

31 October 2023

ASX ANNOUNCEMENT

RESTATING FY23 STATUTORY RESULTS IN LIGHT OF SALE OF FS BUSINESS

The sale of Link Administration Holdings Limited's (**Link Group**) Fund Solutions (FS) – UK and Ireland business (excluding Luxembourg and Switzerland) to Waystone Group was completed on 9 October 2023¹ (the Sale).

Following the completion of the Sale, Link Group will amend the accounting treatment adopted in its FY23 financial report released on 28 August 2023 in order to recognise the financial result of the completed Sale, and the Settlement of the investigation by the Financial Conduct Authority (FCA) into Link Fund Solutions Limited (LFSL) in respect of LFSL's role as Authorised Corporate Director (ACD) of the LF Woodford Equity Income Fund (the Settlement), within the same financial reporting period. This is in response to a request by ASIC that Link Group revisit its accounting treatment relating to these matters. Link Group's amendments are described below.

As a result of these amendments, Link Group's statutory loss for 1HFY23 will be revised from a previously reported \$410.1 million to a restated \$460.5 million. Link Group's statutory loss for FY23 will be revised from a previously reported \$417.7 million to a restated \$248.9 million.

The change in accounting treatment will not affect the past, present or future cash distributions to security holders. Further, it has no impact on Link Group's FY23 Operating NPATA and leverage ratio.

| A\$ million | | | |
|---|-----------------------------|-----------------|---------------------------|
| | Previously Reported | Restated | Change |
| 1HFY23 | | | |
| Revenue | 592.2 | 592.2 | |
| Operating EBITDA | 128.3 | 128.3 | |
| Operating EBIT | 80.2 | 80.2 | |
| Operating NPATA ex-PEXA | 38.2 | 38.2 | |
| Statutory Profit/(Loss) | (410.1) | (460.5) | (50.4) |
| | | | |
| FY23 | | | |
| Revenue | 1,228.2 | 1,228.2 | |
| Operating EBITDA | 273.2 | 273.2 | |
| Operating EBIT | 178.1 | 178.1 | |
| Operating NPATA ex-PEXA | 89.3 | 89.3 | |
| Statutory Profit/(Loss) | (417.7) | (248.9) | +168.8 |
| | | | |
| FY24 | | | |
| Estimated gain on completion of FS sale and the Scheme is implemented | ~265.0 | ~96.4 | ~(168.6) |
| | | | |
| FY23 Proforma Statutory Profit/(Loss)² | ~(152.7)² | ~(152.5) | ~(0.2)³ |

At the time the 1H FY23 interim financial report was released on 24 February 2023, there was considerable uncertainty as to whether (what ultimately became) the Sale and the Settlement would eventuate. Link Group estimated the fair value less cost of disposal (FVLCD) for the FS business to be zero and a \$449 million impairment charge was recognised to reduce the carrying value of the FS Cash Generating Unit (CGU)'s non-current assets to \$nil.

On 20 April 2023, Link Group announced it had signed a conditional sale agreement with Waystone Group and reached a conditional settlement of the FCA investigation. The Settlement was conditional on the completion of the Sale and the sanctioning of the LFSL scheme of arrangement (the Scheme). These matters were then recognised in the FY23 financial report released on 28 August 2023. In light of events in October 2023 referred to above, Link Group intended that it would recognise the Sale proceeds and the insurance proceeds in respect of the Scheme when Link Group ceased to control the FS business, on completion of the Sale and following the implementation of the Scheme in FY24.

As a result of the information which was available to Link Group at each of those financial reporting periods, the financial result of the Sale and the Settlement would have been recognised in the financial statements of Link Group across two financial years. Accordingly, Link Group's FY23 financial report recognised a provision of approximately \$390.9 million (net of tax) in relation to the Settlement and associated redress, and Link Group expected to recognise a gain of approximately \$265.0 million (net of tax) on completion of the Sale and implementation of the Scheme in FY24.

While Link Group considers that the accounting treatment adopted in the financial reports was appropriate, Link Group will restate the FY23 comparatives in the 1H FY24 Interim Financial Report and FY24 Annual Financial Report to base the Fair Value less Cost of Disposal (FVLCD) of the FS Cash Generating Unit on the Sale proceeds less estimated costs to sell (resulting in a FVLCD of \$231.5 million as at 31 December 2022), resulting in an impairment expense of approximately \$210 million in FY23. This treatment will be disclosed as a 'correction of prior period treatment' in Link Group's combined financial reports for the half-year ending 31 December 2023 and financial year ending 30 June 2024, ensuring that the gain anticipated to be recognised from the Sale in FY24 is offset by the statutory loss recognised in FY23.

The amendment will also result in the recognition of a redress provision of approximately \$289.3 million (net of tax) as at 31 December 2022 with the provision amount increasing to \$405.1 million as at 30 June 2023 (net of tax) to incorporate an additional element of the provision as agreed with the FCA in April 2023 being insurance recoveries.

Please refer to the table above and the appendix for further information in relation to the financial impacts of the restatement on the prior period. The exact financial impacts of the prior period will be subject to review by Link Group auditors KPMG and approval by Link Group's Board of Directors at the time the restatement takes place.

As a result of the amendment, Link Group estimates that it will report an unaudited gain in relation to the sale and the settlement of ~\$96.4 million in FY24 (rather than the estimated \$265 million previously announced on 28 August 2023), largely due to the recognition of the insurance recovery on implementation of the Scheme. This represents Link Group's best estimate based on the information currently known but is subject to a number of ongoing variables, including the implementation of the Scheme, a potential insurance recovery, final costs incurred in connection with the Sale and the Scheme, foreign exchange and tax. Link Group will advise the market further when it releases its 1H FY24 results.

Link Group reaffirms its FY24 guidance provided at the FY23 results. Please refer to Slide 21 of Link Group's FY23 Results Presentation for more detail.

For further information, please refer to Link Group's earlier announcements on 20 February 2023, 24 February 2023, 20 April 2023, 3 August 2023, 28 August 2023, 15 September 2023, 9 October 2023 and 13 October 2023.

The release of this announcement was authorised by the Link Group Board.

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APPENDIX

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | AS PREVIOUSLY REPORTED \$'000 | CORRECTION \$'000 | AS RESTATED \$'000 |
|--|--|----------------------|--------------------------|
| Redress provision expense | - | (322,852) | (322,852) |
| Impairment expense ⁴ | (464,306) | 238,929 | (225,377) |
| Loss before tax | (393,127) | (83,923) | (477,050) |
| Income tax (expense)/benefit | (17,020) | 33,556 | 16,536 |
| Loss for the year | (410,147) | (50,368) | (460,515) |

FOR THE YEAR ENDED 30 JUNE 2023

| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | AS PREVIOUSLY REPORTED \$'000 | CORRECTION \$'000 | AS RESTATED \$'000 |
|--|--|----------------------|--------------------------|
| Redress provision expense | (428,952) | 21,141 | (407,811) |
| Finance costs | (65,346) | (6,438) | (71,784) |
| Loss before tax | (76,453) | 14,703 | (61,750) |
| Income tax (expense)/benefit | 55,899 | (4,540) | 51,359 |
| Loss for the year from continuing operations | (20,554) | 10,164 | (10,390) |
| Loss from discontinued operations, net of tax ⁵ | (397,137) | 158,629 | (238,508) |
| Loss for the year | (417,691) | 168,793 | (248,898) |
| Foreign currency translation differences for foreign operations | 26,637 | (13,142) | 13,495 |
| Total comprehensive loss for the year from continuing operations | (391,147) | 155,651 | (235,496) |

AS AT 30 JUNE 2023

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | AS PREVIOUSLY REPORTED \$'000 | CORRECTION \$'000 | AS RESTATED \$'000 |
|--|--|----------------------|--------------------------|
| Assets held for sale | 1,028,451 | 169,956 | 1,198,407 |
| Total current assets | 1,347,396 | 169,956 | 1,517,352 |
| Deferred tax asset | 101,335 | (2,143) | 99,192 |
| Total non-current assets | 1,676,937 | (2,143) | 1,674,794 |
| Total assets | 3,024,333 | 167,813 | 3,192,146 |
| Provisions | 438,155 | 12,162 | 450,317 |
| Total current liabilities | 1,570,114 | 12,162 | 1,582,276 |
| Total non-current liabilities | 1,209,592 | - | 1,209,592 |
| Total liabilities | 2,779,706 | 12,162 | 2,791,868 |
| Net assets | 244,627 | 155,651 | 400,278 |
| Reserves | 236,512 | (13,142) | 223,370 |
| Accumulated losses | (994,888) | 168,793 | (826,095) |
| Total equity attributable to equity holders of the parent | 244,335 | 155,651 | 399,986 |
| Total equity | 244,627 | 155,651 | 400,278 |

1. As disclosed ASX announcement dated 9 October 2023.
2. Please refer to Slide 11 of Link Group's FY23 Results Presentation.
3. The difference is explained by foreign exchange, unwinding of the discount on the provision for redress, the estimated net assets of all FS entities within the transaction perimeter (net of selling costs) and the estimated recycling of the foreign currency translation reserve through the income statement.
4. FS was not classified as a discontinued operation at 31 December 2022 because it did not meet the criteria at that date. The above impairment expense also includes an impairment relating to BCM.
5. The FS impairment charge was classified as a discontinued operation at 30 June 2023. The FS impairment charge was included in the loss from discontinued operations, net of tax at 30 June 2023. The loss from discontinued operations, net of tax also includes an impairment charge relating to BCM.

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