REGAL
PARTNERS

Regal Partners Limited
ABN 33 129 188 450
Level 47 Gateway, 1 Macquarie Place
Sydney NSW 2000 Australia
T. +61 2 8197 4350
www.regalpartners.com
AFSL No. 321789 | SEC Registered

23 August 2022

ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Half Year Report and Condensed Financial Statements for the half year ended 30 June 2022

Regal Partners Limited (ASX: RPL) hereby lodges:

- Appendix 4D for the half year ended 30 June 2022; and
- Condensed Financial Report for the half year ended 30 June 2022, incorporating the Directors' Report to Shareholders and Financial Statements.

AUTHORISED FOR RELEASE BY:

Ian Cameron, Joint Company Secretary

CONTACT INFORMATION:

Ingrid Groer, CFA
Head of Corporate Affairs
Regal Partners Limited
Phone: 1800 571 917 (inside Australia)
+61 2 8197 4350 (outside Australia)
Email: investorrelations@regalpartners.com

This page has been intentionally left blank.

REGAL
PARTNERS

Appendix 4D
Half Year Report

Company	Regal Partners Limited (formerly VGI Partners Limited)
ASX code	RPL (formerly VGI)
Half year ended	30 June 2022
Previous corresponding period half year ended	30 June 2021
ABN	33 129 188 450

Impact of merger on the presentation of results and financial report

On 3 June 2022, VGI Partners Limited (**VGI**), completed its merger with Regal Funds Management Pty Limited (**Regal Funds Management**), an unlisted company (the **merger**). VGI's name has been changed from 'VGI Partners Limited' to 'Regal Partners Limited', and VGI's ASX ticker code has been changed from 'VGI' to 'RPL'.

In accordance with the Australian Accounting Standards, the merger has been accounted for as a reverse acquisition with Regal Funds Management being deemed the parent entity for accounting purposes.

As a result of the merger:

- The results for the half year ended 30 June 2022 have been presented to reflect Regal Funds Management for the period from 1 January 2022 to 3 June 2022. The newly formed combined Regal Partners Limited consolidated group results include Regal Funds Management and VGI for the period 4 June 2022 to 30 June 2022; and
- The comparative results for the half year ended 30 June 2021 reflect Regal Funds Management only.

Please see page 4 of the Half Year Financial Report for further details.

Results for announcement to the market

This announcement to the market for Regal Partners Limited's consolidated group's (**the Group's**) results should be read in conjunction with the attached 30 June 2022 Half Year Financial Report.

	Half year ended 30 June 2022 $'000	Up / down	% Movement *
Income from ordinary activities	37,719	▼	(53)
Profit from ordinary activities after tax attributable to the owners of Regal Partners Limited	4,928	▼	(82)
Total comprehensive income attributable to the owners of Regal Partners Limited	4,780	▼	(83)
Normalised and Pro Forma net profit after tax attributable to the owners of Regal Partners Limited	20,147**	▼	(69)

* The comparative results for the half year ended 30 June 2021 reflect Regal Funds Management only.
** Normalised and Pro Forma net profit after tax attributable to the owners of Regal Partners Limited is prepared on the basis of using the results of Kilter Rural, Attunga Capital, VGI Partners, Regal Funds Management attributable to RPL Shareholders for the current and previous periods presented.

Commentary on results

For the half year ended 30 June 2022, the Group recorded total revenue from ordinary activities for the half year of $37,719,000 (2021: $79,465,000) and profit after tax for the half year of $7,522,000 (2021: $27,473,000), of which profit after tax attributable to RPL Shareholders was $4,928,000 (2021: $27,473,000).

Commentary on results (continued)

Normalised and Pro Forma net profit after tax (**NPAT**) attributable to owners of Regal Partners Limited was $20,147,000 (2021: $74,001,000) on a pro forma basis. Normalised net profit after tax attributable to the owners of Regal Partners Limited is presented on a pro forma basis, i.e., it is prepared using the results of Kilter Rural, Attunga Capital, VGI Partners, Regal Funds Management attributable to RPL Shareholders for each of the current and previous reporting periods. For a reconciliation of normalised NPAT, please refer to a results release presentation published on the ASX on 23 August 2022 titled '1H22 Results Release'.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Financial Report for the half year ended 30 June 2022.

Dividends

The Company has not declared any dividend since the merger completed on 3 June 2022. Refer to Note 9.

The Company (under VGI) declared the following dividends (totalling $53,828,000 or 76.7 cents per share) prior to the merger with Regal Funds Management which are not included in the consolidated results:

- Special dividend of 39.7 cents per share fully franked, totalling $28,000,000, with a record date of 2 June 2022 and payment date of 9 June 2022.
- Final dividend for the year ended 31 December 2021 of 6.0 cents per share fully franked, totalling $4,188,000, with a record date of 7 March 2022 and payment date of 16 March 2022.
- Interim dividend for the half-year ended 30 June 2021 of 31.0 cents per share fully franked, totalling $21,640,000, with a record date of 31 August 2021 and payment date of 10 September 2021.

Regal Funds Management paid the following dividends prior to the merger with VGI on 3 June 2022:

- Interim dividend of $20,000,000 fully franked with a payment date of 21 February 2022.
- Interim dividend of $12,000,000 fully franked with a payment date of 24 March 2022.
- Interim dividend of $39,850 fully franked with a payment date of 30 March 2022.

Net tangible assets (NTA) *

	30 June 2022	**31 December 2021 ****
Net tangible assets per fully paid ordinary share (including contract assets)	$0.52	$0.28
Net tangible assets per fully paid ordinary share (excluding contract assets)	$0.34	$0.28

* NTA includes the total assets shown in the financial statements less deferred tax assets, right of use assets and lease liabilities.
** Number of fully paid ordinary shares has been restated to reflect the ratio of number of shares Regal Funds Management Shareholders obtained in the listed entity (the **exchange ratio**).

Entities over which control has been gained or lost during the half year

On 3 June 2022, VGI acquired 100% of the shares in Regal Funds Management. A summary of all subsidiaries is included in the Half Year Financial Report at Note 11.

Associates and joint venture entities

The Group has an investment in Gresham Royalties Management Pty Ltd with an interest of 33.33%. Details of associates and joint venture entities are included in the Half Year Financial Report at Note 12.

Audit

This report is based on the Condensed Financial Report for the half year ended 30 June 2022, which has been reviewed by the Group's auditors, Deloitte Touche Tohmatsu. All the documents comprise the information required by Listing Rule 4.2A.

REGAL PARTNERS LIMITED

(formerly VGI PARTNERS LIMITED)

ABN 33 129 188 450

Condensed Half Year Financial Report

30 June 2022

Contents

Corporate Directory 2

Directors' Report 3

Auditor's Independence Declaration 7

Directors' Declaration 8

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income 9

Condensed Consolidated Statement of Financial Position 10

Condensed Consolidated Statement of Changes in Equity 11

Condensed Consolidated Statement of Cash Flows 12

Notes to the Condensed Consolidated Financial Statements 13

Independent Auditor's Review Report 32

Corporate Directory
For the half year ended 30 June 2022

Board of Directors

Michael J Cole AM – Independent Chairman
Brendan J O'Connor – Chief Executive Officer and Managing Director
Sarah J Dulhunty
Jaye L Gardner
Ian M Gibson
David F Jones AM

Joint Company Secretaries

Kathleen Liu
Ian Cameron

Investor Relations

Ingrid L Groer

T: 1800 571 917 (inside Australia)
T: +61 2 8197 4350 (outside Australia)
E: investorrelations@regalpartners.com

Registered Office

Level 47 Gateway, 1 Macquarie Place
Sydney NSW 2000
Australia

Website

www.regalpartners.com

Share Registrar

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: 1300 737 760 (inside Australia)
T: +61 2 9290 9600 (outside Australia)
E: enquiries@boardroomlimited.com.au

For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.

Auditor

Deloitte Touche Tohmatsu
225 George Street
Sydney NSW 2000
T: +61 2 9322 7000

ASX Code

RPL (formerly VGI)

Directors' Report

The Directors of Regal Partners Limited (formerly VGI Partners Limited) (**the Company**) present their Directors' Report together with the Financial Report for the half year ended 30 June 2022 and independent auditors' review report thereon. The Half Year Financial Report represents the Company and its consolidated entities (**Regal Partners** or **the Group**). A list of the consolidated entities is included in Note 11 of the Half Year Financial Report.

Directors

The following persons were directors of the Company during the half year and up to the date of this report:

Name	Position	Date appointed	Date resigned
Michael J Cole AM	Independent Chairman	3 June 2022	
Brendan J O'Connor	Chief Executive Officer and Managing Director	3 June 2022	
Sarah J Dulhunty	Independent Non-Executive Director	3 June 2022	
Jaye L Gardner	Independent Non-Executive Director	12 May 2019	
Ian M Gibson	Executive Director	3 June 2022	
David F Jones AM	Non-Executive Director [1]	8 August 2018	
Robert M P Luciano	Executive Chairman	15 January 2008	3 June 2022
Benjamin A Pronk	Independent Non-Executive Director	12 May 2019	3 June 2022
Darren J Steinberg	Independent Non-Executive Director	12 May 2019	3 June 2022

[1] On 3 June 2022, Mr David Jones resigned from his executive role with the Company and now serves on the Board of Regal Partners Limited as a Non-Executive Director.

Changes to the Board of Directors and Company Secretary

As a result of the merger (detailed in the review of operations), the composition of the Board has changed to reflect the resignations of Mr. Steinberg, Mr. Pronk and Mr. Luciano from the Board. Mr. Luciano will continue as Chief Investment Officer of the VGI Partners investment team within the broader group alongside Mr. Philip King as Chief Investment Officer of Regal Funds Management.

Mr. Jones has transitioned from being an Executive Director to a Non-Executive Director.

Mr. Cole and Ms. Dulhunty have been appointed as Independent Non-Executive Directors, with Mr. Cole being appointed as Independent Chair. Mr. Gibson has been appointed as an Executive Director.

Ms. Kathleen Liu has been appointed as Joint Company Secretary of the Company alongside Mr. Ian Cameron who will continue as a Joint Company Secretary.

Principal activities

The Group trades principally as a provider of investment management services. The Group is a specialist alternatives investment manager and manages a diverse range of investment strategies covering hedge funds, private markets and real assets on behalf of institutions, family offices, charitable groups and private investors.

Review of operations and merger of VGI Partners Limited and Regal Funds Management Pty Limited

Presentation of results

On 3 June 2022, VGI Partners Limited (now renamed Regal Partners Limited) ('**the legal parent**' or '**VGI**') acquired all the shares in Regal Funds Management Pty Limited ('**the legal subsidiary**' or '**Regal Funds Management**') in return for the issuance of 141,008,460 fully paid VGI shares to the Regal Funds Management shareholders.

Pursuant to the merger, existing VGI Shareholders and Regal Funds Management Shareholders would own 33.3% and 66.7% respectively, of the shares in Regal Partners Limited following merger completion.

Review of operations and merger of VGI Partners Limited and Regal Funds Management Pty Limited (continued)

Presentation of results (continued)

The transaction has been accounted for as a business combination and the principles of reverse acquisition accounting applied, i.e., a reverse acquisition of VGI by Regal Funds Management. The results of operations for the 6 months ended 30 June 2022 represent the consolidated entity comprising Regal Funds Management for the entire half year and VGI from 4 June 2022 to 30 June 2022. The comparative information represents Regal Funds Management only. This is illustrated in the table below:

	6 months ended 30 June 2022	**6 months ended 30 June 2021**
Consolidated statement of profit or loss and other comprehensive income Consolidated statement of changes in equity Consolidated statement of cash flows	Regal Funds Management + VGI 4 June 2022 to 30 June 2022	Regal Funds Management only
	As at 30 June 2022	**As at 31 December 2021**
Consolidated statement of financial position	Regal Funds Management + VGI	Regal Funds Management only

The combination of VGI and Regal Funds Management aimed to create a market-leading provider of alternative investment strategies and provides shareholders with exposure to a growing, scalable and well-diversified investment management group, providing hedge fund, private market and real asset investment strategies to institutional, high net worth and retail investors in Australia and offshore.

Statutory Results

The Group recorded total revenue from ordinary activities for the half year of $37,719,000 (2021: $79,465,000) and profit after tax for the half year of $7,522,000 (2021: $27,473,000), of which $4,928,000 (2021: $27,473,000) profit after tax was attributable to RPL Shareholders. The Group's operating expenses totalled $25,975,000 (2021: $39,280,000) which included one-off transaction costs in relation to the merger.

The Group is in a strong financial position with a debt-free balance sheet and as at 30 June 2022 the reported net tangible assets per ordinary share including contract assets was $0.52 (31 December 2021: $0.28). Net tangible assets per ordinary share excluding contract assets was $0.34 as at 30 June 2022 (31 December 2021: $0.28).*

The Group's revenue is dependent upon its funds under management (**FUM**) and the performance of the Regal Partners Funds.

As at 30 June 2022, FUM for the Group was A$4.7 billion**.

Management fees for the 6 months to 30 June 2022 totalled $20,889,000 (6 months to 30 June 2021: $13,008,000). Performance fees for the 6 months to 30 June 2022 were $22,705,000 compared to $60,627,000 earned in the corresponding period last year.

Normalised and Pro Forma Results

Normalised net profit after tax (**NPAT**) attributable to owners of Regal Partners Limited was $20,147,000 (2021: $74,001,000) on a pro forma basis. Normalised net profit after tax attributable to the owners of Regal Partners Limited is presented on a pro forma basis, i.e., it is prepared using the results of Kilter Rural, Attunga Capital, VGI Partners, Regal Funds Management attributable to RPL Shareholders for each of the current and previous reporting periods. For a reconciliation of normalised NPAT, please refer to a results release presentation published on the ASX on 23 August 2022 titled '1H22 Results Release'.

* NTA includes the total assets shown in the financial statements less deferred tax assets, right of use assets and lease liabilities.
** Funds under management is approximate and has not been audited. Funds under management as at 30 June 2022 for the Group (including 100% of Kilter Rural, Attunga Capital and Gresham Royalties Management) includes non-fee earnings funds.

Review of operations and merger of VGI Partners Limited and Regal Funds Management Pty Limited (continued)

Capital management

The Group has a robust balance sheet and liquidity position that allows it to implement its business strategy. As at 30 June 2022, the Group had Shareholders' funds of $312,230,000 (31 December 2021: $78,782,000) and cash balances of $47,169,000 (31 December 2021: $16,599,000).

A meaningful portion of the Group's capital is invested in funds managed by the Group as part of seeding new strategies or investing surplus capital. At 30 June 2022, the Group held investments measured at fair value of $69,075,000, compared with $35,127,000 at 31 December 2021.

Significant changes in the state of affairs

Other than as noted above and in the Review of operations section, there have been no other significant changes in the state of affairs.

Dividends

The Company has not declared any dividend since the merger date of 3 June 2022.

The Company (under VGI Partners Limited) declared the following dividends (totalling $53,828,000 or 76.7 cents per share) prior to the merger with Regal Funds Management which are not included in the consolidated results:

- Special dividend of 39.7 cents per share fully franked, totalling $28,000,000, with a record date of 2 June 2022 and payment date of 9 June 2022.
- Final dividend for the year ended 31 December 2021 of 6.0 cents per share fully franked, totalling $4,188,000, with a record date of 7 March 2022 and payment date of 16 March 2022.
- Interim dividend for the half-year ended 30 June 2021 of 31.0 cents per share fully franked, totalling $21,640,000, with a record date of 31 August 2021 and payment date of 10 September 2021.

Regal Funds Management Pty Limited paid the following dividends prior to the merger with VGI Partners Limited on 3 June 2022:

- Interim dividend of $20,000,000 fully franked with a payment date of 21 February 2022.
- Interim dividend of $12,000,000 fully franked with a payment date of 24 March 2022.
- Interim dividend of $39,850 fully franked with a payment date of 30 March 2022.

Subsequent events

Funds under management (FUM)

On 22 July 2022, the Group reported to the Australian Securities Exchange (**ASX**) that its FUM totalled $4.7 billion as at 30 June 2022*. The Group's unaudited FUM totalled $4.8 billion as at 31 July 2022*.

Regal Partners Limited – Awards under Employee Incentive Plan

Regal Partners Limited has decided to approve the grant of awards to promote alignment of employees with shareholders across the merged entity under the terms of its Employee Incentive Plan (**Plan**) rules.

The rights will be offered under a Deferred Bonus Grant, an Integration Grant and a Long-Term Incentive Grant. A Deferred Bonus Grant of a total value of $15.6m is proposed to be offered to recipients as a partial deferral of annual bonuses into rights which will vest over two years. Further, it is proposed that a grant of $25.5m be offered under the Integration Grant and $40.5m be offered under a Long-Term Incentive Grant to employees and the CEO of the Group. Rights proposed to be issued under the Integration Grant and Long-Term Incentive Grant will vest on the date on which the 1H25 results for Regal are released to the market into fully paid ordinary shares subject to recipients being employed on the vesting date and unless the Board determines otherwise, there being no formal performance management processes or programs put in place in relation to an employee's employment at the

***** Funds under management is approximate and has not been audited. Funds under management as at 30 June 2022 and 31 July 2022 for the Group (including 100% of Kilter Rural, Attunga Capital and Gresham Royalties Management) includes non-fee earnings funds.

Subsequent events (continued)

Regal Partners Limited – Awards under Employee Incentive Plan (continued)

Group on the vesting date. There is no right to dividends during the vesting period. In addition, the Long-Term Incentive Grant is proposed to be subject to certain company specific performance hurdles. Performance hurdles for the Long-Term Incentive Grant will be determined prior to grant and disclosed at the time of grant. The offer of rights under the Integration Grant and the Long-Term Incentive Grant is expected to be a one-off with any future long-term incentive allocations subject to different performance hurdles.

The Directors are not aware of any other event or circumstance since the end of the financial period, not otherwise dealt with in the financial statements, that has affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Rounding

In accordance with ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191 amounts in the Directors' Report and the Condensed Consolidated Financial Statements have been rounded to the nearest thousand dollars or in certain circumstances, to the nearest dollar (where indicated).

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

A copy of the auditor's independence declaration is set out on page 7.

Signed on behalf and in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

Brendan J O'Connor

Chief Executive Officer and Managing Director

Sydney

23 August 2022

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

The Board of Directors
Regal Partners Limited
Level 47 Gateway, 1 Macquarie Place
Sydney NSW 2000

23 August 2022

Dear Directors,

Auditor's Independence Declaration to Regal Partners Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Regal Partners Limited (formerly VGI Partners Limited).

As lead audit partner for the review of the financial report of Regal Partners Limited for the half-year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountants
Sydney, 23 August 2022

Directors' Declaration

In the Directors’ opinion:

(i) the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*;

(ii) the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half year ended on that date; and

(iii) there are reasonable grounds at the date of this declaration, to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Michael J Cole

Independent Chairman

Sydney

23 August 2022

Condensed Consolidated Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2022

	Note	Half year ended 30 June 2022 $'000	Half year ended 30 June 2021 [1] $'000
Income			
Management fees	5	20,889	13,008
Performance fees	5	22,705	60,627
Share of profit of an associate or joint venture		–	236
Other income incl. net gain/(loss) on financial assets		(5,875)	5,594
Total net income		**37,719**	**79,465**
Expenses			
Personnel expenses		(15,243)	(32,798)
Research, IT and communications expenses		(1,288)	(425)
Finance and occupancy expenses		(905)	(751)
Depreciation & amortisation of other intangibles		(1,230)	(1,038)
Operating cost of funds	5	(843)	(659)
Amortisation of contract assets	5	(421)	–
Donations and charitable contributions		(24)	(28)
Other expenses		(6,021)	(3,581)
Total expenses		**(25,975)**	**(39,280)**
Profit before tax		**11,744**	**40,185**
Income tax expense		(4,222)	(12,712)
Profit for the period		**7,522**	**27,473**
Profit attributable to:			
Owners of RPL		**4,928**	**27,473**
Non-controlling interest		**2,594**	–
Earnings per share (EPS) attributable to the owners of RPL:			
Basic (cents per share)	13	5.08	22.37
Diluted (cents per share)	13	3.24	14.62
Other comprehensive income, net of income tax			
Foreign currency translation		(148)	698
Total comprehensive income for the period		**7,374**	**28,171**
Total comprehensive income attributable to			
Owners of RPL		**4,780**	**28,171**
Non-controlling interest		**2,594**	–

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

[1] As set out in Note 10 to the condensed consolidated financial statements, as a result of the reverse acquisition of VGI by Regal Funds Management for accounting purposes, the comparative information for 30 June 2021 represents the financial performance of Regal Funds Management only. The statement of profit or loss and other comprehensive income for the 6 months ended 30 June 2022 represents results of Regal Funds Management only from 1 January 2022 to 3 June 2022 and the consolidated group results from 4 June 2022 to 30 June 2022.

Statement of Financial Position

As at 30 June 2022

	Note	30 June 2022 $'000	31 December 2021 [1] $'000
Assets			
Cash and cash equivalents		47,169	16,599
Amounts due from brokers		222	–
Trade and other receivables	7	35,893	64,362
Financial assets	6	69,075	35,127
Contract assets		5,043	–
Total current assets		**157,402**	**116,088**
Property, plant and equipment		896	249
Loan receivables		4,576	6,401
Deferred tax asset		21,443	24,211
Right of use assets		5,405	5,483
Intangible assets [1]		182,081	15,061
Contract assets		31,423	–
Other assets		1,281	867
Total non-current assets		**247,105**	**52,272**
Total assets		**404,507**	**168,360**
Liabilities			
Trade and other payables		12,140	7,745
Income tax payable		2,716	16,073
Deferred revenue		14,975	17,596
Employee entitlements		35,561	25,643
Lease liability		1,609	1,874
Total current liabilities		**67,001**	**68,931**
Interest-bearing loans and borrowings		–	156
Employee entitlements		13,106	13,055
Deferred tax liability		7,810	3,390
Provisions		95	153
Lease liability		4,265	3,893
Total non-current liabilities		**25,276**	**20,647**
Total liabilities		**92,277**	**89,578**
Net assets		**312,230**	**78,782**
Equity			
Share capital	8	269,888	10,080
Reserves	8	5,270	7,112
Retained earnings		31,330	58,442
Non-controlling interests		5,742	3,148
Total shareholders' equity		**312,230**	**78,782**

The above Condensed Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

[1] As set out in Notes 2(l) and 10 of the condensed consolidated financial statements, as a result of the reverse acquisition of VGI by Regal Funds Management for accounting purposes, the comparative information for 31 December 2021 represents the financial position of Regal Funds Management only. The statement of financial position as at 30 June 2022 includes consolidated positions of Regal Funds Management and VGI as at 30 June 2022.

Statement of Changes in Equity

For the half year ended 30 June 2022

	Note	Share Capital $'000	FCTR * $'000	Share based payment reserve $'000	Retained Earnings $'000	Total $'000	Non-controlling interests (NCI) $'000	Total Equity $'000
Balance at 1 January 2021 [1]		**33,080**	**112**	**3,123**	**16,580**	**52,895**	–	**52,895**
Profit for the period		–	–	–	27,473	**27,473**	–	**27,473**
Other comprehensive income		–	698	–	–	**698**	–	**698**
Redeemed preference shares	8	(20,000)	–	–	–	**(20,000)**	–	**(20,000)**
Share-based payments		–	–	302	–	**302**	–	**302**
Dividends paid		–	–	–	(3,000)	**(3,000)**	–	**(3,000)**
Balance at 30 June 2021		**13,080**	**810**	**3,425**	**41,053**	**58,368**	–	**58,368**
Balance at 1 January 2022		**10,080**	**736**	**6,376**	**58,442**	**75,634**	**3,148**	**78,782**
Profit for the period		–	–	–	4,928	**4,928**	2,594	**7,522**
Other comprehensive income		–	(148)	–	–	**(148)**	–	**(148)**
Issue of shares on merger	8	260,161	–	–	–	**260,161**	–	**260,161**
Share issue transaction costs	8	(353)	–	–	–	**(353)**	–	**(353)**
Share-based payments		–	–	(1,694)	–	**(1,694)**	–	**(1,694)**
Dividends paid	9	–	–	–	(32,040)	**(32,040)**	–	**(32,040)**
Balance at 30 June 2022		**269,888**	**588**	**4,682**	**31,330**	**306,488**	**5,742**	**312,230**

* FCTR = foreign currency translation reserve.

The above Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

[1] As set out in Note 10 to the condensed consolidated financial statements, as a result of the reverse acquisition of VGI by Regal Funds Management for accounting purposes, the comparative information for 30 June 2021 represents the financial performance of Regal Funds Management only. The 'profit for the period' for the 6 months to 30 June 2022 represents Regal Funds Management only from 1 January 2022 to 3 June 2022 and the consolidated group results from 4 June 2022 to 30 June 2022.

Statement of Cash Flows

For the half year ended 30 June 2022

	Note	Half year ended 30 June 2022 $'000	Half year ended 30 June 2021 [1] $'000
Cash flows from operating activities			
Cash receipts in the course of operations		79,714	74,819
Income taxes paid		(9,532)	(7,116)
Cash payments in the course of operations		(24,923)	(27,358)
Interest received		215	395
Net cash inflows from operating activities		**45,474**	**40,740**
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(109)	(18)
Cash acquired on acquisition of business		41,458	–
Broker advances		3,491	–
Proceeds from sale of financial assets		720	–
Receipts from loan receivables		–	3,013
Net cash inflows from investing activities		**45,560**	**2,995**
Cash flows from financing activities			
Redemption of preference shares	8	–	(20,000)
Repayments of borrowings		(156)	(44)
Principal repayment of lease liability		(164)	(225)
Dividends paid		(60,040)	(3,000)
Net cash (outflows) from financing activities		**(60,360)**	**(23,269)**
Net increase in cash and cash equivalents		30,674	20,466
Cash and cash equivalents at the beginning of the period		16,599	7,957
Effects of exchange rate changes on the balance of cash held in foreign currencies		(104)	–
Cash and cash equivalents at the end of the period		**47,169**	**28,423**

The above Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

[1] As set out in Note 10 to the consolidated financial statements, as a result of the reverse acquisition of VGI by Regal Funds Management for accounting purposes, the comparative information for 30 June 2021 represents the financial performance of Regal Funds Management only. The consolidated statement of cash flows for the 6 months to 30 June 2022 represents the results of Regal Funds Management only for the period 1 January 2022 to 3 June 2022 and the consolidated group results from 4 June 2022 to 30 June 2022.

Notes to the Condensed Consolidated Financial Statements

For the half year ended 30 June 2022

1 Corporate information

The financial report of Regal Partners Limited (formerly VGI Partners Limited) and its controlled entities (together, the **Group**) for the half year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 23 August 2022. The directors have the power to amend the condensed consolidated financial statements.

Regal Partners Limited is a company limited by shares incorporated and domiciled in Australia and is listed on the Australian Stock Exchange under the ticker, RPL (formerly VGI).

The registered office and principal place of business of the Group is Level 47, Gateway, 1 Macquarie Place, Sydney NSW 2000. The Group is a for-profit entity.

The nature of the operations and principal activities of the Group are described in the Directors' Report. Information on the Group and entities comprising the Group is provided in Note 11.

2 Summary of Significant Accounting Policies

The significant accounting policies adopted have been consistently applied to all the periods presented (unless otherwise stated) and are set out below.

The condensed Half Year Financial Report is for the Group, which consists of Regal Partners Limited and its controlled entities.

(a) Basis of Preparation

The condensed Half Year Financial Report for the period ended 30 June 2022 has been prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

In accordance with ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191 amounts in the Directors' Report and the Condensed Consolidated Financial Statements have been rounded to the nearest thousand dollars or in certain circumstances, to the nearest dollar (where indicated).

The financial report is presented in Australian Dollars ($).

(b) Basis of Consolidation

On 3 June 2022, VGI Partners Limited (now renamed Regal Partners Limited) acquired all the shares in Regal Funds Management in return for the issuance of 141,008,460 fully paid VGI shares to the Regal Funds Management shareholders.

Pursuant to the merger, existing VGI Shareholders and Regal Funds Management Shareholders would own 33.3% and 66.7% respectively, of the shares in the listed entity (Regal Partners Limited) after merger completion.

These financial statements represent a continuation of Regal Funds Management since that entity is deemed the accounting acquirer pursuant to the accounting standards, and therefore the comparative results represent that of Regal Funds Management's operations and not that of VGI. Therefore, the financial statements will not compare to the consolidated financial statements of VGI published in the prior financial reporting period. The current half year financial results represent those of the consolidated entity comprising Regal Funds Management for the entire period and the legal parent VGI from 4 June 2022 to 30 June 2022.

2 Summary of Significant Accounting Policies (continued)

(b) Basis of Consolidation (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2022 and the results of the Group for the half year then ended. Regal Funds Management (the accounting parent entity) and its subsidiaries are summarised in Note 11.

Subsidiaries are all those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

The acquisition of Regal Funds Management by VGI on 3 June 2022 has been accounted for by applying the principles of reverse acquisition accounting, and the consolidated financial statements represent a continuation of the financial statements of Regal Funds Management. Refer to Note 10 for further explanation of the accounting for this transaction.

Business combinations, including acquisitions of subsidiaries, are initially accounted for on a provisional basis. The Group is permitted to retrospectively adjust the provisional amounts recognised and also may recognise additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of: (i) 12 months from the date of acquisition; or (ii) when the Group receives all the information possible to determine the fair value. Refer to Note 10 for provisional calculations performed at the date of this report.

The profit or loss and each component of other comprehensive income (**OCI**) are attributed to the equity holders of the parent of the Group and to the non-controlling interests (**NCI**), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(c) Application of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and which became mandatory for the current reporting period. This has not had any significant impact on the amounts recognised in the financial statements.

(d) Accounting standards issued but not yet effective

The Group does not consider that any accounting standards issued but not yet effective will have any significant impact on the financial statements in future reporting periods.

2 *Summary of Significant Accounting Policies (continued)*

(e) Fair value measurement

The Group measures financial instruments such as investment in funds, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(f) Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their consolidated statements of profit or loss and other comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the components of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(h) Amounts due to / from brokers

Amounts due from / to brokers comprise of cash paid or received by brokers, on behalf of the Group under prime brokerage agreements and related to margin accounts.

Credit risk relating to these transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used.

2 *Summary of Significant Accounting Policies (continued)*

(i) Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are generally collected within 30 days and upon instructions of investment manager which are recognised at fair value less an allowance for uncollectible items.

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

(j) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate and joint venture. Any change in Other Comprehensive Income (**OCI**) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the consolidated statement of profit or loss and other comprehensive income.

(k) Financial instruments

<u>Financial assets</u>

Initial recognition and measurement

Financial assets are recognised when the Group becomes party to the contractual provisions of the instrument and are initially recognised at fair value. For financial assets measured to fair value through profit or loss, trade date accounting is adopted, which is equivalent to the date the Group commits itself to purchase or sell the assets.

Transaction costs related to financial instruments held at fair value through profit or loss are immediately expensed to the Statement of Profit or Loss and Other Comprehensive Income.

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

Classification

The Group classifies its financial assets into the following categories:

- Financial assets including cash and cash equivalents, trade receivables, contract assets and other assets are measured at amortised cost, as these assets are held within a portfolio with a business model whose objective is to hold assets in order to collect contractual cash flows ('hold to collect'), and contractual terms give rise to specified dates that are solely payments of principal and interest (**SPPI**).
- Financial assets including investments in listed securities and funds, unlisted funds managed by the Group and unlisted equity securities are classified at fair value through profit or loss as they are not held to collect contractual cash flows or sell, or the SPPI test is not passed. Further, fair value information is used to assess these assets' performance and to make decisions.

Subsequent measurement

Financial assets in the 'fair value through profit or loss' category are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including reference to recent arm's-length transactions and similar instruments. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Financial assets in the 'amortised cost' category are subsequently measured using the effective interest rate (**EIR**) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Impairment of financial assets

The expected credit loss (**ECL**) model applies to financial assets measured at amortised cost and debt investments at fair value through other comprehensive income (**FVOCI**), but not to investments in equity instruments measured at fair value through profit or loss (**FVTPL**). The Group does not hold any debt investments at FVOCI. The Group applies the simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and right of use assets.

All the Group's trade receivables share consistent credit risk. The Group is not exposed to credit risk relating to the receivables balance, as these amounts primarily relate to performance and management fees, which are settled between 7 and 31 days after being invoiced and are managed internally within the Group.

<u>Financial liabilities</u>

Initial recognition and measurement

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

Classification

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

Financial liabilities at amortised cost consist of trade and other payables and interest-bearing loans and borrowings and are measured at amortised cost. This category is most relevant to the Group.

Subsequent measurement

Financial liabilities at amortised cost are measured using the effective interest rate (**EIR**) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

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

Derecognition

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

(l) Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit (**CGU**) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds) and the carrying amount of the asset is included in the consolidated statement of profit or loss and other comprehensive income.

A summary of the policies applied to the Group’s intangible assets is, as follows:

	Management rights	**Goodwill**
Useful lives	Finite	Indefinite
Amortisation method used	Amortised on a straight-line basis over contractual periods or up to 10 years.	No amortisation

2 *Summary of Significant Accounting Policies (continued)*

(m) Impairment of non-financial assets

The Group assesses whether there is an indication that an asset may be impaired at each reporting date. If any indication exists, or when impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for any of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(n) Right of use assets

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for, as applicable, any lease payments made at or before the commencement date, net of any lease incentives received and any initial direct costs incurred. Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. The measurement of the right of use asset is determined with reference to the period over which the consolidated entity is expected to benefit from the lease, and will be disclosed as current or non-current accordingly. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Group has elected not to recognise a right of use asset and a corresponding lease liability for short-term leases with terms of 12 months or less, and leases of low-value assets. Lease payments on these assets are expensed to Statement of Profit or Loss and Other Comprehensive Income as incurred.

(o) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the Group’s incremental borrowing rate. Lease payments comprise fixed payments less any adjustments as required under the relevant accounting standard – such as lease incentives receivable, or variable lease payments that depend on an index or rate. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured to reflect changes to lease terms or to lease payments, and any lease modifications are not accounted for as separate

2 Summary of Significant Accounting Policies (continued)

(o) Lease liabilities (continued)

leases. The unwinding of the discount on the lease liability is presented as a finance and occupancy cost in the Statement of Profit or Loss and Other Comprehensive Income.

(p) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(q) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

Leave entitlements

The liabilities for long service leave is recognised and measured as the present value of expected payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Revenue recognition

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Investment management fees

Investment management fees include management, performance and advisory fees. These are recognised by reference to the terms of the management agreements of the applicable funds and accrued as and when they are due, and are no longer subject to significant reversal.

The majority of the Group's revenue arises from management fees and performance fees. Please refer to Note 5 for additional information.

Trust distribution and investment dividend income

Trust distribution and investment dividend income is recognised when the right to receive a distribution or dividend has been established.

Deferred revenue

Deferred revenue relates to performance fees received however, not recognised as revenue during the year. Certain funds being managed by the Group can only recognise revenue to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue (i.e., performance fees at the end of the contract period) will not occur.

2 Summary of Significant Accounting Policies (continued)

(s) Earnings per share (EPS)

Basic earnings per share (**EPS**) are calculated by dividing the Group's profit after income tax attributable to RPL Shareholders by the weighted average number of ordinary shares outstanding during the financial year. The number of fully paid ordinary shares in the comparative period has been restated to reflect the ratio of number of shares Regal Funds Management Shareholders obtained in the listed entity (the **exchange ratio**).

Diluted EPS are calculated by dividing the Group's profit after income tax, adjusted by profit attributable to all the dilutive ordinary potential shares, by the weighted average number of ordinary shares and potential ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares, including the impact of the exchange ratio in the comparative period.

(t) Taxes

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2 *Summary of Significant Accounting Policies (continued)*

(t) Taxes (continued)

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

3 Accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (**DCF**) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

3 Accounting estimates and judgements (continued)

Fair value measurement of financial instruments

The fair value of financial instruments that are not traded in an active market (such as financial instruments classified as Level 3 in the fair value hierarchy, see note 6) is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (**IBR**) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiarity's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Business combinations

As discussed in note 2(b), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting (including reverse acquisition accounting) is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

4 Operating segments

The main business activities of the group are the provision of investment management services. The Board of Directors are identified as the Chief Operating Decision Makers (**CODM**), and they consider the performance of the main business activities on an aggregated basis to determine the allocation of resources. Other activities undertaken by the Group, including investing activities, are incidental to the main business activities. Based on the internal reports that are reviewed by the CODM, the Group has one operating segment: the provision of investment management services with the objective of offering investment funds to investors.

5 Revenue from contracts with customers

Revenue is measured at an amount that reflects the consideration the Group is expected to be entitled to in exchange for providing services to its customers, net of rebates. The criteria for recognition are outlined below:

- Management fees

  These fees are recognised over time as they are earned, based on the applicable investment management agreements. The fees are based on a percentage of the portfolio value of the fund or mandate at the relevant measurement period and paid following the end of each month in arrears.

- Performance fees

  These fees are recognised as income over time as they are earned, based on applicable investment management agreements, when it is highly probable that a significant reversal in the cumulative amount of the revenue would not occur. Though performance fees are recognised over time, they are typically constrained until meeting or exceeding the relevant performance hurdle or high water-mark stated in the investment management agreement due to market volatility.

  The Group's entitlement to future performance fees is dependent on the net asset value of the relevant portfolio exceeding a stated hurdle or high water-mark. For those funds the Group manages which have a high water-mark, the high water-mark is the net asset value price at the end of the most recent calculation period for which

5 Revenue from contracts with customers (continued)

the Group was entitled to a performance fee, adjusted for additions and redemptions.

Disaggregation of revenue

	Half year ended 30 June 2022 $'000	Half year ended 30 June 2021 $'000
Type of service		
Investment management services - Management fees	20,889	13,008
Investment management services - Performance fees	22,705	60,627
Total investment management services	**43,594**	**73,635**
Costs associated with providing investment management services		
Operating costs of funds	(843)	(659)
Amortisation of contract assets[1] (for the period from 4 June 2022 to 30 June 2022)	(421)	–

[1] Relates to VGI Partners Global Investments Limited (**VG1**) and VGI Partners Asian Investments Limited (**VG8**).

6 Financial assets

The Group measures and recognises its investments as financial assets at fair value through (**FVTPL**), on a recurring basis.

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy, reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of these investments is based on the closing price for the security as quoted on the relevant exchange.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets and liabilities measured and recognised at fair value, at the reporting date:

30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investments in financial assets at FVTPL				
Listed securities and funds	37,211	–	–	**37,211**
Unlisted funds	–	29,723	–	**29,723**
Unlisted equity securities	–	–	2,141	**2,141**
Total financial assets	**37,211**	**29,723**	**2,141**	**69,075**

31 December 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investments in financial assets at FVTPL				
Listed securities and funds	921	–	–	**921**
Unlisted funds	–	34,206	–	**34,206**
Total financial assets	**921**	**34,206**	**–**	**35,127**

6 *Financial assets (continued)*

The Group considers that the inputs used for the fair value measurement of investments on unlisted funds are Level 2 inputs. Inputs used in the market approach technique to measure Level 2 fair values were based on recent application and redemption prices of the managed funds comprising the investments.

For each class of financial assets and financial liabilities not measured at fair value, the carrying amount is a reasonable approximation of the item's fair value.

The Group's policy is to recognise transfers between levels at the end of the financial reporting period. There were no transfers between levels for recurring fair value measurements during the period ended 30 June 2022. There were also no changes made to any of the valuation techniques applied as of 31 December 2021.

Fair value measurements using significant unobservable inputs (Level 3)

The Group acquired investments in unlisted equity securities as detailed in Note 10. These investments were acquired by the Group on the acquisition date at their fair value. The fair value of these investments at the end of the financial reporting period were $2,141,000 (2021: nil). The movement in the fair value since the merger was due to a $91,000 change in unrealised foreign exchange gain (2021: nil) and an unrealised loss recognised in profit or loss of $4,860,000 (2021: nil).

7 Trade and other receivables

	30 June 2022 $'000	31 December 2021 $'000
Trade receivables and accruals	30,643	63,883
Prepayments	926	112
Other receivables	4,324	367
Total	**35,893**	**64,362**

Trade receivables mainly consist of management and performance fees that are received within 30 days after the balance date.

8 Issued capital and reserves

Issued capital

The number of shares and dollar value represents the continuation of Regal Funds Management as the head entity for accounting purposes.

	30 June 2022 Number	31 December 2021 Number	30 June 2022 $'000	31 December 2021 $'000
Fully paid ordinary shares	211,512,690	114,286	269,888	10,080
Closing balance	**211,512,690**	**114,286**	**269,888**	**10,080**

Refer to the movement during the period below:

Details	Date	Shares	$'000
Opening balance	**1 January 2022**	**114,286**	**10,080**
Ordinary shares relinquished on reverse acquisition	3 June 2022	(114,286)	–
New shares issued in RPL on reverse acquisition	3 June 2022	141,008,460	–
Shares to effect the deemed acquisition of VGI (refer Note 10)	3 June 2022	70,504,230	260,161
Share issue transaction costs	3 June 2022	–	(353)
Closing balance	**30 June 2022**	**211,512,690**	**269,888**

8 Issued capital and reserves (continued)

Redeemable preference shares

Redeemable preference shares participate in dividends and the proceeds of winding up of the Company in priority to any other shares in the Group, equal to the amount paid up on the redeemable preference shares.

Details	Date	Shares	$'000
Opening balance	**1 January 2021**	**200,000**	**20,000**
Redemption	1 March 2021	(200,000)	(20,000)
Closing balance	**30 June 2021**	**–**	**–**

During the half year ended 30 June 2021, the Group redeemed all its preference shares as part of the capital transactions undertaken for the Group to utilise the additional capital and liquidity provided by the performance fees booked at 31 December 2020.

Reserves

	30 June 2022 $'000	31 December 2021 $'000
Foreign currency translation reserve	588	736
Share based payments reserve	4,682	6,376
Total	**5,270**	**7,112**

Nature and purpose of reserves

(i) Foreign currency translation reserve

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

(ii) Share based payments reserve

The share based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel.

Prior to the merger between VGI and Regal Funds Management, the Group (under Regal Funds Management) maintained an Employee Share Opportunity Plan under which a number of employee shares were granted to employees vesting over a period of up to 5 years across various tranches. On completion of the merger, the Employee Share Opportunity Plan matured and all employee shares were vested and were transferred to the Company on the merger date. Any surplus balances from the Share Based Payments Reserve were transferred to Retained Earnings.

Prior to the merger, VGI issued 698,061 ordinary shares under a Restricted Share Plan for employees prior to the merger. This is recognised as a group share based payment and will vest in June 2024. The market value of those ordinary shares are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income over the vesting period.

9 Dividends

The Company has not declared any dividend since the merger completion date of 3 June 2022.

The Company (under VGI Partners Limited) declared the following dividends (totalling $53,828,000 or 76.7 cents per share) prior to the merger with Regal Funds Management which are not included in the consolidated results:

- Special dividend of 39.7 cents per share fully franked, totalling $28,000,000, with a record date of 2 June 2022 and payment date of 9 June 2022.
- Final dividend for the year ended 31 December 2021 of 6.0 cents per share fully franked, totalling $4,188,000, with a record date of 7 March 2022 and payment date of 16 March 2022.
- Interim dividend for the half-year ended 30 June 2021 of 31.0 cents per share fully franked, totalling $21,640,000, with a record date of 31 August 2021 and payment date of 10 September 2021.

Regal Funds Management Pty Limited paid the following dividends prior to the merger with VGI Partners Limited on 3 June 2022:

- Interim dividend of $20,000,000 fully franked with a payment date of 21 February 2022.
- Interim dividend of $12,000,000 fully franked with a payment date of 24 March 2022.
- Interim dividend of $39,850 fully franked with a payment date of 30 March 2022.

10 Business combinations

On 3 June 2022, VGI Partners Limited (now renamed Regal Partners Limited) acquired all the shares in Regal Funds Management in return for the issuance of 141,008,460 fully paid VGI shares to the Regal Funds Management shareholders.

The result of the transaction is that existing VGI shareholders would own 33.3% and Regal Funds Management shareholders would own 66.7% of all the issued shares of the merged entity, now known as Regal Partners Limited (ASX:RPL). The transaction has been accounted as a business combination and the principles of reverse acquisition accounting applied, i.e., Regal Funds Management acquiring VGI for accounting purposes.

Summary of acquisition

A summary of the acquisition is as follows:

	$'000
Equity consideration	260,161
Fair value of identifiable net assets acquired	(91,607)
Goodwill arising on acquisition	**168,554**

Assets acquired and liabilities assumed at the date of acquisition

Based on the principles of reverse acquisition accounting, the fair value of VGI's net assets acquired and the resulting goodwill and tax balances have been measured provisionally. If new information obtained within one year of the date of acquisition about 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, then the requirements of the Australian Accounting Standards permits the acquisition values to be revised.

This acknowledges the time required to gain access to and consolidate information for both entities and to make certain valuations as at the acquisition date. Any changes to these provisional values will be reported within the next 12 months.

The amounts in the table on the following page have been measured on a provisional basis.

10 Business combinations (continued)

Assets acquired and liabilities assumed at the date of acquisition (continued)

	$'000
Assets acquired	
Cash and cash equivalents	41,458
Amounts due from brokers	3,712
Trade and other receivables	2,317
Contract assets	36,886
Property, plant and equipment	637
Financial assets	46,117
Deferred tax asset	6,076
Right of use assets	641
Other assets	415
Total assets acquired	**138,259**
Liabilities assumed	
Trade and other payables	35,810
Employee entitlements	4,941
Income tax payable	1,350
Lease liability	745
Deferred tax liability	3,806
Total liabilities assumed	**46,652**
Provisional fair value of identifiable net assets acquired (of VGI as at 3 June 2022)	**91,607**
Provisional goodwill arising on acquisition	168,554
Consideration transferred, satisfied in equity [1]	**260,161**

[1] No contingent consideration arrangements or indemnification assets have been recognised as a result of the transaction.

Carrying value of receivables and payables approximate their fair value and reflected at the gross amounts which are expected to be collected or settled in full.

From the date of acquisition (3 June 2022), VGI contributed $1,913,000 of investment management revenue, $3,894,000 of gross operating loss and a net loss before tax of $7,237,000 to the Group. If the acquisition had taken place at the beginning of the period (i.e., 1 January 2022), consolidated net income of the Group would have been $43,629,000 and the consolidated net loss before tax for the period would have been $58,000 (net profit before tax of $9,007,000 when excluding the transaction costs of $9,065,000).

The provisional goodwill of $168,554,000 reflects expected synergies and future prospects that will arise from acquisition, providing opportunities for additional efficiency and access to an institutional grade operating platform. None of the goodwill recognised is expected to be deductible for income tax purposes.

Reconciliation of goodwill

The value of the Group's balance of goodwill on 31 December 2021 was $10,551,000. As a result of the merger, the Group additionally recognised the provisional goodwill of $168,554,000 during the period, and accordingly, the closing balance of goodwill at 30 June 2022 was $179,105,000.

11 Interests in subsidiaries

The financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2(b).

Name of subsidiary	30 June 2022 (% owned)	31 December 2021 (% owned)
Operating entities		
Regal Funds Management Pty Limited (head entity for accounting purposes)		
Regal Funds Management Asia Pte Limited	100.00	100.00
RFM Capital Pty Ltd	100.00	100.00
Regal ESOP Pty Ltd	100.00	100.00
Kilter Pty Ltd [1]	61.49	61.49
Kilter Investments Pty Ltd [1]	61.49	61.49
Kilter Management Services Pty Ltd [1]	61.49	61.49
Attunga Capital Pty Ltd	51.00	–
Regal Partners Limited (formerly VGI Partners Limited) (subsidiary entity for accounting purposes)	100.00	–
VGI Partners Asian Investments Management Pty Limited [2]	100.00	–
VGI Partners Principal Investments Pty Limited [2]	100.00	–
VPPI No.1 Pty Limited [2]	100.00	–
VGI Partners, Inc. [2]	100.00	–
VGI Partners Agricultural Investments No.1 Pty Limited [2]	100.00	–
Non-operating entities		
VPPP 1A [2]	100.00	–
VPPP 1B [2]	100.00	–
VPPP 1C [2]	100.00	–
VGI Partners Investments Pty Limited [2]	100.00	–
Vichingo Global Investments Pty Limited [2]	100.00	–
Vichingo Global Investors Pty Limited [2]	100.00	–
VGI Partners Share Plan Pty Limited [2]	100.00	–

[1] 61.49% voting interest; 57.4% economic interest.

[2] As at 31 December 2021, these entities were wholly owned subsidiaries of VGI. Refer to Note 10 for further detail.

12 Interests in associates and joint venture entities

Investment in associates

On 18 December 2018, the Group (under Regal Funds Management) acquired 50% interest in Kilter Pty Ltd, a specialist manager in Australian farmland, water and ecosystem assets (**Kilter**). In December 2021, the Group (under Regal Funds Management) acquired an additional 11.49% in Kilter such that the Group's total voting interest in Kilter was 61.49%.

Consequently, from December 2021, the Group reclassified the accounting for its investment in Kilter from using the equity method (as described under Note 2(j)) to being a consolidated subsidiary of the Group (as described under Note 2(b)). As such, there is no carrying amount of the investment in Kilter presented as at 30 June 2022 (31 December 2021: nil). Further, the statement of profit or loss and other comprehensive income for the 6 months ended 30 June 2021 includes the performance of Kilter under a single line 'share of profit of an associate or joint venture'. Whereas, the performance of Kilter is present on a line-by-line basis in the statement of profit or loss and other comprehensive income for the 6 months ended 30 June 2022 and accordingly, may not be directly comparable. As at 30 June 2022, the Group's interest in Kilter Pty Ltd is 61.49% (31 December 2021: 61.49%).

12 *Interests in associates and joint venture entities (continued)*

Investment in joint venture

On 9 October 2019, the Group (under Regal Funds Management) acquired 33.33% interest in Gresham Royalties Management Pty Ltd, a joint venture involved in managing advisory and fund companies primarily engaged in the investing in mining and energy royalties, commodity streams and royalty related structured solutions. The Group's interest in Gresham Royalties Management Pty Ltd is accounted for using the equity method in the consolidated financial statements.

The total carrying amount of the investment amounts to $200 as at 30 June 2022 (2021: $200).

The joint venture had no contingent liabilities or capital commitments as at 30 June 2022 (2021: Nil).

13 Earnings per share

	Half year ended 30 June 2022 ($'000)	Half year ended 30 June 2021 ($'000)
Profit after tax for the half year attributable to the owners of RPL	4,928	27,473

	Number ('000)	Number ('000)
Weighted average number of ordinary shares outstanding during the period, used in calculating basic EPS	96,922	122,799
Weighted average number of ordinary shares used in calculating diluted EPS	151,915	187,856

Earnings per share	Cents	Cents
Basic EPS (cents per share)	5.08	22.37
Diluted EPS (cents per share)	3.24	14.62

In accordance with the specific guidance provided in AASB 3 *Business Combinations*, the weighted average number of ordinary shares outstanding has been calculated as follows:

- Half year ended 30 June 2022: the number of ordinary shares by Regal Funds Management adjusted for the exchange ratio (141,008,460) weighted between 1 January 2022 to 3 June 2022, plus number of RPL shares on issue (211,512,690) between 3 June 2022 to 30 June 2022.
- Half year ended 30 June 2021: the number of ordinary shares and preference shares by Regal Funds Management adjusted for the exchange ratio (141,008,460) weighted between 1 January 2021 to 30 June 2021.

14 Subsequent events

Funds under management (FUM)

On 22 July 2022, the Group reported to the ASX that its FUM was $4.7 billion as at 30 June 2022*. The Group's unaudited FUM totalled $4.8 billion as at 31 July 2022*.

Regal Partners Limited – Awards under Employee Incentive Plan

Regal Partners Limited has decided to approve the grant of awards to promote alignment of employees with shareholders across the merged entity under the terms of its Employee Incentive Plan (**Plan**) rules.

The rights will be offered under a Deferred Bonus Grant, an Integration Grant and a Long-Term Incentive Grant. A Deferred Bonus Grant of a total value of $15.6m is proposed to be offered to recipients as a partial deferral of annual bonuses into rights which will vest over two years. Further, it is proposed that a grant of $25.5m be offered under

***** Funds under management is approximate and has not been audited. Funds under management as at 30 June 2022 and 31 July 2022 for the Group (including 100% of Kilter Rural, Attunga Capital and Gresham Royalties Management) includes non-fee earnings funds.

14 Subsequent events (continued)

Regal Partners Limited – Awards under Employee Incentive Plan (continued)

the Integration Grant and $40.5m be offered under a Long-Term Incentive Grant to employees and the CEO of the Group. Rights proposed to be issued under the Integration Grant and Long-Term Incentive Grant will vest on the date on which the 1H25 results for Regal are released to the market into fully paid ordinary shares subject to recipients being employed on the vesting date and unless the Board determines otherwise, there being no formal performance management processes or programs put in place in relation to an employee's employment at the Group on the vesting date. There is no right to dividends during the vesting period. In addition, the Long-Term Incentive Grant is proposed to be subject to certain company specific performance hurdles. Performance hurdles for the Long-Term Incentive Grant will be determined prior to grant and disclosed at the time of grant. The offer of rights under the Integration Grant and the Long-Term Incentive Grant is expected to be a one-off with any future long-term incentive allocations subject to different performance hurdles.

The Directors are not aware of any other event or circumstance since the end of the financial period, not otherwise dealt with in the financial statements, that has affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Regal Partners Limited (formerly VGI Partners Limited)

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Regal Partners Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of

Deloitte.

the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountants
Sydney, 23 August 2022