an extensive international executive search as part of a planned succession process. John will work with Vivek over the coming months to ensure a smooth transition.

Other than the matters described above, in the opinion of the Directors, there has not arisen in the interval between the end of the financial year 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 financial years.

33. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2020 have not been applied in preparing these consolidated financial statements. None of these new standards are expected to be relevant to Link Group, and Link Group does not intend to adopt these standards early.

- *Amendments to References to Conceptual Framework in IFRS Standards;*
- *Definition of a Business (Amendments to AASB 3);*
- *Definition of Material (Amendments to AASB 101 and AASB 108); and*
- *AASB 17 Insurance Contracts.*

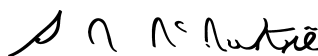
04 Directors' Declaration

1. In the opinion of the Directors of Link Administration Holdings Limited (the Company):
 - (a) the consolidated financial statements and notes that are set out on pages 100 to 155 and the Remuneration Report on pages 72 to 95 in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Link Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards 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.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and the Chief Financial Officer for the financial year ended 30 June 2020.
3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



Michael Carapiet
Chair



John McMurtrie
Managing Director

Dated 27 August 2020 at Sydney.



Independent Auditor's Report

To the shareholders of Link Administration Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Link Administration Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

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

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Link Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of Link Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

05 Independent Auditor's Report



Key Audit Matters

The **Key Audit Matters** we identified are:

- Valuation of goodwill
- Revenue

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill (\$1,450m) and recognition of impairment charge (\$107.8m)

Refer to Note 15 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Link Group's annual testing of goodwill for impairment is a Key Audit Matter due to:</p> <ul style="list-style-type: none"> • the size of the goodwill balance (being 33% of total assets); and • the forward-looking assumptions Link Group applied in its value in use models, including: <ul style="list-style-type: none"> • forecast cash flows, growth rates and terminal growth rates which are influenced by duration, renewal and key terms of major client contracts, competitive market conditions and the impact of COVID-19 on each CGU; • estimating the projected cash flow forecast into the future is inherently subjective and susceptible to differences in outcome; • Link Group also operates across different geographies with varying market pressures which increases the risk of inaccurate forecast; and • discount rates, which are subjective in nature and vary according to the specific conditions and environment of Cash Generating Units (CGUs). <p>At 30 June Link Group recognised an impairment charge of \$107.8m in relation to the Corporate Markets EMEA CGU. This drives additional audit effort given the sensitivity to changes in cashflow assumptions.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Considering the appropriateness of the value in use method applied by Link Group to perform the annual test of goodwill for impairment against the requirements of the Accounting Standards; • Testing the integrity of the value in use models used, including the determination of carrying values and the accuracy of the underlying calculations; • In light of the recent changes to Link Group's operating model, assessing Link Group's determination of its CGUs. We analysed how independent cash inflows of Link Group were generated, against the requirements of the Accounting Standards; • Assessing the historical accuracy of Link Group's forecasts by comparing to actual results, to use in our evaluation of forecasts incorporated in the value in use model; • Checking the consistency of the forecast cash flows assumptions, with consideration for the impact of COVID-19, for alignment to Link Group's approved FY21 – FY25 budget and our inquiries with Link Group; • Performing sensitivity analysis of key assumptions, in particular discount rates, forecast growth rates and terminal growth rates, to identify those assumptions at a higher risk of bias or inconsistency in application;

05 Independent Auditor's Report



<p>Effective 1 July 2019 Link Group realigned its operating and organisation structure, requiring consideration of the allocation of goodwill to the CGUs, based on Link Group's management and monitoring of the business.</p>	<ul style="list-style-type: none"> Working with our valuation specialists we used our knowledge of Link Group and its industry to independently develop a discount rate range considered comparable using publicly available market data for comparable entities. We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter; and Assessing the disclosures in the financial report, including those detailing the impairment charge for the year, using our understanding of the information obtained from our testing and against the requirements of the Accounting Standards.
Revenue (\$1,230.4m)	
<p>Refer to Note 5 to the Financial Report</p>	
The key audit matter	How the matter was addressed in our audit
<p>Revenue is a Key Audit Matter due to:</p> <ul style="list-style-type: none"> its significance to Link Group results; and the significant audit effort required as a result of the various streams of revenue derived from diverse services and products offered to customers. This includes revenue earned in multiple geographical locations under each of the reporting segments. <p>Link Group generates revenue across its five operating segments from a variety of services and products offerings. Significant revenue streams include fees from the:</p> <ul style="list-style-type: none"> provision of administration services to superannuation funds; provision of services to corporates; loan processing, administration and debt work-out services to lenders and investors; provision of management, third-party administration and transfer agency services to investment funds; and services and products offered via Link Group's technology hub. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> Obtaining an understanding of processes and testing key controls for significant revenue streams across the four business units. This included walking through the process with Link Group's respective business and finance teams to check our understanding of the procedures and related controls; Testing of Link Group's controls for the review and manual approval of key calculations and invoices for significant revenue streams; Using statistical sampling across key revenue streams and checking Link Group's recorded revenue to customer invoices, signed customer contracts and bank statements; Selecting a sample of invoices across the various revenue streams raised prior to, and post, year end. We checked the timing of revenue recorded against the details of the service description on the invoice; and Developing an expectation for contract based revenue for the significant revenue streams and comparing this with the recorded contract revenue for the current year.

05 Independent Auditor's Report



We based this on prior year contract revenue and average fee changes sourced from a sample of signed customer contracts and adjusted our expectation for changes in member numbers throughout the year, which were checked to customer invoices.

Other Information

Other Information is financial and non-financial information in Link Group's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, Operating and Financial Review and Remuneration Report. The Messages from the Chair and Managing Director, Sustainability Report and Additional Shareholder Information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing Link Group's and the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate Link Group and the Company or to cease operations, or have no realistic alternative but to do so.

05 Independent Auditor's Report



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Link Administration Holdings Limited for the year ended 30 June 2020, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included on pages 72 to 95 of the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Eileen Hoggett
Partner

Sydney
27 August 2020

Brendan Twining
Partner

Additional Shareholder Information

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in this report is as follows. The information is current at 17 August 2020.

DISTRIBUTION OF SHAREHOLDERS

RANGE	ORDINARY SHARES			
	NO. OF HOLDERS	% OF HOLDERS	SECURITIES	% OF ISSUED CAPITAL
100,001 and Over	117	0.4	396,341,051	74.7
10,001 to 100,000	2,660	8.5	57,875,610	10.9
5,001 to 10,000	4,359	14.0	32,251,119	6.1
1,001 to 5,000	14,755	47.4	39,104,911	7.4
1 to 1,000 ¹	9,238	29.7	4,755,754	0.9
Total	31,129	100	530,328,445	100

¹ 674 shareholders hold less than a marketable parcel of shares at a share price value of \$4.22 (closing price on ASX on 17 August 2020).

There are no other classes of quoted equity securities on issue.

TOP TWENTY SHAREHOLDERS (UNGROUPED)

NAME	NUMBER OF ORDINARY SHARES	%
HSBC Custody Nominees (Australia) Limited	176,819,522	33.34
J P Morgan Nominees Australia PTY Limited	71,402,843	13.46
Citicorp Nominees Pty Limited	34,121,980	6.43
NATIONAL Nominees Limited	26,804,648	5.05
BNP Paribas Noms Pty Ltd	8,338,186	1.57
BNP Paribas Nominees Pty Ltd	8,304,730	1.57
Boston & Baxter Pty Limited	8,274,750	1.56
John Menzies McMurtrie	5,302,687	1.00
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd	5,249,343	0.99
Citicorp Nominees Pty Limited	4,388,530	0.83
Netwealth Investments Limited	3,277,398	0.62
William John Hawkins	3,039,643	0.57
Custodial Services Limited	3,013,793	0.57
Netwealth Investments Limited	1,756,113	0.33
Australian United Investment Company Limited	1,500,000	0.28
HSBC Custody Nominees (Australia) Limited – A/C 2	1,258,554	0.24
Equitas Nominees PTY Limited	1,172,496	0.22
Australian United Investment Company Limited	1,050,000	0.20
Warbont Nominees Pty Ltd	1,006,970	0.19
Diversified United Investment Limited	1,000,000	0.19
Total	367,082,186	69.22
Balance of register	163,246,259	30.78
Grand total	530,328,445	100.00

Additional Shareholder Information

SUBSTANTIAL SHAREHOLDERS

NAME	NUMBER OF SHARES	% OF INTEREST	DATE OF LAST SUBSTANTIAL SHAREHOLDER NOTIFICATION
Perpetual Limited & its related bodies corporate	46,551,851	8.74%	6 December 2019
The Vanguard Group Inc and controlled entities	31,925,377	6.014%	10 March 2020
Yarra Capital and associated entities	28,576,144	5.3884%	9 July 2020

ON-MARKET BUY BACK

On 29 August 2019, Link Group announced its intention to undertake an on-market buy-back of up to 53,395,062 shares (being approximately up to 10% of Link Group's issued ordinary shares). Link Group announced the ceasing of the on-market buy-back on 27 August 2020.

VOTING RIGHTS

Each holder of ordinary shares is entitled to one vote per share (on a poll) or one vote (on a show of hands) at shareholder meetings.

UNQUOTED EQUITY SECURITIES

Link Administration Holdings Limited has 4,107,698 unquoted equity securities issued under an employee incentive scheme.

SECURITIES SUBJECT TO VOLUNTARY ESCROW

Link Administration Holdings Limited has no securities subject to voluntary escrow.

SECURITIES PURCHASED ON-MARKET FOR THE PURPOSES OF EMPLOYEE INCENTIVE SCHEME

During FY2020, a total of 77,510 ordinary shares were acquired on-market for the purposes of Link Group employee equity plans and the average price per share purchased was \$5.0931.

STOCK EXCHANGE LISTING

Link Administration Holdings Limited securities are only listed on the ASX under the symbol LNK.

ANNUAL GENERAL MEETING

Link Administration Holdings Limited 2020 Annual General Meeting will be held on Tuesday, 27 October 2020.

Three-Year Summary

	FY 2020	FY 2019 ¹	FY 2018 ¹
Financial performance (\$m)			
Revenue	1,230.4	1,403.5	1,198.4
Operating EBITDA	293.8	394.6	368.3
Operating EBITDA margins %	23.9%	28.1%	30.7%
Profit before tax	(101.4)	413.9	186.9
NPAT (statutory)	(113.9)	318.1	140.1
NPATA	(37.8)	374.5	172.7
Operating NPATA	144.0	197.8	203.3
Other Financial Performance Information			
Recurring Revenue %	82.9%	80.0%	79.6%
Revenue APAC %	57.8%	52.9%	62.3%
Revenue EMEA %	42.2%	47.1%	37.7%
% of Gross Revenue – Retirement and Superannuation Solutions	32.7%	31.9%	39.4%
% of Gross Revenue – Corporate Markets	22.6%	21.4%	21.7%
% of Gross Revenue – Banking and Credit Management	10.4%	9.8%	7.7%
% of Gross Revenue – Fund Solutions	10.9%	9.4%	7.6%
% of Gross Revenue – Technology & Operations	23.4%	19.4%	16.2%
% of Gross Revenue – Corporate & Private Client Services	0.0%	8.2%	7.4%
Financial position (\$m)			
Assets	4,339.5	5,113.9	4,139.1
Liabilities	2,424.2	2,962.5	2,246.4
Net assets	1,915.3	2,151.4	1,892.7
Net (debt)/cash ²	750.4	596.9	559.8
Total Equity	1,915.3	2,151.4	1,892.7
Share information			
Market capitalisation (\$m)	2,174	2,670	3,882
Ordinary shares at period end (million shares)	530.3	534.0	529.5
Total dividends per share (cents per share)	10.0	20.5	20.5
Interim dividend per share (cents per share)	6.5	8.0	7.0
Final dividend per share (cents per share)	3.5	12.5	13.5
Total dividends (\$m)	53.1	109.3	106.0
Total dividend franking %	82.5%	100.0%	100.0%
Share price – 30 June closing (\$)	4.10	5.00	7.33
Ratios			
Dividend payout ratio (Total Dividends/NPATA ³)	57.0%	75.8%	61.4%
Net operating cashflow conversion %	108%	97%	96%
Total leverage ratio ⁴	2.7	1.9	1.5
Operational metrics			
Total FTE (period end)	6,964	6,709	7,506

1 Prior period comparative information has been restated following the initial application of AASB 16 Leases.

2 Long term debt (excludes right-of-use lease liabilities).

3 For the calculated of the dividend payout ratio, NPATA adjusted to exclude the impact of the following one-off items: FY2019 – PEXA fair value gain \$124.6m & gain on disposal of CPCS \$105.7m / FY 2020 – Impairment expense \$107.8m, Leveris investment fair value adjustment \$23.1m.

4 Total leverage ratio calculated in accordance with Link Group's debt agreement.

Corporate Information

AUSTRALIAN COMPANY NUMBER

120 964 098

COMPANY SECRETARY

Emma Lawler

REGISTERED OFFICE AND PRINCIPAL ADMINISTRATIVE OFFICE (Link Group's register of securities is held at the Registered Office)

Address:

Level 12, 680 George Street Sydney NSW 2000
Australia

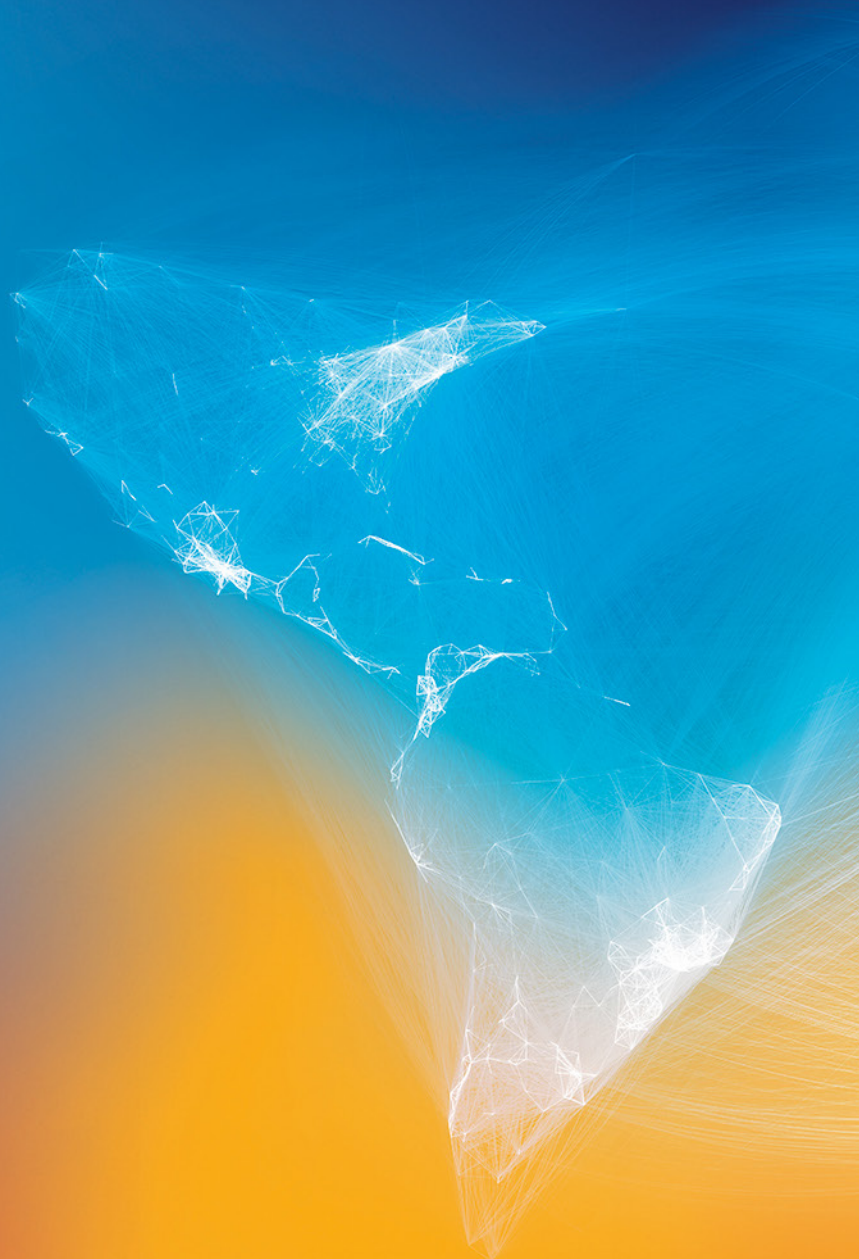
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